Annual Financial Report

For the year ended 30 June 2023

Elanor Investors Group

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

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
Sydney NSW 2001
www.elanorinvestors.com

ELANOR INVESTORS GROUP

TABLE OF CONTENTS

Directors' Report	1
Auditor's Independence Declaration	37
Consolidated Statements of Profit or Loss	38
Consolidated Statements of Comprehensive Income	39
Consolidated Statements of Financial Position	40
Consolidated Statements of Changes in Equity	42
Consolidated Statements of Cash Flows	44
Notes to the Consolidated Financial Statements	45
Directors' Declaration to Stapled Securityholders	120
Independent Auditor's Report	121

DIRECTORS' REPORT

The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the consolidated financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the consolidated financial report of the Elanor Investment Fund (EIF Group) for the year ended 30 June 2023 (year).

The annual financial report of Elanor Investors Group comprises the Company and its controlled entities, including Elanor Investment Fund (Trust) and its controlled entities. The consolidated 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 year 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
- Victor Rodriguez (appointed on 7 July 2023)

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 real estate backed businesses.

3. Distributions

Distributions relating to the year ended 30 June 2023 comprise:

Distribution	Year Ended 30 June 2023
Interim Distribution	
Amount paid (cents per stapled security)	7.51
Payment date	28 February 2023
Final Distribution	
Amount payable (cents per stapled security)	1.62
Payment date	31 August 2023

The Final Distribution of 1.62 cents per stapled security brings distributions in respect of the year ended 30 June 2023 to 9.13 cents per stapled security (2022:13.48 cents).

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 real estate assets that generate high quality income and strong capital growth. Elanor's highly active approach to asset management is fundamental to delivering investment outperformance.

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

During the year, Elanor increased its funds under management from $2.7 billion to $3.0 billion. Following the acquisition of the Challenger real estate business on 7 July 2023, the Group’s funds under management is now $6.2 billion. 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 4 for a table detailing the Group's funds under management and investments as at 30 June 2023).

Acquisition of Challenger real estate funds management business

In July 2023, Elanor completed the acquisition of Challenger Limited’s (Challenger) Australian real estate funds management business for a consideration of $37.7 million. As part of the transaction, Elanor and Challenger also entered into a strategic partnership whereby Elanor has become Challenger’s real estate funds management partner in Australia and New Zealand and Fidante (Challenger’s multi-affiliate funds management business) is now Elanor’s exclusive distribution partner for its real estate managed funds. On 3 August 2023 Elanor announced that the acquisition of Challenger’s Australian real estate funds management business had been successfully integrated into Elanor’s funds management platform, including the full realisation of cost savings that underpin forecast incremental funds management EBITDA of over $12 million for the year ending 30 June 2024. The business has been acquired on an EBITDA multiple of approximately 3 times.

The acquisition delivers a step-change in size and scale for Elanor, increasing funds under management from $3.0 billion to $6.2 billion with the addition of two significant institutional real estate mandates in Challenger Life Company and the Abu Dhabi Investment Council (ADIC). The strategic partnership with Fidante, Challenger’s market leading capital raising platform, further positions the Group for strong growth.

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

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

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

- Material Earnings Accretion; based on forecast incremental funds management EBITDA of $12 million p.a.;
- Size and Scale; the integration of Challenger’s real estate business into Elanor’s high calibre, scalable real estate funds management platform increases Elanor’s funds under management by more than 2 times to $6.2 billion;

4. Operating and financial review (continued)

OVERVIEW AND STRATEGY (continued)

- Growth; the addition of two significant institutional capital partners in conjunction with exclusive capital raising arrangements with Fidante, Challenger's market leading funds management distribution platform; and

- Strategic Alignment; Challenger holds a 13.6% and ADIC holds a 3.0% interest in Elanor.

Funds Management Initiatives

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

- the privatisation and delisting of the Elanor Retail Property Fund (ASX: ERF) (delivering ERF Securityholders a 15% premium to the trading price immediately prior to the privatisation announcement) 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 Tweed Mall Mixed-use Real Estate Fund for $87 million;

- the recapitalisation of the $289 million Elanor Healthcare Real Estate Fund (EHREF) 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 EHREF'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% since the Fund's inception);

- the acquisition of four hotels, Sanctuary Inn Tamworth (NSW), Chateau Yering Hotel (Victoria), Wildes Boutique Hotel (NSW), and Leura Gardens Resort (NSW) by Elanor Hotel and Accommodation Fund (EHAF) for a combined $67.3 million (Leura Gardens Resort settled on 28 July 2023). Post-acquisition of the Leura Gardens Resort, EHAF has a diverse portfolio of 19 high investment quality accommodation hotel assets with a portfolio value of approximately $470 million;

- the acquisition by Elanor of the Country Place conference and events centre located in the Dandenong Ranges (Victoria) in November 2022, for $6 million. The conference facility is being converted and repositioned into a significant regional accommodation hotel suitable for EHAF, and has recently been rebranded as Panorama Retreat and Resort;

- acquisition of Riverton Forum shopping centre, a dominant convenience-based shopping centre situated on a 6.3 hectare Perth metropolitan site by the newly established Riverton Forum Fund for $98.8 million;

- establishment of the Riverside Mixed Use Development Fund for a mixed-use development on a strategic Queanbeyan CBD site. The development, expected to comprise 180 residential dwellings as well as street activated retail, has an estimated total project cost of $67 million; and

- addition of a new real estate funds management investment sector for the Group, with the establishment of an industrial real estate investment capability.

Elanor's strong investment track record (average realised IRR of 21%) continues to drive demand from wholesale and institutional investors for the Group's funds.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO

Managed Funds

The following table shows the Gross Asset Value of the Group's Managed Funds, from which the Group generates funds management income.

Funds	Location[2]	Type	Gross Asset Value 30 June 2023 $'m
Retail Real Estate			
Elanor Property Income Fund	NSW (2), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	206.5
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	222.9
Clifford Gardens Fund	Toowoomba, QLD	Neighbourhood shopping centre	177.0
Warrawong Plaza Fund	Warrawong, NSW	Sub-regional shopping centre	173.8
Fairfield Centre Syndicate	Fairfield, NSW	Neighbourhood shopping centre	123.7
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	118.8
Belconnen Markets Syndicate	Canberra, ACT	Retail development	95.4
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	56.7
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	56.0
Commercial Office			
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	492.8
Harris Street Fund	Sydney, NSW	Commercial office building	172.2
Burke Street Fund	Woolloongabba, QLD	Commercial office building	84.2
Stirling Street Syndicate	Perth, WA	Commercial office building	35.4
Healthcare Real Estate			
Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	307.7
Hotels, Tourism and Leisure			
Elanor Hotel and Accommodation Fund	NSW (7), ACT (2), SA (4), TAS (1), WA (1)	Luxury and regional accommodation hotels	419.3
Elanor Wildlife Park Fund	NSW (3)	Leisure parks	65.5
Additions since 30 June 2022			
Tweed Mall Mixed-Use Real Estate Fund	Tweed Heads, NSW	Sub-regional shopping centre	91.5
Elanor Hotel and Accommodation Fund	Tamworth, NSW	Regional accommodation hotel	16.5
Elanor Hotel and Accommodation Fund	Yarra Valley, VIC	Regional accommodation hotel	18.8
Elanor Hotel and Accommodation Fund	Kangaroo Valley, NSW	Regional accommodation hotel	12.0
Riverton Forum Fund	Riverton, WA	Sub-regional shopping centre	114.3
Disposals since 30 June 2022			
Elanor Property Income Fund	Tweed Heads, NSW	Sub-regional shopping centre	(89.2)
Total Managed Funds[1]			**2,971.8**

Note 1: The funds under management balance of $2,971.8 million represents the gross asset value of the Group's Managed Funds at 30 June 2023, including those funds that have been consolidated in the Group's financial statements. As at 30 June 2023, Elanor Hotel and Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Stirling Street Syndicate (Stirling) and the Bluewater Square Syndicate (Bluewater) have been consolidated in the Group's financial statements.

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

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (continued)

Investment Portfolio

The following table shows the Group's investment portfolio, from which the Group receives distribution income.

Asset	Location	Type	Note	Carrying Value 30 June 2023 $'m
1834 Hospitality	Adelaide, SA	Hotel management	2	3.8
Cougal Street	Southport, QLD	Commercial office building		1.9
Managed Fund Co-Investments				**Co-Investments Value $'m**
Elanor Hotel and Accommodation Fund	NSW (9), ACT (3), SA (4), TAS (1), WA (1)	Luxury and regional accommodation hotels	1,3	77.7
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	2	40.8
Elanor Property Income Fund	NSW (1), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	2	16.5
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	13.2
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	7.0
Elanor Wildlife Park Fund	NSW (3)	Leisure parks	3	14.8
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.6
Belconnen Markets Syndicate	Canberra, ACT	Retail development	2	0.4
Stirling Street Syndicate	Perth, WA	Commercial office building	3	6.3
Harris Street Fund	Sydney, NSW	Commercial office building	2	10.0
Additions since 30 June 2022				
Elanor Healthcare Real Estate Fund	QLD (4), WA (2)	Commercial healthcare properties	2	6.7
Riverton Forum Fund	Riverton, WA	Sub-regional shopping centre		9.0
Panorama Retreat & Resort	Dandenong Ranges, VIC	Regional accommodation hotel		6.0
Disposals since 30 June 2022				
Harris Street Fund	Sydney, NSW	Commercial office building	2	(4.1)
Total Investment Portfolio				**211.6**

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.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (continued)

Update on the Group's Managed Funds

Commercial Office

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

Execution of the investment strategy for the Stirling Street and Harris Street Funds is in progress, with positive leasing outcomes at both properties.

The value of the Group's commercial managed fund portfolio decreased by $60.3 million during the year to $749.7 million as at 30 June 2023. The valuation decrease was primarily driven by a 50-basis-point decompression in the weighted average portfolio capitalisation rate.

The total funds under management for commercial office was $784.6 million as at 30 June 2023.

Healthcare Real Estate

The Elanor Healthcare Real Estate Fund (EHREF) continues to perform strongly. During the year 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 value of the healthcare real estate portfolio increased by $4.6 million during the year to $291.9 million as at 30 June 2023.

The total funds under management for healthcare real estate increased from $304.3 million as at 30 June 2022 to $307.7 million as at 30 June 2023.

Retail and Mixed-Use Real Estate

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

The security buy-back offer and delisting of the Elanor Retail Property Fund (ASX: ERF) was completed in November 2022, creating the Elanor Property Income Fund (EPIF). The delisting of ERF has delivered to the ERF investors a 15% premium to the trading price prior to the privatisation announcement. EPIF is an open-ended, multi-sector, property fund generating reliable income from a portfolio of high investment quality real estate assets.

During the year, the Group also established the Riverton Forum Fund in March 2023 and two new mixed-use development funds (the Tweed Mall Mixed-Use Real Estate Fund (September 2022) and the Riverside Mixed-Use Development Fund (June 2023)) with wholesale private capital partners.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (continued)

The retail real estate portfolio increased in value by $216.6 million during the year to $1,297.5 million at 30 June 2023. The increase in the portfolio value reflects the acquisition of Riverton Forum and 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 $1,347.4 million as at 30 June 2023.

Hotels, Tourism and Leisure

The hotel accommodation sector continues to recover from the impacts of COVID-19. Hotel occupancy was impacted by a decline in traveller confidence following consecutive interest rate rises and cost of living pressures. However, average room rates continue to improve. Operating costs across the portfolio are being revised in line with prevailing market conditions to maximise profitability.

The value of the hotels, tourism and leisure portfolio increased by $90.6 million during the year to $455.2 million at 30 June 2023 (of which $37.3 million was due to fair value movement on a like-for-like basis on the existing portfolio and $53.3 million due to acquisitions in the portfolio). The growth in the portfolio valuation includes the acquisitions of Wildes Boutique Hotel, Chateau Yering and Panorama Retreat, and value-add projects at EHAF's Barossa Weintal, Clare Country Club and Parklands Resort hotels. Growth in the valuation of the portfolio also includes valuation improvements reflecting increased confidence in the growth of the business-to-business segments (corporate, wholesale, groups and conference and events) and average room rates at the Fund's hotels.

Total funds under management for hotels, tourism and leisure increased from $394.6 million as at 30 June 2022 to $466.6 million as at 30 June 2023.

Elanor Wildlife Park Fund

Featherdale Wildlife Park earnings recovered strongly over the financial year as global travel restrictions eased and international visitation increased. Earnings from Mogo Wildlife Park and Hunter Valley Wildlife Park have normalised following COVID-19 related peaks, when restrictions were in place on interstate and overseas travel.

The value of the wildlife park portfolio decreased by $4.4 million during the year to $60.9 million at 30 June 2023. The valuation decrease reflects normalised earnings at Hunter Valley and Mogo Wildlife Parks.

The total funds under management for Elanor Wildlife Park Fund was $65.5 million as at 30 June 2023.

Summary

Notwithstanding the prevailing market conditions, the Group's Managed Funds are well positioned to grow earnings as market conditions improve.

The acquisition of Challenger's real estate funds management business, on 7 July 2023, is a milestone achievement for Elanor in the execution of its key strategic objective to become the leading Australian real estate funds management group known for delivering exceptional investment returns for its capital partners.

The combination of Elanor's real estate funds management capability with Challenger's market leading capital raising platform positions the Group for further strong growth.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATING RESULTS

Statutory results

The Consolidated Group recorded a net statutory loss after tax of $30.7 million for the year ended 30 June 2023 (30 June 2022: $4.2 million loss).

At balance date, Elanor held a 30.60% (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.

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

Revenue from operating activities for the Consolidated Group for the year ended 30 June 2023 was $139.1 million (30 June 2022: $92.2 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 year end reflects net assets of $352.3 million (30 June 2022: $341.3 million) and cash on hand of $25.3 million (30 June 2022: $27.8 million).

The Group recorded a statutory net loss after tax for the year of $30.7 million (30 June 2022: $4.2 million loss). Revenue from operating activities and rental income has increased significantly from the prior year. Total expenses have increased with rises in borrowing costs as well as salary and employee benefit costs.

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

Summary Financial Results	ENN Group 30 June 2023	ENN Group 30 June 2022	EIF Group 30 June 2023	EIF Group 30 June 2022
Net (loss) / profit after tax ($'000)	(30,674)	(4,234)	17,245	18,337
Net (loss) / profit attributable to ENN security holders ($'000)	(19,707)	966	(2,730)	12,799
Statutory earnings per stapled security (cents)	(15.88)	0.79		
Statutory earnings per weighted average stapled security (cents)	(16.35)	0.82		
Net tangible assets ($ per stapled security)	2.83	2.79	2.69	2.56
Gearing (net debt / total assets less cash) (%)	47.1	44.9	45.3	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 a representation of the Group that is consistent with the management and reporting of the Group. The results provided on this basis are presented as the 'ENN Group'.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

	ENN Group 30 June 2023 $'000	ENN Group 30 June 2022 $'000
Statutory Net (Loss)/ Profit After Tax	**(30,674)**	**(4,234)**
Adjustment to remove the impact of the consolidated statutory results of EHAF, EWPF, Stirling and Bluewater	17,028	2,850
Adjustment to include the impact of recognising the investments in EHAF, EWPF, Stirling and Bluewater using the equity method	(5,631)	4,842
Adjusted Net (Loss)/ Profit After Tax	**(19,277)**	**3,458**

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

	ENN Group 30 June 2023 $'000	ENN Group 30 June 2022 $'000
Funds management income	49,481	41,315
Share of (loss) / profit from equity accounted investments	(13,025)	6,624
Revenue from investment portfolio	309	1,626
Operating expenses	(45,459)	(33,355)
EBITDA	**(8,694)**	**16,210**
Amortisation of contract asset	(927)	(3,855)
Depreciation and amortisation	(3,515)	(3,613)
EBIT	**(13,136)**	**8,742**
Fair value loss on revaluation of PP&E, investment property and financial liabilities	(936)	(6,094)
Gain on sale of investments	1,150	5,120
Interest income	847	1,039
Interest expense	(7,641)	(5,966)
Net profit / (loss) before income tax expense	**(19,716)**	**2,841**
Income tax benefit	439	617
Adjusted net (loss) / profit after income tax	**(19,277)**	**3,458**

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 year is set out below:

Summary Financial Results	ENN Group 30 June 2023	ENN Group 30 June 2022
Net (loss) / profit after tax ($'000)	(30,674)	(4,234)
Adjusted net (loss) / profit after tax ($'000) (EHAF, EWPF, Stirling and Bluewater equity accounted)	(19,277)	3,458
Core Earnings ($'000)	12,529	18,259
Distributions paid / payable to Securityholders ($'000)	11,276	16,433
Core earnings per stapled security (cents)	10.15	14.98
Core earnings per weighted average stapled security (cents)	10.40	15.56
Distributions (cents per stapled security / unit)	9.13	13.48
Net tangible assets ($ per stapled security) (EHAF, EWPF, Stirling and Bluewater equity accounted)	1.23	1.40
Gearing (net debt / total assets less cash) (%) (EHAF, EWPF, Stirling and Bluewater equity accounted)	31.7	30.2

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

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

	Note	ENN Group 30 June 2023 $'000	ENN Group 30 June 2022 $'000
Adjusted Net (Loss)/ Profit After Tax		**(19,277)**	**3,458**
Adjustments for items included in statutory profit / (loss)			
Increase in equity accounted investments to reflect distributions received / receivable	2	22,112	1,281
Net (gain) / loss on disposals of equity accounted investments	3	(825)	(5,120)
Profit on Sale of EHAF	4	–	11,031
Profit on Sale of EHAF Retained	4	–	(2,659)
Building depreciation expense	5	31	101
Amortisation amounts	6	5,263	5,357
Corporate transaction costs	7	5,315	–
Tax and other non-cash adjustments	8	(90)	4,810
Core Earnings	1	**12,529**	**18,259**

Note 1: Core Earnings represents the Directors view of underlying earnings from ongoing operating activities of the group level for the year, 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 year, so as to only include net cash profit for the purposes of calculating Core Earnings.

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 in the prior year. 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 year, the Group (on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted) incurred total depreciation charges of $1.0 million, however only the depreciation expense on buildings of $0.03 million has been added back for the purposes of calculating Core Earnings.

Note 6: During the year, 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: During the year, the Group incurred non-recurring profit and loss charges in respect of corporate transaction costs, including in respect of the acquisition of the Challenger real estate business. These amounts have been added back for the purposes of calculating Core Earnings.

Note 8: 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 year, and the tax effect for non-cash items during the year.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Funds Management Income

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

	ENN Group 30 June 2023 $'000	ENN Group 30 June 2022 $'000
Management fees and related cost recoveries	28,245	23,610
Leasing and development management fees	5,839	5,076
Acquisition fees and related cost recoveries	8,257	12,629
Performance fees	7,140	–
Total funds management income	**49,481**	**41,315**

Note: Total funds management income includes $14.4 million (30 June 2022: $12.6 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 year 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.

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 / receivable from its Managed Funds for the year ended 30 June 2023.

	ENN Group 30 June 2023 $'000	ENN Group 30 June 2022 $'000
Elanor Commercial Property Fund	3,737	3,737
Elanor Hotel Accommodation Fund	3,125	1,344
Elanor Property Income Fund	694	1,438
Waverley Gardens Syndicate	643	399
Harris Street Fund	342	25
Elanor Healthcare Real Estate Fund	263	–
Riverton Forum Fund	171	–
Stirling Street Syndicate	75	195
Hunters Plaza Syndicate	37	32
Bluewater Square Syndicate	–	400
Elanor Wildlife Park Fund	–	195
Warrawong Plaza Syndicate	–	140
Total distributions received / receivable from Managed Funds	**9,087**	**7,905**

Note: As the Group consolidates Stirling, EHAF and Bluewater into its consolidated financial results, the distributions 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 reduce the equity accounted investments balance when the distribution is received.

Total co-investment distributions received or receivable during the year was $9.1 million.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Risk Management

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

Elanor regularly assesses the key business risks and opportunities that could impact performance and the ability to execute 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, 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.

Climate-related risks and opportunities

As the owner and manager of a large portfolio of office, retail, hotel and leisure assets across Australia and New Zealand, Elanor recognises the impact that climate change is having on the environment and the importance of contributing to climate change mitigation initiatives.

As part of Elanor's commitment to sustainability and responsible business practices, the Group continues to progress disclosure on monitoring, measuring and reporting of climate related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and in anticipation of an Australian equivalent of the recently released International Sustainability Standards.

The following sections outline the measures Elanor has undertaken on climate change initiatives in line with the TCFD framework covering governance, strategy, risk management and targets and metrics.

Governance

The Elanor Investors Group Board takes responsibility for overseeing the Group's sustainability strategy and policies, which includes managing climate change risks. The Group's ESG Committee, operating under a Charter, reports to the Board as a Management Committee. The ESG Committee plays a pivotal role in assessing and overseeing the implementation of impactful ESG initiatives across the business, with a particular focus on sustainability matters, including climate-related risks and opportunities.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

Chaired by the CEO and Managing Director, the ESG Committee ensures the Group identifies, assesses, and manages material risks, including those related to climate change and sustainability, in accordance with Elanor's Risk Management Framework. Working closely with Elanor's Executive Management Committee and key business unit managers, the ESG Committee collaborates to achieve the successful formulation and implementation of Elanor's ESG initiatives.

Strategy

Elanor's mission is to become the leading real estate funds management business known for delivering exceptional investment returns for its capital partners whilst making positive and impactful social and environmental contributions to the communities in which it operates, and more broadly.

With a strong presence across regional Australia, Elanor provides a significant number of employment opportunities for people in the regions from both the ongoing operation of investments and through the delivery of value-add capital expenditure projects. Climate-related issues are an integral part of Elanor's strategic considerations, representing both risks and opportunities across the business.

Elanor's inaugural ESG Annual report, released last year, set out the Group's ESG strategy. Short, medium and long-term goals have been identified against 5 key areas of focus in the environmental space, including energy and carbon management, ecological impacts, water management, waste impacts, climate change vulnerability. Currently, portfolio-wide energy and water usage data capture, carbon emission measurement and ESG resourcing are priorities.

Risk management

To ensure that climate risks are managed in a coordinated manner, sustainability and climate related risks are integrated into Elanor's Risk Management Framework and Risk Appetite Statement along with broader ESG, business-related and macro-economic matters. The Elanor Board and ESG Committee are responsible for monitoring and managing climate-related risk.

To ensure the Group addresses climate-related issues more effectively, a climate change vulnerability analysis process has been integrated into due diligence procedures for all new asset acquisitions. This process includes scenario analysis to identify and assess climate-related risks and opportunities.

In the coming year, this analysis will be extended to cover Elanor's entire portfolio, evaluating climate-related risks and opportunities thoroughly from both a physical risk and transition risk perspective.

Metrics and targets

Elanor is committed to reducing its environmental impact on the planet.

Energy usage data and scope 1 and 2 carbon emissions has been collected for all Elanor-managed assets for financial years 2022 and 2023. In the coming year, this data collection will be expanded to include the newly acquired Challenger and ADIC portfolios. This data will help to establish energy consumption and carbon emission targets for the Group's portfolio.

Elanor is currently evaluating the impact of its business operations on the environment and exploring ways to minimise its carbon footprint. These efforts include:

- Energy efficiency improvements across Elanor's portfolio of real estate investments

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

- On-site renewable energy generation
- Power purchase agreements for renewable energy

Elanor's second ESG report, to be released later in 2023, will provide comprehensive details on the Group's energy and carbon management initiatives, achievements, and future plans across the portfolio.

By adhering to the TCFD recommendations and enhancing the Group's focus on climate-related risks and opportunities, Elanor aims to foster sustainable and responsible business practices that benefit both the Group's stakeholders and the environment.

Summary and Outlook

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

The Group acquired Challenger's Real Estate business on 7 July 2023 increasing the Group's funds under management to $6.2 billion. The transaction delivers on several key strategic objectives of the business, delivering material earnings accretion and return on equity, and step-change growth in AUM with new strategic capital partnerships.

Having completed the integration of the Challenger Real Estate business into Elanor's funds management platform and realised transaction cost savings, the acquisition delivers significant value to Elanor Securityholders:

- A 78% increase in forecast base management fee income for year ending 30 June 2024 with incremental annualised base management fees of $16.1 million;
- Forecast incremental EBITDA of over $12 million in FY24 (representing a transaction EBITDA multiple of ~ 3x);
- New institutional capital partners and Elanor Securityholders (Challenger 13.6% and Abu Dhabi Investment Council ("ADIC") 3.0%);
- Grant of options to ADIC to acquire a further 7.5 million ENN securities at exercise prices of between $2.25 to $2.75 (options are linked to ADIC committing a further $0.5 billion in AUM); and
- Exclusive capital raising agreement with Fidante to distribute Elanor's real estate managed funds.

The combination of Elanor's real estate funds management capability with Challenger's market leading capital raising platform positions the Group for further strong growth.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (continued)

This acquisition is a milestone achievement for Elanor as we execute on our key strategic objective to become the leading Australian real estate funds management group known for delivering exceptional investment returns for our capital partners.

5. Interests in the Group

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Stapled securities on issue at the beginning of the year	121,916	120,975
Stapled securities issued under the short term incentive scheme	1,337	941
Stapled securities exercised under the long term incentive scheme	816	–
Stapled securities on issue at the end of the year	**124,069**	**121,916**

6. Directors

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Member, Audit and Risk Committee Member, Remuneration and Nomination Committee Member, Transaction Approval Committee Paul was appointed as a Director of both the Company and the Responsible Entity in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003 - 2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul was previously the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies. Paul is a non-executive director of the National Blood Authority. Former listed directorships in the last three years: Nil Interest in stapled securities: 306,137 Qualifications: B.Sc, F FIN, FAICD
Glenn Willis	Managing Director and Chief Executive Officer Member, Transaction Approval Committee Glenn has over 30 years' experience in the Australian and international capital markets. Glenn was the co-founder and Chief Executive Officer of Moss Capital, prior to its ASX listing as Elanor Investors Group in July 2014. Prior to Elanor, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. After 12 years of growth, Grange Securities was acquired by Lehman Brothers International in 2007 as the platform for Lehman's Australian investment banking and funds management operations. Glenn was appointed Managing Director and Country Head in March 2007. In 2008, Glenn was appointed executive Vice Chairman of Lehman Brothers Australia. Glenn is a Director of FSHD Global Research Foundation. Former listed directorships in the last three years: Nil Interest in stapled securities: 5,527,613 Qualifications: B.Bus (Econ & Fin)

6. Directors (continued)

Name	Particulars
Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed as a Director of both the Company and the Responsible Entity in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel is the chairman and independent Non-Executive Director of Great Southern Bank. Former listed directorships in the last three years: Nil Interest in stapled securities: 200,000 Qualifications: B.Com, FCA, MAICD
Anthony (Tony) Fehon	Independent Non-Executive Director Chairman, Remuneration and Nominations Committee Member, Audit and Risk Committee Chairman, Transaction Approval Committee Tony was appointed as a Director of both the Company and the Responsible Entity in August 2019. Tony has more than 30 years' experience working in senior roles with some of Australia's leading financial services and funds management businesses. He has broad experience in operational and leadership roles across many industries. Tony is a director of Elanor Hotel Accommodation Limited and Elanor Hotel Accommodation II Limited, enlighten Australia Pty Limited, BaaS Technology Limited, and numerous small companies. He was previously an Executive Director of Macquarie Bank Limited where he was involved in the formation and listing of several of Macquarie's listed property trusts including being a director of the listed leisure trust. Former listed directorships in the last three years: Nil Interest in stapled securities: 55,797 Qualifications: B. Com, FCA

6. Directors (continued)

Name	Particulars
Su Kiat Lim	Non-Executive Director Su Kiat was appointed as a Director of both Elanor Investors Limited and the Responsible Entity in October 2021. Su Kiat is currently CEO of Firmus Capital Pte Ltd, a Singapore based private equity real estate investment management firm founded in 2017. Su Kiat has been in the property industry for over 20 years with extensive direct real investment experience, executing strategies across direct real estate portfolios in Asia Pacific including Australia. In 2011 Su Kiat co-founded Rockworth Capital Partners, with direct real estate AUM of circa $1bn by 2017. Prior to that, Su Kiat held key roles in investments management and investment origination at Frasers Commercial Trust and ALLCO REIT. Su Kiat started his career in real estate as a Consultant in Retail Economics at Urbis. Su Kiat is a non-executive Director of Aspen Group Holdings Ltd a diversified group listed on the SGX. Former listed directorships in the last three years: Nil Interest in stapled securities: Nil Qualifications: B.Bus, PhD (Econ)
Karyn Baylis	Independent Non-Executive Director Member, Remuneration and Nominations Committee Member, Environmental, Social & Governance Management Committee Member, Work, Health & Safety Committee Karyn was appointed as Director of both the Company and the Responsible Entity in November 2021. Karyn was most recently CEO of Jawun, a position she has held since 2009, and joined the Jawun Board in 2017. She retired from Jawun in January 2022. Karyn has led a distinguished business career in Australia and internationally, having held a range of senior management and C-suite executive roles in multinational businesses including at Optus, Insurance Australia Group and Senior Vice President The Americas at Qantas Airways. In 2009 she was appointed CEO of Jawun and spent 12 years working with some of the leading indigenous reform voices in the country along with outstanding organisations. She retired from Jawun in January 2022. Karyn has received a number of awards, notably a Member in the General Division of the Order of Australia (AM) for significant service to the Indigenous community in the 2018 Queen's Birthday Honours and The Australian Financial Review and Westpac 100 Women of Influence Award in Diversity in 2015. Karyn is also a current member of Chief Executive Women (CEW) and Australian Institute of Company Directors (AICD). Previous Board positions include CARE Australia, Cure Cancer, Grocon Holdings Pty Ltd and NRMA Financial Management and Life Nominees. Former listed directorships in the last three years: Nil Interest in stapled securities: 35,000

6. Directors (continued)

Name	Particulars
Victor Rodriguez	Non-Executive Director Victor was appointed a Director of both the Company and the Responsible Entity in July 2023. Victor is currently Chief Executive, Funds Management of Challenger Limited (ASX:CFG) (Challenger), having been appointed to that role in August 2022, following five years as Head of Fixed Income within the Challenger Investment Management business. Victor has over 30 years' investment management experience. Prior to joining Challenger, Victor was head of Asia Pacific Fixed Income at Aberdeen Asset Management based in Singapore between 2014 to 2017. There he led a team of more than 30 investment professionals across the region. He was also a Regional Director overseeing the wider Aberdeen business. Prior to relocating to Singapore, Victor led Aberdeen's Australian Fixed Income business. Victor also held various roles over 13 years at Credit Suisse Asset Management in Australia, including Deputy Head of Fixed Income for three years up to 2009. Victor is a director of a number of Challenger Group entities. Former listed directorships in the last three years: Nil. Interest in stapled securities: Nil. Qualifications: B. Econ, GDip FINSIA

7. Directors' relevant interests

	Stapled securities at 1 July 2022	Net Movement	Stapled securities at the date of this report
Paul Bedbrook	306,137	–	306,137
Glenn Willis[1]	5,437,076	90,537	5,527,613
Nigel Ampherlaw	200,000	–	200,000
Anthony Fehon	21,666	34,131	55,797
Su Kiat Lim	–	–	–
Karyn Baylis	25,000	10,000	35,000
Victor Rodriguez	–	–	–

[1] Glenn Willis has an entitlement to an additional 5,000,000 securities under equity based executive incentive plans.

8. Meetings of Directors

	Elanor Board (Responsible Entity & the Company)		Audit & Risk Committee		Remuneration and Nominations Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Paul Bedbrook	14	14	7	7	8	8
Glenn Willis	14	14	-	-	-	-
Nigel Ampherlaw	14	13	7	7	-	-
Anthony Fehon	14	13	7	5	8	8
Su Kiat Lim	14	13	-	-	-	-
Karyn Baylis	14	14	-	-	8	8

During the year, the Board met 14 times including special purpose meetings in relation to various funds management related initiatives.

9. Remuneration Report

The remuneration report for the year ended 30 June 2023 outlines the remuneration arrangements, philosophy and framework of the Elanor Investors Group (Group) in accordance with the requirements of the *Corporations Act 2001* (Cth) and its regulations.

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

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

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

9. Remuneration Report (continued)

a) Remuneration Policy and Approach

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

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

The Group has a formally constituted Remuneration and Nomination Committee which comprises three Non-Executive Director (NED) members, Mr Anthony Fehon (Chair), Mr Paul Bedbrook and Mrs Karyn Baylis.

The Remuneration and Nomination Committee met 8 times during the year for the purposes of reviewing and making recommendations to the Elanor Investors Group Board on the level of remuneration of the senior executives and the Directors.

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

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

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

b) Key Management Personnel

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP), who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including the directors (whether executive or otherwise). The KMP of Elanor Investors Group for the year ended 30 June 2023 were:

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

Non-Executive	Position
Mr Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr Nigel Ampherlaw	Independent Non-Executive Director
Mr Anthony Fehon	Independent Non-Executive Director
Mr Su Kiat Lim	Non-Executive Director
Mrs Karyn Baylis	Independent Non-Executive Director

9. Remuneration Report (continued)

c) Executive Remuneration Arrangements

The Group's executive remuneration framework has three components:

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

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

Remuneration Structure

- Base pay, including superannuation

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

- Short term incentive

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

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

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

- Long term incentive

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

During the year, the Board reviewed the Group's LTI scheme and determined that the Loan Securities and Executive Options remained the most appropriate equity award vehicles for the 2023 LTI awards, encouraging a continued focus on security price growth, distributions and strong alignment of executives to Securityholders. No LTI Awards were granted to KMP's in FY23.

Under the executive loan security plan, awards (comprising the loan of funds to eligible Elanor employees to acquire Securities which are subject to vesting conditions) have been issued to certain employees. Awards totalling 18.6 million Securities were on issue at 30 June 2023 (2022: 17.5 million).

9. Remuneration Report (continued)

c) Executive Remuneration Arrangements (continued)

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

In addition to the loan security plan, the Group has an executive option plan comprising rights to acquire Securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. No options were issued or exercised under the plan in 2023 (2022: Nil).

The purpose of the LTI Scheme is to assist in attracting, motivating and retaining key management and employees. The LTI Scheme operates by providing key management and employees with the opportunity to participate in the future performance of Group securities. The vesting conditions of LTI plans and related awards include both a service-based hurdle and an absolute total securityholder return (TSR) performance hurdle. The service-based hurdle is 2, 3 and 4 years in the case of the loan security plan. The TSR is 10% per annum for the first year and 8% per annum thereafter in the case of the loan security plan and 15% per annum in the case of the options plan.

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

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes

The table below sets out summary information about the Group's earnings and movements in Securityholder returns for the year ended 30 June 2023:

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Net profit / (loss) before tax ($'000)	(26,133)	(7,395)	9,467	(26,419)	19,867
Adjusted Net profit / (loss) before tax ($'000) (EHAF, EWPF, Stirling and Bluewater equity accounted)	(19,716)	2,841	7,468	(18,151)	22,412
Net profit / (loss) after tax ($'000)	(30,674)	(4,234)	7,817	(23,390)	16,044
Adjusted Net profit / (loss) after tax ($'000) (EHAF, EWPF, Stirling and Bluewater equity accounted)	(19,277)	3,458	5,939	(17,988)	17,601
Core earnings ($'000)	12,529	18,259	15,146	15,434	17,548
Security price at start of year	$1.65	$1.89	$1.12	$1.83	$2.06
Security price at end of year	$1.63	$1.65	$1.89	$1.12	$1.83
Interim distribution	7.51 cents	9.05 cents	4.13 cents	9.51 cents	6.32 cents
Final distribution	1.62 cents	4.43 cents	7.14 cents	–	9.74 cents
Total distributions	9.13 cents	13.48 cents	11.27 cents	9.51 cents	16.06 cents
Basic earnings per security	(16.35) cents	0.82 cents	6.73 cents	(16.59) cents	16.04 cents
Basic earnings per security (EHAF, EWPF, Stirling and Bluewater equity accounted)	(16.00) cents	2.95 cents	5.08 cents	(17.39) cents	18.31 cents

The financial performance measure driving STI payment outcomes is pre-tax return on equity (ROE). The required pre-tax return hurdle was not achieved for the financial year. Reported earnings for the year were ($26.1) million before tax or ($30.7) million after tax. This reflects a basic earnings per security of (16.35) cents based on average equity employed for the year.

On 29 July 2022, the Board approved a retention based STI bonus pool of $5.1 million, utilising the Board's discretion, which is incorporated into the Group's results for the year ended 30 June 2023.

For the year ended 30 June 2023 the Group achieved Core Earnings of $12.5 million. Total distributions per security during the year were 9.13 cents. The Group's closing trading price on 30 June 2023 was $1.63 per security, a 1.2% decrease on the $1.65 price at 1 July 2022.

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes (continued)

Table 1: Remuneration of Key Management Personnel

		Short-term employee benefits			Post-employment benefits	Long-term employee benefits		Share-based payments			
Executive Officers	Year	Salary $	STI Cash Bonus $	Non-Monetary $	Super $	Annual Leave[1] $	Long Service Leave[1] $	LTI Loan Security Payments[2] $	STI Deferred Security $	LTI Option Payments[2] $	Total $
G. Willis	2023	742,139	150,000	–	25,292	103,897	42,975	184,775	286,357	46,667	1,582,102
	2022	671,319	175,000	–	23,568	70,136	42,151	342,950	438,913	46,667	1,810,704
P. Siviour	2023	594,063	150,000	–	27,500	73,173	25,484	85,263	258,479	–	1,213,962
	2022	539,683	175,000	–	27,235	57,840	22,596	86,640	331,011	–	1,240,005
S. Simmons	2023	588,764	150,000	–	27,500	39,307	33,459	63,947	249,713	–	1,152,689
	2022	525,902	175,000	–	27,235	25,725	30,464	64,980	314,070	–	1,163,376

[1] Annual leave and long service leave represents the movement in the accrued leave balances for the year, being the current year's leave entitlement of the key management personnel less leave taken during the year.

[2] The value of the loan securities and options granted to key management personnel as part of their remuneration is calculated as at the grant date using a Monte Carlo Simulation. The amounts disclosed as part of the remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from the beginning of performance period to vesting date.

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes (continued)

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

Executive Officers	Year	Fixed remuneration %	Remuneration linked to performance %	Total %
G. Willis	2023	57.79	42.21	100.00
	2022	44.58	55.42	100.00
P. Siviour	2023	59.33	40.67	100.00
	2022	52.21	47.79	100.00
S. Simmons	2023	59.78	40.22	100.00
	2022	52.38	47.62	100.00

No key management personnel appointed during the year received a payment as part of their consideration for agreeing to hold the position.

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

Table 3: Employment contracts of key management personnel

Executive	G. Willis	P. Siviour	S. Simmons
Position	Managing Director and Chief Executive Officer	Chief Operating Officer	Chief Financial Officer and Company Secretary
Term	No fixed term	No fixed term	No fixed term
Salary (including Superannuation)	$800,000	$650,000	$635,000
Incentive remuneration	Eligible for an award of short term and long-term incentive remuneration (if any) as described above	Eligible for an award of short term and long-term incentive remuneration (if any) as described above	Eligible for an award of short term and long-term incentive remuneration (if any) as described above

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes (continued)

Executive	G. Willis	P. Siviour	S. Simmons
Benefits	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available
Notice period	Employment shall continue with the Group unless either party gives 12 months' notice in writing	Employment shall continue with the Group unless either party gives 9 months' notice in writing	Employment shall continue with the Group unless either party gives 6 months' notice in writing
Restraint	12 months from the time of Termination	N/A	N/A

e) Non-Executive Director Remuneration Arrangements and Outcomes

The Elanor Board determines the remuneration structure for NED's based on recommendations from the Remuneration and Nomination Committee. The NED's individual fees are reviewed annually by the Remuneration and Nomination Committee taking into consideration the level of fees paid to NEDs by companies of similar size and stature. The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by Securityholders at the Annual General Meeting (currently $750,000, as approved by securityholders in October 2019).

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

Table 4: Remuneration of Non-Executive Directors

		Short-term employee benefits			Post-employment benefits	
Non-Executive Directors	Year	Salary $	Committee Fees $	Total $	Super $	Total $
P. Bedbrook	2023	169,683	–	169,683	17,817	187,500
	2022	157,727	15,000	172,727	17,273	190,000
N. Ampherlaw	2023	107,500	15,000	122,500	–	122,500
	2022	100,000	15,000	115,000	–	115,000
A. Fehon	2023	107,500	15,000	122,500	–	122,500
	2022	90,909	15,000	105,909	9,091	115,000
S.K. Lim[1]	2023	107,500	–	107,500	–	107,500
	2022	75,000	–	75,000	–	75,000
K. Baylis[1]	2023	97,285	–	97,285	10,215	107,500
	2022	60,606	–	60,606	6,061	66,667

[1] Mr S. K. Lim and Mrs K. Baylis were appointed in FY22.

9. Remuneration Report (continued)

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

During the year no options were issued to the NEDs.

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

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

9. Remuneration Report (continued)

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

Details of Short Term Incentive Plan payments granted or vested as deferred securities compensation to Key Management Personnel during the current financial year:

				During the financial year						
Name	Award Type	Grant Date	Vesting Date	Number Granted	Value at Grant Date	Number Vested	% of Grant Vested	Number Cancelled	% of Grant Cancelled	Fair value to be expensed in future years[1]
G. Willis	Deferred	15 Aug 2022	15 Aug 2024	90,537	1.77	–	0%	–	N/A	93,479
	Securities	30 Sep 2021	30 Sep 2023	85,080	2.06	–	0%	–	N/A	19,436
		18 Dec 2020	18 Dec 2022	243,549	1.88	243,549	100%	–	N/A	–
		29 Jun 2020	1 Jul 2022	365,325	1.17	365,325	100%	–	N/A	–
P. Siviour	Deferred	15 Aug 2022	1 Jul 2024	90,537	1.77	–	0%	–	N/A	93,479
	Securities	30 Sep 2021	30 Sep 2023	85,080	2.06	–	0%	–	N/A	19,436
		18 Dec 2020	18 Dec 2022	181,909	1.88	181,909	100%	–	N/A	–
		29 Jun 2020	1 Jul 2022	272,863	1.17	272,863	100%	–	N/A	–
S. Simmons	Deferred	15 Aug 2022	15 Aug 2024	90,537	1.77	–	0%	–	N/A	93,479
	Securities	30 Sep 2021	30 Sep 2023	85,080	2.06	–	0%	–	N/A	19,436
		18 Dec 2020	18 Dec 2022	167,916	1.88	167,916	100%	–	N/A	–
		29 Jun 2020	1 Jul 2022	251,874	1.17	251,874	100%	–	N/A	–

[1] The maximum value of the grants yet to vest is the fair value amount at the grant date yet to be reflected in the Group's consolidated income statement. The minimum future value is $nil as the future performance and service conditions may not be met.

The fair value of the Short Term incentive plans is the closing share price on grant date.

9. Remuneration Report (continued)

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

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

				During the financial year						
Name	**Award Type**	**Grant Date**	**End of Vesting Period**	**Number Granted**	**Fair Value at Grant Date**	**Number Vested**	**% of Grant Vested**	**Number Cancelled[1]**	**% of Grant Cancelled**	**% of the actual compensation for the year consisting of awards**
G. Willis	Loan	21 Oct 2020	30 Jun 2024	1,666,666	0.19	–	0%	–	N/A	24%
	Securities	21 Oct 2020	30 Jun 2023	1,666,667	0.19	–	0%	–	N/A	24%
		21 Oct 2020	30 Jun 2022	1,666,667	0.19	1,666,667	100%	–	N/A	24%
P. Siviour	Loan	28 Aug 2020	30 Jun 2024	666,666	0.12	–	0%	–	N/A	11%
	Securities	28 Aug 2020	30 Jun 2023	666,667	0.12	–	0%	–	N/A	11%
		28 Aug 2020	30 Jun 2022	666,667	0.12	666,667	100%	–	N/A	11%
S. Simmons	Loan	28 Aug 2020	30 Jun 2024	500,000	0.12	–	0%	–	N/A	9%
	Securities	28 Aug 2020	30 Jun 2023	500,000	0.12	–	0%	–	N/A	9%
		28 Aug 2020	30 Jun 2022	500,000	0.12	500,000	100%	–	N/A	9%

The expected vesting date of the Loan Securities are in line with the financial statement approval date of the relevant performance year.

The Loan Security plan has been accounted for as 'in-substance' options. The fair value at grant date of each Loan Security was $0.12 ($0.19 for each of the Chief Executive Officer's Loan Securities).

9. Remuneration Report (continued)

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

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

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Options	2023	–	–	0%	–	N/A	0%
		2022	–	–	0%	–	N/A	0%

No options were granted in FY23.

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

Name	Year	Value of options granted at the grant date[1] $	Value of options granted at the exercise date[2] $
G. Willis	2023	–	–
	2022	–	–

[1] The value of options granted during the financial year is calculated as at the grant date using a Monte Carlo Simulation. This grant date value is allocated to the remuneration of key management personnel on a straight-line basis over the period from commencement of the performance period to vesting date.

[2] The value of options exercised during the financial year is calculated as at the exercise date using a Monte Carlo Simulation. No options were exercised in the year to 30 June 2023.

9. Remuneration Report (continued)

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

Key Management Personnel equity holdings

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

Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2022	Acquired[1]	Disposed	Closing Balance 30 June 2023
Non-Executive Directors				
P. Bedbrook	306,137	–	–	306,137
N. Ampherlaw	200,000	–	–	200,000
A. Fehon	21,666	34,131	–	55,797
S.K. Lim	–	–	–	–
K. Baylis	25,000	10,000	–	35,000
Executive Officers				
G. Willis	5,437,076	90,537	–	5,527,613
P. Siviour	2,105,123	90,537	–	2,195,660
S. Simmons	1,138,374	90,537	–	1,228,911

[1] The number of stapled securities acquired during the year includes issues of securities under the Group's short term and long term incentive schemes, and securities acquired on market.

No securities were issued to Non-Executive Directors in FY23.

Options over Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2022	Acquired under the Group's incentive plans	Exercised or Disposed or Cancelled	Closing Balance 30 June 2023	Balance vested at Closing	Vested but not exercisable	Options vested during the year
G. Willis	2,000,000	–	–	2,000,000	–	–	–

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

No options were issued to Non-Executive Directors in FY23 (FY22: nil).

g) Loans to Key Management Personnel

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

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

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

10. Company Secretary

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

11. Indemnification and insurance of officers and auditors

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

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

The Group and the EIF Group indemnifies the auditor (PricewaterhouseCoopers Australia) against any liability (including legal costs) for third party claims arising from a breach by Group or EIF Group of the auditor's engagement terms, except where prohibited by the *Corporations Act 2001*.

12. Environmental regulation

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

13. 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.

14. Non audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 29 to the consolidated financial statements.

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

The Directors are of the opinion that the services as disclosed in Note 29 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

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

15. Likely developments and expected results of operations

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

16. Fees paid to the Responsible Entity or its associates

The fees paid to the responsible entity of EIF, Elanor Funds Management Limited, and its related entities during the financial year are disclosed in Note 25 to the consolidated financial statements.

17. Events occurring after reporting date

Distribution

Subsequent to year end, a distribution of 1.62 cents per stapled security (full year distribution 9.13 cents per stapled security) has been declared by the Board of Directors. The total distribution amount of $2.0 million will be paid on 31 August 2023 in respect of the six months ended 30 June 2023.

Acquisition of Challenger real estate funds management business

On 7 July 2023, Elanor completed the acquisition of Challenger Limited’s (Challenger) Australian real estate funds management business for a consideration of $37.7 million. As part of the transaction, Elanor and Challenger also entered into a strategic partnership whereby Elanor has become Challenger’s real estate funds management partner in Australia and New Zealand and Fidante (Challenger’s multi-affiliate funds management business) is now Elanor’s exclusive distribution partner for its real estate managed funds.

Elanor issued 24.8 million ENN securities as consideration for the transaction, representing 16.6% of securities on issue at that time, with Challenger holding 20.3 million securities (13.6%) and the Abu Dhabi Investment Council (ADIC) holding the balance of 4.5 million securities (3.0%). The consideration paid is subject to claw-back arrangements from Challenger of up to 63% over three years, based on performance milestones, including minimum base funds management fee targets.

In addition, Elanor has also granted ADIC options to acquire up to 7.5 million in additional Elanor securities at exercise prices of between $2.25 to $2.75 per security, with vesting milestones linked to ADIC committing a further $0.5 billion in AUM.

As at the signing date of these financial statements, the accounting assessment of the transaction is not yet complete, and the Group is currently finalising its determination of the nature of the transaction and the fair values of identifiable assets acquired and liabilities assumed.

The transaction will be accounted for as a business combination under AASB 3 *Business Combinations* as follows:

- Identifiable assets will include intangible assets in relation to key Investment Management Agreements acquired. The amount that the consideration paid exceeds the (net) fair value of all identified assets and liabilities will be allocated to goodwill.
- In accordance with AASB112 *Income Taxes*, a deferred tax asset or liability will be recognised when a temporary difference arises between the carrying amount of an asset or liability and its tax base. The existence of a deferred liability on an intangible asset will result in an increase to goodwill.
- The fair value of the consideration is $39.7 million and based on the fair value of the securities issued with reference to the share price ($1.60) on the day of the transaction completion.
- The value of securities subject to claw-back arrangements will be classified as a financial liability based on the definitions in AASB 132 *Financial Instruments: Presentation*.

The Group will finalise the accounting for the transaction in the ensuing reporting period in which the transaction completed.

Acquisition of Leura Gardens Resort

On 28 July 2023 EHAF settled the acquisition of the Leura Gardens Resort in the Blue Mountains, NSW for $20 million.

Other matters

Other than the events disclosed above, the directors are not aware of any other matters or circumstances 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 year subsequent to the year ended 30 June 2023.

18. 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 22 August 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	Glenn Willis
Chair	CEO and Managing Director

Sydney, 22 August 2023

Auditor's Independence Declaration

As lead auditor for the audit of Elanor Investors Limited and Elanor Investment Fund for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
22 August 2023

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, www.pwc.com.au

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, www.pwc.com.au

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000	EIF Group 30 June 2023 $'000	EIF[1] Group 30 June 2022 $'000
Revenue and other income					
Revenue from operating activities	2	139,141	92,164	–	–
Interest income		230	405	14	–
Rental income	1	8,733	6,293	23,658	16,692
Share of profit from equity accounted investments	10	–	10,050	–	9,871
Realised gain on disposal of investment		1,200	1,635	1,200	1,634
Fair value gain on revaluation of PP&E and investment properties	8,9	–	–	35,006	13,513
Fair value gain on revaluation of derivatives	12	–	2,621	–	2,621
Other income		2,108	2,268	24	12,350
Total revenue and other income		**151,412**	**115,436**	**59,902**	**56,681**
Expenses					
Changes in inventories of finished goods		9,678	6,335	–	–
Salary and employee benefits		68,449	51,366	2,878	2,865
Property expenses		14,416	9,503	2,561	1,362
Operator management costs		9,341	4,428	5,456	5,329
Borrowing costs	11,30	20,166	16,217	17,223	12,815
Depreciation	8	13,430	12,554	–	–
Amortisation		670	444	129	6
Marketing and promotion		4,047	2,660	10	5
Repairs, maintenance and technology		2,806	2,673	56	289
Share of loss from equity accounted investments	10	7,042	–	7,312	–
Fair value loss on revaluation of PP&E and investment properties	8,9	6,856	2,447	–	–
Fair value loss on revaluation of derivatives	12	1,295	–	1,268	–
Impairment expense	10	2,831	753	2,831	–
Corporate transaction costs		4,071	–	–	–
Insurance expense		3,269	2,819	–	–
Other expenses		9,178	10,632	2,933	15,673
Total expenses		**177,545**	**122,831**	**42,657**	**38,344**
Net profit / (loss) before income tax expense		**(26,133)**	**(7,395)**	**17,245**	**18,337**
Income tax (expense) / benefit	5	(4,541)	3,161	–	–
Net profit / (loss) for the year		**(30,674)**	**(4,234)**	**17,245**	**18,337**
Attributable to security holders of:					
- Parent Entity		(16,977)	(11,833)	(2,730)	12,799
- Non-controlling interest EIF		(2,730)	12,799	–	–
Net profit / (loss) attributable to ENN security holders		**(19,707)**	**966**	**(2,730)**	**12,799**
Attributable to security holders of:					
- External Non-controlling interest		(10,967)	(5,200)	19,975	5,538
Net profit / (loss) for the year		**(30,674)**	**(4,234)**	**17,245**	**18,337**
Basic earnings / (loss) per stapled security (cents)		(16.35)	0.82	(2.27)	10.91
Diluted earnings / (loss) per stapled security (cents)		(13.91)	0.69	(1.93)	9.19
Basic earnings / (loss) of the parent entity (cents)		(14.09)	(10.08)		
Diluted earnings / (loss) of the parent entity (cents)		(11.98)	(8.50)		

[1] EIF Group restated to reclassify $16.3 million revaluation gain on investment property from the consolidated statement of comprehensive income to the consolidated statement of profit or loss, with no impact on net assets or total equity. Refer to Note 30.

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 YEAR ENDED 30 JUNE 2023

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000	EIF Group 30 June 2023 $'000	EIF[1] Group 30 June 2022 $'000
Net (loss) / profit for the year	**(30,674)**	**(4,234)**	**17,245**	**18,337**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Gain on revaluation of cash flow hedge	–	361	–	359
Items that may not be reclassified to profit and loss				
Share of reserves of equity accounted investments	(38)	68	(781)	68
Gain on revaluation of property, plant and equipment	28,286	16,292	–	–
Other comprehensive income for the year, net of tax	**28,248**	**16,721**	**(781)**	**427**
Total comprehensive income / (loss) for the year, net of tax	**(2,426)**	**12,487**	**16,464**	**18,764**
Attributable to security holders of:				
- Parent entity	(6,964)	(5,636)	(3,511)	13,417
- Non-controlling interest - EIF	(3,511)	13,417	–	–
Total comprehensive income / (loss) for the year, net of tax, of ENN security holders	**(10,475)**	**7,781**	**(3,511)**	**13,417**
Attributable to security holders of:				
- External Non-controlling interest	8,049	4,706	19,975	5,348
Total comprehensive income / (loss) for the year, net of tax	**(2,426)**	**12,487**	**16,464**	**18,765**

[1] EIF Group restated to reclassify $16.3 million revaluation gain on investment property from the consolidated statement of comprehensive income to the consolidated statement of profit or loss, with no impact on net assets or total equity. Refer to Note 30.

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 30 JUNE 2023

	Note	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Current assets					
Cash and cash equivalents	6	25,269	27,774	1,182	9,008
Trade and other receivables	19,30	18,157	17,653	41,902	47,528
Other financial assets	13	4,095	2,186	–	–
Inventories		1,893	1,809	–	–
Other current assets		3,207	2,241	15	61
Derivative financial instruments	12,30	1,353	1,898	1,353	1,898
Total current assets		**53,974**	**53,561**	**44,452**	**58,495**
Non-current assets					
Property, plant and equipment	8(a)	521,054	437,454	–	–
Contract assets	19	3,618	4,545	–	–
Investment properties	9,30	91,875	93,875	591,870	498,382
Derivative financial instruments	12,30	–	723	–	723
Equity accounted investments	10,30	97,834	110,394	93,610	107,182
Intangible assets	21	1,478	1,448	–	–
Deferred tax assets	5	10,083	12,150	–	–
Total non-current assets		**725,942**	**660,589**	**685,480**	**606,287**
Total assets		**779,916**	**714,150**	**729,932**	**664,782**
Current liabilities					
Payables	20,30	17,987	15,569	9,566	7,349
Interest bearing liabilities	11	8,542	–	5,982	–
Loan from the Company	30	–	–	12,592	16,302
Lease liabilities	8	1,887	1,660	–	–
Current provisions	20	5,401	4,367	–	–
Other current liabilities	20,30	16,656	10,188	13,130	9,826
Income tax payable		610	–	–	–
Contract liabilities		2,196	1,323	276	–
Total current liabilities		**53,279**	**33,107**	**41,546**	**33,477**
Non-current liabilities					
Interest bearing liabilities	11,30	372,159	335,835	312,633	275,392
Non-current provisions	20	296	196	–	–
Lease liabilities	8	1,870	3,758	–	–
Loan from the Company	30	–	–	42,036	43,950
Total non-current liabilities		**374,325**	**339,789**	**354,669**	**319,342**
Total liabilities		**427,604**	**372,896**	**396,215**	**352,819**
Net assets		**352,312**	**341,254**	**333,717**	**311,963**

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 30 JUNE 2023

	Note	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000	EIF Group 30 June 2023 $'000	EIF[1] Group 30 June 2022 $'000
Equity					
Equity Holders of Parent Entity					
Contributed equity	14	73,555	72,783	108,093	105,559
Treasury shares	14	(759)	(1,682)	(2,610)	(5,086)
Reserves	15	32,285	22,517	31,190	33,567
Accumulated losses		(73,403)	(56,424)	(24,739)	(7,528)
Parent entity interest		**31,678**	**37,194**	**111,934**	**126,512**
Equity Holders of Non Controlling Interest					
Contributed equity - Elanor Investment Fund	14	108,093	105,559	–	–
Treasury shares	14	(2,610)	(5,086)	–	–
Reserves	15	31,190	33,567	–	–
Accumulated losses		(24,739)	(7,528)	–	–
Non-controlling interest		**111,934**	**126,512**	**–**	**–**
Equity Holders of Non Controlling Interest - External					
Contributed equity - External		167,121	140,000	166,120	145,646
Reserves		69,399	50,384	21,854	21,855
Accumulated (losses) / Retained profits		(27,820)	(12,836)	33,809	17,950
External Non-controlling interest		**208,700**	**177,548**	**221,783**	**185,451**
Total equity attributable to stapled security holders:					
- Parent Entity		31,678	37,194	111,934	126,512
- Non-controlling Interest - EIF		111,934	126,512	–	–
Total equity attributable to ENN security holders		**143,612**	**163,706**	**111,934**	**126,512**
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		208,700	177,548	221,783	185,451
Total equity		**352,312**	**341,254**	**333,717**	**311,963**

[1] EIF Group restated to reclassify $16.3 million revaluation gain on investment property from the consolidated statement of comprehensive income to the consolidated statement of profit or loss, with no impact on net assets or total equity. Refer to Note 30.

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed equity $'000	Treasury shares $'000	Other Reserves $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest EIF $'000	Total ENN Equity $'000	External Non-controlling interest $'000	Total Equity $'000
Consolidated Group												
Total equity at 1 July 2022		72,783	(1,682)	19,324	–	3,193	(56,426)	37,192	126,512	163,704	177,550	341,254
Loss for the year		–	–	–	–	–	(16,977)	(16,977)	(2,730)	(19,707)	(10,967)	(30,674)
Other comprehensive income for the year		–	–	10,013	–	–	–	10,013	(781)	9,232	19,016	28,248
Total comprehensive income / (expense) for the year		**–**	**–**	**10,013**	**–**	**–**	**(16,977)**	**(6,964)**	**(3,511)**	**(10,475)**	**8,049**	**(2,426)**
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	14	772	923	–	–	–	–	1,695	5,010	6,705	29,527	36,232
Transfers between reserves and retained earnings		–	–	–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	(245)	–	(245)	(1,596)	(1,841)	–	(1,841)
Distributions paid and payable	3	–	–	–	–	–	–	–	(14,481)	(14,481)	(6,475)	(20,956)
Transaction with non-controlling interest		–	–	–	–	–	–	–	–	–	49	49
Total equity at 30 June 2023		**73,555**	**(759)**	**29,337**	**–**	**2,948**	**(73,403)**	**31,678**	**111,934**	**143,612**	**208,700**	**352,312**

	Note	Contributed equity $'000	Treasury shares $'000	Other Reserves $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest EIF $'000	Total ENN Equity $'000	External Non-controlling interest $'000	Total Equity $'000
Consolidated Group												
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 year		–	–	–	–	–	(11,833)	(11,833)	12,799	966	(5,199)	(4,234)
Other comprehensive income / (expense) for the year		–	–	6,195	2	–	–	6,197	619	6,816	9,906	16,721
Total comprehensive income / (expense) for the year		**–**	**–**	**6,195**	**2**	**–**	**(11,833)**	**(5,636)**	**13,418**	**7,782**	**4,707**	**12,487**
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	14	478	(478)	–	–	–	–	–	–	–	114,998	114,998
Transfers between reserves and retained earnings		–	–	–	(12)	–	12	–	–	–	–	–
Security-based payments		–	–	–	–	1,297	–	1,297	2,839	4,136	–	4,136
Distributions paid and payable	3	–	–	–	–	–	–	–	(22,326)	(22,326)	(10,390)	(32,716)
Transaction with non-controlling interest		–	–	–	–	–	–	–	–	–	(1,635)	(1,635)
Total equity at 30 June 2022		**72,783**	**(1,682)**	**19,324**	**–**	**3,193**	**(56,426)**	**37,192**	**126,512**	**163,704**	**177,550**	**341,254**

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 YEAR ENDED 30 JUNE 2023

	Note	Contributed equity $'000	Treasury shares $'000	Other Reserves $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	External Non-controlling interest $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2022		105,559	(5,086)	26,917	–	6,650	(7,528)	126,512	185,451	311,963
Loss for the year		–	–	–	–	–	(2,730)	(2,730)	19,975	17,245
Other comprehensive income for the year		–	–	(781)	–	–	–	(781)	–	(781)
Total comprehensive income / (expense) for the year		**–**	**–**	**(781)**	**–**	**–**	**(2,730)**	**(3,511)**	**19,975**	**16,464**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	14	2,534	2,476	–	–	–	–	5,010	22,899	27,909
Transfers between reserves and retained earnings		–	–	–	–	–	–	–	–	–
Security-based payments		–	–	–	–	(1,596)	–	(1,596)	–	(1,596)
Distributions paid and payable	3	–	–	–	–	–	(14,481)	(14,481)	(6,475)	(20,956)
Transaction with non-controlling interest		–	–	–	–	–	–	–	(67)	(67)
Total equity at 30 June 2023		**108,093**	**(2,610)**	**26,136**	**–**	**5,054**	**(24,739)**	**111,934**	**221,783**	**333,717**

	Note	Contributed equity $'000	Treasury shares $'000	Other Reserves[1] $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses)[1] $'000	Parent Entity Total Equity $'000	External Non-controlling interest[1] $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2021		104,101	(3,628)	26,849	(369)	3,811	1,815	132,580	81,352	213,932
Profit / (loss) for the year		–	–	–	–	–	12,799	12,799	5,538	18,337
Other comprehensive income for the year		–	–	68	550	–	–	618	(190)	427
Total comprehensive income / (expense) for the year		**–**	**–**	**68**	**550**	**–**	**12,799**	**13,417**	**5,348**	**18,764**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	14	1,458	(1,458)	–	–	–	–	–	110,966	110,966
Transfers between reserves and retained earnings		–	–	–	(181)	–	181	–	–	–
Security-based payments		–	–	–	–	2,839	–	2,839	(191)	2,648
Distributions paid and payable	3	–	–	–	–	–	(22,324)	(22,324)	(10,390)	(32,714)
Transaction with non-controlling interest		–	–	–	–	–	–	–	(1,634)	(1,634)
Total equity at 30 June 2022		**105,559**	**(5,086)**	**26,917**	**–**	**6,650**	**(7,528)**	**126,512**	**185,451**	**311,963**

[1] EIF Group restated to reclassify $16.3 million revaluation gain on investment property from the consolidated statement of comprehensive income to the consolidated statement of profit or loss, with no impact on net assets or total equity. Refer to Note 30.

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 YEAR ENDED 30 JUNE 2023

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Cash flows from operating activities				
Receipts from customers	168,310	106,561	–	–
Payments to suppliers and employees	(131,776)	(98,453)	(9,281)	(8,563)
Interest received	525	324	14	–
Finance costs paid	(18,234)	(12,960)	(13,846)	(8,161)
Rental Receipts	–	–	23,658	16,692
Income tax paid	(892)	(253)	–	–
Net cash flows from operating activities	**17,933**	**(4,781)**	**545**	**(32)**
Cash flows from investing activities				
Financial assets (provided) / repaid	(2,218)	9,120	–	–
Payments for property, plant and equipment / investment properties	(72,719)	(21,972)	(64,732)	(18,865)
Loans to associates	(4,246)	(663)	519	(1,072)
Receipts for equity accounted investments	19,333	49,301	19,092	46,218
Payments for equity accounted investments	(18,751)	(43,569)	(18,724)	(43,516)
Payments for the business combination subsidiaries	–	(9,952)	–	(9,854)
Receipts of cash held in trust	3,163	–	–	–
Payments of corporate transaction costs	(1,171)	–	–	–
Distributions received from equity accounted investments	14,797	8,399	14,799	8,399
Loans from Company	–	–	(3,925)	(17,925)
Net cash flows from investing activities	**(61,812)**	**(9,336)**	**(52,971)**	**(36,615)**
Cash flows from financing activities				
Proceeds from borrowings	100,585	317,101	101,782	305,688
Repayments of borrowings	(57,750)	(293,160)	(57,750)	(261,242)
Payments for lease liability	(2,029)	(2,077)	–	–
Proceeds from equity raisings	25,500	28,629	25,500	28,629
Costs associated with equity raisings	(669)	(1,946)	(669)	(1,947)
Distributions paid to securityholders	(24,263)	(27,427)	(24,263)	(27,427)
Net cash flows from financing activities	**41,374**	**21,120**	**44,600**	**43,701**
Net increase / (decrease) in cash and cash equivalents	(2,505)	7,003	(7,826)	7,054
Cash and cash equivalents at the beginning of the year	27,774	20,771	9,008	1,954
Cash at the end of the year	**25,269**	**27,774**	**1,182**	**9,008**

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

About this Report

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

RESULTS 50

1. Segment information 50
2. Revenue from operating activities 52
3. Distributions 54
4. Earnings per stapled security 54
5. Income tax 56
6. Cash and cash equivalents 59
7. Cash flow information 60

OPERATING ASSETS 62

8. Property, plant and equipment 62
9. Investment properties 70
10. Equity accounted investments 73

FINANCE AND CAPITAL STRUCTURE 79

11. Interest bearing liabilities 79
12. Derivative financial instruments 82
13. Other financial assets 84
14. Contributed equity 85
15. Reserves 86
16. Financial Risk Management 87

GROUP STRUCTURE 92

17. Parent entity 92
18. Subsidiaries and Controlled entities 93
19. Trade and other receivables 96
20. Payables and other liabilities 96
21. Intangible assets 98
22. Government grants 99
23. Commitments 99
24. Share-based payments 100
25. Related parties 102
26. Significant events 104
27. Other accounting policies 105
28. Events occurring after reporting date 106
29. Auditor's remuneration 107
30. Non-Parent disclosure 108

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.

Statement of compliance

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

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

The Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for investment properties, investment properties within the equity accounted investments, property, plant and equipment (EHAF and EWPF), derivative financial instruments, and other financial assets or liabilities which are stated at their fair value.

Compliance with international reporting standards

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

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 2023 and have not been early adopted

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

Rounding

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

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 year ended 30 June 2023, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

Changing market conditions (high inflation pressure and expected further cash rate increases by the Reserve Bank of Australia) can result in continued elevated levels of uncertainty in the preparation of the financial statements. Where changing market conditions have heightened uncertainty in applying these accounting estimates and critical judgements for the year ended 30 June 2023, enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgements utilised.

In response to the recent market volatility, the appropriateness of the inputs to the valuation of the Group's property, plant and equipment (including average daily rate assumptions and occupancy levels) and investment properties (including vacancy allowances, lease renewal probabilities, levels of leasing incentives and market rent growth assumptions), and the impact of any changes in these inputs have been considered in detail in both independent and internal property valuations (including relevant sensitivity analysis) with respect to the fair value hierarchies. The fair value assessments as at the balance date include the best estimate of the changing market conditions using information available at the time of preparation of the financial statements and includes forward looking assumptions.

Refer to Note 8 and 9 for further information.

The recoverability of the Group's receivables from Elanor's Managed Funds applied the simplified approach to provide for expected credit losses. Refer to Note 16 Financial Risk Management for further discussion on the Group's management of credit risk.

Enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgements utilised. The estimates or assumptions which are material to the financial statements are discussed in the following notes:

- Deferred taxes - assumptions underlying recognition and recoverability – Note 5c
- Property, Plant and Equipment - assumptions underlying fair value – Note 8
- Investment Properties - assumptions underlying fair value – Note 9
- Equity accounted investments – impairment assessment – Note 10
- Derivative financial instruments - assumptions underlying fair value – Note 12

About this report (continued)

Basis of Consolidation

The consolidated Financial Statements of the Group incorporate the assets and liabilities of Elanor Investors Limited (the Parent) and all of its subsidiaries, including Elanor Investment Fund and its subsidiaries as at 30 June 2023. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled securityholders of Elanor Investment Fund are the same as the stapled securityholders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 30 June 2023.

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

Elanor Hotel Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hotel Accommodation Fund, Elanor Hotel Accommodation Fund II, Elanor Hotel Accommodation Fund III, Elanor Hotel Accommodation Limited, Elanor Hotel Accommodation II Limited. The Group holds 30.60% (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.

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.

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 30 June 2023, the Funds Management division has $2,971.8 million of external investments under management.

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, Riverton Forum 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.

1. Segment information (continued)

The table below shows the Group's segment results:

Consolidated Group – 30 June 2023

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from operating activities	34,117	105,024	–	–	–	–	**139,141**
Rental income	–	749	4,403	3,271	–	310	**8,733**
Share of profit / (loss) of equity accounted investments	–	152	(247)	(5,979)	(968)	–	**(7,042)**
Operating expense	(1,524)	(94,064)	(9,121)	(10,441)	(2,106)	(8,722)	**(125,978)**
Divisional EBITDA	**32,593**	**11,861**	**(4,965)**	**(13,149)**	**(3,074)**	**(8,412)**	**14,854**
Depreciation	–	(10,050)	–	–	–	(3,380)	**(13,430)**
Amortisation	–	–	(11)	(118)	–	(541)	**(670)**
Divisional EBIT from continuing operations	**32,593**	**1,811**	**(4,976)**	**(13,267)**	**(3,074)**	**(12,333)**	**754**
Fair value adjustment on revaluation of investment property	–	(5,672)	(3,677)	77	–	2,416	**(6,856)**
Fair value adjustment on revaluation of derivatives	–	(1,268)	–	–	–	(27)	**(1,295)**
Realised gain/(loss) on disposal of investment	1,089	–	–	(2)	–	113	**1,200**
Interest income	–	–	–	–	–	230	**230**
Borrowing costs	–	–	–	–	–	(20,166)	**(20,166)**
Net tax expense	–	–	–	–	–	(4,541)	**(4,541)**
Profit / (loss) for the year	**33,682**	**(5,129)**	**(8,653)**	**(13,192)**	**(3,074)**	**(34,308)**	**(30,674)**
Total assets	39,015	514,788	55,814	35,402	6,709	128,188	**779,916**
Total liabilities	11,071	267,340	39,101	20,880	–	89,212	**427,604**

Consolidated Group – 30 June 2022

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from operating activities	27,068	65,096	–	–	–	–	**92,164**
Rental income	–	716	3,897	1,563	–	117	**6,293**
Share of profit / (loss) of equity accounted investments	–	82	3,228	6,740	–	–	**10,050**
Operating expense	(2,951)	(56,287)	(9,751)	(9,820)	(368)	(9,724)	**(88,901)**
Divisional EBITDA	**24,117**	**9,607**	**(2,626)**	**(1,517)**	**(368)**	**(9,607)**	**19,606**
Depreciation	(150)	(10,767)	–	–	–	(1,637)	**(12,554)**
Amortisation	–	–	(6)	–	–	(438)	**(444)**
Divisional EBIT from continuing operations	**23,967**	**(1,160)**	**(2,632)**	**(1,517)**	**(368)**	**(11,682)**	**6,608**
Fair value adjustment on revaluation of investment property	–	(5,127)	2,049	(163)	–	794	**(2,447)**
Fair value adjustment on revaluation of derivatives	–	2,621	–	–	–	–	**2,621**
Realised gain/(loss) on disposal of investment	1,478	(69)	–	155	3	68	**1,635**
Interest income	–	–	–	–	–	405	**405**
Borrowing costs	–	–	–	–	–	(16,217)	**(16,217)**
Net tax benefit	–	–	–	–	–	3,161	**3,161**
Profit / (loss) for the year	**25,445**	**(3,735)**	**(583)**	**(1,525)**	**(365)**	**(23,471)**	**(4,234)**
Total assets	38,133	392,698	58,407	34,819	–	190,093	**714,150**
Total liabilities	18,091	183,233	37,574	20,227	–	113,771	**372,896**

2. Revenue from operating activities

OVERVIEW

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Revenue from Hotels operations	87,569	54,279
Revenue from Funds Management activities	35,044	28,706
Revenue from Wildlife Parks operations	17,455	10,817
Amortisation of Contract Asset	(927)	(1,638)
Total revenue from operating activities	**139,141**	**92,164**

The below table provides a breakdown of revenue from fund management activities.

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Management fees and related cost recoveries	17,324	14,769
Leasing and development management fees	4,191	4,842
Acquisition fees and related cost recoveries	6,389	9,095
Performance fees	7,140	–
Total Funds Management activities	**35,044**	**28,706**

ACCOUNTING POLICY

Revenue recognition

The Group recognises revenue in each period for each of Elanor's activities based on the delivery of performance obligations and when control has been transferred to customers in accordance with the set out in AASB 15 *Revenue from Contracts with Customers* as described below.

Funds management fee revenue

Fund management fees

Fund management fees are received for performance obligations fulfilled over time with revenue recognised accordingly. Fund management fees are determined in accordance with relevant agreements for each fund, based on the fund's monthly Gross Asset Value (GAV). Generally, invoicing of funds for management fees occurs on a monthly basis and are receivable within 21 days.

Performance fees

Performance fee revenue is recognised to the extent that it is highly probable that the amount of variable consideration recognised will not be significantly reversed when the uncertainty is resolved. Detailed calculations are completed to inform the assessment of the appropriate revenue to recognise. Invoicing of funds for performance fees occurs in accordance with the contractual performance fee payment date.

2. Revenue from operating activities (continued)

Cost recoveries

Accounting, marketing and administrative services provided to managed funds are charged as an expense recovery. Revenue is recognised over time as the performance obligations are fulfilled. Invoicing of funds for expense recoveries occur on a monthly or quarterly basis depending on the recovery type and are receivable within 21 days.

Asset management fees

Asset management services provided to managed funds are charged as an asset management fee. Revenue is recognised over time as the performance obligations are fulfilled. Invoicing of funds for asset management fees occur on a monthly basis and are receivable within 21 days.

Leasing and development management fees

Leasing and development management services provided to managed funds are charged as leasing and development management fees. Revenue is recognised over time as the performance obligations are fulfilled. Invoicing of funds for leasing and development management fees occur on a monthly basis and are receivable within 21 days.

Acquisition fees

Acquisition fee revenue is recognised over time depending on the fulfilment of the performance obligation in accordance with the constitutions of the managed funds. Invoicing of funds for acquisition fees occur in accordance with the contractual acquisition fee payment date.

Equity raising fees

Equity raising fee revenue is recognised over time depending on the fulfilment of the performance obligation in accordance with the constitutions of the managed funds. Invoicing of funds for equity raising fees occur in accordance with the contractual acquisition fee payment date.

Hotel and wildlife park revenue

The revenue of operations from the hotels primarily consists of room rentals, food and beverage sales and other ancillary goods and services from hotel properties. Room revenue is recognised over time when rooms are occupied, and food and beverage revenue is recognised at a point in time when goods and services have been delivered or rendered.

The revenue of operations from the wildlife parks primarily consists of the sale of tickets, food and beverage sales and other ancillary goods and services from the wild parks. Ticket revenue is recognised at a point in time when tickets are sold to customers, and food and beverage revenue is recognised at a point in time when goods and services have been delivered or rendered.

Rental income

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

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

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 underlying earnings from ongoing operating activities for the year.

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

ENN Group

	Distribution cents per stapled security 30 June 2023	Distribution cents per stapled security 30 June 2022	Total Amount 30 June 2023 $'000	Total Amount 30 June 2022 $'000
Interim distribution (declared before year end) [1]	7.51	9.05	9,261	11,037
Final distribution (declared after year end) [2]	1.62	4.43	2,015	5,397

1. The interim distribution of 7.51 cents per stapled security was declared on 31 December 2022 and paid on 28 February 2023.

2. The final distribution of 1.62 cents per stapled security was declared after 30 June 2023, but is recognised in the accounts at balance date. The final distribution will be paid on 31 August 2023.

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.

4. Earnings per stapled security

OVERVIEW

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

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

4. Earnings per stapled security (continued)

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

	Consolidated Group 30 June 2023	Consolidated Group 30 June 2022
Basic (cents)	(16.35)	0.82
Diluted (cents)	(13.91)	0.69
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	(19,707)	966
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	120,513	117,337
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	141,693	139,203

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

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

	ENN Parent 30 June 2023	ENN Parent 30 June 2022
Basic (cents)	(14.09)	(10.08)
Diluted (cents)	(11.98)	(8.50)
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	(16,977)	(11,833)
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	120,513	117,337
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	141,693	139,203

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

ACCOUNTING POLICY

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

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

5. Income tax

OVERVIEW

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

(a) Income Tax Expense

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current tax expense	3,275	827
Deferred tax expense / (benefit)	1,266	(3,988)
Income tax expense / (benefit)	**4,541**	**(3,161)**

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Loss before income tax expense	(26,133)	(7,395)
Less: profit / (loss) from the Trust (which is not taxable)	(17,245)	(18,337)
Prima facie loss	(43,378)	(25,732)
Tax at the Australian tax rate of 30%	(13,013)	(7,720)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	64	61
Non-deductible depreciation and amortisation	2,138	1,574
Fair value adjustments to investment property in the Trust	9,783	4,857
Non-deductible expenses	3,677	(17)
Impact of consolidations	(398)	(740)
Non-assessable income	–	(151)
Other	2,290	(1,025)
Income tax expense / (benefit)	**4,541**	**(3,161)**

ACCOUNTING POLICY

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

The Trust is not subject to Australian income tax provided their taxable income is fully distributed to the unitholders each year.

5. Income tax (continued)

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

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

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

Elanor Hotel Accommodation Limited (EHAF Company I; previously named 'EMPR Management Pty Limited') and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 6 November 2017, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is EHAF Company I.

Elanor Hotel Accommodation II Limited (EHAF Company II; previously named 'Elanor Luxury Hotel Fund Pty Limited') and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 2 December 2019, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is EHAF Company II.

Elanor Wildlife Park Management Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 20 September 2019, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is Elanor Wildlife Park Fund management Pty Limited.

(c) Deferred taxes

OVERVIEW

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

5. Income tax (continued)

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
(a) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	1,656	1,282
Asset acquisitions and blackhole expenses	278	2,710
Lease incentive	1,208	1,707
Tax losses recognised	7,409	10,774
Other	1,770	700
Total deferred tax assets	**12,321**	**17,173**
Movements:		
Opening balance at beginning of year	17,173	10,310
Credited/(Debited) to the Consolidated Statements of Profit or Loss	(1,467)	2,034
Tax losses (utilised)/recognised	(3,365)	4,858
(Debited)/Credited to Equity	(20)	(29)
Closing balance at the end of the year	**12,321**	**17,173**
Deferred tax expected to be recovered within 12 months	4,399	3,554
Deferred tax expected to be recovered after more than 12 months	7,922	13,619
(b) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Employee incentive plans	117	154
Other	2,121	4,869
Total deferred tax liabilities	**2,238**	**5,023**
Movements:		
Opening balance at beginning of year	5,023	2,422
Credited/(Debited) to the Consolidated Statements of Profit or Loss	(2,936)	2,404
Tax losses (utilised)/recognised	151	197
Closing balance at the end of the year	**2,238**	**5,023**
Deferred tax expected to be recovered within 12 months	117	154
Deferred tax expected to be recovered after more than 12 months	2,121	4,869
Net deferred tax position	**10,083**	**12,150**
(c) Deferred tax asset / liability per tax group		
Deferred tax asset / (liability) of the EIL tax group	4,961	4,044
Deferred tax asset / (liability) of the EHAF tax group	3,638	5,879
Deferred tax asset / (liability) of the ELHF tax group	172	384
Deferred tax asset / (liability) of the EWPF tax group	1,312	1,843
Net deferred tax position	**10,083**	**12,150**

5. Income tax (continued)

ACCOUNTING POLICY

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

6. Cash and cash equivalents

OVERVIEW

This note provides further information on the consolidated cash and cash equivalents of the Group.

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Group cash and cash equivalents	22,106	27,774
Cash held in trust[1]	3,163	–
Total cash and cash equivalents	**25,269**	**27,774**

[1] The cash held in trust balance is held on behalf of a related entity and was transferred to that entity subsequent to balance date. The funds are therefore not available for general use by the Group and a corresponding liability has been recognised to reflect the transfer obligation.

7. Cash flow information

OVERVIEW

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

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Loss for the year	**(30,674)**	**(4,234)**
Depreciation of non-current assets	13,430	12,554
Amortisation	670	3,070
Fair value adjustment on revaluation of investment property and derivatives	8,151	(2,447)
Net unrealised revenue/(loss) from equity accounted investments	7,043	(10,050)
Net realised loss on sale of investment	(1,200)	(1,635)
Other non-cash items	6,579	(2,982)
Employee costs funded directly through equity	3,441	3,769
Net cash provided by operating activities before changes in assets and liabilities	**7,440**	**(1,955)**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	2,653	(5,831)
Decrease / (increase) in stock	(84)	(1,631)
Increase / (decrease) in other current assets	(385)	(2,577)
Decrease / (increase) in deferred tax	2,067	2,079
Increase / (decrease) in trade and other payables	5,895	1,866
Increase / (decrease) in other liabilities	873	201
Increase / (decrease) in other provision	1,134	1,223
Increase / (decrease) in lease liabilities	(1,660)	1,844
Net cash from operating activities	**17,933**	**(4,781)**

7. Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

	30 June 2022 $'000	Cash flows $'000	Acquisitions $'000	Proceeds from new liabilities $'000	Consolidation of Wildlife Parks Fund and Stirling Street Syndicate $'000	30 June 2023 $'000
Bank loans	273,631	5,150	–	40,935	–	319,716
Unsecured notes	62,204	(3,250)	–	–	–	58,954
Lease liability	5,417	(2,029)	–	–	–	3,388
Total liabilities from financing activities	**341,252**	**(129)**	**–**	**40,935**	**–**	**382,058**

	30 June 2021 $'000	Cash flows $'000	Acquisitions $'000	Proceeds from new liabilities $'000	Consolidation of Wildlife Parks Fund and Stirling Street Syndicate $'000	30 June 2022 $'000
Bank loans	207,718	45,772	–	369	19,772	273,631
Unsecured notes	59,554	(21,831)	–	–	24,481	62,204
Lease liability	3,575	(2,077)	–	3,920	–	5,417
Total liabilities from financing activities	**270,847**	**21,864**	**–**	**4,289**	**44,253**	**341,252**

(c) Net debt reconciliation

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Cash and cash equivalents	25,269	27,774
Borrowings	(380,701)	(335,835)
Lease liabilities	(3,757)	(5,417)
Net debt	**(359,189)**	**(313,478)**
Cash and liquid investments	25,269	27,774
Gross debt - fixed interest rates	(65,508)	(67,621)
Gross debt - variable interest rates	(318,950)	(273,631)
Net debt	**(359,189)**	**(313,478)**

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.

8. 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 19 accommodation hotels and 3 wildlife parks in Australia. Of the 19 accommodation hotels, 16 accommodation hotels and all of the wildlife parks have been independently valued as at 30 June 2023.

(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 year is set out below:

	Land and buildings $'000	Plant and equipment $'000	Right-of-use asset $'000	Consolidated Group 30 June 2023 $'000
Opening balance	416,159	78,364	6,801	501,324
Additions	62,259	12,324	–	74,583
Transfers	(10,186)	10,186	–	–
Revaluation increments / (decrements)	22,454	–	–	22,454
Disposals	–	(7)	–	(7)
Closing balance	**490,686**	**100,867**	**6,801**	**598,354**
Accumulated depreciation at the beginning of the year	(26,635)	(34,162)	(3,073)	(63,870)
Depreciation	(7,861)	(4,374)	(1,195)	(13,430)
Accumulated depreciation at the end of the year	**(34,496)**	**(38,536)**	**(4,268)**	**(77,300)**
Total carrying value at the end of the year	**456,190**	**62,331**	**2,533**	**521,054**

i) Non-current assets pledged as security

Refer to note 11 for information on non-current assets pledged as security by the Group.

8. Property, plant and equipment (continued)

A reconciliation of the carrying amount of property, plant and equipment (including right-of-use assets) at the beginning and end of the 30 June 2022 year is set out below:

	Land and buildings $'000	Plant and equipment $'000	Right-of-use asset $'000	Consolidated Group 30 June 2022 $'000
Opening balance	333,625	63,384	5,127	402,136
Business combination	54,196	8,122	–	62,318
Additions	10,591	7,840	3,177	21,608
Impairment	–	–	(1,503)	(1,503)
Revaluation increments / (decrements)	17,747	–	–	17,747
Disposals	–	(982)	–	(982)
Closing balance	**416,159**	**78,364**	**6,801**	**501,324**
Accumulated depreciation at the beginning of the year	(21,347)	(28,268)	(1,701)	(51,316)
Depreciation	(5,288)	(5,894)	(1,372)	(12,554)
Accumulated depreciation at the end of the year	**(26,635)**	**(34,162)**	**(3,073)**	**(63,870)**
Total carrying value at the end of the year	**389,524**	**44,202**	**3,728**	**437,454**

8. Property, plant and equipment (continued)

(b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment at 30 June 2023:

Property	Valuation	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Mayfair Hotel	Independent	91,500	87,000
Cradle Mountain Lodge	Independent	80,000	73,500
Byron Bay Hotel	Independent	34,500	34,500
Narrabundah Hotel	Independent	33,500	32,000
Eaglehawk Hotel	Independent	22,500	21,000
Parklands Resort Mudgee	Independent	24,000	19,500
Tamworth Hotel	Independent	16,800	–
Port Macquarie Hotel	Independent	15,500	15,000
Tall Trees Hotel	Independent	14,000	14,000
Wollongong Hotel	Independent	15,000	13,500
Clare Country Club	Independent	17,250	10,500
Adabco Boutique Hotel	Independent	15,500	13,000
Estate Tuscany Hotel	Independent	12,750	12,750
Barossa Weintal Hotel	Independent	13,500	7,500
Chateau Yering Hotel	Internal	18,750	–
Wildes Boutique Hotel	Internal	12,050	–
Pavilion Wagga Wagga Hotel	Independent	9,000	7,500
Albany Hotel	Internal	3,100	3,100
Featherdale Wildlife Park	Independent	33,100	30,100
Hunter Valley Wildlife Park	Independent	16,900	17,500
Mogo Wildlife Park	Independent	10,900	18,600
Panorama Retreat	Independent	6,000	–
Right-of-use asset		2,533	3,728
Other		2,421	3,176
Total		**521,054**	**437,454**

As at 30 June 2023, the Directors assessed the fair value of the properties above, supported by independent and internal valuations.

8. Property, plant and equipment (continued)

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Land and buildings	322,630	266,817
Plant and equipment	64,469	46,521
Right-of-use asset	2,533	3,728
Total	**389,632**	**317,066**

(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 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Right-of-use assets		
Office premise lease	2,533	3,728
Total	**2,533**	**3,728**
Lease liabilities		
Current	1,887	1,660
Non-current	1,870	3,758
Total	**3,757**	**5,418**

8. Property, plant and equipment (continued)

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Depreciation charge of right-of-use assets		
Office premise lease	1,195	1,372
Total	**1,195**	**1,372**
Interest expense		
Office premise lease	358	454
Total	**358**	**454**

The total cash outflow for leases during the year ended 30 June 2023 was $2.1 million (2022: $2.1 million).

ACCOUNTING POLICY

Fair value of Property, Plant and Equipment

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

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

Land and Buildings

All owner-occupied properties in the Hotel, Tourism and Leisure class are held for use by the Group for the supply of services and are classified as land and buildings and stated at their revalued amounts under the revaluation model, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is the amount for which the land and buildings could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

Furniture, fittings and equipment

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

8. Property, plant and equipment (continued)

Right-of-use assets

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

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

Depreciation

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

Buildings	40 years
Plant and equipment:	
• Vehicles	8 years
• Computer equipment	3-5 years
• Furniture, fittings and equipment	3-25 years

(d) Valuation technique and inputs

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

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

Property Assets

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

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

Senior Management provides the property valuations to the Audit, Risk & Compliance Committee for consideration. The Audit, Risk & Committee recommends the property valuations to the Board for adoption and inclusion in the financial Report in accordance with the Group's Property Valuation Policy.

8. Property, plant and equipment (continued)

(d) Valuation technique and inputs (continued)

Property Assets (continued)

The Group's valuation policy requires that each property in the portfolio is valued by an independent valuer at least every three years. In practice, properties may be valued more frequently than every three years primarily where there may have been a material movement in the market and where there is a significant variation between the carrying value and the internal valuation. Independent valuations are performed by independent and external valuers who hold a recognised relevant professional qualification and have specialised expertise in the types of property assets valued.

Capitalisation method

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

Discounted cash flows (DCF)

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

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

Assets measured at fair value

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

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

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

8. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Sensitivity Information

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

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

Sensitivity Analysis

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

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

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

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(3,628)	3,218	(0.8)	0.7
Terminal yield (%)	(29,528)	31,832	(6.5)	7.0
Capitalisation rate (%)	(31,862)	35,320	(7.0)	7.8

	Fair value measurement sensitivity			
	Increase by 2.50% $'000	Decrease by 2.50% $'000	Increase by 2.50% %	Decrease by 2.50% %
Average daily rate ($)	35,967	(35,502)	7.9	(7.8)
Occupancy (%)	35,950	(34,967)	7.9	(7.7)

8. Property, plant and equipment (continued)

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(100)	200	(0.2)	0.3
Terminal yield (%)	(1,200)	1,500	(1.9)	2.4
Capitalisation rate (%)	(3,100)	3,600	(5.1)	5.9

9. Investment properties

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Carrying amount at the beginning of the year	93,875	55,500
Additions from consolidation of Stirling	–	34,000
Additions	2,361	2,489
Revaluation (decrements) / increments	(4,361)	1,886
Carrying amount at the end of the year	**91,875**	**93,875**

The following table represents the total fair value of investment properties at 30 June 2023:

Property	Valuation	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Bluewater Square	Internal	55,500	58,000
Stirling Street	Independent	34,500	34,000
Cougal Street	Internal	1,875	1,875
Total		**91,875**	**93,875**

As at 30 June 2023, the Directors assessed the fair value of the investment property above, supported by internal and an independent external valuation report. The investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the year.

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

9. Investment properties (continued)

The internal valuations are performed by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management team. Appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation-based valuation and a discounted cash flow valuation. Both valuations are considered to determine the final valuation.

The value of Bluewater Square decreased by 4.3% from $58.0 million as at 30 June 2022 to $55.5 million as at 30 June 2023. This decrease is mainly attributable to an increasing capitalisation rate.

ACCOUNTING POLICY

Fair value of Investment Properties

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. In reaching estimates of fair value, management judgement needs to be exercised. At each reporting date, the carrying values of the investment properties are assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

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

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

Fair value measurement

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

Valuation Techniques	Significant unobservable inputs	30 June 2023	30 June 2022
Discounted cash flows – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate	6.50% - 7.50%	5.75% - 6.75%
	Adopted terminal yield	6.25% - 7.25%	5.50% - 6.50%
Capitalisation method – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate	6.00% - 7.00%	5.25% - 6.50%

9. Investment properties (continued)

Valuation technique

Capitalisation method

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

Discounted cash flows (DCF)

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

Sensitivity information

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

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

Sensitivity Analysis

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

9. Investment properties (continued)

Sensitivity Analysis (continued)

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

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(3,583)	5,389	(4.2)	6.3
Terminal yield (%)	(4,285)	4,724	(5.0)	5.5
Capitalisation rate (%)	(7,503)	7,449	(8.1)	8.9

10. 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:

30 June 2023

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

10. Equity accounted investments (continued)

30 June 2022

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2022 $'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	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	Commercial Office Property	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
Total equity accounted investments			**110,394**

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Carrying amount at the beginning of the year	110,394	92,588
Consolidation of Elanor Wildlife Park Fund and Stirling Street Syndicate	–	(8,132)
Share of (loss) / profit from equity accounted investments	(7,042)	10,050
Distributions received	(14,799)	(8,399)
Share of movement in reserves	(38)	68
Net investment in / (sale of) equity accounted investments	10,950	21,998
Realised gain on disposal of investments	1,200	1,482
(Impairment) / reversal of Impairment of equity accounted investments[1]	(2,831)	739
Total carrying value at the end of the year	**97,834**	**110,394**

[1] During the year Elanor's investment in Elanor Commercial Property Fund was revised to reflect Elanor's share of Elanor Commercial Property Fund's net tangible assets. At 30 June 2023 a value in use calculation was performed to support the carrying value, using a discount rate of 10.0%.

Details of Material Associates

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

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

10. Equity accounted investments (continued)

30 June 2023

Financial position	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Current assets	6,679	12,964	3,722
Non-current assets	110,386	511,793	218,621
Total Assets	**117,065**	**524,757**	**222,343**
Current liabilities	45,654	94,995	5,913
Non-current liabilities	–	111,963	125,826
Total Liabilities	**45,654**	**206,958**	**131,739**
Contributed equity	121,462	369,493	88,001
Retained profits / (accumulated losses)	(50,051)	(51,694)	2,603
Total Equity	**71,411**	**317,799**	**90,604**

Financial performance	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Profit / (loss) for the year	4,691	(32,176)	(687)
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	**4,691**	**(32,176)**	**(687)**
Distributions received from the associates during the year	9,682	3,737	731

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

	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Net assets of the associate	71,411	317,799	90,604
Proportion of the Group's ownership interest	23.39%	12.56%	15.00%
Group's share of net assets of the associates	16,703	39,916	13,591
Other movements not accounted for under the equity method [1]	(206)	914	(420)
Carrying amount of the Group's interest	**16,497**	**40,830**	**13,171**

[1] Other movements are primarily due to the Funds issuing new units to external investors at a price above or below the underlying net assets of the fund, or where the Group has acquired units on-market at a price different to the fund's NTA.

10. Equity accounted investments (continued)

Details of Material Associates (continued)

30 June 2022

Financial position	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Current assets	98,239	13,136	5,447	2,981
Non-current assets	106,300	567,194	215,271	185,000
Total Assets	**204,539**	**580,330**	**220,718**	**187,981**
Current liabilities	11,394	11,727	6,537	1,478
Non-current liabilities	41,689	188,869	118,615	98,300
Total Liabilities	**53,083**	**200,596**	**125,152**	**99,778**
Contributed equity	155,272	369,496	88,001	87,100
Retained profits / (accumulated losses)	(3,816)	10,238	7,565	1,103
Total Equity	**151,456**	**379,734**	**95,566**	**88,203**

Financial performance	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Profit / (loss) for the year	3,528	43,948	23,773	1,559
Other comprehensive income for the year	120	825	–	–
Total comprehensive income for the year	**3,648**	**44,773**	**23,773**	**1,559**
Distributions received from the associates during the year	4,340	3,414	350	–

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

	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Net assets of the associate	151,456	379,734	95,566	88,203
Proportion of the Group's ownership interest	18.03%	12.56%	15.00%	13.88%
Group's share of net assets of the associates	27,308	47,691	14,335	12,243
Other movements not accounted for under the equity method [1]	417	3,768	(330)	62
Carrying amount of the Group's interest	**27,725**	**51,459**	**14,005**	**12,305**

[1] Other movements are primarily due to the Funds issuing new units to external investors at a price above or below the underlying net assets of the fund, or where the Group has acquired units on-market at a price different to the fund's NTA.

10. Equity accounted investments (continued)

Aggregate information of associates that are not individually material

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Profit / (loss) for the year	(42,397)	8,889
Other comprehensive income for the year	(18)	(67)
Total comprehensive income for the year	**(42,415)**	**8,822**
Aggregate carrying amount of the Group's interests in these associates	27,335	4,900

ACCOUNTING POLICY

Investment in associates and joint ventures

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

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

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

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

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

10. Equity accounted investments (continued)

ACCOUNTING POLICY (continued)

Investment in associates and joint ventures (continued)

Investments in associates and joint ventures are assessed for impairment when indicators of impairment are present. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

An assessment has been performed for each of the Managed Funds to ensure the underlying property assets of these Funds have been recognised at fair value, in accordance with the Group's accounting policy and methodology for fair value measurement of Property, Plant and Equipment and Investment Properties as described in Note 8 and 9 above.

Furthermore, the forecast cash flows of the underlying assets of the Group's Managed Funds have been assessed. For the Group's retail and commercial office Managed Funds, recoverability risks have been assessed through detailed tenant specific reviews of the financial position of certain tenants in addition to maintaining active tenant engagement and observation of relevant market conditions and factored into the cash flow forecast of these funds.

Finance and Capital Structure

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

11. 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 secured by the assets of these entities.

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current		
Bank loan - term debt	8,750	–
Bank loan - borrowing costs less amortisation	(208)	–
Total current	**8,542**	**–**
Non-current		
Corporate notes	56,027	64,000
Corporate notes - borrowing costs less amortisation	(1,483)	(1,796)
Bank loan - term debt	318,738	275,175
Bank loan - borrowing costs less amortisation	(1,123)	(1,544)
Total non-current	**372,159**	**335,835**
Total interest bearing liabilities	**380,701**	**335,835**

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

Unsecured Notes

On 30 June 2022, the Group has raised $40 million in unsecured medium-term notes in two tranches: a $25 million issue of 3.25-year fixed rate medium-term notes (7.75% p.a.), maturing 30 September 2025; a $15 million issue of 4-year floating rate medium-term notes (4.5% p.a. margin above BBSW), maturing 30 June 2026. The fair value of the unsecured notes is $25.7 million and $15.8 million respectively. The fair values of the unsecured notes are based on discounted cash flows using a current borrowing rate.

Of the $40 million (2022: $40 million) corporate notes the Group has bought $1 million (2022: $1 million) as an investment in the Group's unsecured notes on issues. This has been deducted from the corporate notes balances to present the net position. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The Group is currently meeting all of its covenants.

11. Interest bearing liabilities (continued)

On 24 November 2019, the EWPF issued $25.0 million 7.2% secured 5-year fixed rate notes. The $25.0 million secured fix rate notes are due for repayment on 29 November 2024. During the year EWPF repaid $3.3 million. The fair value of the secured notes is $22.3 million. The fair value of the secured notes are based on discounted cash flows using a current borrowing rate. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The EWPF is currently meeting all of its covenants.

CREDIT FACILITIES

As at 30 June 2023, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
ENN Group		
Facility - ENN	67,000	65,000
Total amount used	(67,000)	(59,850)
Total amount unused - ENN	**–**	**5,150**
EHAF Group		
Facility - EHAF	210,020	165,000
Total amount used	(205,413)	(165,000)
Total amount unused - EHAF	**4,607**	**–**
Bluewater		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
Total amount unused - Bluewater	**–**	**–**
Stirling		
Facility - Stirling	19,800	19,800
Total amount used	(19,800)	(19,800)
Total amount unused - Stirling	**–**	**–**
Total amount unused - Consolidated Group	**4,607**	**5,150**

The ENN Group has access to a $2.0 million and a $65.0 million debt facility, with maturity dates of 14 April 2024 and 31 July 2025, respectively. The drawn amount at 30 June 2023 is $67.0 million and both facilities are not hedged. The fair value of this debt facility is $67.5 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. The ENN Group is currently meeting all of its covenants.

11. Interest bearing liabilities (continued)

The EHAF Group has access to secured debt facilities of $82.5 million, $109.5 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 30 June 2023 was $205.4 million. The $82.5 million secured debt facility was 100% hedged, the remaining debt facilities were not hedged as of 30 June 2023. The fair value of these debt facilities is $206.1 million. The fair value of the debt facilities is based on discounted cash flows using a current borrowing rate. The debt facilities include Loan to Value Ratio and Interest Cover Covenants. The EHAF Group is currently meeting all of its covenants.

Bluewater has access to a $30.5 million facility. The drawn amount as at 30 June 2023 was $30.5 million which will mature on 31 August 2024. As at 30 June 2023, the drawn amount was not hedged. The fair value of this debt facility is $30.9 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. Bluewater is currently meeting all of its covenants.

Stirling has access to a $19.8 million facility. The drawn amount at 30 June 2023 was $19.8 million which will mature on 31 August 2024. As at 30 June 2023, the drawn amount was not hedged. The fair value of this debt facility is $20.1 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. Stirling is currently meeting all of its covenants.

BORROWING COSTS

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Interest expense	18,810	13,590
Amortisation of debt establishment costs	1,356	2,627
Total borrowing costs	**20,166**	**16,217**

ACCOUNTING POLICY

Interest bearing liabilities

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

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

11. Interest bearing liabilities (continued)

ACCOUNTING POLICY (continued)

Borrowing costs

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

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

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

12. Derivative financial instruments

OVERVIEW

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current assets / (liabilities)		
Interest rate swaps	1,353	1,898
	1,353	**1,898**
Non-current assets		
Interest rate swaps	–	723
	–	**723**
Total derivative financial instruments	**1,353**	**2,621**

EHAF have entered into interest rate swap agreements with a notional principal amount totalling $83.8 million that entitles it to receive interest, at quarterly intervals, at a floating rate on the notional principal and oblige it to pay interest at a fixed rate.

The interest rate swap agreements allow the raising of long-term borrowings at a floating rate and effectively swap them into a fixed rate.

12. Derivative financial instruments (continued)

ACCOUNTING POLICY

Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Financial Instruments

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

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

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments; and
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

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

13. 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 30 June 2023 are detailed below:

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Other financial assets and receivables	4,095	2,186
Total other financial assets	**4,095**	**2,186**

ACCOUNTING POLICY

The Group measures its other financial assets at amortised cost.

At initial recognition, the Group measures its other financial assets at fair value and subsequently at amortised cost. The Group assessed that the credit risk of its financial asset has not significantly increased since initial recognition. Hence, the Group applies the 3-stage expected credit loss impairment model under AASB 9 measuring the expected credit loss allowance (ECL) for the other financial assets.

The loss allowances are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions, where appropriate at reporting date.

Refer to Note 16(b) for further discussion on the Group's management of credit risk, including that for its financial assets.

14. 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 year ended 30 June 2023

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

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2023 $'000	Parent Entity 30 June 2023 $'000	EIF 30 June 2023 $'000
4,746,414	Opening balance	1 Jul 2022	6,768	1,682	5,086
(2,384,738)	2020 STI Securities vested	1 Jul 2022	(3,119)	(823)	(2,296)
1,336,940	2023 STI Securities granted	15 Aug 2022	2,367	538	1,829
(1,378,384)	2021 STI Securities vested	18 Dec 2022	(2,647)	(638)	(2,009)
2,320,232	**Treasury securities on issue**	**30 June 2023**	**3,369**	**759**	**2,610**

Contributed equity for the year 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
121,915,824	**Securities on issue**	**30 Jun 2022**	**178,342**	**72,783**	**105,559**

A reconciliation of treasury securities on issue at the beginning and end of the prior year 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
4,746,414	**Treasury securities on issue**	**30 Jun 2022**	**6,768**	**1,682**	**5,086**

14. Contributed equity (continued)

ACCOUNTING POLICY

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

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

15. Reserves

OVERVIEW

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Other reserves		
Opening balance	95,993	79,499
Asset revaluation	28,286	16,426
Share of reserves of equity accounted investments	(38)	68
Closing balance	**124,241**	**95,993**
Cash flow hedge reserve		
Opening balance	–	(361)
Revaluation	–	361
Closing balance	**–**	**–**
Stapled security-based payment reserve		
Opening balance	10,475	6,338
Loan securities and option expense	1,210	1,303
Short term incentive scheme expense	(3,052)	2,834
Closing balance	**8,633**	**10,475**
Total reserves	**132,874**	**106,468**

The other reserves are used to record undistributed and unrealised earnings.

The cash flow hedge reserve is used to recognise increments and decrements in the fair value of cash flow hedges. In FY22 all cash flow hedges were discontinued, and no new hedge relationships have been recognised.

15. Reserves (continued)

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

16. Financial Risk Management

OVERVIEW

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

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

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

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

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

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

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

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

(a) Market risk

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

(i) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

16. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

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

Consolidated Group 30 June 2023	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	25,269	–	–	25,269
Other Financial assets	4,095	–	–	4,095
Derivative financial instruments	1,353	–	–	1,353
Total assets	**30,717**	**–**	**–**	**30,717**
Weighted average interest rate				**1.06%**
Liabilities				
Interest bearing loans	8,542	372,159	–	380,701
Total liabilities	**8,542**	**372,159**	**–**	**380,701**
Weighted average interest rate				**5.51%**

Consolidated Group 30 June 2022	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	27,774	–	–	27,774
Other Financial assets	2,186	–	–	2,186
Derivative financial instruments	1,898	723	–	2,621
Total assets	**31,858**	**723**	**–**	**32,581**
Weighted average interest rate				**0.80%**
Liabilities				
Interest bearing loans	–	335,835	–	335,835
Total liabilities	**–**	**335,835**	**–**	**335,835**
Weighted average interest rate				**4.47%**

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

As at 30 June 2023 $83.8 million (2022: $83.8 million) of the $318.9 million (2022: $273.6 million) of floating interest-bearing loans have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

16. Financial Risk Management (continued)

(ii) Interest Rate Sensitivity

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

		Increase by 1%		Decrease by 1%	
Consolidated Group	**Amount**	**Profit/ (loss)**	**Equity**	**Profit/ (loss)**	**Equity**
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	25,269	253	–	(253)	–
Derivative financial instruments	1,353	838	–	(838)	–
Interest bearing loans	380,701	(2,402)	–	2,402	–
Total increase / (decrease)	**407,323**	**(1,311)**	**–**	**1,311**	**–**

		Increase by 1%		Decrease by 1%	
Consolidated Group	**Amount**	**Profit/ (loss)**	**Equity**	**Profit/ (loss)**	**Equity**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	27,774	278	–	(278)	–
Derivative financial instruments	2,621	838	–	(838)	–
Interest bearing loans	335,835	(1,622)	–	1,622	–
Total increase / (decrease)	**366,230**	**(506)**	**–**	**506**	**–**

(b) Credit risk

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

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

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

In respect of outstanding loans and trade debtor's receivable from its Managed Funds, the Group has performed a detailed analysis of the recoverability of these amounts with reference to the cash flow forecasts of each of these funds. For each of the Group's Managed Funds, the Group's management teams have performed a detailed asset level analysis of the recoverability of the outstanding arrears at balance date for these assets.

For the Group's retail investment property Bluewater Square, the Group applied the AASB 9 simplified approach using the provision matrix for measuring the expected credit losses (ECL) which uses a lifetime expected loss allowance. The ECL calculation is based on assumptions about risk of default and expected loss rates. The group has considered the following in assessing the expected credit loss: ageing of the debtor's balances, tenant payment history, assessment of the tenant's financial position, existing market conditions and forward-looking estimates.

At balance date, the Group has recognised an expected credit loss provision of $1.4 million (2022: $0.9 million) in respect to the rent receivables of Bluewater Square Syndicate.

16. Financial Risk Management (continued)

(b) Credit risk (continued)

For the Group's Hotels, Tourism and Leisure Managed Funds (HTL Funds), the group applied the AASB 9 simplified approach using the provision matrix for measuring the expected credit losses which uses a lifetime expected loss allowance (ECL). The lifetime ECL calculation is based on the ageing of the debtors and forward-looking estimates.

At balance date, no provisions have been recognised in respect of loans and funds management fees receivable from the Group's HTL Funds and a provision of $0.5 million has been recognised in respect of the consolidated HTL Funds' trade debtors (2022: $0.3 million).

(i) Exposure to credit risk

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Cash and cash equivalents	25,269	27,774
Other Financial assets	4,095	2,186
Trade and other receivables	18,157	17,653
Total	**47,521**	**47,613**

Where entities have the right to off-set and intend to settle on a net basis under netting arrangements, this off-set has been recognised in the consolidated financial statements on a net basis. Details of the Group's commitments are disclosed in Note 23.

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

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

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

(ii) Impairment losses

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current	11,425	14,236
Past due 31-61 days	1,550	998
Past due 61+ days	7,052	3,721
Total	**20,027**	**18,955**
Provision for expected credit loss	(1,870)	(1,302)
Net trade and other receivables	**18,157**	**17,653**

16. Financial Risk Management (continued)

(c) Liquidity risk

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

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

Consolidated Group 30 June 2023	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivatives	1,353	–	–	–	–	1,353
Non derivative financial liabilities						
Payables	34,643	–	–	–	34,643	34,643
Interest bearing loans	2,110	308,068	121,995	–	432,173	380,701
Lease liability	1,887	1,870	–	–	3,757	3,757
Total	**39,993**	**309,938**	**121,995**	**–**	**470,573**	**420,454**

Consolidated Group 30 June 2022	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Non derivative financial liabilities						
Payables	25,757	–	–	–	25,757	25,757
Interest bearing loans	–	54,824	332,182	–	387,006	335,835
Lease liability	1,660	3,758	–	–	5,418	5,418
Total	**27,417**	**58,582**	**332,182**	**–**	**418,181**	**367,010**

(d) Capital risk management

The Group maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for securityholders and to maintain an optimal capital structure. The capital structure of the Group consists of equity as listed in Note 14.

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

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

Group Structure

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

17. Parent entity

OVERVIEW

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

(a) Summarised financial information

Financial position	Elanor Investors Limited[1] 30 June 2023 $'000	Elanor Investors Limited[1] 30 June 2022 $'000	Elanor Investment Fund[2] 30 June 2023 $'000	Elanor Investment Fund[2] 30 June 2022 $'000
Current assets	18,172	29,180	35,616	61,077
Non-current assets	99,017	87,469	132,912	112,200
Total Assets	**117,189**	**116,649**	**168,528**	**173,277**
Current liabilities	14,207	16,146	3,330	5,601
Non-current liabilities	53,711	53,755	89,120	85,662
Total Liabilities	**67,918**	**69,901**	**92,450**	**91,263**
Contributed equity	72,639	70,877	105,065	100,103
Reserves	2,815	3,060	35,358	27,484
Retained profits / (accumulated losses)	(26,182)	(27,189)	(64,346)	(45,573)
Total Equity	**49,272**	**46,748**	**76,077**	**82,014**

Financial performance	Elanor Investors Limited[1] 30 June 2023 $'000	Elanor Investors Limited[1] 30 June 2022 $'000	Elanor Investment Fund[2] 30 June 2023 $'000	Elanor Investment Fund[2] 30 June 2022 $'000
Profit / (loss) for the year	1,007	290	(7,496)	(12,858)
Other comprehensive income for the year	–	(347)	–	20,417
Total comprehensive income for the year	**1,007**	**(57)**	**(7,496)**	**7,559**

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

(b) Commitments

In April 2023, EHAF exchanged a purchase agreement to acquire Leura Gardens Resort (NSW) for $20.0 million (inclusive of deposits paid). The acquisition completed on 28 July 2023. As at 30 June 2023 EHAF had the commitment to purchase this hotel. Also, the Group has capital expenditure commitments related to EHAF, but not recognised as liabilities, as at 30 June of $0.7 million (2022: $5.9 million).

17. Parent entity (continued)

(c) Guarantees provided

At balance date Elanor Investors Limited and Elanor Investment Fund had no outstanding guarantees (2022: nil).

(d) Contingent liabilities

At balance date Elanor Investors Limited and Elanor Investment Fund had no contingent liabilities (2022: nil).

18. Subsidiaries and Controlled entities

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

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

Elanor Investors Limited Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group	
			30 June 2023	30 June 2022
Elanor Asset Services Pty Limited[1]	Asset services	Australia	100%	100%
Elanor Funds Management Limited[1]	Responsible entity	Australia	100%	100%
Elanor Operations Pty Limited[1]	Operational services	Australia	100%	100%
Elanor Hotel Operations Pty Limited	Operational services	Australia	100%	100%
Elanor Investment Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Waverley Property Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Investment Holdings Pty Limited[1]	Holding company	Australia	100%	100%
Elanor Management Pty Limited[1]	Holding company	Australia	100%	100%
Cougal Street Property Trust[1]	Landholder	Australia	100%	100%
Country Place Management Pty Limited[1]	Hotel operator	Australia	100%	0%
Albany Hotel Management Pty Limited[1]	Hotel operator	Australia	31%	35%
Cradle Mountain Lodge Pty Limited[2]	Hotel operator	Australia	31%	35%
Wollongong Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	35%
Port Macquarie Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	35%
Tall Trees Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	35%
Pavilion Wagga Wagga Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	35%
Parklands Resort Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	35%
EMPR II Management Pty Limited[2]	Holding company	Australia	31%	35%

[1] Elanor Investors Limited ("EIL") is the head entity within the EIL tax-consolidated group. The companies in which EIL has 100% ownership are members of the EIL tax-consolidated group.
[2] EMPR II Management Pty Limited is the head entity of the old EMPR II tax-consolidated group.

18. Subsidiaries and Controlled entities (continued)

Elanor Investors Limited (continued)

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group 30 June 2023	30 June 2022
Eaglehawk Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	35%
Narrabundah Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	35%
Byron Bay Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	35%
Elanor Hotel Accommodation Limited (formerly EMPR Management Pty Limited[3])	Holding company	Australia	31%	35%
Elanor Hotel Accommodation II Limited (formerly Elanor Luxury Hotel Fund Pty Limited[4])	Holding company	Australia	31%	35%
Mayfair Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	35%
Wakefield Street Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	35%
Cradle Mountain Lodge Management II Pty Ltd[4]	Hotel operator	Australia	31%	35%
Barossa Weintal Hotel Management Pty Ltd	Hotel operator	Australia	31%	35%
Clare Country Club Management Pty Ltd	Hotel operator	Australia	31%	35%
Estate Tuscany Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	35%
Yering Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	0%
Kangaroo Valley Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	0%
Tamworth Hotel Management Pty Ltd[4]	Hotel operator	Australia	31%	0%
Elanor Wildlife Park Management Pty Ltd	Wildlife park operator	Australia	43%	43%
Mogo Zoo Management Pty Ltd	Wildlife park operator	Australia	43%	43%
Hunter Valley Wildlife Park Management Pty Ltd	Wildlife park operator	Australia	43%	43%

[3] Elanor Hotel Accommodation Limited (EHAF Company I/ previously named 'EMPR Management Pty Limited') is the head entity of the EHAF tax-consolidated group.
[4] Elanor Hotel Accommodation II Limited (EHAF Company II/ previously named 'Elanor Luxury Hotel Fund Pty Limited') is the head entity of the EHAF Company II tax-consolidated group. EIL does not have a 100% ownership in EHAF Company II (only rounded up to 100% in the above table), and hence this entity is not part of the EIL tax-consolidated group.

18. Subsidiaries and Controlled entities (continued)

Elanor Investment Fund

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group 30 June 2023	30 June 2022
Elanor Investment Trust	Co-investment in Managed Funds	Australia	100%	100%
Country Place Property Trust	Hotel landholder	Australia	100%	0%
Albany Hotel Syndicate	Hotel landholder	Australia	31%	35%
Wollongong Hotel Syndicate	Hotel landholder	Australia	31%	35%
Elanor Hotel Accommodation Fund II (formerly Elanor Metro and Prime Regional Hotel Fund II)	Hotel landholder	Australia	31%	35%
Wollongong Hotel Property Trust	Hotel landholder	Australia	31%	35%
Port Macquarie Property Trust	Hotel landholder	Australia	31%	35%
Tall Trees Property Trust	Hotel landholder	Australia	31%	35%
Pavilion Wagga Wagga Property Trust	Hotel landholder	Australia	31%	35%
Parklands Resort Property Trust	Hotel landholder	Australia	31%	35%
Narrabundah Property Trust	Hotel landholder	Australia	31%	35%
Byron Bay Hotel Property Trust	Hotel landholder	Australia	31%	35%
Elanor Hotel Accommodation Fund I (formerly Elanor Metro and Prime Regional Hotel Fund)	Hotel landholder	Australia	31%	35%
Elanor Hotel Accommodation Fund III (formerly Elanor Luxury Hotel Fund)	Hotel landholder	Australia	31%	35%
Mayfair Hotel Property Trust	Hotel landholder	Australia	31%	35%
Wakefield Street Hotel Property Trust	Hotel landholder	Australia	31%	35%
Estate Tuscany Property Trust	Hotel landholder	Australia	31%	35%
Cradle Mountain Lodge Property Trust	Hotel landholder	Australia	31%	35%
Barossa Weintal Hotel Property Trust	Hotel landholder	Australia	31%	35%
Clare Country Club Property Trust	Hotel landholder	Australia	31%	35%
Tamworth Hotel Property Trust	Hotel landholder	Australia	31%	0%
Yering Property Trust	Hotel landholder	Australia	31%	0%
Kangaroo Valley Property Trust	Hotel landholder	Australia	31%	0%
Bluewater Square Syndicate	Shopping centre	Australia	42%	42%
Stirling Street Syndicate	Shopping centre	Australia	43%	43%
Elanor Wildlife Park Fund	Wildlife park landholder	Australia	43%	43%
Mogo Zoo Property Trust	Wildlife park landholder	Australia	43%	43%
Hunter Valley Wildlife Park Property Trust	Wildlife park landholder	Australia	43%	43%

19. 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. Refer to Note 16(b) for discussion on the Group's management of credit risk, including that of the Group's trade and other receivables.

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current		
Trade receivables	15,621	16,979
Other receivables	4,406	1,976
Provision for expected credit loss	(1,870)	(1,302)
Total current	**18,157**	**17,653**
Non-current		
Contract assets	3,618	4,545
Total non-current	**3,618**	**4,545**
Total trade and other receivables	**21,775**	**22,198**

20. Payables and other liabilities

OVERVIEW

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

Payables

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Trade creditors	5,947	5,107
Accrued expenses	9,874	7,581
GST payable	2,166	2,881
Total payables	**17,987**	**15,569**

20. Payables and other liabilities (continued)

Other liabilities

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Cash held in trust[1]	3,163	–
Distribution payable	2,015	5,397
Distribution payable by consolidated Funds[2]	1,246	4,418
Other liabilities[3]	10,232	373
Total other current liabilities	**16,656**	**10,188**

[1] The cash held in trust balance is cash held on behalf of a related entity and was transferred to that entity subsequent to balance date.

[2] The distribution payable is related to distributions declared by the consolidated Funds for the financial year ending 30 June 2023 (2022: included the guaranteed distribution payable by EHAF to the fund's investors).

[3] $9.9 million included in Other liabilities represents arrangements with investors to acquire units in Managed Funds.

Provisions

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Current		
Provision for annual leave	3,733	3,013
Provision for long service leave	1,668	1,354
Total current	**5,401**	**4,367**
Non-current		
Provision for long service leave	296	196
Total non-current	**296**	**196**
Total provisions	**5,697**	**4,563**

ACCOUNTING POLICY

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

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

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

20. Payables and other liabilities (continued)

ACCOUNTING POLICY (continued)

Employee benefits

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

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

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows, using a high quality Corporate Bond rate as the discount rate, to be made in respect of services provided by employees up to reporting date.

21. Intangible assets

OVERVIEW

This note sets out the Intangible assets of the Group.

Consolidated Group	Management rights $'000	Software $'000	Total $'000
At 30 June 2021	450	878	1,328
Additions	–	564	564
Amortisation charge	(150)	(294)	(444)
At 30 June 2022	**300**	**1,148**	**1,448**
Additions	–	571	571
Amortisation charge	(150)	(391)	(541)
At 30 June 2023	**150**	**1,328**	**1,478**

Management rights represent the acquisition of funds management rights and associated licences at IPO for $1.5 million. At IPO, the estimated life of the acquired funds management rights was 10 years.

ACCOUNTING POLICY

Funds management rights

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

Software

Software expenditure is capitalised and recognised as finite life intangibles and is amortised using the straight-line method over its estimated life of 5 years.

22. Government grants

During the year, the Group's Hotels, Tourism and Leisure Managed Funds (consolidated in the Group financial statements) received or accrued a total of $1.1 million (2022: $0.6 million) of government grants.

ACCOUNTING POLICY

Government grants are recognised when there is reasonable assurance the group will comply with the conditions attaching to them and the grant will be received.

23. Commitments

OVERVIEW

This note sets out the material commitments of the Group.

Contingent liabilities and commitments

In April 2023, EHAF exchanged a purchase agreement to acquire Leura Gardens Resort (NSW) for $20.0 million (inclusive of deposits paid). The acquisition completed on 28 July 2023. Additionally, the Group has capital expenditure commitments related to EHAF, but not recognised as liabilities, as at 30 June 2023 of $0.7 million (30 June 2022: $5.9 million).

Lease commitments: the Group as lessor

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

	Consolidated Group 30 June 2023 $'000	Consolidated Group 30 June 2022 $'000
Within one year	7,056	7,057
Year 2	2,911	6,773
Year 3	2,375	2,697
Year 4	2,054	2,214
Year 5	1,859	2,081
Later than 5 years	2,148	5,018
Total lease commitments	**18,403**	**25,840**

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

24. Share-based payments

OVERVIEW

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

STI scheme

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

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

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

LTI scheme

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

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

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

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

The purpose of the LTI Scheme is to assist in attracting, motivating and retaining key management and employees. The LTI Scheme operates by providing key management and employees with the opportunity to participate in the future performance of Group securities. The vesting conditions of LTI plans and related awards include both a service-based hurdle and an absolute total securityholder return (TSR) performance hurdle. The service-based hurdle is 2, 3 and 4 years in the case of the loan security plan. The TSR is 10% per annum for the first year and 8% per annum thereafter in the case of the loan security plan and 15% per annum in the case of the options plan.

No LTI's were issued to KMP's in FY23 (2022: Nil).

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

24. Share-based payments (continued)

LTI scheme (continued)

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

Employee Loan Securities

Award Type	Number Granted	Grant Date	End of Vesting Period	Vesting Conditions[1]	Security Price at Grant Date	Fair Value at Grant Date
Loan securities	1,975,000	9/09/2022	30/06/2026	Service & market	$1.76	$0.22
Loan securities	750,000	6/08/2021	30/06/2025	Service & market	$1.92	$0.23
Loan securities	11,725,000	28/08/2020	30/06/2024	Service & market	$1.15	$0.12
Loan securities	5,000,000	21/10/2020	30/06/2024	Service & market	$1.33	$0.19

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

Options

Award Type	Number Granted	Grant Date	End of Vesting Period	Vesting Conditions[1]	Exercise Price	Fair Value at Grant Date
Options Tranche 2	2,000,000	21/10/2020	30/06/2023	Service & market	$1.65	$0.07

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

No options were granted in FY23.

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

Securities issued under STI plan

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Security Price at Allocation Date	Fair Value at Grant Date
FY19 STI Tranche 2	317,165	19/12/2019	19/12/2021	Service	$2.15	$2.12
FY20 STI Tranche 1	2,092,764	29/06/2020	29/06/2022	Service	$1.19	$1.17
FY20 STI Tranche 2	1,395,176	18/12/2020	18/12/2022	Service	$1.19	$1.88
FY22 STI Tranche 1 - CEO	85,080	22/11/2021	30/09/2023	Service	$2.06	$2.34
FY22 STI Tranche 1	856,229	30/09/2021	30/09/2023	Service	$2.06	$2.06
FY23 STI Tranche 1	1,336,940	15/08/2022	15/08/2024	Service	$1.77	$1.77

[1] Service conditions include a deferred vesting period.

The total expense recognised during the year in relation to the Group's equity settled share-based payments was $3,440,777 (2022: $3,770,702).

24. Share-based payments (continued)

ACCOUNTING POLICY

Share-Based Payments

In accordance with AASB 2 *Share-based Payment*, Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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

25. 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

Controlled entities

Interests in controlled entities are set out in Note 18.

Responsible Entity fees

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

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the year ended 30 June 2023, this amount is $129,996 (2022: $129,996).

EFML makes payments for EIF from time to time. These payments are incurred by EFML in properly performing or exercising its powers or duties in relation to EIF. EFML has a right of indemnity from EIF for any liability incurred by EFML in properly performing or exercising any of its powers or duties in relation to EIF. The amount reimbursed for the year ended 30 June 2023 was nil (2022: nil).

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

25. Related parties (continued)

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

	Consolidated Group 30 June 2023 $	Consolidated Group 30 June 2022 $
Riverside Plaza Syndicate	7,721,553	1,137,641
Elanor Commercial Property Fund	5,236,126	5,979,712
Elanor Healthcare Real Estate Fund	3,906,318	3,141,069
Elanor Property Income Fund	3,160,394	5,210,146
Warrawong Plaza Syndicate	3,054,400	4,743,724
Riverton Forum Fund	2,114,401	–
Tweed Mall Mixed - Use Real Estate Fund	1,865,272	–
Clifford Gardens Fund	1,768,722	1,636,393
Harris Street Fund	1,748,196	2,327,252
Waverley Gardens Fund	1,187,041	1,382,481
Belconnen Markets Syndicate	1,081,986	1,127,858
Fairfield Centre Syndicate	926,960	688,193
Hunters Plaza Syndicate	685,235	967,039
Burke Street Fund	587,101	364,532
Total	**35,043,705**	**28,706,040**

Outstanding receivables balances with related parties

The following balances arising through the normal course of business were due from related parties at balance date:

	Consolidated Group 30 June 2023 $	Consolidated Group 30 June 2022 $
Management Fees	5,472,865	2,103,889
Other financial assets	4,095,236	2,186,304
Other receivables	2,204,056	1,257,022
Total	**11,772,157**	**5,547,215**

25. Related parties (continued)

Key Management Personnel (KMP)

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

Non-Executive	Position
Mr. Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr. Nigel Ampherlaw	Independent Non-Executive Director
Mr. Anthony Fehon	Independent Non-Executive Director
Mr. Su Kiat Lim	Non-Executive Director
Mrs. Karyn Baylis	Independent Non-Executive Director

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

	Consolidated Group 30 June 2023 $	Consolidated Group 30 June 2022 $
Short term benefits	2,994,434	2,843,551
Long term benefits	318,295	112,685
Post-employment benefits	108,324	135,976
Share-based payment	1,175,201	1,625,231
Total	**4,596,254**	**4,717,443**

26. Significant events

The significant funds management initiatives completed during the year 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 (EHRE) 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 EHRE’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% since the Fund’s inception);
- the acquisition of four hotels, Sanctuary Inn Tamworth (NSW), Chateau Yering Hotel (Victoria), Wildes Boutique Hotel (NSW), and Leura Gardens Resort (NSW) by EHAF for a combined $67.3 million (Leura Gardens Resort settled on 28 July 2023). Post-acquisition of Leura, EHAF has a diverse portfolio of 19 high investment quality accommodation hotel assets with a portfolio value of approximately $470 million;

26. Significant events (continued)

- the acquisition by the Group of the Country Place conference and events centre located in the Dandenong Ranges (Victoria) in November 2022, for $6 million. The conference facility is being converted and repositioned into a significant regional accommodation hotel suitable for EHAF, and has recently been rebranded as Panorama Retreat and Resort;
- acquisition of Riverton Forum shopping centre, a dominant convenience-based shopping centre situated on a 6.3 hectare Perth metropolitan site by the newly established Riverton Forum Fund for $98.8 million; and
- establishment of the Riverside Mixed Use Development Fund for a mixed-use development on a strategic Queanbeyan CBD site. The development, expected to comprise 180 residential dwellings as well as street activated retail, has an estimated total project cost of $67 million.

27. Other accounting policies

Rental income

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

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

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held by property managers in trust, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Inventories

Inventories, which principally comprise beverage and consumables of the hotel and wildlife park businesses, are stated at the lower of cost and net realisable value.

28. Events occurring after reporting date

Distribution

Subsequent to year end, a distribution of 1.62 cents per stapled security (full year distribution 9.13 cents per stapled security) has been declared by the Board of Directors. The total distribution amount of $2.0 million will be paid on 31 August 2023 in respect of the six months ended 30 June 2023.

Acquisition of Challenger real estate funds management business

On 7 July 2023, Elanor completed the acquisition of Challenger's Australian real estate funds management business for a consideration of $37.7 million. As part of the transaction, Elanor and Challenger also entered into a strategic partnership whereby Elanor has become Challenger's real estate funds management partner in Australia and New Zealand and Fidante (Challenger's multi-affiliate funds management business) is now Elanor's exclusive distribution partner for its real estate managed funds.

Elanor issued 24.8 million ENN securities as consideration for the transaction, representing 16.6% of securities on issue at that time, with Challenger holding 20.3 million securities (13.6%) and the Abu Dhabi Investment Council (ADIC) holding the balance of 4.5 million securities (3.0%). The consideration paid is subject to claw-back arrangements from Challenger of up to 63% over three years, based on performance milestones, including minimum base funds management fee targets.

In addition, Elanor has also granted ADIC options to acquire up to 7.5 million in additional Elanor securities at exercise prices of between $2.25 to $2.75 per security, with vesting milestones linked to ADIC committing a further $0.5 billion in AUM.

As at the signing date of these financial statements, the accounting assessment of the transaction is not yet complete, and the Group is currently finalising its determination of the nature of the transaction and the fair values of identifiable assets acquired and liabilities assumed.

The transaction will be accounted for as a business combination under AASB 3 *Business Combinations* as follows:

- Identifiable assets will include intangible assets in relation to key Investment Management Agreements acquired. The amount that the consideration paid exceeds the (net) fair value of all identified assets and liabilities will be allocated to goodwill.
- In accordance with AASB112 Income Taxes, a deferred tax asset or liability will be recognised when a temporary difference arises between the carrying amount of an asset or liability and its tax base. The existence of a deferred liability on an intangible asset will result in an increase to goodwill.
- The fair value of the consideration is $39.7 million and based on the fair value of the securities issued with reference to the share price ($1.60) on the day of the transaction completion.
- The value of securities subject to claw-back arrangements will be classified as a financial liability based on the definitions in AASB 132 *Financial Instruments: Presentation*.

The Group will finalise the accounting for the transaction in the ensuing reporting period in which the transaction completed.

Acquisition of Leura Gardens Resort

On 28 July 2023 EHAF settled the acquisition of the Leura Gardens Resort in the Blue Mountains, NSW for $20 million.

28. Events occurring after reporting date (continued)

Other matters

Other than the events disclosed above, the directors are not aware of any other matters or circumstances 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 year subsequent to the year ended 30 June 2023.

29. Auditor's remuneration

OVERVIEW

PricewaterhouseCoopers (PwC) are the independent auditors of Elanor Investors Group (2022: PwC) and have provided a number of audit and other assurance related services as well as other non-assurance related services to Elanor Investors Group and the Trust during the year.

Below is a summary of fees paid for various services to PwC (2022: PwC) during the year.

	Consolidated Group 30 June 2023 $	Consolidated Group 30 June 2022 $
Auditors of the Group - PwC		
Total audit and review of financial reports	858,800	813,044
Other services		
Sustainability services	113,728	102,410
Total other non-audit services	113,728	102,410
Total services provided by PwC	**972,528**	**915,454**

30. 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 either during the year or post balance date:

	Distribution cents per stapled security 30 June 2023	Distribution cents per stapled security 30 June 2022	Total Amount 30 June 2023 $'000	Total Amount 30 June 2022 $'000
Interim distribution (declared before year end) [1]	7.51	9.05	9,261	11,037
Final distribution (declared after year end) [2]	1.62	4.43	2,015	5,397

[1] The interim distribution of 7.51 cents per stapled security was paid on 28 February 2023.

[2] The final distribution of 1.62 cents per stapled security was declared after 30 June 2023, but is recognised in the accounts at balance date. The final distribution will be paid on 31 August 2023.

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 year is set out below:

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Carrying amount at the beginning of the year	498,382	384,825
Additions from consolidation of Elanor Wildlife Park Fund	–	44,446
Additions from consolidation of Stirling	–	34,000
Additions	68,668	16,073
Transfers	(10,186)	–
Revaluation (decrements) / increments	35,006	19,038
Carrying amount at the end of the year	**591,870**	**498,382**

Refer to Note 8 Property, plant and equipment and Note 9 Investment properties for further details of the valuations of the underlying property assets.

30. Non-Parent disclosure (continued)

ACCOUNTING POLICY

Fair value of Investment Properties

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

Valuation, technique and inputs

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

Fair value measurement

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

EIF Group	30 June 2023 $'000	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate $	Occupancy %
Assets measured at fair value						
Investment properties	591,870	6.5% - 16.5%	5.8% - 14.0%	5.2% - 13.0%	$155 - $506	56% - 81%

30. Non-Parent disclosure (continued)

Equity accounted investments

The Trust's equity accounted investments are as follows:

30 June 2023

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

30 June 2022

	Principal activity	Percentage Ownership	EIF Group 30 June 2022 $'000
Elanor Commercial Property Fund (ASX: ECF)	Commercial Office Properties	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	Commercial Office Property	13.88%	12,305
Hunters Plaza Syndicate	Shopping Centre	5.49%	1,688
Total equity accounted investments			**107,182**

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Carrying amount at the beginning of the year	107,182	88,647
Consolidation of Elanor Wildlife Park Fund and Stirling Street Syndicate	–	(6,794)
Share of (loss) / profit from equity accounted investments	(7,312)	9,871
Distributions received	(14,798)	(8,399)
Share of movement in reserves	(781)	68
Net investment in / (sale of) equity accounted investments	10,950	22,307
Realised gain on disposal of investments	1,200	1,482
Impairment of equity accounted investments[1]	(2,831)	–
Total carrying value at the end of the year	**93,610**	**107,182**

[1] During the year Elanor's investment in Elanor Commercial Property Fund was revised to reflect Elanor's share of Elanor Commercial Property Fund's net tangible assets. At 30 June 2023 a value in use calculation was performed to support the carrying value, using a discount rate of 10.0%.

30. Non-Parent disclosure (continued)

Equity accounted investments (continued)

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

30 June 2023

Financial position	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Current assets	6,679	12,964	3,722
Non-current assets	110,386	511,793	218,621
Total Assets	**117,065**	**524,757**	**222,343**
Current liabilities	45,654	94,995	5,913
Non-current liabilities	–	111,963	125,826
Total Liabilities	**45,654**	**206,958**	**131,739**
Contributed equity	121,462	369,493	88,001
Reserves	–	–	–
Retained profits / (accumulated losses)	(50,051)	(51,694)	2,603
Total Equity	**71,411**	**317,799**	**90,604**

Financial performance	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Profit / (loss) for the year	4,691	(32,176)	(687)
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	**4,691**	**(32,176)**	**(687)**
Distributions received from the associates during the year	9,682	3,737	731

A reconciliation of the above summarised financial information to the carrying amount of the interest in Elanor Retail Property Fund, Elanor Commercial Property Fund, Waverley Gardens Fund and the Harris Street Fund recognised in the consolidated financial statements is provided below:

	Elanor Property Income Fund 30 June 2023 $'000	Elanor Commercial Property Fund 30 June 2023 $'000	Waverley Gardens Fund 30 June 2023 $'000
Net assets of the associate	71,411	317,799	90,604
Proportion of the Group's ownership interest	23.39%	12.56%	15.00%
Group's share of net assets of the associates	16,703	39,916	13,591
Other movements not accounted for under the equity method [1]	(206)	914	(420)
Carrying amount of the Group's interest	**16,497**	**40,830**	**13,171**

[1] Other movements are primarily due to the issue of new units to external investors at a price above or below the underlying net assets of the fund, or where the Group has acquired units on-market at a price different to the fund's NTA.

30. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2022

Financial position	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Current assets	98,239	13,136	5,447	2,981
Non-current assets	106,300	567,194	215,271	185,000
Total Assets	**204,539**	**580,330**	**220,718**	**187,981**
Current liabilities	11,394	11,727	6,537	1,478
Non-current liabilities	41,689	188,869	118,615	98,300
Total Liabilities	**53,083**	**200,596**	**125,152**	**99,778**
Contributed equity	155,272	369,496	88,001	87,100
Retained profits / (accumulated losses)	(3,816)	10,238	7,565	1,103
Total Equity	**151,456**	**379,734**	**95,566**	**88,203**

Financial performance	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Profit for the year	3,528	43,948	23,773	1,559
Other comprehensive income for the year	120	825	–	–
Total comprehensive income for the year	**3,648**	**44,773**	**23,773**	**1,559**
Distributions received from the associates during the year	4,340	3,414	350	–

A reconciliation of the above summarised financial information to the carrying amount of the interest in Elanor Retail Property Fund, Elanor Commercial Property Fund and the Waverley Gardens Fund recognised in the consolidated financial statements is provided below:

	Elanor Property Income Fund 30 June 2022 $'000	Elanor Commercial Property Fund 30 June 2022 $'000	Waverley Gardens Fund 30 June 2022 $'000	Harris Street Fund 30 June 2022 $'000
Net assets of the associate	151,456	379,734	95,566	88,203
Proportion of the Group's ownership interest	18.03%	12.56%	15.00%	13.88%
Group's share of net assets of the associates	27,308	47,691	14,335	12,243
Other movements not accounted for under the equity method [1]	417	3,768	(330)	62
Carrying amount of the Group's interest	**27,725**	**51,459**	**14,005**	**12,305**

[1] Other movements are primarily due to the Funds issuing new units to external investors at a price above or below the underlying net assets of the fund, or where the Group has acquired units on-market at a price different to the fund's NTA.

30. Non-Parent disclosure (continued)

Aggregate information of associates that are not individually material

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Profit / (loss) for the year	(54,192)	6,049
Other comprehensive income for the year	(761)	(67)
Total comprehensive income for the year	**(54,953)**	**5,982**
Aggregate carrying amount of the Group's interests in these associates	23,111	1,688

Interest bearing liabilities

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Current		
Interest bearing liabilities	5,982	–
Loan from the company	12,592	16,302
Total current	**18,574**	**16,302**
Non-current		
Corporate notes	13,322	19,591
Corporate notes - borrowing costs less amortisation	(445)	(445)
Bank loan - term debt	301,338	257,775
Bank loan - borrowing costs less amortisation	(1,582)	(1,529)
Loan from the company	42,036	43,950
Total non-current	**354,669**	**319,342**
Total interest bearing liabilities	**373,243**	**335,644**

As part of the internal funding of the Fund, EIF entered into a long-term interest-bearing loan with EIL at arm's length terms, maturing in July 2024. As at 30 June 2023, the outstanding payable to the Company was $42.0 million (2022: $43.9 million).

Derivative Financial instruments

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Current assets / (liabilities)		
Interest rate swaps	1,353	1,898
	1,353	**1,898**
Non-current assets / (liabilities)		
Interest rate swaps	–	723
	–	**723**
Total derivative financial instruments assets / (liabilities)	**1,353**	**2,621**

30. Non-Parent disclosure (continued)

Reserves

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

	EIF Group 30 June 2023 $'000	Restated EIF Group 30 June 2022 $'000
Other reserves		
Opening balance	48,772	48,704
Share of reserves of equity accounted investments	(782)	68
Closing balance	**47,990**	**48,772**
Cash flow hedge reserve		
Opening balance	–	(355)
Revaluation	–	355
Closing balance	**–**	**–**
Stapled security-based payment reserve		
Opening balance	6,650	3,811
Loan securities and option expense	549	705
Short term incentive scheme expense	(2,145)	2,134
Closing balance	**5,054**	**6,650**
Total reserves	**53,044**	**55,422**

The other reserves are used to record undistributed and unrealised earnings.

The cash flow reserve presented in the comparatives was used to recognise increments and decrements in the fair value of cash flow hedges. In FY23 all cash flow hedges are discontinued, and no new hedge relationships are recognised.

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

30. Non-Parent disclosure (continued)

Restatement

Comparatives for the year end 30 June 2022 have been restated to reclass $16.3 million revaluation gain on investment property from the consolidated statement of comprehensive income to the consolidated statement of profit or loss. The reclass reduces other reserves and increases retained earnings by an equal and offsetting amount of $16.3 million. The reclass does not impact the opening balances as at 1 July 2021 and the restatement has no impact on total comprehensive income, net assets or total equity as at 30 June 2022.

	EIF Group 30 June 2022 $'000	EIF Group Increase/ (Decrease) $'000	Restated EIF Group 30 June 2022 $'000
Consolidated statements of profit or loss (extract)			
Fair value gain / (loss) on revaluation of PP&E and investment properties	(2,824)	16,337	13,513
Net profit / (loss) for the year	**2,000**	**16,337**	**18,337**
Net Profit attributable to security holders of:			
- Parent Entity	6,557	6,242	12,799
- External Non-controlling interest	(4,557)	10,095	5,538
Consolidated statements of comprehensive income (extract)			
Gain on revaluation of property, plant and equipment	16,337	(16,337)	–
Other comprehensive income for the year, net of tax	**16,764**	**(16,337)**	**427**
Total comprehensive income / (loss) for the year, net of tax	**18,764**	**–**	**18,764**

	EIF Group 30 June 2022 $'000	EIF Group Increase/ (Decrease) $'000	Restated EIF Group 30 June 2022 $'000
Consolidated statements of financial position (extract)			
Reserves	71,759	(16,337)	55,422
Retained profits / accumulated (losses)	(5,915)	16,337	10,422
Total equity	**311,963**	**–**	**311,963**
Equity Holders of Parent Entity:			
Reserves	39,809	(6,242)	33,567
Retain profits / accumulated (losses)	(13,770)	6,242	(7,528)
Equity Holders of Non Controlling Interest - External			
Reserves	31,950	(10,095)	21,855
Retained profits / accumulated (losses)	7,855	10,095	17,950

30. Non-Parent disclosure (continued)

(1) Market Risk

Interest rate risk

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

EIF Group 30 June 2023	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	1,182	–	–	1,182
Derivative financial instruments	1,353	–	–	1,353
Total assets	**2,535**	**–**	**–**	**2,535**
Weighted average interest rate				**0.57%**
Liabilities				
Interest bearing loans	18,574	312,633	–	331,207
Total liabilities	**18,574**	**312,633**	**–**	**331,207**
Weighted average interest rate				**4.51%**

EIF Group 30 June 2022	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	9,008	–	–	9,008
Derivative financial instruments	1,898	723	–	2,621
Total assets	**10,906**	**723**	**–**	**11,629**
Liabilities				
Interest bearing loans	16,302	275,392	–	291,694
Total liabilities	**16,302**	**275,392**	**–**	**291,694**
Weighted average interest rate				**3.99%**

Of the $221.3 million floating interest-bearing loans as at 30 June 2023 (2022: $217.7 million), $83.8 million (2022: $83.8 million) have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

30. Non-Parent disclosure (continued)

Interest Rate Sensitivity

		Increase by 1%		Decrease by 1%	
EIF Group	**Amount**	**Profit/ (loss)**	**Equity**	**Profit/ (loss)**	**Equity**
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	1,182	12	–	(12)	–
Derivative financial instruments	1,353	838	–	(838)	–
Interest bearing loans	331,207	(2,213)	–	2,213	–
Total increase / (decrease)	**333,742**	**(1,363)**	**–**	**1,363**	**–**

		Increase by 1%		Decrease by 1%	
EIF Group	**Amount**	**Profit/ (loss)**	**Equity**	**Profit/ (loss)**	**Equity**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	9,008	90	–	(90)	–
Derivative financial instruments	2,621	838	–	(838)	–
Interest bearing loans	291,695	(1,643)	–	1,643	–
Total increase / (decrease)	**303,324**	**(716)**	**–**	**716**	**–**

(2) Credit Risk

Exposure to credit risk

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Cash and cash equivalents	1,182	9,008
Trade and other receivables	41,902	47,528
Total	**43,084**	**56,536**

Impairment losses

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Current	41,853	47,490
Past due 31-61 days	180	118
Past due 61+ days	1,266	774
Total	**43,299**	**48,382**
Provision for expected credit loss	(1,397)	(854)
Net trade and other receivables	**41,902**	**47,528**

30. Non-Parent disclosure (continued)

(3) Liquidity risk

EIF Group 30 June 2023	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Non derivative financial liabilities						
Payables	22,696	–	–	–	22,696	22,696
Interest bearing loans	13,596	297,388	54,040	–	365,024	331,207
Total	**36,292**	**297,388**	**54,040**	**–**	**387,720**	**353,903**

EIF Group 30 June 2022	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Non derivative financial liabilities						
Payables	17,175	–	–	–	17,175	17,175
Interest bearing loans	17,031	54,824	259,385	–	331,240	291,695
Total	**34,206**	**54,824**	**259,385**	**–**	**348,415**	**308,870**

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 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Trade receivables	40,844	46,394
Other receivables	613	1,134
GST receivable	445	–
Total trade and other receivables	**41,902**	**47,528**

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.

30. Non-Parent disclosure (continued)

Payables

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Trade creditors	7,323	5,022
Accrued expenses	2,243	2,018
GST payable	–	309
Total payables	**9,566**	**7,349**

Cash flow information

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

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
Profit for the year	**17,245**	**18,337**
Amortisation	1,253	1,924
Fair value adjustment on revaluation of investment property	(35,980)	2,824
Net unrealised revenue from equity accounted investments	7,312	(9,871)
Net realised gain/(loss) on sale of investment	(1,200)	(1,634)
Other non cash items	(708)	13,586
Straight line lease expense and lease incentive income	220	128
Employee costs funded directly through equity	2,659	2,841
Net cash provided by operating activities before changes in assets and liabilities	**(9,199)**	**28,135**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	7,492	(15,223)
Increase / (decrease) in other current assets	46	497
Increase / (decrease) in trade and other payables	1,928	2,920
Increase / (decrease) in other liabilities	278	(24)
Net cash from operating activities	**545**	**16,305**

Other expenses

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

	EIF Group 30 June 2023 $'000	EIF Group 30 June 2022 $'000
General expenses	2,933	4,035
Loan forgiveness expense	–	11,638
Total other expenses	**2,933**	**15,673**

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 38 to 119 are in accordance with the *Corporations Act 2001* (Cth) including:

   i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Group's and EIF's financial position as at 30 June 2023 and of their performance, for the financial year ended on that date; and

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

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

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

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

Glenn Willis
CEO and Managing Director

Sydney
22 August 2023

Independent auditor's report

To the stapled securityholders of Elanor Investors Group

Report on the audit of the financial reports

Our opinion

In our opinion:

The accompanying financial reports of:

- Elanor Investors Limited (the Company) and its controlled entities (the Group or Elanor), and
- Elanor Investment Fund (the Registered Scheme) and its controlled entities (the EIF Group)

are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial positions of the Group and EIF Group as at 30 June 2023 and of their financial performance for the year then ended

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

What we have audited

The Group and EIF Group financial reports comprise:

- the consolidated statements of financial position as at 30 June 2023
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of profit or loss for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the director's declaration to stapled securityholders.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

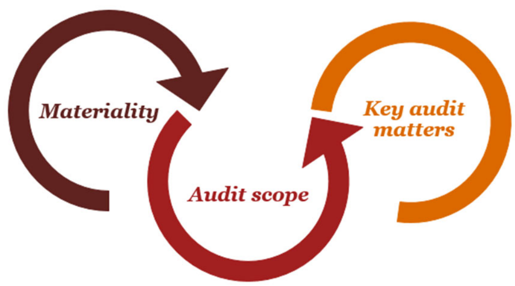
PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999

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

Our audit approach for the Group

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Group Materiality	Group Audit Scope
• For the purpose of our audit of the Group and EIF Group, we used overall materiality of approximately $686,000 and $675,000 respectively, based on an average profit or loss before tax benchmark. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose this threshold because in our view, it provides a relevant measure of the performance of the Group and EIF Group over a period of time.	• Our audit focused on where the Group and EIF Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit team consisted of individuals with the appropriate skills and competencies needed for the audits, and this included industry expertise in real estate, as well as valuation and tax professionals.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of Property, plant and equipment and Investment property *(Refer to notes 8, 9 and 30)* Elanor's property portfolio consists primarily of hotel and wildlife park properties classified as property, plant and equipment (PPE) and retail and commercial investment property as at 30 June 2023. EIF Group's property portfolio comprises the same assets, however all are classified as investment property in its financial report. The fair value of PPE and investment property was determined using the valuation methodologies outlined in notes 8 and 9. This was a key audit matter because of the: • relative size of PPE and investment property to total assets and the related valuation movements, • inherent subjectivity in the determination of fair value estimates; and • the sensitivity of fair values to changes in key assumptions.	We assessed the design and implementation of the Group's and EIF Group's relevant controls over the PPE and investment property valuation process. We agreed the adopted fair values of all properties to the independent valuation report or internal valuation model (together, the 'valuations') and assessed the competency, capability and objectivity of the relevant independent or internal valuer. We met with management to discuss the specifics of the property portfolio including, amongst other things, property financial performance, capital expenditure occupancy and leasing activities. For a selection of properties, we engaged PwC Valuation experts to assist in assessing the appropriateness of valuation methodologies used and significant assumptions adopted in the valuations. For a sample of the property portfolio, we tested the mathematical accuracy of the valuations and a sample of inputs to underlying data. We considered the reasonableness of the disclosures made in relation to the significant assumptions in light of the requirements of Australian Accounting Standards.

Other Information

The directors of the Company and Elanor Funds Management Limited as the Responsible Entity of the Registered Scheme (collectively referred to as the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the director's report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial reports does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial reports. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the action to take.

Responsibilities of the directors for the financial reports

The directors are responsible for the preparation of the 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 financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the EIF Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the EIF Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial reports

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 32 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Elanor Investors Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
22 August 2023