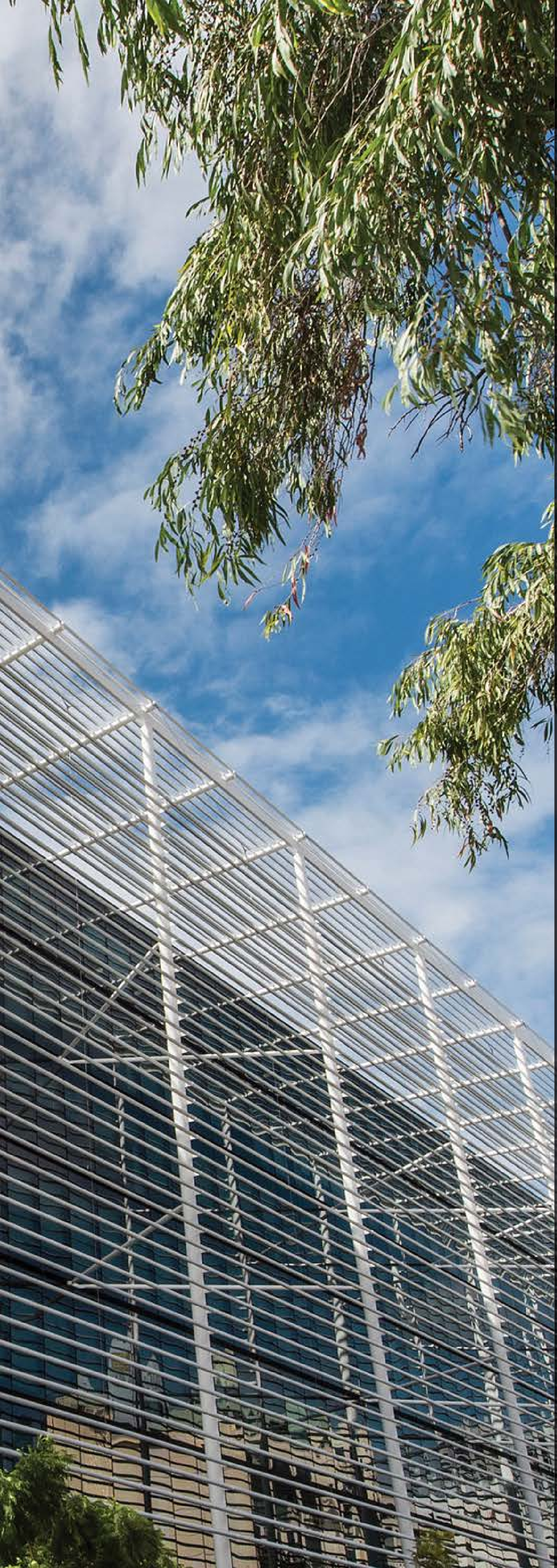
Investors Group Annual Report

For the year ended 30 June 2019

WorkZone West, Perth WA



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Financial Calendar

23 October 2019	Meeting of securityholders
December 2019	Estimated interim distribution announcement and securities trade ex-distribution
February 2020	Interim results announcement
March 2020	Interim distribution payment
June 2020	Estimated final distribution announcement and securities trade ex-distribution
August 2020	Full-year results announcement
September 2020	Final distribution payment
September 2020	Annual tax statements

Meeting of securityholders

The meeting of securityholders will be held on:
23 October 2019
10:30am (Sydney time)
Computershare
Level 3, 60 Carrington Street
Sydney NSW 2000

Responsible Entity
Elanor Funds Management Limited (ABN 39 125 903 031). AFSL 398196. Elanor Investors Group comprises Elanor Investors Limited (ABN 33 169 308 187) and Elanor Investment Fund (ARSN 169 450 926).

Highlights

Core Earnings
for the financial year 2019

$17.5m

↑ 7.9%

Funds Under Management
as at 30 June 2019

$1,387m

↑ 28.1%

Net Asset Value (per security)
as at 30 June 2019

$1.59

↓ 2.5%

Distributions (per security)
for the financial year 2019

16.06c

↑ 1.8%

Securities On Issue
as at 30 June 2019

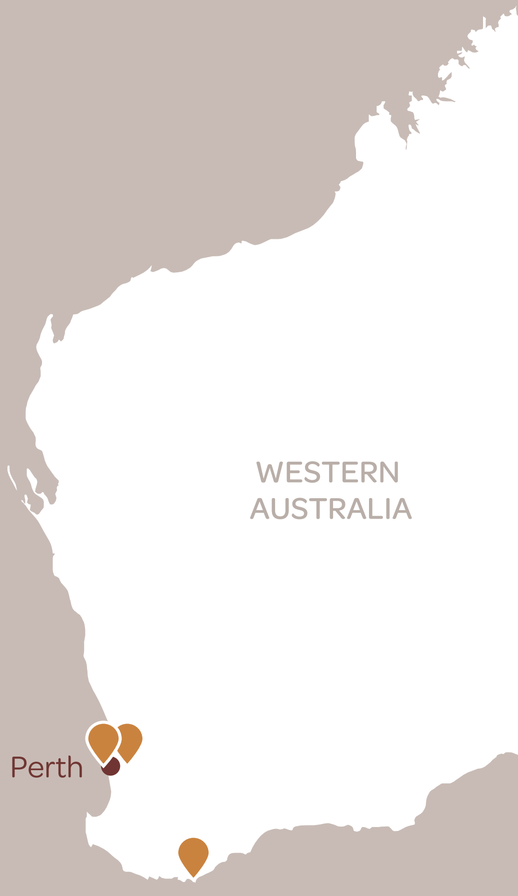
99.8m

↑ 7.3%

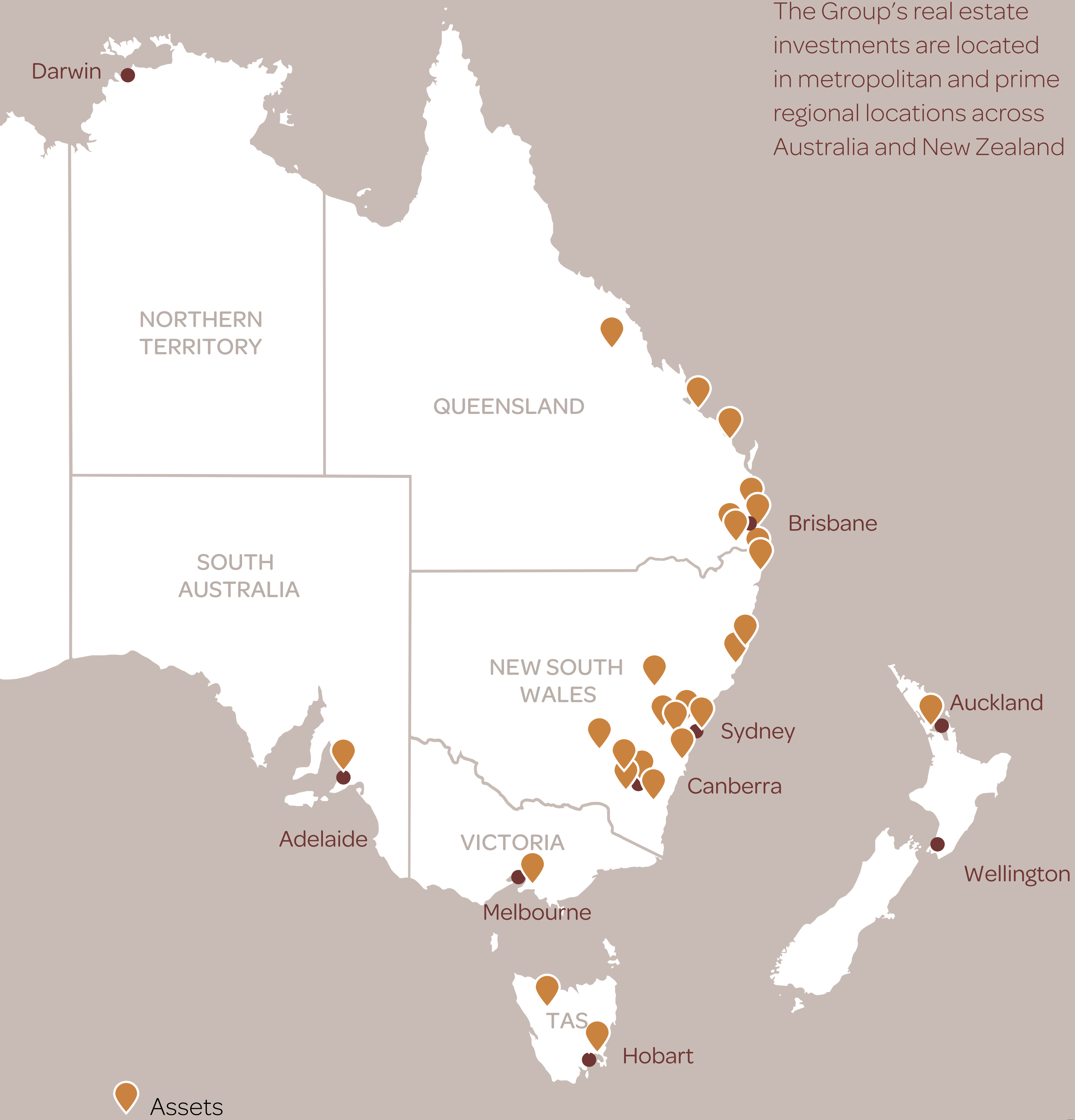
Gearing
as at 30 June 2019

28.4%

↑ from 22.1%

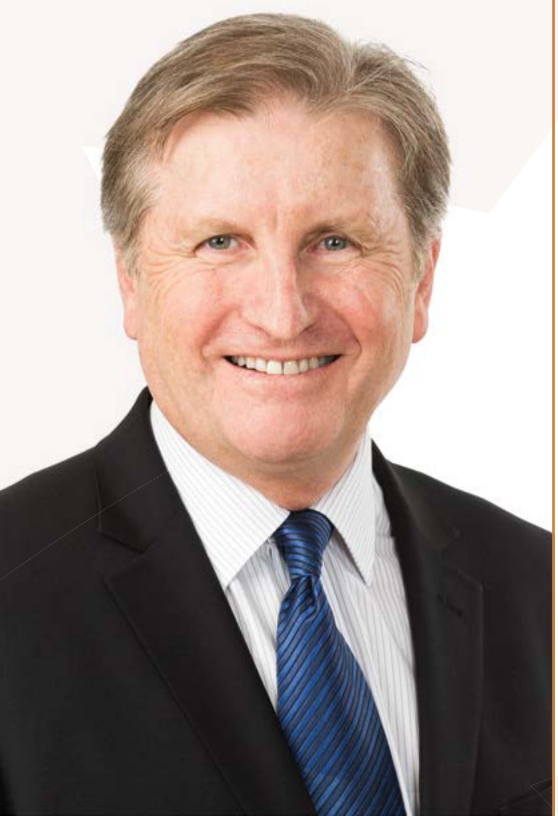


The Group's real estate investments are located in metropolitan and prime regional locations across Australia and New Zealand



Message from the Chairman

On behalf of the Board, I am pleased to present Elanor Investors Group's Annual Report, including its Financial Statements for the year ended 30 June 2019.



As this year's result is the fifth since Elanor's ASX listing on 11 July 2014, I thought a brief look back over the five years would be appropriate, given many securityholders have been invested in ENN since listing.

Results of the First Five Years

The five-years' performance reflects tremendous growth in funds under management (FUM) from a modest base of $86 million at 11 July 2014. At 30 June 2019, Elanor's FUM reached $1.39 billion, reflecting a compound growth rate of 55% p.a. over the five years. This growth contributed to a Core Earnings result of $17.5 million for the year ended 30 June 2019, compared to Core Earnings of $9.3 million for the year ended 30 June 2015. Furthermore, recurring FUM fees have grown substantially over the last five years, reflecting the successful execution of Elanor's core strategy.

Elanor's listed security price has risen from an issue price of $1.25 at IPO to $1.83 on 30 June 2019. Additionally, annual distributions per stapled security have grown to 16.06 cents. This results in a Total Securityholder Return (TSR) of 17.86% p.a. since IPO. This is a pleasing outcome for Elanor securityholders.

Importantly, the average realised returns from our managed funds since listing is 18.2% p.a.

Latest Year's Result

The results for the year ended 30 June 2019 reflect the continued growth of our funds management platform. Our Core Earnings of $17.5 million reflects a 7.9% increase on the prior year. Elanor's conservative gearing of 28.4% as at 30 June 2019 provides the Group with flexibility to continue to grow FUM.

Achievements

The primary achievement over the year has been the increase in FUM to $1.39 billion. The growth in Elanor's FUM over the year has primarily been achieved as a result of the establishment of the following managed funds: the Elanor Luxury Hotel Fund (a multi-asset accommodation fund); the Stirling Street Syndicate; the Waverly Gardens Fund and the Fairfield Centre Syndicate. Additionally, the Group acquired the Clare Country Club and Barossa Weintal Hotels for the Elanor Metro and Prime Regional Hotel Fund. During the year, the Group successfully divested the Bell City Hotel Fund on behalf of fund investors.

Further detail and commentary of the 2019 annual result and achievements can be found in the CEO's Message.

Governance

The Board continues to strengthen the Group's corporate governance structure and processes consistent with Elanor's strategic intent and operating activities. This includes the further development of the Group's Risk Management Framework and Work, Health and Safety regimes.

Additionally, the Board welcomed the appointment of Mr Lim Kin Song, representing a major investor and Mr Anthony (Tony) Fehon, an experienced property executive and investor, in May and August 2019 respectively. I look forward to both Kin Song and Tony's contributions to the business.

In September 2019, Mr Bill Moss AO, resigned from the Elanor Board for personal reasons. Bill has served the Elanor Board since the Group's listing in July 2014 and has played a valuable role in supporting the growth of Elanor's investment and funds management business to over $1.5 billion in assets under management.

On behalf of the Board, I would like to express our gratitude to Bill for the significant contribution he has made to the Group throughout his tenure.

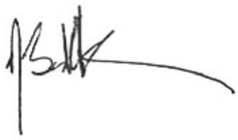
Acknowledgements

I would like to thank my fellow Board members, the executive management team led by the CEO and all the hard-working staff across the Group for their contribution during the year.

Most importantly, I would like to thank Elanor's securityholders and the Group's investors in our managed funds for their continued support and confidence.

I look forward to discussing the business further at our Annual General Meeting in Sydney on 23 October 2019.

Yours sincerely,

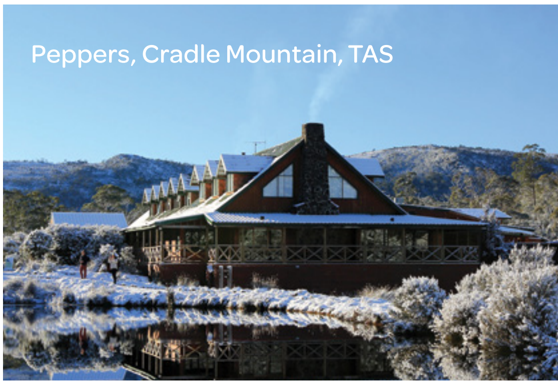


Paul Bedbrook
Chairman

Bluewater Square, Redcliffe QLD

Nexus Centre, Brisbane QLD

Belconnen Markets, Belconnen ACT



Peppers, Cradle Mountain, TAS

CEO's Message

I am pleased to present Elanor Investors Group's Annual Report for the year ended 30 June 2019. We continued to successfully grow our business during the year. The Group's Core Earnings of $17.5 million reflected a 7.9% increase on the prior year.

Pleasingly, recurring funds management revenue grew by over 24% during the year as a result of an increase in funds under management to $1.39 billion as at 30 June 2019.

From a strategic perspective, much was achieved over the year. We increased our funds under management by over 28% to $1.39 billion, and most importantly, our managed funds continued to deliver strong performance for our capital partners. During the year we executed on our capital led strategic initiatives, with a focus on growing our global institutional capital partners. Our strengthened capital origination and asset management teams, combined with the Group's growth capital and strong investment pipeline, position Elanor for further significant growth in funds under management. We remain confident that our funds management platform will continue to deliver strong performance for both Elanor securityholders and the Group's capital partners.

In addition to our core areas of expertise in the retail real estate, commercial real estate and hotels, tourism and leisure sectors, we continue to investigate other real estate sectors that provide quality investment opportunities. Furthermore, we continue to explore strategic opportunities to achieve our growth objectives.

Strategy and Investment Approach

The key strategic objective of the Group is to grow funds under management and deliver strong investment returns for both the Group's funds management capital partners and Elanor securityholders. Elanor's investment focus is on acquiring and unlocking value in real estate assets that provide strong, stable income and significant capital growth potential. We evaluate acquisition opportunities through a value and risk management lens. Our highly active approach to asset management is underpinned by an acute focus on delivering investment performance.

The Group will continue to co-invest with our funds management capital partners for both strategic and alignment purposes. We will continue to utilise our balance sheet to originate and hold investments that provide opportunities for future co-investment by Elanor's capital partners. In this regard, the Group holds two balance sheet investments that we expect to externalise into managed funds during the coming year. The Group will continue to grow funds under management in an increasingly capital efficient manner.

Key Results

- Core Earnings for the year were $17.5 million, representing an increase of 28.1% on the prior year
- Distributions for the year were $15.8 million or 16.06 cents per stapled security
- Net Tangible Assets (NTA) per security of $1.59 at 30 June 2019

Funds Management

- Elanor established new funds under management of $455 million during the period
- The Group's funds under management grew by 28.1% to $1.39 billion
- Funds management revenue for the year increased by 9.6% on the prior period to $15 million
- Annualised recurring management fees increased by 24.2% on a recurring period basis
- Managed funds established during the period include:
  - Waverley Gardens Fund (Waverley Gardens), established together with global real estate investment firm Heitman, acquiring the Waverley Gardens Shopping Centre in Mulgrave, Victoria, with a gross asset value of $182.2 million as at 30 June 2019
  - Stirling Street Syndicate (Stirling Street), acquiring a commercial property located in Stirling Street, Perth, with a gross asset value of $24.8 million as at 30 June 2019
  - Fairfield Centre Syndicate, acquiring the Neeta City Shopping Centre in Fairfield, NSW, with a gross asset value of $89.6 million as at 30 June 2019
  - Elanor Luxury Hotel Fund (ELHF), acquiring Mayfair Hotel Adelaide and the Adabco Boutique Hotel in Adelaide, South Australia with settlement expected in October 2019
- The Group successfully completed the divestment of the Bell City property for $157 million, on behalf of capital partners
- The Elanor Commercial Property Fund (ECPF) completed the acquisition of the Limestone Street Centre Syndicate in December 2018. ECPF had a gross asset value of $135.6 million as at 30 June 2019
- The Elanor Metro and Prime Regional Hotel Fund (EMPR) completed the acquisition of the Elanor Hospitality and Accommodation Fund hotel portfolio in a strategic partnership with NRMA in September 2018. EMPR also acquired the Clare Country Club and Barossa Weintal Hotels in South Australia in April 2019 with settlement expected in October 2019. EMPR has a gross asset value of $163.7 million as at 30 June 2019

The Group's strong track record and growing investor base continues to be evidenced by the increasing demand from its capital partners for newly established funds. Furthermore, the Group has significantly increased its investment origination and capital raising capability during the year, with several key appointments to the funds management team.

Investment Portfolio

The value of the Group's investment portfolio totalled $163.1 million as at 30 June 2019. Elanor's investment portfolio consists of the Group's co-investments in funds managed by Elanor and wholly owned assets that provide opportunities for future co-investment by external capital partners.

In keeping with our strategy of co-investing alongside our capital partners, co-investments totalling $26.1 million were made in new managed funds during the year, including WorkZone West Syndicate, Auburn Office Syndicate, Waverley Gardens Fund and Fairfield Centre Syndicate.

CEO's Message

Capital Management

During the year, the Group established a new 3-year $30 million revolving secured debt facility. Gearing for the Group increased to 28.4% as at 30 June 2019 from 22.1% as at 30 June 2018. The Group remains conservatively geared, including $60 million of unsecured 5-year Corporate Notes. The Group's secured debt gearing ratio is 4.2%.

Additionally, the Group holds significant growth capital. This capital, in conjunction with available bank facilities, will be used to fund the Group's short to medium term funds management growth objectives. Elanor estimates that its available growth capital will support the growth of the Group's funds under management to approximately $2.5 billion, based on future co-investment levels of 10%.

Our intention remains for the Group's balance sheet to be conservatively geared, while maintaining capital capacity to take advantage of opportunities arising from asset valuation cycles.

Community Involvement

At Elanor, we are acutely aware of our responsibility to the communities in which we operate, and to society more generally. During the year the Group supported a number of causes and organisations including the Facioscapulohumeral Muscular Dystrophy (FSHD) Foundation, Big Brothers Big Sisters, Life Education Australia and The One Foundation Australia.

In addition to these organisations, across the Group, Elanor supports a number of community focussed social initiatives.

Elanor, as owner of Featherdale Wildlife Park, is committed to animal welfare and native animal preservation. Featherdale is a preeminent contributor to numerous endangered species preservation programs for Australian native animals. Featherdale is a major social contributor to the Western Sydney community and across the State of NSW in the areas of animal preservation, education and animal rescue. Featherdale is committed to maintaining its significant social contribution into the future.

Outlook

The Group's core strategy will remain focussed on growing funds management earnings and actively managing its investment portfolio. The Group has a number of funds management opportunities under consideration across all sectors of focus. The Group will continue to focus on increasing income from its managed funds, seeding new managed funds with Group owned investments, and co-investing with external capital partners.

Elanor is committed to growing its funds management business by acquiring high investment quality assets based on the Group's proven investment philosophy. Furthermore, we anticipate that growth in funds under management will be achieved in an increasingly capital efficient manner.

The Group has a strong pipeline of potential funds management opportunities. Elanor continues to actively pursue opportunities in new real estate sectors and explore strategic opportunities to deliver its growth objectives.

I wish to thank my fellow Board members, my executive leadership team and all our staff, both at the Group level and at each of our investments, for their dedication, enthusiasm and commendable efforts over the year.

Yours sincerely,

Glenn Willis
Managing Director and Chief Executive Officer

Financial Report

for the year ended 30 June 2019

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 full year ended 30 June 2019 (period).

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

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

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

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

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

1. Directors

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

Paul Bedbrook (Chairman)
Glenn Willis (Managing Director and Chief Executive Officer)
Nigel Ampherlaw
William (Bill) Moss AO
Lim Kin Song (Appointed 30 May 2019)

2. Principal activities

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

3. Distributions

Distributions relating to the year ended 30 June 2019 comprise:

Distribution	Year Ended 30 June 2019
Interim Distribution	
Amount payable (cents per stapled security)	6.32
Payment date	1 March 2019
Final Distribution	
Amount payable (cents per stapled security)	9.74
Payment date	30 August 2019

A provision for the Final Distribution has not been recognised in the consolidated financial statements for the year as the distribution had not been declared at the reporting date. The Final Distribution will bring distributions in respect of the year ended 30 June 2019 to 16.06 cents per stapled security.

4. Operating and financial review

OVERVIEW AND STRATEGY

The key strategic objective of Elanor is to invest in real estate backed assets that deliver strong returns for both Elanor's funds management capital partners and Elanor's security holders. Elanor's investment focus is on acquiring and unlocking value in assets that provide high quality income and strong capital growth potential. Elanor's highly active approach to asset management is underpinned with urgency and an acute focus on delivering investment performance. The Group seeks to co-invest with its funds management capital partners for both strategic and alignment purposes. The Group also originates and holds investments on balance sheet to provide opportunities for future co-investment by Elanor's capital partners.

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

Elanor's total managed funds and investment portfolio was $1,550.1 million as at 30 June 2019, up from $1,227.8 million over the year.

During the year, Elanor established new funds totalling $455.3 million and successfully divested the commercial and hotel assets in the Bell City Fund for $159.5 million. Assets under management increased from $1,082.6 million to $1,387 million during the year. Co-investments of $26.1 million were made in new managed funds.

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

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

- The establishment of the Waverley Gardens Fund (Waverley Gardens) with global real estate investment firm Heitman, in December 2018 which acquired the Waverley Gardens Shopping centre in Mulgrave, Victoria. The fund has a gross asset value of $182.2 million as at 30 June 2019.

- The acquisition of the Elanor Hospitality and Accommodation Fund hotel portfolio by Elanor Metro and Prime Regional Hotel Fund (EMPR) in a strategic partnership with NRMA, in September 2018. EMPR has a gross asset value of $163.7 million as at 30 June 2019.

- On 9 April 2019, EMPR acquired the Clare Country Club and Barossa Weintal Hotels in South Australia, for $14.45 million. Settlement is expected in October 2019.

- The establishment of the Elanor Luxury Hotel Fund (ELHF) in April 2019, with the acquisition of the Mayfair Hotel Adelaide and the Adabco Boutique Hotel in Adelaide, South Australia for $99 million. Furthermore, ELHF acquired the Peppers Cradle Mountain Lodge from EMPR, for $55 million, generating a material $9.8 million profit on sale for EMPR investors. Settlement of the Fund is expected in October 2019.

- The acquisition of the Limestone Street Centre Syndicate by Elanor Commercial Property Fund (ECPF) in December 2018. ECPF has a gross asset value of $135.6 million as at 30 June 2019.

- The Group established the Stirling Street Syndicate which acquired a commercial property located in Stirling Street, Perth, for $24.7 million on 28 February 2019.

- On 31 May 2019, the Group established the Fairfield Centre Syndicate and acquired the Neeta City Shopping Centre for $85.3 million.

4. Operating and financial review (continued)

OVERVIEW AND STRATEGY (CONTINUED)

ENN's strong investment track record and investor base continues to be evidenced by the demand from wholesale and institutional investors for ENN's funds. Elanor has a well-resourced and scalable platform with substantial capacity for growth. Coupled with the Group's available capital, Elanor is well positioned to grow its funds management business.

In addition to the funds management initiatives above, in May 2019 the Group acquired a 25% interest in the hotel operating platform business, 1834 Hospitality. This investment provides the Group with a scalable hotel management capability to support the Group's growth objective in the accommodation hotels, tourism and leisure sector.

MANAGED FUNDS AND INVESTMENT PORTFOLIO

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

Managed Funds

Funds	Location	Type	Gross Asset Value $'m
Elanor Commercial Property Fund	Cannon Hill, Mt Gravatt, Ipswich, QLD, Adelaide, SA, and Perth, WA	Commercial office buildings	135.6
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	163.7
Elanor Retail Property Fund (ASX:ERF)	Auburn, Taree and Tweed Heads, NSW, Bundaberg, Moranbah and Gladstone, QLD, and Glenorchy, TAS	Sub-regional shopping centres	341.0
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	50.8
Bell City Funds (4)	Preston, VIC	Hotel budget accommodation and commercial complex	159.5
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	54.7
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	50.5
WorkZone West Syndicate	Perth, WA	Commercial office building	135.4
Additions since 30 June 2018			
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	182.2
Auburn Office Syndicate	Auburn, NSW	Commercial office building	4.7
Stirling Street Syndicate	Perth, WA	Commercial office building	24.8
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	89.6
Elanor Luxury Hotel Fund	Adelaide, SA	Accommodation hotels	154.0
Disposals since 30 June 2018			
Bell City Syndicate (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	(159.5)
Total Managed Funds			**1,387.0**

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Investment Portfolio

Asset	Location	Type	Note	Carrying Value $'m
Featherdale Wildlife Park	Sydney, NSW	Wildlife park	1	39.0
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	5.2
1834 Hospitality	Adelaide, SA	Hotel management		2.6
				Equity accounted value
Managed Fund Co-Investments				**$'m**
Elanor Metro and Prime Regional Hotel Fund	NSW (6), ACT (2), SA (2)	Accommodation hotels	3	30.1
Elanor Commercial Property Fund	Cannon Hill, Mt Gravatt, Ipswich, QLD, Adelaide, SA and Perth WA	Commercial office building	2	13.8
Elanor Retail Property Fund (ASX: ERF)	Auburn, Taree and Tweed Heads, NSW, Bundaberg, Moranbah and Gladstone, QLD, and Glenorchy, TAS	Sub-regional shopping centres	2	34.9
Belconnen Markets Syndicate	Canberra, ACT	Shopping Centre	2	0.5
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	2	11.7
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	9.7
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.2
Additions since 30 June 2018				
Workzone West Syndicate	Perth, WA	Commercial office building	2	0.1
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	15.0
Auburn Office Syndicate	Auburn, NSW	Commercial office building	3	2.4
Fairfield Centre Syndicate	Fairfield, NSW	Sub-regional shopping centre	2	8.6
Disposals since 30 June 2018				
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	2	(11.7)
Total Investment Portfolio				**163.1**
Total Managed Funds and Investment Portfolio				**1,550.1**

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

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

Note 3: The co-investments in Elanor Metro and Prime Regional Hotel Fund (EMPR), Bluewater Square Syndicate (Bluewater) and the Auburn Office Syndicate 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)

REVIEW OF FINANCIAL RESULTS

The Group recorded a statutory profit after tax from continuing operations of $16.0 million for the year ended 30 June 2019.

At the balance date, Elanor held a 31.11% interest in the Elanor Metro and Prime Regional Hotel Fund (EMPR) and, a 42.27% interest in the Bluewater Square Syndicate (Bluewater) and 100% interest in the Auburn Office Syndicate (Auburn Office). For accounting purposes, Elanor is deemed to have a controlling interest in EMPR, Bluewater and Auburn Office given its level of ownership and role as manager of the funds. This means that the financial results and financial position of EMPR, Bluewater and Auburn Office are consolidated into the financial statements of the Group for the year ended 30 June 2019.

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

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

Core or Distributable Earnings for the period were $17.5 million or 17.58 cents per stapled security. A Final Distribution of $9.72 million or 9.74 cents per stapled security has been declared for the six months ended 30 June 2019 (90% pay-out ratio on Core Earnings), resulting in a full year distribution of $15.79 million or 16.06 cents per stapled security. Core Earnings is considered more relevant than statutory profit as it represents an estimate of the underlying recurring cash earnings of the Group and has been determined in accordance with ASIC Regulatory Guide 230.

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

Statutory financial results	Group 30 June 2019 $'000	Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Net profit / (loss) after tax from continuing operations ($'000)	16,044	(2,036)	26,209	1,962
Net profit / (loss) after tax from continuing operations ($'000) (EMPR, Bluewater and Auburn Office equity accounted)	17,601	3,944	21,447	4,281
Core Earnings ($'000)	17,548	16,270	11,546	12,777
Distributions payable to security holders ($'000)	15,793	14,642	10,391	11,499
Core Earnings per stapled security (cents)	17.58	17.49	11.57	13.74
Core Earnings per weighted average stapled security (cents)	18.32	17.84	12.05	14.01
Distributions (cents per stapled security / unit)	16.06	15.77	10.63	12.36
Net tangible assets ($ per stapled security)	2.46	2.23	2.09	1.88
Net tangible assets ($ per stapled security) (EMPR, Bluewater and Auburn Office equity accounted)	1.59	1.52	1.07	1.10
Gearing (net debt / total assets less cash) (%)	39.8	39.6	31.8	31.3
Gearing (net debt / total assets less cash) (%) (EMPR, Bluewater and Auburn office equity accounted)	28.4	23.3	10.5	0.8

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

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

		Group 30 June 2019 $'000	Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Statutory Net Profit / (Loss) After Tax		**16,194**	**(20,363)**	**26,209**	**1,962**
Adjustment to remove the impact of consolidation of EMPR, Bluewater and Auburn Office		606	9,870	(3,076)	5,277
Adjustment to include the impact of accounting for EMPR, Bluewater and Auburn Office using the equity method		951	(3,891)	(1,686)	(2,959)
Adjusted Net Profit / (Loss) After Tax		**17,751**	**(14,384)**	**21,447**	**4,280**
Adjustment to exclude discountinued operations		–	18,328	–	–
Profit/(Loss) from discontinued operations for the period after tax		(150)	(2,238)	–	–
Adjusted Net Profit / (Loss) After Tax		**17,601**	**1,706**	**21,447**	**4,280**
Adjustments for items included in statutory profit / (loss)					
Increase in equity accounted investments to reflect distributions received / receivable	2	5,024	5,937	4,305	5,043
Net (gain) / loss on disposals of equity accounted investments	3	(2,002)	(77)	(1,286)	(77)
Gain on the sale of Ibis Styles Eaglehawk		–	2,258	–	2,258
Holdback of Merrylands net profit after tax	4	(10,452)	–	–	–
Release of net profit after tax on sale of Merrylands	5	5,905	4,547	–	–
Building depreciation expense	6	34	134	34	–
Straight lining of rental expense		(8)	5	–	–
Fair value adjustments on investment property		–	–	(13,679)	307
Amortisation amounts	7	1,597	1,941	724	966
Tax adjustments		(151)	(181)	–	–
Core Earnings	1	**17,548**	**16,270**	**11,546**	**12,777**

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

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

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

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

Note 4: As a result of the Group's adoption of the new Revenue accounting standard, AASB 15 Revenue from Contracts with Customers on 1 July 2018, the net profit on sale of the Merrylands Property, that was appropriately recognised in the Group's profit and loss for the period ended 30 June 2018, has also been recognised in the period ended 30 June 2019. This profit on the sale of the Merrylands Property has been removed from Core Earnings. The net profit after tax on the sale of the Merrylands profit of $10.45 million has been included in the statutory net profit after tax for the year as a result of the Group's adoption of AASB 15. Further information on this transaction is provided on page 42.

Note 5: In August 2018, ENN completed the sale of the Merrylands Property, generating a total net profit after tax of $10.45 million. An amount of $4.5 million of this total net profit after tax was included in Core Earnings for the six months ended 30 June 2018. The remaining net profit after tax of $5.9 million has been included in Core Earnings for the six months ended 30 June 2019.

Note 6: During the period, the Group incurred total depreciation charges of $0.92 million, however only the depreciation expense on buildings of $0.03 million has been added back for the purposes of calculating Core Earnings.

Note 7: During the period, the Group incurred non-cash profit and loss charges in respect of the amortisation of certain amounts including the equity component of the Group's Short Term Incentive (STI), Long Term Incentive (LTI) amounts, intangibles and borrowing costs. These amounts have been added back for the purposes of calculating Core Earnings.

REVIEW OF OPERATIONAL RESULTS

The Group is organised into three divisions by business type.

Funds Management manages third party owned investment funds and syndicates.

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

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

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

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

The performance of the ENN Group for the period ended 30 June 2019, as represented by the aggregate results of its operations for the period, was as follows:

ENN Group Revenue and EBITDA (adjusted to reflect EMPR, Bluewater and Auburn Office accounted for using the equity method)	**ENN Group Segment Revenue 30 June 2019 $'000**	**ENN Group Segment Revenue 30 June 2018 $'000**	**ENN Group Segment EBITDA 30 June 2019 $'000**	**ENN Group Segment EBITDA 30 June 2018 $'000**
Funds Management	15,031	13,708	12,109	10,634
Hotels, Tourism and Leisure	14,800	16,768	2,868	2,817
Real Estate	2,964	1,975	606	885
Sale of Merrylands property[1]	36,000	67,926	14,503	10,738
Total Segment Revenue and EBITDA	**68,795**	**100,377**	**30,085**	**25,074**
Unallocated corporate costs			(7,057)	(6,547)
Group EBITDA			**23,028**	**18,527**
Depreciation and amortisation			(1,359)	(1,723)
Group EBIT			21,669	16,804
Gain on investments			3,191	734
Interest income			2,088	1,163
Borrowing costs			(4,536)	(3,057)
Group net profit / (loss) before income tax			22,412	15,644
Income tax expense			(4,811)	(3,486)
Group net profit / (loss) after income tax			**17,601**	**12,158**

Note 1: This result reflects the sale of the Merrylands property, previously recognised in the financial year ended 30 June 2018, as a result of the Group's adoption of AASB 15 as discussed on page 42. The comparative financial information reflects the operating results of John Cootes Furniture which was closed during the period ended 30 June 2018.

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

Operating Performance for period ended 30 June 2019	**ENN Group EBITDA $'000**	**Remove Equity Accounted Result $'000**	**Add Distributions received / receivable $'000**	**Reversal of AASB 15 adoption $'000**	**EBITDA Contribution to Core Earnings $'000**
Funds Management	12,109	–	–	–	12,109
Hotels, Tourism and Leisure	2,868	947	2,623	–	6,438
Real Estate	606	(2,964)	4,799	–	2,441
Merrylands property[1]	14,503	–	–	(14,503)	–
Unallocated Corporate Costs	(7,057)	–	–	–	(7,057)
EBITDA	**23,028**	**(2,017)**	**7,423**	**(14,503)**	**13,931**

Note 1: The impact of the sale of the Merrylands property, discussed above, has been removed from the presentation of the segment EBITDA contribution to Core Earnings.

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

Funds Management

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

Operating Performance	30 June 2019 $'000	30 June 2018 $'000
Total adjusted revenue	15,031	13,708
EBITDA Contribution to Core Earnings	12,109	10,634
Operating margin	80.6%	77.6%

The Group's funds management revenue comprises:

Funds Management Revenue	30 June 2019 $'000	30 June 2018 $'000
Management fees	10,040	9,374
Acquisition fees	3,694	3,996
Performance fees	1,297	338
Total	**15,031**	**13,708**

Based on the 30 June 2019 funds under management of $1,387 million, annualised management fees total $11.3 million, an increase of 24.2% on the 30 June 2018 annualised management fees of $9.1 million (excluding Bell City which was sold in August 2018).

Funds under Management	30 June 2019 $'m	30 June 2018 $'m
Opening funds under management (as at 30 June 2018)	1,082.6	681.6
Increase in value of funds under management	8.6	20.9
Disposals / decrease in value of funds under management	(159.5)	(24.7)
New funds	455.3	404.8
Total	**1,387.0**	**1,082.6**

The Group has added significant new funds under management since July 2018, with the Group establishing five new managed funds, being Waverley Gardens Fund, Stirling Street Syndicate, Auburn Office Syndicate, Fairfield Centre Syndicate and Elanor Luxury Hotel Fund.

During the period the Group continued to strengthen its internal asset management and investment management capabilities, along with its asset origination resources. The Group also broadened its offshore and domestic institutional capital partner base to support the Group's strategic focus to deliver growth in funds under management and the performance of assets under management.

Hotels, Tourism and Leisure

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

Operating Performance	30 June 2019 $'000	30 June 2018 $'000
Total adjusted revenue[1]	18,370	21,618
EBITDA Contribution to Core Earnings	6,438	7,667
Operating margin	35.0%	35.5%

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

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

Hotels, Tourism and Leisure EBITDA contribution to Core Earnings includes the results of Featherdale Wildlife Park, and Ibis Styles Albany Hotel. The comparative result also included the results of Ibis Styles Canberra Eaglehawk Hotel for four months prior to its sale to EMPR on 31 October 2017.

Hotels, Tourism and Leisure EBITDA contribution to Core Earnings also includes distributions received / receivable from the Group's co-investment in funds managed by the Group of $2.6 million for the period ended 30 June 2019 ($2.9 million for the comparative period).

The table below sets out the assessed value of each investment portfolio asset as at 30 June 2019.

Carrying Value of Investment Assets	30 June 2019 $'m	30 June 2018 $'m
Featherdale Wildlife Park	39.0	39.0
Ibis Styles Albany Hotel	5.2	5.3
1834 Hospitality	2.6	–
Total	**46.8**	**44.3**

The carrying value of the Group's Hotels, Tourism and Leisure co-investments as at 30 June 2019, using the equity method, is as follows:

Carrying Value of Co-Investments	30 June 2019 $'m	30 June 2018 $'m
Elanor Hospitality and Accommodation Fund	–	23.9
Elanor Metro and Prime Regional Hotel Fund	30.1	18.3
Bell City Fund	–	11.7
Total	**30.1**	**53.9**

Real Estate

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

Operating Performance	30 June 2019 $'000	30 June 2018 $'000
Total adjusted revenue[1]	4,799	3,061
EBITDA Contribution to Core Earnings	2,441	1,972
Operating margin	50.9%	64.4%

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

Real Estate EBITDA contribution to Core Earnings comprises distributions received / receivable from the Group's co-investment in funds managed by the Group of $4.8 million for the period ended 30 June 2019 ($3.1 million for the comparative period).

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

The carrying value of these investments as at 30 June 2019, using the equity method, is as follows:

Carrying Value of Co-Investments	30 June 2019 $'m	30 June 2018 $'m
Elanor Commercial Property Fund	13.8	0.7
Elanor Retail Property Fund (ASX: ERF)	34.9	34.2
Auburn Office Syndicate	2.4	–
Belconnen Markets Syndicate	0.5	0.2
Bluewater Square Syndicate	9.7	9.3
Hunters Plaza Syndicate	1.2	1.2
Limestone Street Centre Syndicate	–	1.4
Waverley Gardens Fund	15.0	–
WorkZone West Syndicate	0.1	–
Fairfield Centre Syndicate	8.6	–
Total	**86.2**	**47.0**

Summary and Outlook

The Group's key strategic objective will remain focused on growing funds under management and delivering strong returns for Elanor capital partners and security holders. The Group will look to increase income from managed funds, seed new managed funds with Group owned investments, and continue to co-invest with external capital partners.

Risks to the Group in the coming year primarily comprise the potential earnings variability associated with general economic and market conditions including inbound tourism and domestic retail spending, the availability of capital for funds management opportunities, movement in property valuations, tightening debt capital markets, the general increase in cyber security risks and possible weather related events. The Group manages these risks through its active asset management approach across its investment portfolio, its continued focus on broadening the Group's capital partner base, insurance arrangements and through the active management of its capital structure.

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

5. Interests in the Group

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

	Consolidated Group 30 June 2019 '000	Consolidated Group 30 June 2018 '000
Stapled securities on issue at the beginning of the year	93,016	89,224
Staplied securities issued through Institutional Placement	3,500	–
Stapled securities issued under the short term incentive scheme	346	263
Stapled securities issued for 2014 LTI securities converted	2,960	3,529
Stapled securities on issue at the end of the period	**99,822**	**93,016**

6. Directors

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Chairman, Remuneration and Nominations Committee Paul was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF) in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003-2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul is currently the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies, and a non-executive director of Credit Union Australia and the National Blood Authority. Former listed directorships in the last three years: None Interest in stapled securities: 282,327 Qualifications: B.Sc, F FIN, FAICD

6. Directors (continued)

Glenn Willis	Managing Director and Chief Executive Officer Glenn has extensive industry knowledge with 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 the establishment and ASX listing of Elanor Investors Group in July 2014. Prior to Moss Capital, 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 Big Brothers Big Sisters Australia and FSHD Global Research Foundation. Former listed directorships in the last three years: None Interest in stapled securities: 8,914,470 Qualifications: B.Bus (Econ & Fin)
Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF) in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel’s current Directorships include as Chairman of Credit Union Australia and non-executive Director of the Australia Red Cross Blood Service, where he is a member of the Finance and Audit Committee and a member of the Risk Committee. Former listed directorships in the last three years: Quickstep Holdings Ltd Interest in stapled securities: 170,307 Qualifications: B.Com, FCA, MAICD

6. Directors (continued)

William (Bill) Moss AO	Non-Executive Director Chairman, Remuneration and Nominations Committee Bill was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF) in June 2014. Bill is an Australian businessman and philanthropist with expertise in real estate, banking, funds and asset management. Bill spent 23 years as a senior executive and Executive Director with Macquarie Group, the pre-eminent Australian investment bank, where Bill managed the Global Banking and Real Estate businesses. Bill founded, grew and led Macquarie Real Estate Group to a point where it managed over $23 billion worth of investments around the world. Bill is Chairman of Moss Capital and Chairman and Founder of The FSHD Global Research Foundation. Bill is a commentator on the Australian finance and banking sectors, the global economy and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged. In 2015, Bill was awarded one of Australia's highest honours, Office of the Order of Australia (AO), for services to the banking, charity, and finance sectors. Former listed directorships in the last three years: None Interest in stapled securities: 2,378,159 Qualifications: B.Ec
Lim Kin Song	Non-Executive Director Kin Song was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF) in May 2019. Kin Song is the CEO of Rockworth Capital Partners (which holds an 18% ownership interest in the Group) and is responsible for all aspects of Rockworth's business with a focus on strategy, transactions, business development and investor relations. With over 20 years of experience in the real estate sector, Kin Song specialises in acquisitions, asset management, business development and leasing. He has extensive experience across multi-core real estate sectors in Australia and South East Asia. Kin Song has been the key driver of Rockworth's rapid growth in its assets under management since its inception in 2011, and provided leadership and strategic direction in transactions, corporate development, capital allocation and asset management. Prior to founding Rockworth in 2011, Kin Song held various positions in leading property groups in Asia, including Frasers Centrepoint Ltd, Ascendas-MGM Funds Management and the CapitaLand Group. Former listed directorships in the last three years: None Interest in stapled securities: Nil Qualifications: MBA, B.Sci, SISV, CCPS, RICS

7. Directors' relevant interests

	Stapled securities At 1 July 2018	Net Movement	Stapled securities at the date of this report
Paul Bedbrook	257,327	25,000	282,327
Glenn Willis[1]	1,756,226	2,908,244	4,664,470
Nigel Ampherlaw	164,654	5,653	170,307
William (Bill) Moss	2,378,159	–	2,378,159
Lim Kin Song	–	–	–

Note 1: Glenn Willis has an entitlement to an additional 4,250,000 securities under equity based executive incentive plans.

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

8. Meetings of Directors

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

	Elanor Board (Responsible Entity & the Company)		Audit & Risk Committee		Remuneration and Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
Paul Bedbrook	14	13	6	5	3	3
Glenn Willis	14	14	6	6	1	1
Nigel Ampherlaw	14	13	6	6	3	3
William (Bill) Moss	14	13	N/A	N/A	3	2
Lim Kin Song	3	2	N/A	N/A	N/A	N/A

9. Remuneration Report (Audited)

The remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements, philosophy and framework of the Elanor Investors Group (Group) in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations.

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

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

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

a) Remuneration Policy and Approach

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

9. Remuneration Report (Audited) (continued)

a) Remuneration Policy and Approach (continued)

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

The Group has a formally constituted Remuneration and Nomination Committee which comprises two Non-Executive Director (NED) members, Mr Paul Bedbrook (Chair) and Mr Nigel Ampherlaw.

Mr William Moss AO resigned as Chair and Committee Member in May 2019. Mr Glenn Willis was appointed a temporary member of the Committee so as to meet the requirements of the Committee's Charter.

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

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

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

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

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

b) Key Management Personnel

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP), who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including the directors (whether executive or otherwise). The KMP of the Elanor Investors Group for the year ended 30 June 2019 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 William (Bill) Moss AO	Non-Executive Director
Mr Lim Kin Song	Non-Executive Director

9. Remuneration Report (Audited) (continued)

c) Executive Remuneration Arrangements

The Group's executive remuneration framework has three components:

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

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

Remuneration Structure

- Base pay, including superannuation

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

- Short term incentive

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

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

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

- Long term incentive

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

Under the executive loan security plan, awards (comprising the loan of funds to eligible Elanor employees to acquire Securities which are subject to vesting conditions) have been issued to certain employees. Awards totalling 11.0 million Securities were on issue at 30 June 2019.

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

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

9. Remuneration Report (Audited) (continued)

c) Executive Remuneration Arrangements (continued)

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

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

d) Executive Remuneration Outcomes

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the year ended 30 June 2019:

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

The financial performance measure driving STI payment outcomes is pre-tax return on equity (ROE). The required pre-tax return hurdle was achieved for the financial year. Reported earnings before tax from continuing operations for the year were $19.9 million or $16.0 million after tax. This reflects a 16.04 cents basic earnings per security based on the average number of securities outstanding for the year.

For the year ended 30 June 2019 the Group achieved Core Earnings of $17.5 million, a 7.9% increase on the prior year. Total distributions per security in respect of the period were 16.06 cents.

For the year ended 30 June 2019, the bonus pool calculated in accordance with the STI plan rules was $1.3 million, incorporating cash and the value of the deferred securities. The 2019 STI bonus pool was approved by the Board on 27 June 2019.

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

Table 1: Remuneration of Key Management Personnel

		Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share-based payments			
		Salary $	STI Cash Bonus $	Non-Monetary $	Other[1] $	Super $	Long Service Leave $	LTI Loan Security Payments[2] $	STI Deferred Security $	LTI Option Payments[2] $	Total $
Executive Officers											
G. Willis	2019	555,435	106,000	–	24,516	20,049	–	258,831	72,833	22,000	1,059,664
	2018	479,951	112,500	–	–	20,049	–	248,110	177,900	22,000	1,060,510
P. Siviour	2019	481,823	100,000	–	5,677	25,000	–	106,577	58,750	–	777,827
	2018	371,965	76,250	–	28,035	25,000	–	102,163	165,817	–	769,230
S. Simmons	2019	452,871	100,000	–	22,129	25,000	–	76,127	58,750	–	734,877
	2018	379,752	76,250	–	20,248	25,000	–	72,973	165,817	–	740,040

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

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

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

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

		Fixed remuneration (%)	Remuneration linked to performance (%)	Total (%)
Executive Officers				
G. Willis	2019	56.62	43.38	100
	2018	47.15	52.85	100
P. Siviour	2019	65.89	34.11	100
	2018	55.25	44.75	100
S. Simmons	2019	68.04	31.96	100
	2018	57.43	42.57	100

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

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

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

Table 3: Employment contracts of key management personnel

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

9. Remuneration Report (Audited) (continued)

d) Executive Remuneration Outcomes (continued)

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

e) Non-Executive Director Remuneration Arrangements and Outcomes

The Elanor Board determines the remuneration structure for NED's based on recommendations from the Remuneration and Nomination Committee. The NED's individual fees are annually reviewed by the Remuneration and Nomination Committee taking into consideration the level of fees paid to NED's by companies of similar size and stature. The Remuneration and Nomination Committee undertook a review of the remuneration of NEDs in June 2019, and resolved not to change the amount of fees paid. The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by security holders at the Annual General Meeting (currently $500,000).

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

Table 4: Remuneration of Non-Executive Directors

		Salary (including Superannuation) $	Committee Fees $	Total (including Superannuation) $
Non-Executive Directors				
P. Bedbrook	2019	160,000	10,000	170,000
	2018	150,000	10,000	160,000
N. Ampherlaw	2019	85,000	10,000	95,000
	2018	70,000	10,000	80,000
W. Moss	2019	85,000	10,000	95,000
	2018	70,000	10,000	80,000
L. Kin Song	2019	6,986	–	6,986
	2018	–	–	–

9. Remuneration Report (Audited) (continued)

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

During the year no options were issued to the NEDs.

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

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

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

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

The NED's 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.

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

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

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Loan Securities	2019	–	–	0%	–	N/A	0%
		2018	4,250,000	–	0%	–	N/A	23%
		2017	–	–	0%	–	N/A	0%
P. Siviour	Loan Securities	2019	–	–	0%	–	N/A	0%
		2018	1,750,000	–	0%	–	N/A	13%
		2017	–	–	0%	–	N/A	0%
S. Simmons	Loan Securities	2019	–	–	0%	–	N/A	0%
		2018	1,250,000	–	0%	–	N/A	10%
		2017	–	–	0%	–	N/A	0%

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

9. Remuneration Report (Audited) (continued)

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

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

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Options	2019	–	–	0%	–	N/A	0%
		2018	2,000,000	–	0%	–	N/A	2%
		2017	–	–	0%	–	N/A	0%

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

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

Name	Year	Value of options granted at the grant date[1] $	Value of options exercised at the exercise date[2] $
G. Willis	2019	–	–
	2018	66,000	–
	2017	–	–

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

Note 2: The value of options exercised during the financial year is calculated as at the exercise date using a binomial pricing model. No options were exercised in the period to 30 June 2019.

9. Remuneration Report (Audited) (continued)

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

Key Management Personnel equity holdings

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

Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2018	Acquired[1]	Disposed	Closing Balance 30 June 2019
Non-Executive Directors				
P. Bedbrook	257,327	25,000	–	282,327
N. Ampherlaw	164,654	5,653	–	170,307
W. Moss AO	2,378,159	–	–	2,378,159
L. Kin Song	–	–	–	–
Executive Officers				
G. Willis	1,756,226	2,908,244	–	4,664,470
P. Siviour	1,622,365	69,947	–	1,692,312
S. Simmons	532,018	54,947	–	586,965

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

Options over Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2018	Acquired under the Group's incentive plans	Exercised or Disposed	Closing Balance 30 June 2019	Balance vested at Closing	Vested but not exercisable	Vested and exercisable	Options vested during the year
G. Willis	2,000,000	–	–	2,000,000	–	–	–	–

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

Name	Opening Balance 1 July 2018	Acquired under the Group's incentive plans	Exercised or Disposed	Closing Balance 30 June 2019	Balance vested at Closing	Vested but not exercisable	Vested and exercisable	Options vested during the year
P. Bedbrook	851,064	–	–	851,064	851,064	–	851,064	–
N. Ampherlaw	1,063,830	–	–	1,063,830	1,063,830	–	1,063,830	–
W. Moss AO	957,447	–	–	957,447	957,447	–	957,447	–
L. Kin Song	–	–	–	–	–	–	–	–

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

9. Remuneration Report (Audited) (continued)

g) Loans to Key Management Personnel

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

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

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

10. Company Secretary

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

11. Indemnification and insurance of officers and auditors

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

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

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

12. Environmental regulation

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

13. Significant changes in state of affairs

There was no significant change in the state of affairs of the Group during the year.

14. Auditor's independence declaration

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

15. Non audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 28 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 28 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

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

16. Likely developments and expected results of operations

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

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

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

The interest in the Trust held by the Manager or its related entities as at 30 June 2019 and fees paid to and expenses reimbursed by its related entities during the financial year are disclosed in Note 25 to the consolidated financial statements.

18. Events occurring after reporting date

Subsequent to the period end, a distribution of 9.74 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $9.7 million will be paid on or before 30 August 2019 in respect of the six months ended 30 June 2019.

The Board approved the appointment of Mr Anthony Fehon as a director of the Group and the Responsible Entity, with an effective date of 20 August 2019.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the year ended 30 June 2019.

19. Rounding of amounts to the nearest thousand dollars

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

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

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

Paul Bedbrook	Glenn Willis
Chairman	CEO and Managing Director

Sydney, 16 August 2019

Auditor's Independence Declaration

Deloitte.

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

16 August 2019

Dear Directors

Auditor's Independence Declaration to
Elanor Investors Limited and Elanor Investment Fund

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

As lead audit partner for the audit of the consolidated financial statements of Elanor Investors Limited and Elanor Investment Fund for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

Consolidated Statements of Profit or Loss

For the year ended 30 June 2019

	Note	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Income					
Revenue from operating activities	2	73,600	65,846	–	–
Revenue from property inventory		36,000	–	–	–
Interest income		2,123	1,156	22	27
Rental income		4,908	4,623	18,245	17,128
Share of (loss) / profit from equity accounted investments		2,243	4,266	2,210	4,266
Realised gain on disposal of investment		2,940	531	4,650	531
Fair value gain / (loss) on revaluation of assets / investment properties		285	–	15,093	–
Other income		432	252	386	109
Total income		**122,531**	**76,675**	**40,606**	**22,061**
Expenses					
Changes in inventories of finished goods		26,604	8,190	–	–
Salary and employee benefits		33,503	30,914	879	1,140
Property expenses		7,692	6,560	638	461
Operator management costs		4,650	3,344	2,621	2,013
Borrowing costs		9,257	6,733	5,789	4,493
Depreciation		9,207	7,568	1,748	–
Amortisation		781	640	242	201
Marketing and promotion		3,194	2,972	97	97
Repairs, maintenance and technology		1,312	1,484	165	126
Transaction, establishment costs and fair value decrement		–	9,311	–	11,271
Other expenses		6,464	1,228	2,218	297
Total expenses		**102,664**	**78,946**	**14,397**	**20,099**
Net profit / (loss) before income tax expense		**19,867**	**(2,271)**	**26,209**	**1,962**
Income tax expense / (benefit)	6	3,823	(234)	–	–
Net profit / (loss) for the period from continuing operations		**16,044**	**(2,037)**	**26,209**	**1,962**
Discontinued operations:					
Net profit / (loss) for the period from discontinued operations after tax	4	150	(18,328)	–	–
Net profit / (loss) for the period		**16,194**	**(20,365)**	**26,209**	**1,962**
Attributable to security holders of:					
- Parent Entity		4,900	(25,694)	25,803	5,020
- Non-controlling interest EIF		10,622	10,392	–	–
Net profit / (loss) attributable to ENN security holders		**15,522**	**(15,302)**	**25,803**	**5,020**
Attributable to security holders of:					
- External Non-controlling interest		672	(5,063)	407	(3,058)
Net profit / (loss) for the period		**16,194**	**(20,365)**	**26,210**	**1,962**
Net profit / (loss) attributable to equity holders of the parent entity relates to:					
Profit from continuing operations		4,750	(7,366)	25,803	5,020
Profit / (Loss) from discontinued operations		150	(18,328)	–	–
Net profit / (loss) for the period		**4,900**	**(25,694)**	**25,803**	**5,020**
Basic earnings / (loss) per stapled security from continuing operations (cents)	5	16.04	3.32		
Diluted earnings / (loss) per stapled security from continuing operations (cents)	5	16.04	3.28		
Basic earnings / (loss) of the parent entity from continuing operations (cents)	5	4.96	(8.08)		
Diluted earnings / (loss) of the parent entity from continuing operations (cents)	5	4.96	(7.98)		

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

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2019

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Net profit / (loss) for the period	**16,194**	**(20,364)**	**26,209**	**1,962**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
(Loss) on revaluation of cash flow hedge	(1,790)	(117)	(1,697)	(172)
Items that may not be reclassified to profit and loss				
Share of asset revaluation reserve from equity accounted investments	3,519	259	3,555	260
Gain on revaluation of property, plant and equipment	15,487	14,824	15,487	15,197
Income tax relating to these items	(12)	(13)	–	–
Other comprehensive income for the period, net of tax	17,204	14,953	17,345	15,285
Total comprehensive income / (loss) net of tax from continuing operations	33,248	12,917	43,554	17,247
Total comprehensive income / (loss) net of tax from discontinued operations	150	(18,328)	–	–
Total comprehensive income / (loss) for the period, net of tax	**33,398**	**(5,411)**	**43,554**	**17,247**
Attributable to security holders of:				
- Parent entity	4,682	(25,609)	32,674	11,323
- Non-controlling interest - EIF	17,642	16,383	(1)	114
Total comprehensive income / (loss) for the period, net of tax, of ENN security holders	**22,324**	**(9,226)**	**32,673**	**11,437**
Attributable to security holders of:				
- External non-controlling interest	11,074	3,815	10,881	5,810
Total comprehensive income / (loss) for the period, net of tax	**33,398**	**(5,411)**	**43,554**	**17,247**

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

Consolidated Statements of Financial Position

As at 30 June 2019

	Note	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Current assets					
Cash and cash equivalents		19,281	14,034	1,094	2,883
Receivables	19,29	14,735	17,146	15,681	6,849
Financial assets	13	45,034	15,707	–	–
Inventories		994	869	–	–
Other current assets		1,735	1,509	698	332
Current tax asset		4,674	2,763	–	–
Assets held for sale	4	714	12,722	–	–
Total current assets		**87,167**	**64,750**	**17,473**	**10,064**
Non-current assets					
Property, plant and equipment	8	237,286	224,803	–	–
Investment properties	9,29	58,859	52,202	270,747	248,291
Non-current inventories		–	16,490	–	–
Equity accounted investments	10,29	76,701	49,375	73,598	49,375
Goodwill and intangible assets	21	750	900	–	–
Deferred tax assets	6	8,061	8,204	–	–
Total non-current assets		**381,657**	**351,974**	**344,345**	**297,666**
Total assets		**468,824**	**416,724**	**361,818**	**307,730**
Current liabilities					
Payables	20,29	7,392	7,623	5,342	2,999
Derivative financial instruments	12,29	1,261	90	1,180	66
Interest bearing liabilities	11,29	–	46,691	1,600	34,630
Current provisions	20	2,076	1,952	–	–
Other current liabilities	20	310	749	10	–
Income tax payable		–	–	–	–
Contract liabilities		692	1,800	19	170
Liabilities directly associated with discontinued operations	4	4,677	20,728	–	–
Total current liabilities		**16,408**	**79,633**	**8,151**	**37,865**
Non-current liabilities					
Derivative financial instruments	12	1,030	354	937	354
Interest bearing liabilities	11,29	198,241	126,967	114,166	63,496
Non-current provisions	20	747	398	–	–
Other non-current liabilities	20	366	439	300	–
Deferred tax liabilities	6	6,157	421	–	–
Loan from the Company		–	–	29,538	30,891
Total non-current liabilities		**206,541**	**128,579**	**144,941**	**94,741**
Total liabilities		**222,949**	**208,212**	**153,092**	**132,606**
Net assets		**245,875**	**208,512**	**208,726**	**175,124**

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

Consolidated Statements of Financial Position

As at 30 June 2019

	Note	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Equity					
Equity Holders of Parent Entity					
Contributed equity	14	61,672	57,994	74,466	67,338
Treasury shares	14	(349)	(179)	(808)	(347)
Reserves	15	13,929	13,648	13,972	8,354
Retained accumulated profits / (losses)		(32,699)	(33,729)	45,503	30,112
Parent entity interest		**42,553**	**37,734**	**133,133**	**105,457**
Equity Holders of Non Controlling Interest					
Contributed equity - Elanor Investment Fund	14	74,466	67,338	–	–
Treasury shares	14	(808)	(347)	–	–
Reserves	15	40,550	34,932	–	–
Retained accumulated profits / (losses)		3,925	(902)	–	–
Non-controlling interest		**118,133**	**101,021**	**–**	**–**
Equity Holders of Non Controlling Interest - External					
Contributed equity - External		54,023	70,749	52,138	67,023
Reserves	15	19,682	9,395	5,789	9,109
Retained accumulated profits / (losses)		11,484	(10,387)	17,666	(6,465)
External Non-controlling interest		**85,189**	**69,757**	**75,593**	**69,667**
Total equity attributable to stapled security holders:					
- Parent Entity		42,553	37,734	133,133	105,457
- Non-controlling Interest - EIF		118,133	101,021	–	–
Total equity attributable to ENN security holders		**160,686**	**138,755**	**133,133**	**105,457**
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		85,189	69,757	75,593	69,667
Total equity		**245,875**	**208,512**	**208,726**	**175,124**

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2019

	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest EIF $'000	Total ENN Equity $'000	External Non-controlling interest $'000	Total Equity $'000
Consolidated Group												
Total equity at 1 July 2018		57,994	(179)	13,130	18	500	(33,730)	37,733	101,020	138,753	69,757	208,512
Profit / (loss) for the period		–	–	–	–	–	4,750	4,750	10,772	15,522	672	16,194
Other comprehensive income / (expense) for the period		–	–	(36)	(33)	–	–	(68)	6,871	6,802	10,393	17,195
Total comprehensive income / (expense) for the period		–	–	(36)	(33)	–	4,750	4,682	17,643	22,324	11,065	33,389
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	14	3,678	(170)	–	–	–	–	3,508	7,119	10,627	11,207	21,834
Reserve transfer relating to disposed assets		–	–	–	–	–	–	–	–	–	–	–
Security-based payments	14	–	–	–	–	349	–	349	721	1,071	–	1,071
Distributions paid and payable		–	–	–	–	–	(3,719)	(3,719)	(8,370)	(12,090)	(6,841)	(18,931)
Total equity at 30 June 2019		**61,672**	**(349)**	**13,094**	**(15)**	**849**	**(32,699)**	**42,553**	**118,133**	**160,685**	**85,189**	**245,875**

Restated	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest EIF $'000	Total ENN Equity $'000	External Non-controlling interest $'000	Total Equity $'000
Consolidated Group												
Total equity at 1 July 2017		55,768	(691)	13,065	–	784	(7,228)	61,698	93,265	154,963	27,329	182,292
Profit / (loss) for the period		–	–	–	–	–	(15,240)	(15,240)	10,391	(4,849)	(5,063)	(9,911)
Other comprehensive income / (expense) for the period		–	–	65	18	–	113	196	5,879	6,075	8,878	14,953
Restatement due to AASB 15		–	–	–	–	–	(10,452)	(10,452)	–	(10,452)	–	(10,452)
Total comprehensive income / (expense) for the period		**–**	**–**	**65**	**18**	**–**	**(25,579)**	**(25,496)**	**16,270**	**(9,226)**	**3,815**	**(5,410)**
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	14	2,226	512	–	–	–	–	2,738	3,236	5,974	40,420	46,395
Security-based payments	14	–	–	–	–	(284)	–	(284)	(224)	(508)	–	(508)
Distributions paid and payable		–	–	–	–	–	(923)	(923)	(11,527)	(12,450)	(1,807)	(14,257)
Total equity at 30 June 2018		**57,994**	**(179)**	**13,130**	**18**	**500**	**(33,730)**	**37,733**	**101,020**	**138,753**	**69,757**	**208,512**

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2019

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
EIF Group										
Total equity at 1 July 2018		67,338	(347)	7,903	(194)	644	30,114	105,457	69,667	175,124
Profit / (loss) for the period		–	–	–	–	–	25,803	25,803	407	26,210
Other comprehensive income / (expense) for the period		–	–		(570)	–	–	(570)	(1,126)	(1,696)
Share of reserves of equity accounted investments		–	–	7,442	–	–	–	7,442	11,601	19,043
Total comprehensive income / (expense) for the period		–	–	7,442	(570)	–	25,803	32,674	10,881	43,557
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	14	7,128	(461)	–	–	–	–	6,667	(2,132)	4,535
Reserve transfer relating to disposed assets		–	–	(1,974)	–	–	1,974	–	–	–
Security-based payments		–	–	–	–	721	–	721	–	721
Distributions paid and payable		–	–	–	–	–	(12,388)	(12,388)	(2,822)	(15,211)
Total equity at 30 June 2019		**74,466**	**(808)**	**13,371**	**(764)**	**1,365**	**45,503**	**133,131**	**75,593**	**208,726**

	Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
EIF Group										
Total equity at 1 July 2017		64,503	(749)	1,509	(104)	869	36,507	102,535	27,040	129,575
Profit / (loss) for the period		–	–	–	–	–	5,020	5,020	(3,057)	1,962
Other comprehensive income / (expense) for the period		–	–	–	–	–	–	–	(83)	(83)
Share of reserves of equity accounted investments		–	–	6,394	(90)	–	114	6,417	8,949	15,367
Total comprehensive income / (expense) for the period		**–**	**–**	**6,394**	**(90)**	**–**	**5,134**	**11,437**	**5,809**	**17,246**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issues costs	14	2,835	402	–	–	–	–	3,236	38,625	41,862
Security-based payments		–	–	–	–	(225)	–	(225)	–	(225)
Distributions paid and payable		–	–	–	–	–	(11,527)	(11,527)	(1,807)	(13,334)
Total equity at 30 June 2018		**67,338**	**(347)**	**7,903**	**(194)**	**644**	**30,114**	**105,457**	**69,667**	**175,124**

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

Consolidated Statements of Cash Flows

For the year ended 30 June 2019

	Note	Consolidated Group 30 June 2019 $'000	Consolidated Group 30 June 2018 $'000	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Cash flows from operating activities					
Receipts from customers		86,747	117,734	–	–
Payments to suppliers and employees		(76,995)	(105,661)	(4,743)	(3,565)
Interest received		2,122	879	22	27
Finance costs paid		(9,131)	(5,959)	(5,697)	(4,493)
Rent receipts from the Company		–	–	11,663	16,471
Income tax paid		(16)	(2,249)	–	–
Net cash flows from operating activities	7	**2,727**	**4,744**	**1,245**	**8,440**
Cash flows from investing activities					
Receipts for business and asset disposals[1]		5,400	–	–	–
Receipts from the sale of subsidiaries and investment		–	1,591	–	1,591
Receipts for financial asset disposals		–	–	–	–
Financial assets acquired		825	(15,707)	–	–
Payments for asset acquisition		–	(108,450)	–	(101,850)
Payments for property, plant and equipment / investment properties		(15,088)	(4,730)	(6,046)	(826)
Transaction costs for asset acquisitions		–	(7,619)	–	(7,619)
Loans to associates		1,332	(5,747)	16	2,144
Payments for equity accounted investments		(48,432)	(3,161)	(44,758)	(3,161)
Receipts for equity accounted investments		28,368	–	27,930	–
Distributions received from equity accounted investments		3,589	3,144	3,589	3,144
Loans from Company		–	–	(1,353)	18,022
Net cash flows used in investing activities		**(24,006)**	**(140,679)**	**(20,622)**	**(88,555)**
Cash flows from financing activities					
Net proceeds from borrowings		24,134	106,018	17,639	46,140
Proceeds from equity raisings		18,464	46,075	15,466	41,993
Costs associated with equity raisings		(462)	(271)	(306)	(236)
Distributions paid to unit holders		(18,931)	(14,257)	(15,211)	(13,334)
Net cash flows from financing activities		**23,205**	**137,565**	**17,588**	**74,563**
Net increase / (decrease) in cash and cash equivalents		1,926	1,630	(1,789)	(5,552)
Cash and cash equivalents at the beginning of the period		17,355	15,725	2,883	8,435
Cash at the end of the period		**19,281**	**17,355**	**1,094**	**2,883**
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)		19,281	14,034	1,094	2,883
Cash and cash equivalents (included within assets held for sale)		–	3,321	–	–
Cash at the end of the period		**19,281**	**17,355**	**1,094**	**2,883**

Note 1: The receipt for business and asset disposals amount includes the net cash proceeds received from the sale of the Merrylands property during the period. The gross amount of $34.2 million relating to the sale of the Merrylands property is offset against the vendor finance amount of $28.8 million, that was provided to the purchaser as part of the settlement and is classified as a financial asset in the financial statements.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

About this Report

Elanor Investors Group (Group, Consolidated Group or Elanor) is a 'stapled' entity comprising Elanor Investors Limited (EIL or Company) and its controlled entities (EIL Group) and Elanor Investment Fund (Trust) and its controlled entities (EIF Group). The units in the Trust are stapled to shares in the Company. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX: ENN). As permitted by Class Order 05/642 issued by the Australian Securities and Investments Commission (ASIC), this report is a combined report that presents the consolidated financial statements and accompanying notes of both Elanor Investors Group and the Elanor Investment Fund (EIF Group).

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

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

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

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

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 2019. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled security holders of Elanor Investment Fund are the same as the stapled security holders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 30 June 2019.

Control of Elanor Metro and Prime Regional Hotel Fund (EMPR) Bluewater Square Syndicate (Bluewater) and Auburn Office Syndicate (Auburn Office)

EMPR

EMPR comprises stapled securities in Elanor Metro and Prime Regional Hotel Fund, EMPR Management Pty Limited, Elanor Metro and Prime Regional Hotel Fund II (formerly known as Elanor Hospitality and Accommodation Fund) and EMPR II Management Pty Limited (formerly known as EHAF Management Pty Limited). The Group holds 31.11% of the equity in EMPR. The Group's 31.11% ownership interest in EMPR gives the Group the same percentage of the voting rights in EMPR. EMPR is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

Bluewater

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

Auburn Office

The Group holds 100% of the equity in Auburn Office Syndicate. The Group's 100% ownership interest in the Auburn Office Syndicate gives the Group the same percentage of the voting rights in the Auburn Office Syndicate. The Auburn Office Syndicate is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

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

Based on the assessment above, at the current level of equity investment in EMPR, Bluewater and the Auburn Office Syndicate 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.

New accounting standards and interpretations

Certain new Accounting Standards and Interpretations have been published that are mandatory for the financial year ended 30 June 2019. The Group's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Group's financial statements
AASB 9 *Financial Instruments* (Applicable 1 January 2018)	AASB 9 addresses the classification, measurement and de-recognition of financial assets and liabilities and introduces new rules for hedge accounting and impairment of financial assets.	Adoption of the new standard did not have an impact on the measurement and recognition of amounts of the Group's financial statements. The Group adopted the standard in the financial year beginning 1 July 2018.
AASB 15 *Revenue from Contracts with Customers* (Applicable 1 January 2018)	AASB 15 introduces a five-step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 *Revenue* and AASB 111 *Construction Contracts.* The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	The Group's main sources of income are funds management fees, rental income and revenue from hotels and wildlife parks. These sources of income are within the scope of the new revenue standard. An assessment has been performed on the Group's existing revenue streams. The estimated non-lease component in the year ending 30 June 2019 was $0.5 million. Based upon the assessment, AASB 15 impacts the timing of the revenue recognition and the disclosure of the sale of the Merrylands Property. The sale price of $36 million, generating a net profit after tax of approximately $10.5 million, has been recognised in the consolidated financial statements for the year ended 30 June 2019. This transaction was recognised in the consolidated financial statements for the year ended 30 June 2018 under the previous accounting standard, AASB 118. The Group retrospectively adopted the standard in the financial year beginning 1 July 2018.

New accounting standards and interpretations (continued)

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2019 but are available for early adoption. They have not been applied in preparing this financial report. The Group's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Group's financial statements
Proposed standard Conceptual Framework for Financial Reporting and relevant amending standards	The IASB makes amendments to various IFRS Standards to reflect the issue of the IASB's revised Conceptual Framework. The IASB's revised Conceptual Framework provides updated definition and recognition criteria for asset and liabilities and introduces new guidance on a number of topics including the reporting entity and presentation and disclosure and clarifies a number of other matters. AASB has not yet issued the equivalent pronouncement.	The Group does not anticipate that the application of the amendments will have a material impact on the Group's financial statement.
AASB 16 *Leases* (Applicable 1 January 2019 – early adoption allowed if AASB 15 is adopted at the same time)	AASB 16 introduces new requirements in relation to lease classification and recognition, measurement and presentation and disclosure of leases for lessees and lessors. For lessees a (right-of-use) asset and a lease liability will be recognised on the balance sheet in respect of all leases subject to limited exceptions. The accounting for lessors will not significantly change.	The Group is party to long-term non-cancellable property leases which are not expected to have a material impact when recognised in the statement of financial position. The expected impact on the Group as at the date of adoption of 1 July 2019 is to record lease liabilities and right of use assets of $0.99 million. The Group will adopt the standard in the financial year beginning 1 July 2019.
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle (Effective for reporting periods after 1 January 2019).	Amendments made to the following accounting standards: AASB 3 *Business Combination*; AASB 11 *Joint Arrangements*; AASB 112 *Income Tax*; and AASB 13 *Borrowing costs*.	The Group does not anticipate that the application of the amendments will have a material impact on the Group's financial statement.

Impact of the application of AASB 15 on Comparatives of Consolidated Statements of Financial Position for Consolidated Group

The Group has adopted AASB 15 from 1 July 2018, which has resulted in changes in accounting policy and adjustments to the amounts recognised in the consolidated financial statements. In accordance with transitional provisions in AASB 15, the Group has adopted the new rules using fully retrospective transitional approach and has restated comparatives for the sale of the Merrylands Property, recognised under AASB 118, in the year ended 30 June 2018.

A reconciliation of the adjustment to the consolidated statements of Financial Position due to the application of AASB 15 is presented below:

	As reported on 30 June 2018	AASB 15 restatement	Restated 30 June 2018
	$'000	$'000	$'000
Receivables	51,346	(34,200)	17,146
Non-current inventory	–	16,490	16,490
Property, plant and equipment	222,877	1,926	224,803
Deferred tax assets	4,265	3,939	8,204
Other assets not impacted by AASB15 adoption[1]	150,081	–	150,081
Total assets	**428,569**	**(11,845)**	**416,724**
			–
Payables	10,816	(3,193)	7,623
Contract liabilities	–	1,800	1,800
Other liabilities not impacted by AASB15 adoption	198,789	–	198,789
Total liabilities	**209,605**	**(1,393)**	**208,212**
Net asset	**218,964**	**(10,452)**	**208,512**
Retained earnings[2]	(34,566)	(10,452)	(45,018)
Other equity not impacted by AASB15 adoption	253,530	–	253,530
Total equity	**218,964**	**(10,452)**	**208,512**

	As reported on 30 June 2018	AASB 15 restatement	Restated 30 June 2018
	$'000	$'000	$'000
Sale of Merrylands	36,000	(36,000)	–
Cost of goods sold	(26,606)	18,416	(8,190)
Other expenses related to sale	(3,881)	2,653	(1,228)
Tax expense	(4,244)	4,478	234
Impact on Consolidated Statements of Profit or Loss	**1,269**	**(10,453)**	**(9,184)**

	As reported on 30 June 2018	AASB 15 restatement	Restated 30 June 2018
	$'000	$'000	$'000
Net cash outflow from operating activities	–	–	–
Net cash inflow / (outflow) from investing activities	–	–	–
Net cash outflow / (inflow) from financing activities	–	–	–
Impact on Consolidated Statements of Cash Flow	–	–	–

Note 1: Financial line items not impacted by the adoption of AASB15 are aggregated.
Note 2: There is no impact on July 2017 opening retained earnings due to application of AASB 15.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2019

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

Results

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

1. Segment information

OVERVIEW

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

As a result of the sale of the Merrylands property and the John Cootes Furniture business being treated as a discontinued operation, the Group has determined that the Special Situations Investment segment is no longer required for internal reporting purposes and is therefore not reported as a segment in these financial statements.

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

BUSINESS SEGMENTS

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

Funds Management

The Funds Management division manages third party owned investment funds and syndicates. As at 30 June 2019, the Funds Management division has approximately $1,387 million of external investments under management, being the managed investments.

Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and fund management assets. The current investment portfolio includes Featherdale Wildlife Park, Ibis Styles Albany Hotel and 1834 Hospitality, along with a co-investment in Elanor Metro and Prime Regional Fund (Peppers Cradle Mountain Lodge, Mantra Wollongong Hotel, Mantra Pavilion Wagga Wagga, Ibis Styles Port Macquarie, Ibis Styles Tall Trees, Parklands Resort Mudgee, Eaglehawk Hotel, Byron Bay Hotel and Narrabundah Hotel). EMPR is consolidated in the Financial Statements.

Real Estate

Real Estate originates and manages investment and fund management assets. The current investment portfolio comprises co-investments in Elanor Commercial Property Fund, Elanor Retail Property Fund, Hunters Plaza Syndicate, Work Zone West Syndicate, Waverley Gardens Fund and the Belconnen Markets Syndicate. The Bluewater Square Syndicate and Auburn Office Syndicate are consolidated in the Financial Statements.

1. Segment information (continued)

The table below shows segment results from continuing operations:

Consolidated Group – 30 June 2019

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Unallocated Corporate[1]	Total
	$'000	$'000	$'000	$'000	$'000
Revenue from trading activities	11,219	48,468	4,891	17	64,595
Revenue from wildlife parks	–	13,913	–	–	13,913
Revenue from sale of property inventory	–	–	–	36,000	36,000
Share of profit of equity accounted investments	–	(29)	2,272	–	2,243
Operating expense	(2,651)	(46,458)	(4,727)	(27,930)	(81,766)
Divisional EBITDA	8,569	15,893	2,436	8,087	34,985
Depreciation and amortisation	(150)	(8,734)	–	(473)	(9,357)
Divisional EBIT from continuing operations	8,419	7,160	2,436	7,614	25,628
Fair value adjustment on revaluation of investment property	–	–	3,436	–	3,436
Realised gain on disposal of investment	–	1,520	1,420	–	2,940
Unrealised loss	–	(1,070)	–	–	(1,070)
Acquisition costs	–	(3,151)	–	–	(3,151)
Interest income	219	33	2	1,869	2,123
Amortisation of Borrowing costs	–	–	–	(631)	(631)
Borrowing costs	–	–	–	(9,257)	(9,257)
Net tax benefit / (expense)	–	–	–	(3,823)	(3,823)
Profit / (loss) for the year	**8,638**	**4,491**	**7,294**	**(4,229)**	**16,194**
Total assets	10,782	247,890	59,697	150,455	468,824
Total liabilities	3,935	113,802	34,889	70,324	222,949

Note 1: Performance included as a result of adopting the AASB 15 Revenue from Contracts with Customers is included in the Unallocated Corporate segment.

Restated Consolidated Group – 30 June 2018

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Unallocated Corporate	Total
	$'000	$'000	$'000	$'000	$'000
Revenue from trading activities	9,719	41,591	4,525	98	55,933
Revenue from wildlife parks	–	14,536	–	–	14,536
Share of profit of equity accounted investments	–	(110)	4,376	–	4,266
Operating expense	(2,572)	(40,660)	(3,430)	(7,779)	(54,441)
Divisional EBITDA	7,147	15,357	5,471	(7,681)	20,294
Depreciation and amortisation	(150)	(7,210)	–	(358)	(7,718)
Divisional EBIT from continuing operations	6,997	8,147	5,471	(8,039)	12,576
Fair value gain on revaluation of investment properties	–	(3,398)	(5,912)	–	(9,310)
Realised gain on disposal of investment	–	531	–	–	531
Interest income	50	25	7	1,074	1,156
Amortisation of borrowing costs	–	–	–	(490)	(490)
Borrowing costs	–	–	–	(6,733)	(6,733)
Net tax benefit / (expense)	–	–	–	234	234
Profit / (loss) for the year	**7,047**	**5,305**	**(434)**	**(13,954)**	**(2,036)**
Total assets	11,504	231,518	53,822	119,880	416,724
Total liabilities	207	91,204	32,026	84,775	208,212

2. Revenue

OVERVIEW

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

Revenue from operating activities

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Revenue from hotels	48,468	41,591
Revenue from wildlife park	13,913	14,536
Revenue from funds management	11,219	9,719
Total revenue from continuing operations	**73,600**	**65,846**

ACCOUNTING POLICY

Revenue recognition

In accordance with the new accounting standard AASB 15 Revenue from Contracts with Customers, revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it can be readily measured and when it transfers control over a product or services for each of Elanor's activities as described below.

Funds management fee revenue

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

Hotel and wildlife park revenue

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

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

Rental income

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

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

3. Distributions

OVERVIEW

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

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

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

ENN Group

	Distribution cents per stapled security 30 June 2019	Distribution cents per stapled security 30 June 2018	Total Amount 30 June 2019 $'000	Total Amount 30 June 2018 $'000
Interim distribution[1]	6.32	7.16	6,070	6,637
Final distribution[2]	9.74	8.61	9,723	8,005

1. The interim distribution of 6.32 cents per stapled security was declared on 18 February 2019 and paid on 1 March 2019.
2. The final distribution of 9.74 cents per stapled security for the period ended 30 June 2019 was not declared prior to 30 June 2019. The Distribution will be paid on 30 August 2019. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

4. Discontinued operations

On 26 June 2018, following a strategic review of the deteriorating trading and financial performance of the John Cootes Furniture business, the Directors resolved to exit the business, either through a sale or a closure of the business. Following this decision, the John Cootes Furniture business has continued to be classified under accounting standards as a Discontinued Operation within these financial statements.

On 13 of August 2018 ENN Group announced that following a sale campaign where no firm proposals were received at that stage, Elanor decided to commence an orderly closure of the business. The JCF stores were all closed during the 12-month period ended 30 June 2019.

The remaining Ashley branded Furniture Homestores (Ashley stores) owned by the business were sold on 4 February 2019. Settlement occurred in August 2019.

Analysis of Profit or Loss for the year from Discontinued Operations

The combined results of the discontinued operations included in the profit and loss for the period ended 30 June 2019 are set out below. The comparative profit and cash flows from discontinued operations have been presented to include those operations classified as discontinued in the current year.

4. Discontinued operations (continued)

Profit or Loss for the period from Discontinued Operations

John Cootes Furniture Business	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Revenue from sale of goods	18,198	31,865
Cost of goods sold	(12,101)	(35,454)
Expenses relating to discontinuing operations[1]	(5,947)	(22,985)
Profit / (loss) before income tax	150	(26,574)
Net tax benefit / (expense)	–	8,246
Profit / (loss) for the year from discontinued operations	150	(18,328)

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

Cash flows from / (used in) discontinued operations

John Cootes Furniture Business	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Net cash outflow from operating activities	(7,433)	(4,174)
Net cash inflow / (outflow) from investing activities	–	(1,864)
Net cash outflow / (inflow) from financing activities	(84)	(550)
Total cash flows used in discontinued operations	(7,517)	(6,588)

Assets held for sale

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

John Cootes Furniture Business	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Cash & cash equivalent	–	3,321
Property, plant and equipment	–	517
Inventory	–	8,176
Other assets	714	708
Total assets classified as held for sale	**714**	**12,722**

Total liabilities directly associated with discontinued operations

John Cootes Furniture Business	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Liabilities directly associated with assets held for sale	–	20,728
Provisions for onerous leases relating to the JCF business	4,677	–
Total liabilities directly associated with discontinued operations	**4,677**	**20,728**

4. Discontinued operations (continued)

ACCOUNTING POLICY

Discontinued Operations

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

Critical Accounting Estimates

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

5. Earnings / (losses) per stapled security

OVERVIEW

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

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

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

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

	Consolidated Group 30 June 2019	Restated Consolidated Group 30 June 2018
Basic (cents)		
Continuing operations	16.04	3.32
Discontinued operations	0.16	(20.10)
Diluted (cents)		
Continuing operations	16.04	3.28
Discontinued operations	0.16	(20.10)
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)		
Continuing operations	15,372	3,027
Discontinued operations	150	(18,328)
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security		
Continuing operations	95,810	91,179
Discontinued operations	95,810	91,179
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security		
Continuing operations	95,810	92,351
Discontinued operations	95,810	92,351

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

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

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

	ENN Parent 30 June 2019	Restated ENN Parent 30 June 2018
Basic (cents)		
Continuing operations	4.96	(8.08)
Discontinued operations	0.16	(20.10)
Diluted (cents)		
Continuing operations	4.96	(7.98)
Discontinued operations	0.16	(20.10)
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)		
Continuing operations	4,750	(7,365)
Discontinued operations	150	(18,328)
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security		
Continuing operations	95,810	91,179
Discontinued operations	95,810	91,179
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security		
Continuing operations	95,810	92,351
Discontinued operations	95,810	92,351

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

ACCOUNTING POLICY

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

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

6. 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 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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current tax expense	(986)	(2,157)
Deferred tax expense	4,809	(6,323)
Income tax expense / (benefit)	**3,823**	**(8,480)**
Income tax expense is attributable to:		
Profit from continuing operations (as reported in the Consolidated Statement of Profit or Loss)	3,823	(234)
Profit/(Loss) from discountinued operations (refer to Note 5)	–	(8,246)
Income tax expense / (benefit)	**3,823**	**(8,480)**

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

Profit / (loss) before income tax expense - continuing operations	19,867	(2,270)
Profit / (loss) before income tax expense - discontinued operations	150	(26,574)
Profit / (loss) before income tax expense	20,017	(28,844)
Less: Profit from the Trust (which is not taxable)	(26,209)	(1,962)
Prima facie profit / (loss)	(6,192)	(30,806)
Tax at the Australian tax rate of 30%	(1,858)	(9,242)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	23	22
Non-deductible depreciation and amortisation	951	845
Fair value adjustments to investment property in the Trust	4,442	(588)
Non-deductible expenses	71	69
Impact of consolidations	27	352
Insurance proceeds on plant and equipment	–	63
Other	167	(1)
Income tax expense / (benefit)	**3,823**	**(8,480)**

ACCOUNTING POLICY

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

6. Income tax (continued)

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

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

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

EMPR II Management Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 21 March 2016, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is EMPR II Management Pty Limited.

EMPR Management Pty Limited and its wholly-owned Australian resident entities are part of a tax-consolidated group, formed on 6 November 2017, and are therefore taxed as a single entity, with any deferred tax assets and liabilities of these entities set off in the consolidated financial statements. The head entity within the tax-consolidated group is EMPR Management Pty Limited.

(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.

6. Income tax (continued)

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
(a) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	636	446
Audit accrual	39	39
Asset acquisitions and blackhole expenses	2,253	1,346
Lease incentive	70	135
Writeoff of tangible and intangible assets	–	6,895
Other	5,063	(656)
Total deferred tax assets	**8,061**	**8,204**
Movements:		
Opening balance at beginning of year	8,204	2,600
Tax group consolidation adjustments	(473)	240
Debited to the Consolidated Statements of Profit or Loss	426	(949)
Transfer DTA to assets held for sale	–	(488)
Impairment of tangible and intangible assets	–	6,895
Credited to Equity	(96)	(94)
Closing balance at the end of the year	**8,061**	**8,204**
Deferred tax expected to be recovered within 12 months	636	447
Deferred tax expected to be recovered after more than 12 months	7,425	7,757
(b) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Employee incentive plans	78	64
Other	6,079	357
Total deferred tax liabilities	**6,157**	**421**
Movements:		
Opening balance at beginning of year	421	1,635
Other non profit or loss movement	–	98
Tax group consolidation adjustments	–	426
Transfer DTL to liabilities held for sale	(51)	(277)
Credited to the Consolidated Statements of Profit or Loss	5,787	(1,461)
Closing balance at the end of the year	**6,157**	**421**
Deferred tax expected to be settled within 12 months	78	64
Deferred tax expected to be settled after more than 12 months	6,079	357
Net deferred tax position	**1,904**	**7,783**
(c) Deferred tax asset / liability per tax group		
Deferred tax asset / (liability) of the ENN tax group	1,107	7,668
Deferred tax asset / (liability) of the EMPR II tax group	1,011	539
Deferred tax asset / (liability) of the EMPR tax group	(214)	(424)
Net deferred tax position	**1,904**	**7,783**

ACCOUNTING POLICY

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

7. Cash flow information

OVERVIEW

This note provides further information on the consolidated cash flow statements of the Group. It reconciles 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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Profit / (Loss) for the period	**16,194**	**(20,364)**
Depreciation of non-current assets	9,207	7,936
Amortisation	781	640
Fair value adjustment on revaluation of investment property	(285)	–
Net unrealised revenue from equity accounted investments	(2,243)	(4,266)
Net realised gain/(loss) on sale of investment	(2,940)	(531)
Other non cash items	1,145	(99)
Non cash impact from adoption of AASB15	(20,237)	(1,926)
Transaction and fair value decrement	–	9,311
Impairment and expenses relating to discontinuing operations	–	22,984
Straight line lease expense and lease incentive income	(224)	533
Employee costs funded directly through equity	1,093	1,537
Net cash provided by operating activities before changes in assets and liabilities	**2,491**	**15,755**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	1,079	(664)
Decrease / (increase) in stock	(124)	(18,970)
Increase / (decrease) in other current assets	(473)	(695)
Decrease / (increase) in deferred tax	5,879	(6,093)
Increase / (decrease) in current tax liability	(5,850)	(4,096)
Increase / (decrease) in trade and other payables	871	2,002
Increase / (decrease) in other liabilities	(1,620)	16,633
Increase / (decrease) in other provision	474	871
Net cash from operating activities	**2,727**	**4,744**

(b) Reconciliation of liabilities arising from financial activities

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

Operating Assets

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

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.

(a) Movement in property, plant and equipment

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

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

8. Property, plant and equipment (continued)

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the 30 June 2018 year is set out below:

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Livestock $'000	Restated Consolidated Group 30 June 2018 $'000
Carrying amount at the beginning of the period	69,501	74,052	30,554	728	174,835
Transferred to assets held for sale	–	–	(2,115)	–	(2,115)
Acquisitions	4,244	45,244	6,504	–	55,992
Additions	–	–	4,730	–	4,730
Revaluation increments	–	10,692	22	–	10,714
Disposals	–	(11)	–	–	(11)
Carrying amount at the end of the period	**73,745**	**129,977**	**39,695**	**728**	**244,145**
Accumulated depreciation at the beginning of the period	–	(4,638)	(7,482)	(166)	(12,286)
Transferred to assets held for sale	–	–	676	–	676
Depreciation	–	(2,673)	(5,003)	(56)	(7,732)
Accumulated depreciation at the end of the period	–	(7,311)	(11,809)	(222)	(19,342)
Total carrying value at the end of the period	**73,745**	**122,666**	**27,886**	**506**	**224,803**

(b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment at 30 June 2019:

Property	Valuation	Date	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Cradle Mountain Lodge	Independent	Jun-19	55,000	45,200
Eaglehawk Hotel	Independent	Jun-19	21,500	20,000
Wollongong Hotel	Independent	Jun-19	13,800	13,800
Albany Hotel	Internal	Jun-19	5,250	5,226
Featherdale Wildlife Park	Internal	Jun-19	39,000	39,000
Port Macquarie Hotel	Independent	Jun-19	12,000	12,000
Tall Trees Hotel	Independent	Jun-19	14,250	14,250
Pavillion Wagga Wagga Hotel	Independent	Jun-19	7,250	7,250
Parklands Resort Mudgee	Independent	Jun-19	11,600	11,400
Narrabundah Hotel	Independent	Jun-19	31,000	27,500
Byron Bay Hotel	Independent	Jun-19	25,880	25,680
Other			756	3,497
Total			**237,286**	**224,803**

As at 30 June 2019, the Directors assessed the fair value of the properties above, supported by independent or internal valuation reports.

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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Freehold land	31,703	33,591
Buildings	105,852	108,941
Plant and equipment	30,242	30,207
Livestock	450	506
Total	**168,247**	**173,245**

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.

Livestock

Livestock are stated at cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the animals. Depreciation on livestock is calculated using the straight-line method, over the useful lives of the assets which range from 5 - 50 years.

8. Property, plant and equipment (continued)

Depreciation

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

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

(c) Valuation technique and inputs

The key inputs used to measure fair values of investment properties are disclosed below along with their sensitivity to an increase or decrease.

The investment property 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 that the Group is compliant with applicable Australian Accounting Standards, regulations, and the Trust's Constitution and Compliance Plan.

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

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

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

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

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, comparable sales and whether the property is subject to vacant possession (in the case of hotel properties).

8. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Discounted cash flows (DCF)

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

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

Assets measured at fair value

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

Consolidated Group	Book Value 30 June 2019 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Property, plant and equipment	237,286	7.25 - 13.50	8.50 - 16.00
Total assets	**237,286**		

Consolidated Group	Book Value 30 June 2018 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Property, plant and equipment	224,803	7.80 - 13.50	9.00 - 16.00
Total assets	**224,803**		

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:

	Capitalisation Rate %	Discount Rate %
Fair value measurement sensitivity to significant increase in input	Decrease	Decrease
Fair value measurement sensitivity to significant decrease in input	Increase	Increase

8. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Sensitivity Analysis

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

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

9. Investment properties

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Carrying amount at the beginning of the period	52,202	–
Total costs on acquisition	4,650	59,364
Additions	241	184
Revaluation increments / (decrements)	1,766	(7,346)
Carrying amount at the end of the period	**58,859**	**52,202**

The following table represents the total fair value of investment properties at 30 June 2019.

Property	Valuation	Date	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Bluewater Square Syndicate	Internal	Jun-19	54,209	52,202
Auburn Office Syndicate	Internal	Jun-19	4,650	–
Total			**58,859**	**52,202**

As at 30 June 2019, the Directors assessed the fair value of the property above, supported by an independent or internal valuation report.

9. Investment properties (continued)

ACCOUNTING POLICY

Fair value of Investment Properties

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

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

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

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

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

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

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

9. Investment properties (continued)

ACCOUNTING POLICY (CONTINUED)

Fair value measurement

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

Consolidated Group	Book Value 30 June 2019 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Investment properties	58,859	7.00 - 7.89	7.75
Total assets	**58,859**		

Consolidated Group	Book Value 30 June 2018 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Investment properties	52,202	6.30 - 6.80	7.00 -7.50
Total assets	**52,202**		

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. These include joint ventures where the Group has joint control over an investee together with one or more joint venture partners and investments in associates, which are entities over which the Group is presumed to have significant influence but not control or joint control.

The Group's equity accounted investments are as follows:

30 June 2019

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

30 June 2018

	Principal activity	Percentage Ownership	Restated Consolidated Group 30 June 2018 $'000
Bell City Fund	Accommodation	17.64%	11,668
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	34,178
Limestone Street Centre Syndicate	Office Building	8.19%	1,446
Elanor Commercial Property Fund	Office Buildings	1.62%	725
Belconnen Markets Syndicate	Shopping Centre	0.83%	201
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,157
Total equity accounted investments			**49,375**

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.

10. Equity accounted investments (continued)

Details of Material Associates (continued)

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

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

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

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

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

10. Equity accounted investments (continued)

Details of Material Associates (continued)

30 June 2018

Financial position	ERF 30 June 2018 $'000	Bell City 30 June 2018 $'000
Current assets	8,361	6,313
Non - current assets	317,833	153,197
Total Assets	**326,194**	**159,510**
Current liabilities	57,113	19,521
Non - current liabilities	75,926	71,463
Total Liabilities	**133,039**	**90,984**
Contributed equity	156,537	68,700
Reserves	(720)	15,565
Retained profits / (accumulated losses)	37,338	(15,739)
Total Equity	**193,155**	**68,526**

Financial performance	ERF Period ended 30 June 2018 $'000	Bell City Period ended 30 June 2018 $'000
Profit / (loss) for the period	22,956	407
Other comprehensive income for the period	385	2,733
Total comprehensive income for the period	**23,341**	**3,140**
Distributions received from the associate during the period	2,236	818

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

	ERF 30 June 2018 $'000	Bell City 30 June 2018 $'000
Net assets of the associate	193,155	68,526
Proportion of the Group's ownership interest	17.89%	17.64%
Carrying amount of the Group's interest	**34,178**	**11,668**

10. Equity accounted investments (continued)

Aggregate information of associates that are not individually material

	Period ended 30 June 2019 $'000	Period ended 30 June 2018 $'000
Profit / (loss) for the period	11,104	8,049
Other comprehensive income for the period	(1,959)	(1,253)
Total comprehensive income for the period	**9,145**	**6,796**
Aggregate carrying amount of the Group's interests in these associates	13,012	3,529

ACCOUNTING POLICY

Investment in associates and joint ventures

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

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

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

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

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

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

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

Finance and Capital Structure

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

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 EMPR, Bluewater Square Syndicate and Auburn Office Syndicate.

	Consolidated Group 30 June 2019 $'000	Consolidated Group 30 June 2018 $'000
Current		
Bank loan - term debt	–	46,801
Bank loan - borrowing costs less amortisation	–	(110)
Total current	**–**	**46,691**
Non-current		
Unsecured notes	60,000	60,000
Unsecured notes - borrowing costs less amortisation	(1,132)	(1,476)
Bank loan - term debt	140,901	68,939
Bank loan - borrowing costs less amortisation	(1,528)	(496)
Total non-current	**198,241**	**126,967**
Total interest bearing liabilities	**198,241**	**173,658**

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

Unsecured Fixed Rate Notes

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

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

11. Interest bearing liabilities (continued)

CREDIT FACILITIES

As at 30 June 2019, the Group had unrestricted access to the following credit facilities:

ENN Group	Consolidated Group 30 June 2019 $'000	Consolidated Group 30 June 2018 $'000
Facility - ENN	30,000	18,538
Total amount used	(25,500)	(1,038)
Total amount unused - ENN	**4,500**	**17,500**
EMPR Group		
Facility - EMPR	87,425	83,325
Total amount used	(83,325)	(83,325)
Total amount unused - EMPR	**4,100**	**–**
Bluewater Square Syndicate		
Facility - Bluewater	30,150	31,750
Total amount used	(29,700)	(31,300)
Total amount unused - Bluewater	**450**	**450**
Auburn Office Syndicate		
Facility - Auburn Office	2,325	–
Total amount used	(2,325)	–
Total amount unused - Auburn Office	**–**	**–**
Total amount unused - Consolidated Group	**9,050**	**17,950**

During the year, the ENN Group refinanced its debt facilities with a new $30.0 million revolver facility, with a maturity date of 29 April 2022. The drawn amount at 30 June 2019 is $25.5 million. At 30 June 2019 the amount of drawn facilities was not hedged.

The EMPR Group also refinanced its $46.7 million debt facility during the year, and obtained an additional $4.1 million capital expenditure debt capacity in the new facility. As a result, the EMPR Group has access to a $87.43 million facility, upon which both the company and trust can draw. The drawn amount at 30 June 2019 is $83.3 million. Of the EMPR Group facility, $36.6 million will mature on 31 October 2020, with the remaining $46.7 million maturing on 31 October 2020. At 30 June 2019, the amount of drawn facilities is hedged to 100%.

The Bluewater Square Syndicate has access to a $30.2 million facility. The drawn amount at 30 June 2019 is $29.7 million which will mature on 30 October 2020. At 30 June 2019, the amount of drawn facilities is hedged to 100%.

All of the facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 30 June 2019, including the impact of the interest rate swaps, is 4.96% per annum.

11. Interest bearing liabilities (continued)

ACCOUNTING POLICY

Interest bearing liabilities

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

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

Borrowing costs

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

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

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

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

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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current liabilities		
Interest rate swaps	1,261	90
	1,261	**90**
Non-current liabilities		
Interest rate swaps	1,030	354
	1,030	**354**
Total derivative financial instruments	**2,291**	**444**

12. Derivative financial instruments (continued)

ACCOUNTING POLICY

During the year, the Group entered into a put and call option with a third party to acquire their 11.5% investment in EMPR at fair value. The call option is held by Elanor and the put option is held by the third party. As at balance date, the value of the put and call option was nil.

Interest rate swaps

EMPR and Bluewater have entered into interest rate swap agreements with a notional principal amount totaling $114.6 million that entitles it to receive interest, at quarterly intervals, at a floating rate on the notional principal and oblige it to pay interest at a fixed rate.

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

Derivatives

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

Hedge accounting

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

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

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

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

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

12. Derivative financial instruments (continued)

ACCOUNTING POLICY (continued)

Valuation, techniques and inputs

Financial Instruments

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

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

Specific valuation techniques used to value financial instruments include:

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

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

13. Financial assets

OVERVIEW

The Group's financial assets consist of short term financing provided by the Group. The Group's financial assets as at 30 June 2019 are detailed below:

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Merrylands property vendor finance	30,152	–
Other financial assets and receivables	14,882	15,707
Total financial assets	**45,034**	**15,707**

ACCOUNTING POLICY

The Group measures its financial assets at amortised cost.

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

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

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 period ended 30 June 2019

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

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

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

Contributed equity for the period ended 30 June 2018

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2018 $'000	Parent Entity 30 June 2018 $'000	EIF 30 June 2018 $'000
89,224,342	Opening balance	1 Jul 2017	120,271	55,768	64,503
247,887	Securities issued	1 Sep 2017	538	190	348
80,000	2014 LTI Securities converted	24 Nov 2017	100	48	52
3,120,000	2014 LTI Securities converted	14 Dec 2017	3,797	1,761	2,036
80,000	2014 LTI Securities converted	29 May 2018	100	48	52
263,274	2018 STI Securities granted	27 Jun 2018	526	179	347
93,015,503	**Securities on issue**	**30 Jun 2018**	**125,332**	**57,994**	**67,338**

14. Contributed equity (continued)

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2018 $'000	Parent Entity 30 June 2018 $'000	EIF 30 June 2018 $'000
741,453	Opening balance	1 Jul 2017	1,440	691	749
(741,453)	2016 STI Securities vested	26 Jun 2018	(1,440)	(691)	(749)
263,274	2018 STI Securities issued	27 Jun 2018	526	179	347
263,274	**Treasury securities on issue**	**30 Jun 2018**	**526**	**179**	**347**

ACCOUNTING POLICY

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

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

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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Asset revaluation reserve		
Opening balance	57,207	42,125
Revaluation	15,487	14,822
Equity accounted investment revaluation reserve	1,545	260
Closing balance	74,239	57,207
Cash flow hedge reserve		
Opening balance	(379)	(250)
Revaluation	(1,801)	(129)
Closing balance	(2,180)	(379)
Stapled security-based payment reserve		
Opening balance	1,148	1,656
Loan securities and option expense	553	67
Short term incentive scheme expense	401	(575)
Closing balance	2,102	1,148
Total reserves	**74,161**	**57,976**

15. Reserves (continued)

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

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

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

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).

16. Financial risk management (continued)

a) Market risk

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

(i) Interest rate risk

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

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

Consolidated Group 30 June 2019	Floating interest rate $'000	Fixed interest Maturity < 1 yr $'000	Fixed interest Maturity 1 - 5 yrs $'000	Fixed interest Maturity > 5 yrs $'000	Total $'000
Assets					
Cash and cash equivalents	19,281	–	–	–	19,281
Financial assets	–	45,034	–	–	45,034
Total assets	**19,281**	**45,034**	**–**	**–**	**64,315**
Weighted average interest rate					**4.26%**
Liabilities					
Interest bearing loans	25,500	–	175,401	–	200,901
Derivative financial instruments	–	1,261	1,030	–	2,291
Total liabilities	**25,500**	**1,261**	**176,430**	**–**	**203,192**
Weighted average interest rate					**4.96%**

Restated Consolidated Group 30 June 2018	Floating interest rate $'000	Fixed interest Maturity < 1 yr $'000	Fixed interest Maturity 1 - 5 yrs $'000	Fixed interest Maturity > 5 yrs $'000	Total $'000
Assets					
Cash and cash equivalents	14,034	–	–	–	14,034
Financial assets	–	15,707	–	–	15,707
Total assets	**14,034**	**15,707**	**–**	**–**	**14,034**
Weighted average interest rate					**3.00%**
Liabilities					
Interest bearing loans	1,303	46,802	127,900	–	176,005
Derivative financial instruments	–	90	354	–	444
Total liabilities	**1,303**	**46,892**	**128,254**	**–**	**176,449**
Weighted average interest rate					**4.63%**

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:

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

Consolidated Group 30 June 2018	Amount $'000	Increase by 1% Profit $'000	Increase by 1% Equity $'000	Decrease by 1% Profit $'000	Decrease by 1% Equity $'000
Cash and cash equivalents	14,034	140	–	(140)	–
Derivative financial instruments	444	–	(4)	–	4
Interest bearing loans	115,740	(1,134)	–	1,134	–
Total increase / (decrease)	**130,218**	**(994)**	**(4)**	**994**	**4**

b) Credit risk

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

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

Exposure to credit risk

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Cash and cash equivalents	19,281	14,034
Financial assets	45,034	15,707
Trade and other receivables	14,735	17,146
Total	**79,050**	**46,887**

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

Trade and other receivables consist of GST, trade debtors and other receivables. At balance date 4% of the Group's receivables were due from Australian tax authorities in respect of GST.

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.

16. Financial risk management (continued)

b) Credit risk (continued)

Impairment losses

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current	10,693	11,970
Past due 31-61 days	1,617	993
Past due 61+ days	2,425	4,183
Total	**14,735**	**17,146**

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.

Consolidated Group
30 June 2019

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

Restated
Consolidated Group
30 June 2018

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	90	354	–	–	–	444
Non derivative financial liabilities						
Payables	33,390	1,192	–	–	–	34,582
Interest bearing loans	48,776	–	154,468	–	–	203,244
Current tax liabilities	1,373	5,773	–	–	–	7,146
Total	**83,629**	**7,319**	**154,468**	**–**	**–**	**245,416**

16. Financial risk management (continued)

d) Capital risk management

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

Australian Financial Services License

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

Under licence condition 9, the Responsible Entity must:

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

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

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

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

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

(a) $150,000; or

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

(c) 10% of Average Responsible Entity revenue.

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

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

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

Group Structure

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

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 has been provided in accordance with the requirements of the Corporations Act 2001.

(a) Summarised financial information

Financial position	Elanor Investors Limited[1] 30 June 2019 $'000	Elanor Investors Limited[1] 30 June 2018 $'000	Elanor Investment Fund[2] 30 June 2019 $'000	Elanor Investment Fund[2] 30 June 2018 $'000
Current assets	41,799	42,735	41,219	18,197
Non - current assets	77,546	75,022	91,336	101,754
Total assets	**119,345**	**117,757**	**132,555**	**119,951**
Current liabilities	10,958	9,671	10,413	10,472
Non - current liabilities	67,352	58,594	47,297	33,201
Total liabilities	**78,310**	**68,265**	**57,710**	**43,673**
Contributed equity	61,194	57,797	73,343	67,006
Reserves	501	152	6,096	7,455
Retained profits / (accumulated losses)	(20,660)	(8,457)	(4,594)	1,817
Total equity	**41,035**	**49,492**	**74,845**	**76,278**
Financial performance				
Profit / (loss) for the period	(8,484)	(4,578)	(2,604)	5,982
Other comprehensive income for the period	(347)	(347)	4,730	6,810
Total comprehensive income for the period	**(8,831)**	**(4,925)**	**2,126**	**12,792**

1. Elanor Investors Limited is the parent entity of the Consolidated Group.

2. Elanor Investment Fund is the parent entity of the EIF Group.

(b) Commitments

At balance date Elanor Investors Limited and Elanor Investment Fund had no commitments (2018: none) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

At balance date Elanor Investors Limited and Elanor Investment Fund had no outstanding guarantees (2018: none).

(d) Contingent liabilities

At balance date Elanor Investors Limited and Elanor Investment Fund had no contingent liabilities (2018: none).

17. Parent entity (continued)

ACCOUNTING POLICY

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

18. Subsidiaries and Controlled entities

OVERVIEW

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

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

Elanor Investors Limited Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group 30 June 2019	30 June 2018
Elanor Asset Services Pty Limited[1]	Asset services	Australia	100%	100%
Elanor Funds Management Limited[1]	Responsible entity	Australia	100%	100%
Elanor Operations Pty Limited[1]	Operational services	Australia	100%	100%
Elanor Investment Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Waverley Property Nominees Pty Limited[1]	Trustee services	Australia	100%	100%
Elanor Investment Holdings Pty Limited[1]	Holding company	Australia	100%	100%
Elanor Management Pty Limited[1]	Holding company	Australia	100%	100%
Featherdale Management Pty Limited[1]	Wildlife park operator	Australia	100%	100%
JCF Management Pty Limited[1]	Furniture retailer	Australia	100%	100%
Wiltex Wholesale Pty Limited[1]	Landholder	Australia	100%	100%
Albany Hotel Management Pty Limited[1]	Hotel operator	Australia	100%	100%
Cradle Mountain Lodge Pty Limited[2]	Hotel operator	Australia	31%	42%
Wollongong Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	42%
Port Macquarie Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	42%
Tall Trees Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	42%
Pavilion Wagga Wagga Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	42%
Parklands Resort Hotel Management Pty Limited[2]	Hotel operator	Australia	31%	42%
EMPR II Management Pty Limited[2]	Holding company	Australia	31%	42%
Eaglehawk Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	44%
Narrabundah Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	44%
Byron Bay Hotel Management Pty Limited[3]	Hotel operator	Australia	31%	44%
EMPR Management Pty Limited[3]	Holding company	Australia	31%	44%

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 EMPR II tax-consolidated group.

3. EMPR Management Pty Limited is the head entity of the EMPR 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 2019	30 June 2018
Elanor Investment Trust	Co-investment in Managed Funds	Australia	100%	100%
Featherdale Wildlife Park Syndicate	Wildlife Park landholder	Australia	100%	100%
Albany Hotel Syndicate	Hotel landholder	Australia	100%	100%
Wollongong Hotel Syndicate	Hotel landholder	Australia	31%	42%
Elanor Metro and Prime Regional Hotel Fund II	Hotel landholder	Australia	31%	42%
Wollongong Hotel Property Trust	Hotel landholder	Australia	31%	42%
Port Macquarie Property Trust	Hotel landholder	Australia	31%	42%
Tall Trees Property Trust	Hotel landholder	Australia	31%	42%
Pavilion Wagga Wagga Property Trust	Hotel landholder	Australia	31%	42%
Parklands Resort Property Trust	Hotel landholder	Australia	31%	42%
Narrabundah Property Trust	Hotel landholder	Australia	31%	44%
Byron Bay Hotel Property Trust	Hotel landholder	Australia	31%	44%
Elanor Metro and Prime Regional Hotel Fund	Hotel landholder	Australia	31%	44%
Bluewater Square Syndicate	Shopping centre	Australia	42%	42%
Auburn Office Syndicate	Commercial office	Australia	100%	–

Other Items

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

19. Receivables

OVERVIEW

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

Receivables

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current		
Trade receivables	6,173	7,128
Other receivables	8,562	10,018
Total receivables	**14,735**	**17,146**

20. Payables

OVERVIEW

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

Payables

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Trade creditors	1,290	1,344
Accrued expenses	5,156	5,065
GST payable	946	1,214
Total payables	**7,392**	**7,623**

20. Payables (continued)

Provisions

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current		
Provision for annual leave	1,290	1,040
Provision for long service leave	145	86
Provision for short term incentives	641	826
Total current	**2,076**	**1,952**
Non-current		
Provision for annual leave	192	155
Provision for long service leave	556	243
Total non-current	**748**	**398**
Total provisions	**2,824**	**2,350**

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.

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.

20. Payables (continued)

Other liabilities

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Current		
Advance deposits	–	673
Lease incentive liability	301	66
Other	9	10
Total other current liabilities	**310**	**749**
Non-current		
Lease incentive liability	366	439
Total other non-current liabilities	**366**	**439**

21. Intangible assets

OVERVIEW

Management Rights

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Management rights	1,500	1,500
Accumulated amortisation	(750)	(600)
Total management rights	**750**	**900**
Total intangible assets	**750**	**900**

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.

22. Net tangible assets

OVERVIEW

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Net tangible assets are calculated as follows:		
Total assets	468,824	416,724
Less: Intangible assets	(750)	(900)
Less: Total liabilities	(222,949)	(208,212)
Net tangible assets	**245,125**	**207,612**
Total number of stapled securities on issue	99,822	93,016
Net tangible asset backing per stapled security	2.46	2.23

23. Commitments

OVERVIEW

This note sets out the material commitments of the Group.

Contingent liabilities and commitments

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

Lease commitments: the Group as lessee

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Within one year	946	896
Later than one year but not later than 5 years	80	1,009
Later than 5 years	–	–
Total lease commitments	**1,026**	**1,905**

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 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Within one year	3,827	4,297
Later than one year but not later than 5 years	10,934	11,700
Later than 5 years	6,486	6,675
Total lease commitments	**21,247**	**22,672**

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.

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

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

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

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

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

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

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

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

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

24. Share-based payments (continued)

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

Employee Loan Securities

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

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

Options

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

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

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

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

Securities issued under STI plan

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Security Price at Grant Date	Fair Value at Grant Date
FY18 STI	263,274	27/06/2018	27/06/2020	Service	$1.99	$1.99
FY19 STI	346,717	27/06/2019	27/06/2021	Service	$1.82	$1.82

1. Service conditions include a deferred vesting period.

The total expense recognised during the year in relation to the Group's equity settled share-based payments was $1,093,078.

24. Share-based payments (continued)

ACCOUNTING POLICY

Security-Based Payments

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

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

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 period.

Elanor Investors Group

Responsible Entity fees

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

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the year ended 30 June 2019, this amount is $65,000.

EFML makes payments for EIF from time to time. These payments are incurred by EFML in properly performing or exercising its powers or duties in relation to EIF. EFML has a right of indemnity from EIF for any liability incurred by EFML in properly performing or exercising any of its powers or duties in relation to EIF. The amount reimbursed for the year ended 30 June 2019 was nil.

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

25. Related parties (continued)

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Elanor Retail Property Fund	3,806	2,625
Elanor Commercial Property Fund	1,837	1,301
193 Clarence Hotel Syndicate	–	716
Bell City Syndicates	–	1,796
Elanor Commercial Property Fund II[1]	369	458
Hunters Plaza Syndicate	543	514
Belconnen Markets Syndicate	498	807
Workzone West Syndicate	1,084	1,502
Waverley Gardens Fund	1,242	–
Stirling Street Syndicate	712	–
Fairfield Centre Syndicate	1,105	–
Total	**11,196**	**9,719**

Note 1: During the period, the Limestone Street Centre was acquired by the Elanor Commercial Property Fund

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. William (Bill) Moss AO	Non-Executive Director
Mr. Lim Kin Song	Non-Executive Director

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

	Consolidated Group 30 June 2019 $'000	Restated Consolidated Group 30 June 2018 $'000
Short term benefits	2,185	2,249
Post-employment benefits	93	111
Share-based payment	464	445
Total	**2,742**	**2,805**

26. Significant events

Establishment of WorkZone West Syndicate

On 15 August 2018, the Group established WorkZone West Syndicate (WorkZone) which acquired the Workzone West office building in Perth, for $125 million.

Acquisition of Hotel portfolio by Elanor Metro and Prime Regional Hotel Fund

On 28 September 2018, the EMPR Fund acquired a portfolio of 6 Australian Hotels independently valued at $103.9 million. The new portfolio was acquired from the Elanor Hospitality and Accommodation Fund (EHAF) which was established in March 2016 and was managed by Elanor.

Acquisition of Limestone Street Centre by Elanor Commercial Property Fund

On 19 December 2018, the Elanor Commercial Property Fund acquired Limestone Street Centre for $36.0 million. The Group holds a 13.27% interest in the Elanor Commercial Property Fund alongside Elanor management fund investors.

Establishment of the Waverley Gardens Fund

On 21 December 2018, the Group established the Waverley Gardens Fund (Waverley Gardens), which was established to acquire the Waverley Gardens shopping centre, for $178 million. The Group holds a 20.27% interest in the Waverley Gardens Fund alongside institutional capital partner, Heitman, and Elanor managed fund investors.

Establishment of the Fairfield Centre Syndicate

On 31 May 2019, the Group established the Fairfield Centre Syndicate, which acquired the Neeta City Shopping Centre, for $85.3 million. The Group holds a 22.30% interest in the Fairfield Centre Syndicate alongside Elanor management fund investors.

27. Events occurring after reporting date

Subsequent to the period end, a distribution of 9.74 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $9.7 million will be paid on or before 30 August 2019 in respect of the six months ended 30 June 2019.

The Board approved the appointment of Mr Anthony Fehon as a director of the Group and the Responsible Entity, with an effective date of 20 August 2019.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial period subsequent to the year ended 30 June 2019.

28. Auditor's remuneration

OVERVIEW

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

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

	Consolidated Group 30 June 2019 $	Restated Consolidated Group 30 June 2018 $
Audit services:		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Audit and review of financial reports	275,750	246,085
	275,750	246,085
Other services:		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Taxation advisory services	20,000	178,249
Taxation compliance services	122,400	126,000
Cyber maturity assessment	–	55,000
Transaction services	–	40,000
	142,400	399,249
Total - Deloitte Touche Tohmatsu Australia	**418,150**	**645,334**
Auditors of the Elanor Investors Group		
Pitcher Partners:		
Compliance Plan Audit	16,000	15,150
Total - Pitcher Partners	**16,000**	**15,150**

29. Non-Parent disclosure

OVERVIEW

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

Segment information

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

Distributions

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

	Distribution cents per stapled security 30 June 2019	Distribution cents per stapled security 30 June 2018	Total Amount 30 June 2019 $'000	Total Amount 30 June 2018 $'000
Interim distribution[1]	5.81	7.16	5,579	6,637
Final distribution[2]	4.82	5.15	4,812	4,778

1. The interim distribution of 5.81 cents per stapled security was declared on 18 February 2019 and paid on 1 March 2019.
2. The final distribution of 4.82 cents per stapled security for the period ended 30 June 2019 was not declared prior to 30 June 2019. The Distribution will be paid on 30 August 2019. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

Taxation of the Trust

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

Earnings / (losses) per stapled security

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

	EIF Group 30 June 2019	EIF Group 30 June 2018
Basic (cents)	27.36	2.15
Diluted (cents)	27.36	2.12
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	26,209	1,962
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	95,810	91,179
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	95,810	92,351

29. Non-Parent disclosure (continued)

Investment Properties

Movement in investment properties

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

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Carrying amount at the beginning of the period	248,291	135,144
Total costs on acquisition	4,650	109,469
Additions	324	839
Revaluation (decrements) / increments	17,482	2,840
Carrying amount at the end of the period	**270,747**	**248,291**

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

The following table represents the total fair value of Investment Properties at 30 June 2019:

	Valuation	Date	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Cradle Mountain Lodge	Independent	Jun-19	50,534	41,940
Albany Hotel	Internal	Jun-19	4,882	5,067
Featherdale Wildlife Park	Internal	Jun-19	32,280	33,590
Eaglehawk Hotel	Independent	Jun-19	23,805	17,854
Wollongong Hotel	Independent	Jun-19	13,343	13,821
Port Macquarie Hotel	Independent	Jun-19	10,959	11,235
Tall Trees Hotel	Independent	Jun-19	10,369	10,514
Pavilion Wagga Wagga Hotel	Independent	Jun-19	5,024	5,296
Parklands Resort	Independent	Jun-19	8,190	8,895
Narrabundah Hotel	Independent	Jun-19	26,829	22,047
Byron Bay Hotel	Independent	Jun-19	25,673	25,832
Bluewater Square	Internal	Jun-19	54,209	52,202
Auburn Office Syndicate	Internal	Jun-19	4,650	–
Total			**270,747**	**248,291**

29. Non-Parent disclosure (continued)

ACCOUNTING POLICY

Fair value of Investment Properties

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

Valuation, technique and inputs

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

Fair value measurement

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

EIF Group	Book Value 30 June 2019 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Investment properties	270,747	7.25 - 13.50	8.50 - 16.00
Total assets	**270,747**		

EIF Group	Book Value 30 June 2018 $'000	Capitalisation Rate %	Discount Rate %
Assets measured at fair value			
Investment properties	248,291	8.75 - 15.00	9.00 - 17.50
Total assets	**248,291**		

29. Non-Parent disclosure (continued)

Equity accounted investments

The Trust's equity accounted investments are as follows:

30 June 2019

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

30 June 2018

	Principal activity	Percentage Ownership	EIF Group 30 June 2018 $'000
Bell City Fund	Accommodation	17.64%	11,668
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	17.89%	34,177
Limestone Street Centre Syndicate	Office Building	8.19%	1,446
Elanor Commercial Property Fund	Office Buildings	1.62%	725
Belconnen Markets Syndicate	Shopping Centre	0.83%	201
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,157
Total equity accounted investments			**49,375**

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

29. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2019

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

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

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

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

29. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2018

Financial position	ERF 30 June 2018 $'000	Bell City 30 June 2018 $'000
Current assets	8,361	6,313
Non - current assets	317,833	153,197
Total Assets	**326,194**	**159,510**
Current liabilities	57,113	19,521
Non - current liabilities	75,926	71,463
Total Liabilities	**133,039**	**90,984**
Contributed equity	156,537	68,700
Reserves	(720)	15,565
Retained profits / (accumulated losses)	37,338	(15,739)
Total Equity	**193,155**	**68,526**

Financial performance	ERF Period ended 30 June 2018 $'000	Bell City Period ended 30 June 2018 $'000
Profit / (loss) for the period	22,956	407
Other comprehensive income for the period	385	2,733
Total comprehensive income for the period	**23,341**	**3,140**
Distributions received from the associate during the period	2,236	818

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

	ERF 30 June 2018 $'000	Bell City 30 June 2018 $'000
Net assets of the associate	193,155	68,526
Proportion of the Group's ownership interest	17.89%	17.64%
Carrying amount of the Group's interest	**34,178**	**11,668**

Aggregate information of associates that are not individually material

	Period ended 30 June 2019 $'000	Period ended 30 June 2018 $'000
Profit / (loss) for the period	9,100	8,049
Other comprehensive income for the period	(1,959)	(1,253)
Total comprehensive income for the period	**7,141**	**6,796**
Aggregate carrying amount of the Group's interests in these associates	9,909	3,529

29. Non-Parent disclosure (continued)

Interest bearing liabilities

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Current		
Bank loan - term debt	1,600	34,712
Borrowing costs less amortisation	–	(82)
Total current	**1,600**	**34,630**
Non-current		
Bank loan - term debt	115,388	63,988
Bank loan - borrowing costs less amortisation	(1,223)	(492)
Loan from the company	29,538	30,891
Total non-current	**143,703**	**94,387**
Total interest bearing liabilities	**145,303**	**129,017**

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 2019, the outstanding payable to the Company was $29.5 million.

Credit facilities

As at 30 June 2019, the EIF Group had unrestricted access to the following credit facilities:

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
EIF		
Facility - EIF	30,000	17,538
Total amount used	(17,000)	(1,038)
Total amount unused - EIF	**13,000**	**16,500**
EMPR Group		
Facility - EMPR	87,425	83,325
Total amount used	(83,325)	(83,325)
Total amount unused - EMPR	**4,100**	**–**
Bluewater Square Syndicate		
Facility - Bluewater	30,150	31,750
Total amount used	(29,700)	(31,300)
Total amount unused - Bluewater	**450**	**450**
Auburn Office Syndicate		
Facility - Auburn Office	2,325	–
Total amount used	(2,325)	–
Total amount unused - Auburn Office	**–**	**–**
Total amount unused - EIF Group	**17,550**	**16,950**

During the year, the ENN Group refinanced its debt facilities with a new $30.0 million revolver facility, upon which both the Company and the Trust can draw, with a maturity date on 29 April 2022. The drawn amount at 30 June 2019 is $17.0 million. At 30 June 2019 the amount of drawn facilities was not hedged.

29. Non-Parent disclosure (continued)

The EMPR Group also refinanced its $46.7 million debt facility during the year, and obtained an additional $4.1 million debt capacity in the new facility. As a result, the EMPR Group has access to a $87.43 million facility, upon which both the Company and Trust can draw. The drawn amount at 30 June 2019 is $83.3 million out of which $36.6 million will mature on 31 October 2020, with the remaining $46.7 million maturing on 31 October 2021. At 30 June 2019, the amount of drawn facilities is hedged to 100%.

Included in the above numbers, Bluewater has access to a $30.2 million facility. The drawn amount at 30 June 2019 is $29.7 million which will mature on 30 October 2020. At 30 June 2019, the amount of drawn facilities is hedged to 100%.

Derivative Financial instruments

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

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Current liabilities		
Interest rate swaps	1,180	66
	1,180	**66**
Non-current liabilities		
Interest rate swaps	937	354
	937	**354**
Total derivative financial instruments	**2,117**	**420**

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 2019 $'000	EIF Group 30 June 2018 $'000
Asset revaluation reserve		
Opening balance	17,239	1,783
Revaluation	1,807	15,197
Equity accounted investment revaluation reserve	1,468	259
Closing balance	20,514	17,239
Cash flow hedge reserve		
Opening balance	(420)	(248)
Revaluation	(1,697)	(172)
Closing balance	(2,117)	(420)
Stapled security-based payment reserve		
Opening balance	644	869
Loan Securities and Option expense	455	92
Short term incentive scheme expense	265	(317)
Closing balance	1,363	644
Total reserves	**19,761**	**17,463**

29. Non-Parent disclosure (continued)

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

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

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

Financial Risk Management

(1) Market Risk

Interest rate risk

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

EIF Group 30 June 2019	Floating interest rate $'000	Fixed interest Maturity < 1 yr $'000	Fixed interest Maturity 1 - 5 yrs $'000	Fixed interest Maturity > 5 yrs $'000	Total $'000
Assets					
Cash and cash equivalents	1,094	–	–	–	1,094
Total Assets	**1,094**	**–**	**–**	**–**	**1,094**
Weighted average interest rate					**2.41%**
Liabilities					
Interest bearing loans	17,000	1,600	98,388	–	116,987
Derivative financial instruments	–	1,180	937	–	2,117
Total Liabilities	**17,000**	**2,780**	**99,325**	**–**	**119,104**
Weighted average interest rate					**3.41%**

EIF Group 30 June 2018	Floating interest rate $'000	Fixed interest Maturity < 1 yr $'000	Fixed interest Maturity 1 - 5 yrs $'000	Fixed interest Maturity > 5 yrs $'000	Total $'000
Assets					
Cash and cash equivalents	2,883	–	–	–	2,883
Total Assets	**2,883**	**–**	**–**	**–**	**2,883**
Weighted average interest rate					**1.70%**
Liabilities					
Interest bearing loans	1,038	34,712	62,950	–	98,700
Derivative financial instruments	–	66	354	–	420
Total Liabilities	**1,038**	**34,778**	**63,304**	**–**	**99,120**
Weighted average interest rate					**4.63%**

29. Non-Parent disclosure (continued)

Interest Rate Sensitivity

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

EIF Group 30 June 2018	Amount $'000	Increase by 1% Profit $'000	Equity $'000	Decrease by 1% Profit $'000	Equity $'000
Cash and cash equivalents	2,883	29	–	(29)	–
Derivative financial instruments	420	–	–	–	–
Interest bearing loans	98,700	(966)	–	966	–
Total increase / (decrease)	**102,003**	**(937)**	**–**	**937**	**–**

Credit Risk

Exposure to credit risk

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

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Cash and cash equivalents	1,094	2,883
Trade and other receivables	15,681	6,849
Total	**16,775**	**9,732**

Impairment losses

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

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Current	15,681	6,849
Past due 31-61 days	–	–
Past due 61+ days	–	–
Total	**15,681**	**6,849**

29. Non-Parent disclosure (continued)

Liquidity risk

EIF Group
30 June 2019

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	1,165	952	–	–	–	2,117
Non derivative financial liabilities						
Payables	5,047	300	–	–	–	5,347
Interest bearing loans	–	17,000	61,350	30,950	–	109,300
Current tax liabilities	305	–	–	–	–	305
Total	**6,517**	**18,252**	**61,350**	**30,950**	**–**	**117,069**

EIF Group
30 June 2018

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	66	354	–	–	–	420
Non derivative financial liabilities						
Payables	3,169	–	–	–	–	3,169
Interest bearing loans	34,712	–	63,988	32,167	–	130,867
Current tax liabilities	321	–	–	–	–	321
Total	**38,268**	**354**	**63,988**	**32,167**	**–**	**134,777**

Other financial assets and liabilities

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

Trade and Other Receivables

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Current		
Trade receivables	15,415	6,834
Other receivables	266	15
Total receivables	**15,681**	**6,849**

29. Non-Parent disclosure (continued)

Payables

	EIF Group 30 June 2019 $'000	EIF Group 30 June 2018 $'000
Trade creditors	2,987	2,242
Accrued expenses	2,050	436
GST payable	305	321
Total payables	**5,342**	**2,999**

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 2019 $'000	EIF Group 30 June 2018 $'000
Profit / (Loss) for the period	**26,209**	**1,962**
Depreciation of non-current assets	1,748	–
Amortisation	242	201
Fair value adjustment on revaluation of investment property	(15,093)	–
Net unrealised revenue from equity accounted investments	(2,210)	(4,266)
Net realised gain/(loss) on sale of investment	(4,650)	(531)
Other non cash items	1,184	(99)
Transaction costs through profit and loss	–	11,271
Employee costs funded directly through equity	721	956
Net cash provided by operating activities before changes in assets and liabilities	**8,151**	**9,494**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	(8,832)	(2,056)
Increase / (decrease) in other current assets	(581)	(335)
Increase / (decrease) in trade and other payables	2,348	1,176
Increase / (decrease) in other liabilities	(141)	161
Increase / (decrease) in other provision	300	–
Net cash from operating activities	**1,245**	**8,440**

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 40-113 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 2019 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
16 August 2019

Deloitte.

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Independent Auditor's Report to the Stapled Security Holders of Elanor Investors Group and the Unitholders of EIF Group

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of:

- Elanor Investors Group (the "Group" or "Elanor") which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Investors Group, being the consolidated stapled entity ("Elanor Investors Group"). The consolidated stapled entity comprises Elanor Investors Limited and the entities it controlled at the year's end or from time to time during the year, including Elanor Investment Fund and the entities it controlled at year's end or from time to time during the financial year end;

- Elanor Investment Fund which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Investment Fund, being the consolidated entity ("EIF Group"). The consolidated entity comprises Elanor Investment Fund and the entities it controlled at the year's end or from time to time during the year;

- Audit the Remuneration Report of Elanor Investors Limited included in the Director's Report of Elanor Investors Group for the year ended 30 June 2019;

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

(i) giving a true and fair view of the Elanor Investors Group and EIF Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and

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

Basis for Opinion

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

Deloitte.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Elanor Investors Limited and Elanor Funds Management Limited (the "Responsible Entity"), as responsible entity of Elanor Investment Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Property, plant, and equipment and investment property valuation

As at 30 June 2019, Elanor Investors Group recognised property plant and equipment valued at $237.3 million as disclosed in Note 8 and investment property valued at $58.9 million as disclosed in Note 9.

Note 8 and 9 outline two valuation methodologies used by Elanor Investors Group. The capitalisation of net income method applies a capitalisation rate to normalised market net operating income. The discounted cash flow method uses a cash flow forecast and terminal value calculation discounted to present value.

The valuation process requires significant judgment in the following key areas:
• Discount rate,
• Capitalisation rate,
• Terminal value,
• NOI,
• Capital expenditures
• Revenue per Available Room ("RevPAR"), Average Daily Room Rate ("ADR"), Occupancy % (hotel specific)

Accordingly, internal and external valuers apply professional judgement concerning market conditions and factors impacting individual properties.

The internal and external valuations are reviewed by management who recommend each property's valuation to the Audit and Risk Committee and the Board in accordance with Elanor Investors Group's valuation protocol.</td><td>Our procedures included but, were not limited to:

• Assessing management's process over property valuations and the oversight applied by the directors;

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

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

• Assessing the assumptions used in the portfolio, with particular focus on the capitalisation rate and discount rate with reference to external market trends and transactions and challenging those assumptions where appropriate;

• Holding discussions with management to obtain an understanding of valuation movements and their identification of any additional property specific matters; and

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

o Testing management methodology;

o The integrity of the information in the valuation by agreeing key inputs such as net operating income to underlying records and source evidence;

o Assessing the forecasts used in the valuations with reference to current financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals, (as appropriate); and

o The mathematical accuracy of the models.

We also assessed the appropriateness of the disclosures included in Note 8 and 9 to the consolidated financial statements.</td></tr>
</table>

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting treatment for new investments and changes to existing investments Elanor Investors Group's capital management strategy involves the holding of a number of investments in funds which are managed by Elanor Funds Management Limited, a subsidiary of Elanor Investors Group. The accounting treatment for each type of investment is dependent on the Group's relationship with these investments. The determination for an individual investment is the result of a critical accounting judgement applied to many factors, principally including consideration of the extent of its voting stake, the relationship with other stakeholders, the constitutional arrangements for the trust or fund, its manager and responsible entity or trustee, and the extent to which Elanor Investors Group's economic exposure increases when management fees are paid. As disclosed in Note 10, investments that are determined to be controlled are treated as subsidiaries and are consolidated into Elanor Investors Group. Investments over which it is determined that Elanor Investors Group is deemed to have significant influence are classified as associates and are equity accounted.	Our procedures included, but were not limited to: • Assessing management's processes for their review and determination of the accounting for its investments and evaluating management's position papers; • Assessing legal documentation and business arrangements relating to the constitution of the funds and trusts, decision-making over their activities and operations of the manager; • Assessing the impact of accounting on the existence of preferential voting rights held by Elanor Investors Group and the rights to remove the manager; and • Assessing the exposure of Elanor Investors Group to variable return via ownership interests in the investments, the management fee arrangements such as ongoing management fees, service fees and performance fees. We also assessed the appropriateness of the disclosures included in Note 10 to the consolidated financial statements.

Other Information

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Distributions Summary, Overview and Strategy, Operating and Financial Review, Interest in the Group, Directors Summary, and additional ASX disclosures, which are expected to be made available to us after that date.

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

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

When we read the Distributions Summary, Overview and Strategy, Operating and Financial Review, Interest in the Group, Directors Summary, and additional ASX disclosures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

Deloitte.

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

Auditor’s Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 36 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Elanor Investors Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

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DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 16 August 2019

Corporate Governance

The Board of Directors of Elanor Investors Group (**Group**) have approved the Group's Corporate Governance Statement as at 30 June 2019. In accordance with ASX Listing Rule 4.10.3, the Group's Corporate Governance Statement can be found on its website at: www.elanorinvestors.com

The Board of Directors is responsible for the overall corporate governance of the Group, including establishing and monitoring key strategy and performance goals. The Board monitors the operational and financial position and performance of the Group, and oversees its business strategy, including approving the Group's strategic goals.

The Board seeks to ensure that the Group is properly managed to protect and enhance securityholder interests, and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing the Group, including Board and Committee Charters and various corporate governance policies designed to promote the responsible management and conduct of the Group.

Securityholder Analysis

As at 19 August 2019

Stapled Securities

The units of the Trusts are combined and issued as stapled securities in the Fund. The Fund's securities are traded on the Australian Securities Exchange (ASX: ERF), having listed on 9 November 2016. The units of the Trusts cannot be traded separately and can only be traded as stapled securities. In accordance with the ASX's requirements for stapled securities, the ASX reserves the right (but without limiting its absolute discretion) to remove a Trust from the ASX Official List if any of the units cease to be stapled together or any equity securities issued by the Trusts which are not stapled to equivalent securities in the other entity.

Top 20 Securityholders

Number	Securityholder	No. of Securities	%
1	HSBC Custody Nominees (Australia) Limited	18,793,011	18.83
2	Rockworth Investment Holdings Pte Ltd	17,932,967	17.96
3	Citicorp Nominees Pty Limited	7,690,258	7.70
4	J P Morgan Nominees Australia Pty Limited	7,271,336	7.28
5	Mr Glenn Willis	3,198,495	3.20
6	BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	2,616,313	2.62
7	Armada Investments Pty Ltd	2,295,605	2.30
8	BNP Paribas Noms Pty Ltd <Drp>	1,607,277	1.61
9	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	978,166	0.98
10	Mr Paul Siviour	850,000	0.85
11	National Nominees Limited	835,191	0.84
12	Citano Pty Ltd <G N Willis Super Fund A/C>	533,839	0.53
13	Danissa Pty Ltd <Siviour Super Fund A/C>	463,088	0.46
14	Mr Symon Simmons	430,608	0.43
15	CPU Share Plans Pty Ltd <ENN DSI Control A/C>	633,161	0.63
16	Citano Pty Limited <G N Willis Super Fund A/C>	292,500	0.29
17	J B Holdings (Victoria) Pty Ltd	271,000	0.27
18	BF & JT Nominees Pty Ltd <B&J Hannebery Super Fund A/C>	270,000	0.27
19	Chivan Investments Pty Ltd <Chivan Investments Unit A/C>	270,000	0.27
20	Citega Pty Limited <Willis Super Fund No 2 A/C>	259,092	0.26
Total		**67,491,907**	**67.61**
Balance of Register		**32,330,313**	**32.39**
Grand Total		**99,822,220**	**100.00**

Securityholder Analysis
As at 19 August 2019

Range Report

Range	No. of Securities	%	No. of Holders	%
100,001 and over	73,818,637	73.95	64	3.66
10,001 to 100,000	21,901,923	21.94	821	46.94
5,001 to 10,000	2,926,120	2.93	364	20.81
1,001 to 5,000	1,098,440	1.10	322	18.41
1 to 1,000	77,100	0.08	178	10.18
Total	**99,822,220**	**100.00**	**1,687**	**100.00**

The total number of securityholders with an unmarketable parcel of securities was 62.

Substantial Securityholders

Securityholder	No. of Securities	%
Rockworth Investment Holdings Pte Ltd	17,932,967	17.96
Perpetual Limited	11,969,118	11.99
Auscap Asset Management Limited	6,080,000	6.09

Voting rights

On a poll, each securityholder has, in relation to resolutions of the Trust, one vote for each dollar value of their total units held in the Trust and in relation to resolutions of the Company, one vote for each share held in the Company.

On-Market Buy-back

There is no current on-market buy-back program in place.

Corporate Directory

Elanor Investors Group (ASX Code: ENN)

Elanor Investors Limited (ACN 169 308 187) and
Elanor Investment Fund (ARSN 169 450 926)
(Elanor Funds Management Limited (ACN 125 903 031)
is the Responsible Entity)

Level 38
259 George Street
Sydney NSW 2000
T: +61 2 9239 8400

Directors of the Responsible Entity and Elanor Investors Limited

Paul Bedbrook (Chairman)
Glenn Willis (Managing Director and CEO)
Nigel Ampherlaw
Kin Song Lim
Anthony (Tony) Fehon

Company Secretary of the Responsible Entity and Elanor Investors Limited

Symon Simmons

Security Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Auditors

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Custodian

The Trust Company (Australia) Limited
Level 18
123 Pitt Street
Sydney NSW 2000

Website

www.elanorinvestors.com

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