Elanor

Investors Group Annual Report

For the year ended 30 June 2022

Peppers Cradle Mountain Lodge, (TAS)

Meeting of Securityholders

The meeting of Securityholders will be held on Thursday 27 October 2022 at 2:00pm (Sydney time) at Computershare, Level 3, 60 Carrington Street, Sydney NSW 2000.

Acknowledgement of country

Elanor is proud to work with the communities in which we operate, to manage and improve properties on land across Australia and New Zealand.

We pay our respects to the traditional owners, their elders past, present and emerging and value their care and custodianship of these lands.

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Financial Calendar

OCT — **27 October 2022**
Meeting of Securityholders

DEC — **December 2022**
Estimated interim distribution announcement and securities trade ex-distribution

FEB — **February 2023**
Interim results announcement and interim distribution payment

JUN — **June 2023**
Estimated final distribution announcement and securities trade ex-distribution

AUG — **August 2023**
Full-year results announcement and final distribution payment

SEP — **September 2023**
Annual tax statements

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

Group FUM

$2.72bn

↑ **31%** on FY21

Funds Management EBITDA

$14.7m

↑ **38%** on FY21

Core Earnings

$18.3m

↑ **21%** on FY21

Gross increase in FUM in FY22

$677m

Gross increase in FUM in FY21 of **$381m**

Recurring Funds Management Income
(excl. acq fees)

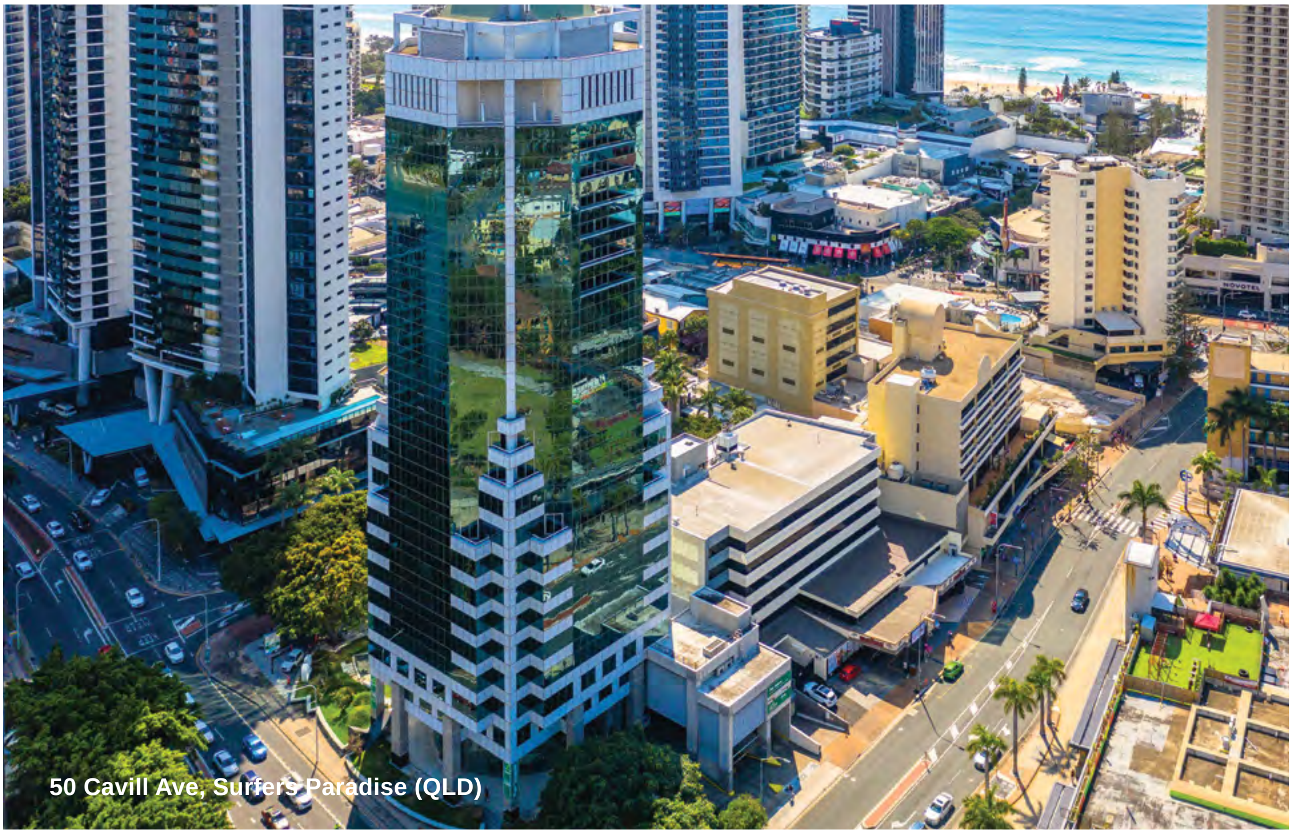
$32.2m

↑ **48%** on FY21

FY22 Distributions
per security

13.48cps

↑ **20%** on FY21

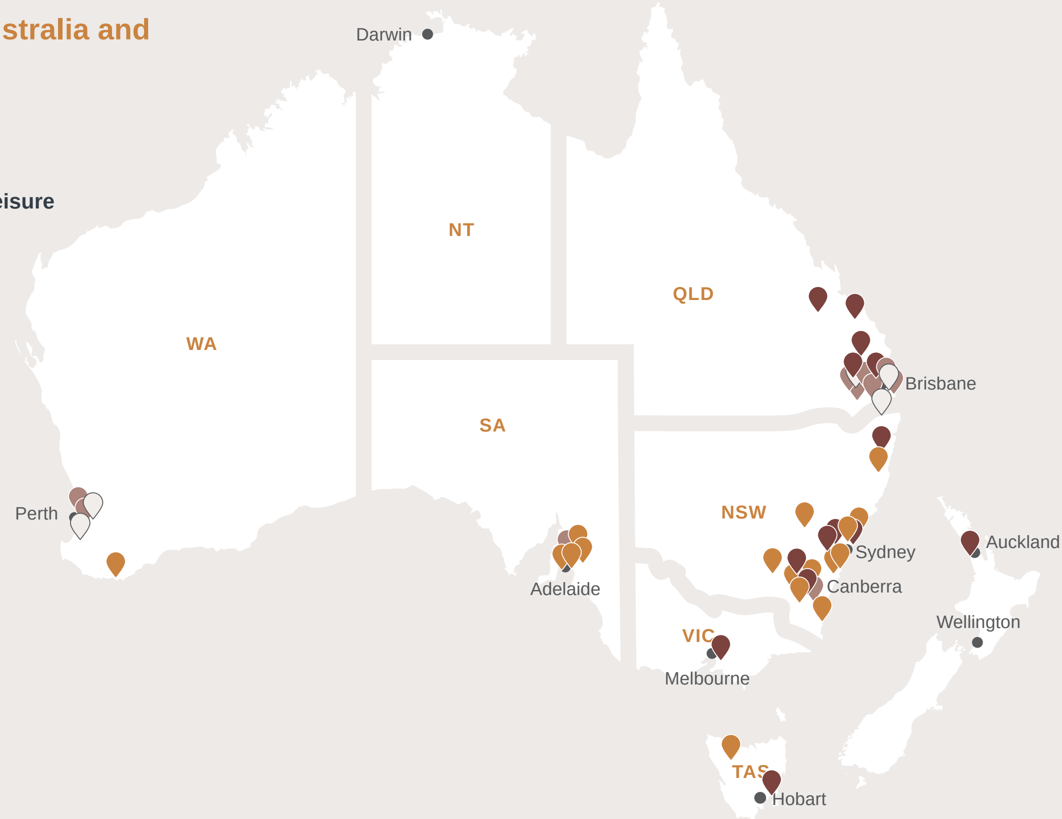


50 Cavill Ave, Surfers Paradise (QLD)

The Group's investments are located across Australia and New Zealand

Assets:

- Hotels, Tourism & Leisure
- Commercial
- Retail
- Healthcare



Australian real estate funds management group delivering investment outperformance

$2.72bn

Funds Under Management

$829m	$304m	$1,122m	$466m
Office	**Healthcare**	**Retail**	**Hotels, Tourism & Leisure**

$525m	$304m	$304m	$204m	$918m	$395m	$72m
Elanor Commercial Property Fund ASX:ECF	Unlisted Real Estate Funds	Multi-asset Elanor Healthcare Real Estate Fund	Elanor Retail Property Fund ASX:ERF	Unlisted Real Estate Funds	Unlisted multi-asset Luxury and Regional Hotel Fund	Unlisted multi-asset Wildlife and Leisure Park Fund

Note: Consistent with the basis on which ENN's base management fees are calculated; figures reflect the Gross Asset Value of the various managed funds

Environmental, Social and Governance – making a positive impact

At Elanor we strive to make positive and impaction social and environmental contributions to the communities in which we operate, and more broadly

ESG Strategy

Elanor's ESG Committee is responsible for, and oversees, the Group's ESG strategy Following a detailed stakeholder analysis, the Group has identified nine material areas of focus, with strategic priorities and initiatives underway. Elanor published its inaugural ESG Report in September 2022

The Smith Family

Elanor's collaboration with The Smith Family supports over 100 Senior Secondary School students (in the 'Learning for Life' program) and other disadvantaged youth through a variety of impactful activities

Elanor Commercial Property Fund (ASX:ECF) is executing its roadmap to a Carbon Neutral Portfolio:

6 NABERS ENERGY

WorkZone West
202 Pier Street,
Perth, WA

5.5 NABERS ENERGY

Garema Court
140-180 City Walk,
Canberra ACT

5.5 NABERS ENERGY

19 Harris Street
19 Harris Street, Pyrmont,
Sydney NSW

FSHD Global Research Foundation

Elanor's partnership with FSHD Global Research Foundation supports the Foundation's key objectives of finding a cure for FSHD. Elanor provides a wide level of support to the Foundation, including financial and Board participation

Elanor's collaboration with Solar Bay and Momentum Energy is delivering a combination of on-site and off-site renewables that meet 100% of the Waverley Gardens (Melbourne) and Clifford Gardens (Toowoomba) Shopping Centres' energy requirements

This model will be implemented at other properties in the Group's Retail portfolio

Recently completed solar panel installation at Clifford Gardens

Office of Environment and Heritage

Elanor partners with the Office of Environment and Heritage in the 'Saving our Species' program for the 'Plains Wanderer', a critically endangered Australian bird

Message from the Chair

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 2022.

Despite the on-going challenging times, the year ended 30 June 2022 has been another successful year for the Group, both financially and strategically. Financially, the Group achieved Core Earnings of $18.3 million and funds under management grew to $2.72 billion (up 31% since 30 June 2021).

Strategically, the 31% growth in funds under management and the 48% increase in our recurring funds management income are very much in line with our ongoing strategy of growing Elanor into a leading real estate funds management group delivering exceptional investment returns to investors in our funds.

Results

The results for the 2022 Financial Year reflect the continuing strong growth of the Group's funds management platform. Core Earnings for the period increased 21% to $18.3 million, or 14.98 cents per stapled security. The strong performance of the funds management business underpinned this result, with recurring funds management revenues of $32.2 million, an increase of 48% on the prior period. Growing recurring management fees is a major focus of the business.

Elanor's conservative gearing of 30.2%, combined with it's available capital to support further growth, provides the Group with significant capacity for further growth in funds under management.

Achievements

The primary achievement in the 2022 Financial Year was Elanor's ongoing ability to continue to grow funds under management in less than ideal times. Over the period funds under management grew by $649 million, reaching $2.72 billion, a growth rate of 31% over the year. This growth was supported by the performance of the Group's Managed Funds over the period (despite challenging conditions), where the value of Managed Fund real estate investments increased by 7.9% ($165 million) from 30 June 2021. This was achieved across all sectors of focus. The establishment of new managed funds across the Group's retail, commercial, healthcare and hotels, tourism and leisure sectors was the prime driver of the Group's FUM growth.

Further detail and commentary of the 2022 Financial Year results and specific achievements can be found in the CEO's Message that follows.

Market conditions

The COVID-19 pandemic continued to present challenging operating and market conditions in the 2022 Financial Year, particularly for the Group's hotels, tourism and leisure focused Managed Funds. Nonetheless, these Managed Funds have recovered strongly in the second half of the financial year, following the relaxation of COVID-19 related state border closures and government mandated operating restrictions during November and December 2021.

Governance

The Board continues to strengthen the Group's corporate governance structure and processes consistent with Elanor's growth, strategic intent and operating activities. The Group's Environmental, Social and Governance (ESG) Management Committee, chaired by the CEO, is responsible for, and oversees, the Group's ESG strategy. Following a detailed stakeholder analysis, the Group has identified nine material areas of focus. Strategic priorities, initiatives and targets are being assessed. Elanor has published its inaugural ESG Report in conjunction with the FY22 Annual Report. In addition, the further development of the Group's Risk Management Framework and Work, Health and Safety regimes combine to enable Elanor to execute on its sustainability and governance objectives.

Acknowledgements

The 2022 financial year had its challenges, yet, again Elanor's CEO and the senior executives, as well as all staff, continued to grow the business and increase core earnings, bolstered by greater recurring funds management income.

The loyalty and support of Securityholders and investors in our funds is much appreciated. We see Elanor's long-term success depend on providing great investment returns to our Securityholders and investors.

To my colleagues on the Elanor Board, thank you for your continuing support and insights during the year.

I look forward to discussing the business further at our Annual General Meeting in Sydney on 27 October 2022.

Yours sincerely,

Paul Bedbrook
Chair

50 Cavill Ave, Surfers Paradise (QLD)

Funds under Management

As at 30 June 2022

$2.72bn

↑ 31%

CEO's Message

I am pleased to present Elanor Investors Group's Annual Report for the year ended 30 June 2022.

Over the year we made significant progress toward our mission for the Group: to grow Elanor into a leading real estate funds management group known for delivering exceptional investment returns and making positive and impactful social and environmental contributions to the communities in which we operate, and more broadly.

The management team delivered strong growth in funds under management over the year despite market conditions impacting some of our investment sectors.

We are pleased with the growth in both funds under management and recurring funds management income over the period. Funds under management grew by 31% from $2.07 billion to $2.72 billion over the year and recurring funds management income increased 48% to $32.2 million. This strong increase in funds management earnings reflects not only our ongoing growth in funds under management but also the significant growth in hotel operator fees, development management fees and leasing fees over the period. These growing funds management revenue streams are a direct result of the ongoing investments we have made in our funds management platform and the exceptional investment returns that are being generated for our capital partners.

This year we are pleased to publish our inaugural ESG (Environmental, Social and Governance) Report which is available on our website. This marks a major milestone for the Group as we report on our sustainability achievements and our approach to ESG matters. During the year, Elanor's ESG Committee refined the Group's ESG strategy following a comprehensive review of ESG priorities that are the most important and impactful to our stakeholders. This strategy is now guiding our ESG ambitions and helping us to prioritise, and report on, significant sustainability initiatives going forward. Throughout the year we continued to deepen our collaboration with communities in which our assets are located, improve energy efficiency across our managed funds, implement sustainable procurement initiatives at our hotels, contribute to significant species preservation initiatives via the Group's Wildlife Parks and support disadvantaged youth via our collaboration with The Smith Family.

Core Earnings grew by 21% to $18.3 million over the year, notwithstanding the COVID-19 related impact on earnings (primarily) in the first half of the financial year. Significantly improved trading conditions in the three months ended 30 June 2022, particularly in the hotels, tourism and leisure sector, are expected to result in improved funds management fees and co-investment earnings in the year ending 30 June 2023.

The Group's managed funds performed well over the period notwithstanding challenging market conditions in some of our sectors of focus. Valuations in aggregate across all comparable assets at 30 June 2022 have increased by 7.9% or $165 million. A significant number of funds management initiatives were successfully completed during the year, including the establishment of the Elanor Hotel Accommodation Fund in September 2021. The Elanor Commercial Property Fund grew strongly over the period following the completion of two high investment quality acquisitions: 50 Cavill Avenue, Gold Coast, QLD and a 49.9% interest in 19, Harris Street, Pyrmont, NSW. The announcement and implementation of the privatisation and delisting of Elanor Retail Property Fund (ERF) was a significant achievement over the period, delivering strong value to ERF Securityholders. We remain confident that our funds management platform will continue to deliver strong investment returns to both Elanor's Securityholders and the Group's capital partners.

Elanor's strong investment track record continues to drive demand from wholesale and institutional investors for the Group's managed funds. Elanor has a high calibre and scalable funds management platform with substantial capacity to grow funds under management. Further investments have been made in the platform during the year, and coupled with the Group's available balance sheet capital, Elanor is well positioned to grow its funds management business.

Funds Management Income	Recurring Funds Management Income (excl. acq fees)
$41.3m	$32.2m
↑ **39%** on FY21	↑ **48%** on FY21

In addition to our core sectors of focus – retail real estate, commercial real estate, healthcare real estate and hotels, tourism and leisure real estate – the Group anticipates launching its agriculture real estate fund strategy in the short term. We continue to evaluate strategic opportunities to achieve our growth objectives.

Investment Approach

Our differentiated real estate funds management capability positions us well for further growth. We believe that the prevailing environment will present an increasing number of high value investment opportunities. With a strong pipeline and a growing investor base, we are well positioned for further strong growth in both funds under management and Securityholder value.

Key Results

- Core Earnings for the year of $18.3 million (14.98 cents per security), a 21% increase on FY21
- Distribution for the year of 13.48 per security (90% payout ratio)
- Growth in funds under management of $649 million to $2.72 billion (31% increase on FY21)
- Funds management income of $41.3 million for the year (39% increase on FY21); recurring funds management income increased 48% to $32.2 million
- The valuations of the Group's comparable managed funds asset portfolio at 30 June 2022 reflected an increase of 7.9% ($165 million) from 30 June 2021
- Net Tangible Assets (NTA) per security of $1.40 at 30 June 2022
- Gearing of 30.2% at 30 June 2022

Funds Management

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

- The acquisition of the commercial office property located at 50 Cavill Avenue, Gold Coast, QLD for $113.5 million by the Elanor Commercial Property Fund (ASX: ECF) in August 2021
- The divestment of the Moranbah Fair property, at book value ($28.0 million), for the Elanor Retail Property Fund (ASX: ERF)
- The establishment of the Elanor Hotel Accommodation Fund (EHAF) in September 2021, creating a $346.2 million hotel fund (as at the establishment date) The acquisition of Highpoint Health Hub in Ashgrove, QLD, for $51.9 million in October 2021 for the Elanor Healthcare Real Estate Fund. The Fund's property portfolio is valued at $289.3 million as at 30 June 2022
- The establishment of the Warrawong Plaza Fund in October 2021 to acquire the Warrawong Plaza shopping centre in Wollongong, NSW, for $136.4 million
- The acquisition of the 19 Harris Street property in Pyrmont for $185.0 million by the Harris Street Fund in May 2022, with the Elanor Commercial Property Fund (ASX: ECF) acquiring a 49.9% interest in the fund alongside Elanor's wholesale private capital partners
- The acquisition of the Estate Tuscany accommodation hotel, Pokolbin, NSW for $12.8 million in June 2022 for the Elanor Hotel Accommodation Fund (EHAF), growing the value of the Fund's portfolio to $364.6 million (as at 30 June 2022)

Subsequent to 30 June 2022, ENN has completed the following significant funds management initiatives:

- The acquisition of Sanctuary Inn Tamworth, NSW, for EHAF in August 2022 for $16.5 million
- Securityholder approval of the privatisation and delisting of the Elanor Retail Property Fund (ASX: ERF) in August 2022. The privatisation and delisting comprises the syndication of the Fund's Tweed Mall property to Elanor's wholesale private capital partners, a security buy-back offer and the delisting of ERF to become the Elanor Property Income Fund (EPIF). EPIF will be an open-ended, multi-sector, property fund generating reliable income from a portfolio of high investment quality real estate assets

CEO's Message

Investment Portfolio

The Group generated funds management income of $41.3 million (FY21: $29.7 million), a 39% increase on the prior comparative period.

During the year, Elanor increased its funds under management from $2,073 million to $2,722 million. The growth in funds under management has been supported by strong growth in Elanor's institutional and private wholesale investors base, reflecting the Group's strong investment track record and investments in capital origination.

Capital Management

Elanor remains conservatively geared at 30.2% having successfully completed the refinancing of the Group's debt in June 2022. The Group's debt facilities have been refinanced on similar terms, with improved flexibility, for tenors of 3 and 4 years.

The planned sell-down of the Group's co-investments in FY23 is expected to release more than $50 million to support the growth of Elanor's funds under management.

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.

Impact of COVID-19

The Group's Managed Funds have performed strongly over the period, notwithstanding COVID-19 related border closures impacting some of the Group's investments (particularly) in the first half of the financial year. The hotels, tourism and leisure sector was impacted heavily during the first half of the financial year. However, significantly improved trading conditions during the three months ended 30 June 2022 are expected to continue in FY23, resulting in materially higher hotel operator fees and increased co-investment earnings for the period.

Our Approach to Corporate Sustainability

Our mission is to grow Elanor Investors Group into a leading real estate funds management business known for delivering exceptional investment returns and striving to make positive and impactful social and environmental contributions to the communities in which we operate, and more broadly. Reporting to the Board as a Management Committee, Elanor's ESG Committee plays a significant role in assessing and overseeing the implementation of environmental, social and governance initiatives across the business. The Committee is governed by Charter and covers a range of material ESG topics while working to focus on risks and opportunities under each key theme.

Outlook

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

The Group will continue to achieve strong growth in funds under management through the acquisition of high investment quality assets based on Elanor's investment philosophy and criteria. The Group has a strong pipeline of funds management opportunities. Furthermore, the Group is actively progressing funds management opportunities in new real estate sectors, in addition to pursuing strategic opportunities to deliver its growth objectives.

I wish to sincerely thank my fellow executives across the Group, our Seniors Advisors, and my fellow Executive Management Committee and Board members. The progress we have achieved over the year is a testimony to your commitment to growing Elanor into a leading Australian funds management group.

Yours sincerely,

Glenn Willis
Managing Director and Chief Executive Officer

Financial Report

for the year ended 30 June 2022

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Directors' Report

The Directors of Elanor Investors Limited (Company), and the Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, present their report together with the consolidated financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the consolidated financial report of the Elanor Investment Fund (EIF Group) for the year ended 30 June 2022 (year).

The annual financial report of Elanor Investors Group comprises the Company and its controlled entities, including Elanor Investment Fund (Trust) and its controlled entities. The 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 year and up to the date of this report:

- Paul Bedbrook (Chairman)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim (appointed 1 October 2021)
- Karyn Baylis (appointed 1 November 2021)

2. Principal activities

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

3. Distributions

Distributions relating to the year ended 30 June 2022 comprise:

Distribution	Year Ended 30 June 2022
Interim Distribution	
Amount payable (cents per stapled security)	9.05
Payment date	28 February 2022
Final Distribution	
Amount payable (cents per stapled security)	4.43
Payment date	31 August 2022

The Final Distribution of 4.43 cents per stapled security brings distributions in respect of the year ended 30 June 2022 to 13.48 cents per stapled security.

4. Operating and financial review

OVERVIEW AND STRATEGY

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

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

During the year, Elanor increased its funds under management from $2,073.2 million to $2,721.9 million and increased its co-investments and balance sheet investments from $216.4 million to $221.3 million. The growth in funds under management has been supported by strong growth in the Group's institutional and private wholesale investors base (refer to page 16 for a table detailing the Group's funds under management and co-investments and balance sheet investments as at 30 June 2022).

The significant funds management initiatives completed during the year included:

- The acquisition of the commercial office property located at 50 Cavill Avenue, Gold Coast, QLD for $113.5 million by the Elanor Commercial Property Fund (ASX: ECF) in August 2021;

- The divestment by the Elanor Retail Property Fund (ASX: ERF) of the Moranbah Fair property, at book value, for $28.0 million;

- The establishment of the Elanor Hotels Accommodation Fund (EHAF) in September 2021, creating a $346.2 million hotel fund (as at the establishment date);

- The acquisition of Highpoint Health Hub in Ashgrove, QLD, for $51.9 million in October 2021 by the Elanor Healthcare Real Estate Fund. The fund's property portfolio is valued at $304.3 million (as at 30 June 2022);

- The establishment of the Warrawong Plaza Fund in October 2021 to acquire the Warrawong Plaza shopping centre in Wollongong, NSW, for $136.4 million;

- The acquisition of the 19 Harris Street property in Pyrmont for $185.0 million by the Harris Street Fund in May 2022, with the Elanor Commercial Property Fund (ASX: ECF) acquiring a 49.9% interest in the fund alongside Elanor's wholesale private capital partners; and

- The acquisition of the Estate Tuscany accommodation hotel, Pokolbin, NSW for $12.8 million in June 2022 by the Elanor Hotel Accommodation Fund (EHAF), growing the value of the fund's portfolio to $364.6 million (as at 30 June 2022).

Furthermore, subsequent to 30 June 2022, Elanor has completed the following significant funds management initiatives:

- The acquisition of Sanctuary Inn Tamworth, NSW, by EHAF in August 2022 for $16.5 million; and

- Securityholder approval for the proposed liquidity event and privatisation of the Elanor Retail Property Fund (ASX: ERF) in August 2022. The privatisation and delisting incorporates the syndication of the fund's Tweed Mall property to Elanor's wholesale private capital partners, a security buy-back offer and the delisting of ERF to become the Elanor Property Income Fund (EPIF). EPIF will be an open-ended, multi-sector, property fund generating reliable income from a portfolio of high investment quality real estate assets.

Directors' Report

4. Operating and financial review (continued)

ENN's strong investment track record (average realised IRR of 19%) continues to drive demand from wholesale and institutional investors for the Group's funds. Elanor has a high calibre and scalable funds management platform with substantial capacity for growth. Further investments have been made in the platform during the year. Elanor is well positioned to grow its funds management business.

MANAGED FUNDS AND INVESTMENT PORTFOLIO

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

Funds	Location	Type	Gross Asset Value $'m
Elanor Commercial Property Fund (ASX: ECF)	QLD (4), SA (1), WA (1), ACT (1)	Commercial office buildings	411.6
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (3), TAS (1)	Sub-regional and neighbourhood shopping centres	231.9
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	220.7
Elanor Hotel and Accomodation Fund	NSW (6), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	381.8
Elanor Healthcare Real Estate Fund	QLD (3), WA (2)	Commercial healthcare properties	252.4
Fairfield Centre Syndicate	Fairfield, NSW	Neighbourhood shopping centre	117.7
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	75.7
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	55.7
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	58.6
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	71.6
Stirling Street Syndicate	Perth, WA	Commercial office building	35.0
Burke Street Fund	Woolloongabba, QLD	Commercial office buildings	80.5
Riverside Plaza Syndicate	Queanbeyan, NSW	Neighbourhood shopping centre	70.6
Clifford Gardens Fund	Toowoomba, QLD	Neighbourhood shopping centre	175.5
Additions since 30 June 2021			
Elanor Commercial Property Fund (ASX: ECF)	Gold Coast, QLD	Commercial office buildings	113.5
Elanor Healthcare Real Estate Fund	Ashgrove, QLD	Commercial healthcare properties	51.9
Warrawong Plaza Fund	Warrawong, NSW	Sub-regional shopping centre	143.7
Harris Street Fund	Sydney, NSW	Commercial office building	188.7
Elanor Hotel and Accomodation Fund	Hunter Valley, NSW	Accommodation hotel	12.8
Disposals since 30 June 2021			
Elanor Retail Property Fund (ASX: ERF)	Moranbah, QLD	Neighbourhood shopping centre	(28.0)
Total Managed Funds			**2,721.9**

Managed Funds

Note 1: The funds under management balance of $2,721.9 million represents the gross asset value of the Group's Managed Funds at 30 June 2022, including those funds that have been consolidated in the Group's financial statements.

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

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Investment Portfolio

Asset	Location	Type	Note	Carrying Value $'m
1834 Hospitality	Adelaide, SA	Hotel management		2.9
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	3.2
Managed Fund Co-Investments				**Equity accounted value $'m**
Elanor Hotel and Accomodation Fund	NSW (7), ACT (2), SA (4), TAS (1), WA (1)	Accommodation hotels	1,3	76.1
Elanor Commercial Property Fund (ASX: ECF)	QLD (5), SA (1), WA (1), ACT (1)	Commercial office buildings	2	51.5
Elanor Retail Property Fund (ASX: ERF)	NSW (2), QLD (2), TAS (1)	Sub-regional and neighbourhood shopping centres	2	27.7
Waverley Gardens Fund	Mulgrave, VIC	Sub-regional shopping centre	2	14.0
Bluewater Square Syndicate	Redcliffe, QLD	Neighbourhood shopping centre	3	8.8
Elanor Wildlife Park Fund	NSW (3)	Wildlife parks	3	17.7
Hunters Plaza Syndicate	Auckland, NZ	Sub-regional shopping centre	2	1.7
Belconnen Markets Syndicate	Canberra, ACT	Shopping centre	2	0.3
Stirling Street Syndicate	Perth, WA	Commercial office building	3	6.4
Additions since 30 June 2021				
Cougal Street	Southport, QLD	Commercial office building	1	1.9
Harris Street Fund	Sydney, NSW	Commercial office building	1	12.3
Disposals since 30 June 2021				
Hotel Ibis Styles Albany	Albany, WA	Accommodation hotel	1	(3.2)
Total Investment Portfolio				**221.3**
Total Managed Funds and Investment Portfolio				**2,943.2**

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

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

Note 3: The co-investments in Elanor Hotel and Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Stirling Street Syndicate (Stirling) and the Bluewater Square Syndicate (Bluewater) have been consolidated in the financial statements. The amount shown assumes that the investments were accounted for using the equity method.

Directors' Report

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Update on the Group's Managed Funds

The Group's Managed Funds have performed strongly over the period, notwithstanding the COVID-19 related impacts on the Australian economy particularly in the first half of the financial year. The hotels, tourism and leisure sector was impacted heavily during the first half of the financial year, however the sector has experienced significantly improved trading conditions during Q4 FY22 as the demand for domestic tourism and leisure strengthens. This improvement in trading conditions is expected to benefit the Group through materially higher hotel operator fees and increased co-investment earnings in FY23.

Commercial Office

The performance of the Group's commercial office funds continues to be strong. The listed Elanor Commercial Property Fund (ASX: ECF) exceeded its market guidance during the period, reflecting the strength of the Fund's high investment quality commercial office properties and successful completion of strategic leasing initiatives. ECF completed two acquisitions during the period, materially increasing the scale and diversity of the Fund's portfolio.

The valuation of ECF's portfolio, including the Harris Street Fund as an equity accounted investment, increased to $561.1 million as at 30 June 2022 (an increase of 45.9% from 30 June 2021). This has been driven by the acquisitions of 50 Cavill Avenue and 19 Harris Street (49.9% interest), as well as a range of strong leasing outcomes at the Fund's properties which have contributed to increased property valuations.

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

The Group's other managed commercial office funds – Stirling Street and Burke Street – continued to perform strongly during the period.

The total funds under management for commercial office increased from $511.8 million as at 30 June 2021 to $829.2 million as at 30 June 2022.

Healthcare Real Estate

The Elanor Healthcare Real Estate Fund (EHREF) continued to perform strongly over the period. Increased investor demand for high investment quality healthcare real estate assets has resulted in capitalisation rate compression across the sector. The successful execution of strategic leasing initiatives at the Fund's assets, in addition to the increased investor demand for healthcare real estate properties, has resulted in an increase in the value of the EHREF portfolio. As noted earlier in this report, the fund acquired the Highpoint Health Hub during the year.

The total funds under management for healthcare real estate increased from $209.1 million as at 30 June 2021 to $304.3 million as at 30 June 2022 which includes the acquisition of Highpoint Health Hub, Ashgrove.

Retail Real Estate

The Group's retail real estate managed funds continue to experience improved trading and customer visitation following the easing of social distancing measures across the country.

4. Operating and financial review (continued)

MANAGED FUNDS AND INVESTMENT PORTFOLIO (CONTINUED)

Update on the Group's Managed Funds (continued)

Retail Real Estate (continued)

There are no Code of Conduct rent relief obligations beyond 30 June 2022 across the retail portfolio. Debtor collections have been strong and continue to improve across the Group's non-discretionary focussed retail portfolio.

The Group established the Warrawong Plaza Fund and announced the ERF privatisation proposal during the period. Investor demand for unlisted retail real estate investments has improved during recent market volatility, particularly for defensive neighbourhood retail real estate assets anchored by strongly performing supermarkets.

Total retail real estate funds under management increased from $927.7 million at 30 June 2021 to $1,122.1 million as at 30 June 2022 (including the divestment of Moranbah and the acquisition of Warrawong Plaza shopping centre).

Hotels, Tourism and Leisure

Since the establishment of EHAF in September 2021, the Fund's hotels have been impacted by COVID-19 related state border closures and government mandated operating restrictions. Following the relaxation of these restrictions and the reopening of state borders during November and December 2021, the Fund's hotels have recovered strongly. Traveller confidence continues to improve, and resultingly, the Fund's hotels have seen the return of corporate, conference, group and some international business.

Domestic travel demand continues to revert towards pre-COVID levels, driving forward bookings and occupancy.

The Group's hotel portfolio experienced a valuation uplift of 1.4% or $5.1 million from its value at 30 June 2021, increasing from $346.2 million to $351.3 million (excluding the newly acquired Estate Tuscany hotel). This increased portfolio valuation reflects the strength of the Group's hotel portfolio and the recovery of the markets where the Group's properties operate.

As noted earlier, EHAF acquired the Estate Tuscany hotel, Hunter Valley, NSW for $ 12.75 million on 30 June 2022 and the Sanctuary Inn Tamworth, NSW, for $16.45 million, in early August 2022. These acquisitions grow EHAF's portfolio to 16 regional and luxury accommodation hotels with a combined valuation of $381.0 million.

Elanor Wildlife Park Fund

In July 2021, the Elanor Wildlife Park Fund acquired the Hunter Valley Wildlife Park. The Fund's wildlife parks have remained open since the removal of Government enforced COVID-19 related closures in October 2021. Hunter Valley Wildlife Park and Mogo Wildlife Park have traded strongly due to their favourable regional locations and domestic tourism appeal. Featherdale Wildlife Park continues to be impacted by the slow recovery of international tourists to Sydney.

As a result of its strong trading performance, Hunter Valley Wildlife Park has been independently valued at $17.5 million (a 94% increase on the acquisition price of $9 million). The Fund's portfolio is now valued at $66.2 million.

4. Operating and financial review (continued)

Summary

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

REVIEW OF FINANCIAL AND OPERATING RESULTS

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

At the balance date, Elanor held a 35.07% (30 June 2021: 42.94%) interest in the Elanor Hotel Accommodation Fund (EHAF). During the year, the Group sold down part of its equity interest in EHAF totalling $35.8 million (or 7.87%). The impact of this sell down on the Group's consolidated balance sheet is to increase its non-controlling interest in relation to EHAF.

Further, Elanor held a 42.82% (30 June 2021: 26.61%) interest in Elanor Wildlife Park Fund (EWPF), a 42.27% (30 June 2021: 42.27%) interest in the Bluewater Square Syndicate (Bluewater) and 42.98% (30 June 2021: 2.03%) in Stirling Street Syndicate (Stirling). For accounting purposes, Elanor is deemed to have a controlling interest in EHAF, EWPF, Bluewater and Stirling given its level of ownership and role as manager of the funds. This requires that the financial results and financial position of EHAF, EWPF, Bluewater and Stirling are consolidated into the financial statements of the Group for the year ended 30 June 2022. EWPF and Stirling are consolidated into the financial statements of the Group for the first year. Prior to this, EWPF and Stirling were equity accounted.

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

Statutory results

Revenue from operating activities for the Consolidated Group for the year ended 30 June 2022 was $92.2 million, including strong growth in the Group's funds management income as a result of the growth in the Group's Funds Under Management.

The Group's balance sheet as at 30 June 2022 reflects net assets of $341.3 million and cash on hand of $27.8 million.

The Group recorded a statutory net loss after tax for the year ended 30 June 2022 of $4.2 million compared to statutory net profit after tax of $7.8 million in prior year. As noted above, the Consolidated Group's results for the year ended 30 June 2022 include the consolidation of EWPF and Stirling for the first time. Revenue increased significantly from prior year, with revenue from operating activities, rental income and share of profits from associates all increasing against the prior year. Total expenses have increased with rises in borrowing costs as well as salary and employee benefit costs.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL AND OPERATIONAL RESULTS (CONTINUED)

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

Summary Financial Results - Statutory	ENN Group 30 June 2022	ENN Group 30 June 2021	EIF Group 30 June 2022	EIF Group 30 June 2021
Net profit / (loss) after tax ($'000)	(4,234)	7,817	2,000	4,977
Net profit / (loss) attributable to ENN security holders	966	7,858	6,557	4,459
Statutory earnings per stapled security (cents)	0.79	6.50		
Statutory earnings per weighted average stapled security (cents)	0.82	6.73		
Net tangible assets ($ per stapled security)	2.79	2.01	2.56	1.77
Gearing (net debt / total assets less cash) (%)	44.9	47.2	40.6	37.7

Adjusted Statement of Profit and Loss (Equity Accounted)

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

	ENN Group 30 June 2022 $'000	ENN Group 30 June 2021 $'000
Statutory Net Profit / (Loss) After Tax	**(4,234)**	**7,817**
Adjustment to remove the impact of consolidation of EHAF, EWPF, Stirling and Bluewater	2,850	1,457
Adjustment to include the impact of accounting for EHAF, EWPF, Stirling and Bluewater using the equity method	4,842	(3,335)
Adjusted Net Profit / (Loss) After Tax (Equity Accounted)	**3,458**	**5,939**

In the prior year, EWPF and Stirling were classified as equity accounted investments and therefore were not consolidated within the Group's financial statements

Directors' Report

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

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

	ENN Group 30 June 2022 $'000	ENN Group 30 June 2021 $'000
Funds management income	41,315	29,689
Share of (loss) / profit from equity accounted investments	6,624	5,679
Revenue from investment portfolio	1,626	2,137
Operating expenses	(33,355)	(24,267)
EBITDA	**16,210**	**13,239**
Depreciation and amortisation	(3,613)	(2,450)
Amortisation of contract asset[1]	(3,855)	–
EBIT	**8,742**	**10,789**
Fair value revaluation on financial assets and liabilities	(6,094)	(1,902)
Gain on sale of investments	5,120	2,528
Interest income	1,039	1,320
Borrowing costs	(5,966)	(5,268)
Net profit / (loss) before income tax	**2,841**	**7,467**
Income tax (expense) / benefit	617	(1,528)
Adjusted net profit / (loss) after income tax (equity accounted)	**3,458**	**5,939**

Note 1: During the year, the Group made an $8.4 million Manager Contribution to ECF to support ECF's acquisition of a 49.9% interest in the 19 Harris Street property. Under the Australian Accounting Standards, this contribution is required to be recognised as a contract asset upon initial recognition. $3.9 million has been subsequently released through the Statement of Profit or Loss as a non-cash expense in the period in respect of transaction related funds management fees received from ECF. The remaining balance of the contract asset will be amortised as a non-cash expense through the Profit or Loss over a 5-year period.

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

Summary Financial Results	ENN Group 30 June 2022	ENN Group 30 June 2021
Net profit / (loss) after tax ($'000) (EHAF, EWPF, Stirling and Bluewater equity accounted)	3,458	5,939
Core Earnings ($'000)	18,259	15,146
Distributions paid/ payable to security holders ($'000)	16,433	13,632
Core Earnings per stapled security (cents)	14.98	12.52
Core Earnings per weighted average stapled security (cents)	15.56	11.32
Distributions (cents per stapled security / unit)	13.48	11.27
Net tangible assets ($ per stapled security) (EHAF, EWPF, Stirling and Bluewater equity accounted)	1.40	1.43
Gearing (net debt / total assets less cash) (%) (EHAF, EWPF, Stirling and Bluewater equity accounted)	30.2	20.9

Core Earnings

Core or Distributable Earnings for the year was $18.3 million or 14.98 cents per stapled security, an increase of 20.6% from prior year. Core Earnings represents an estimate of the underlying recurring cash earnings of the Group. Core Earnings is used by the Board to make strategic decisions and as a guide to assessing appropriate distribution declarations.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

The Group generated funds management income of $41.3 million during the year (an increase of 39.2%) and had funds under management of $2,721.9 million at 30 June 2022 (an increase of 31.3% from 30 June 2021). The table below provides a reconciliation from adjusted net profit / (loss) after tax to distributable Core Earnings:

	Note	ENN Group 30 June 2022 $'000	ENN Group 30 June 2021 $'000
Adjusted Net Profit / (Loss) After Tax (Equity Accounted)		**3,458**	**5,939**
Adjustments for items included in statutory profit / (loss)			
Increase in equity accounted investments to reflect distributions received / receivable	2	1,281	5,424
Net (gain) / loss on disposals of equity accounted investments	3	(5,120)	(2,468)
Profit on Sale of EHAF	4	11,031	–
Profit on Sale of EHAF Retained	4	(2,659)	–
Building depreciation expense	5	101	34
Amortisation amounts	6	5,357	4,317
Tax and other non-cash adjustments	7	4,810	1,900
Core Earnings	1	**18,259**	**15,146**

Note 1: Core Earnings 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 (including equity accounting of EHAF, EWPF, Stirling and Bluewater) of the Group's consolidated funds on an equity accounted basis includes depreciation and amortisation and fair value adjustments on investment property that were added back in the determination of distributable earnings for those managed funds. The Group's share of those adjustments to distributable earnings in the relevant managed funds have been added back for the purposes of calculating Core Earnings so that the Group's Core Earnings reflects the distribution received / receivable by the Group from the investments in Elanor managed funds.

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

Note 4: On 30 September 2021, the Group sold its holding in Elanor Luxury Hotel Fund (ELHF) and Albany Hotel Syndicate (Albany) to Elanor Metro and Prime Regional Hotel Fund (EMPR) to establish the Elanor Hotel Accommodation Fund. The hotel assets held by ELHF and Albany were accounted for by the Group on a fair value basis whereby revaluation increases arising from changes in the fair value of land and buildings are recognised in other comprehensive income and accumulated within equity as opposed to being reflected in the consolidated profit and loss of the Group. Consequently, and consistent with the Group's policy, the profit on divestment of ELHF and Albany ($11.0 million) has been included in Core Earnings for the year. Furthermore, an amount of $2.7 million of this profit has been retained to assist in achieving the future growth plans of the Group.

Note 5: During the year, the Group (on the basis that EHAF, EWPF, Stirling and Bluewater are equity accounted) incurred total depreciation charges of $1.1 million, however only the depreciation expense on buildings of $0.1 million has been added back for the purposes of calculating Core Earnings.

Note 6: During the year, the Group incurred non-cash profit and loss charges in respect of the amortisation of certain amounts including the equity component of the Group's Short Term Incentive (STI) and Long Term Incentive (LTI) amounts, intangibles and borrowing costs. These amounts have been added back for the purposes of calculating Core Earnings.

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

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

Funds Management Income

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

	ENN Group 30 June 2022 $'000	ENN Group 30 June 2021 $'000
Management fees and cost recoveries	27,135	18,732
Leasing and development management fees	5,076	3,090
Acquisition fees	9,104	6,061
Performance fees	–	1,806
Total funds management income	**41,315**	**29,689**

Note: Total funds management income includes $12.6 million relating to the Group's consolidated funds (EHAF, EWPF, Bluewater and Stirling), which is eliminated upon consolidation into the Group's consolidated financial results.

The Group's funds management income has grown strongly during the period as a result of the growth in the Group's funds under management. Management fees generated from the Group's hotel operating platform are expected to grow as the demand for domestic tourism and leisure strengthens.

Leasing and development management fees continue to be a sustainable and growing income stream as a result of the breadth of development and repositioning projects across the Group's Managed Funds in the Retail, Hotels and Commercial sectors.

Acquisition fees for the year of $9.1 million (2021: $6.1 million) were generated from new funds management initiatives during the year.

4. Operating and financial review (continued)

REVIEW OF FINANCIAL RESULTS (CONTINUED)

Distributions from Co-Investments

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

The table below provides a breakdown of the Group's distributions received and/or receivable from its Managed Funds for the year ended 30 June 2022.

	ENN Group 30 June 2022 $'000	ENN Group 30 June 2021 $'000
Elanor Commercial Property Fund	3,737	3,202
Elanor Retail Property Fund	1,438	4,707
Elanor Hotel and Accomodation Fund	1,344	2,200
Bluewater Square Syndicate	400	–
Waverley Gardens Partnership	399	421
Elanor Wildlife Park Fund	195	227
Stirling Street Syndicate	195	115
Warrawong Plaza Fund	140	–
Hunters Plaza Syndicate	32	51
Harris Street Syndicate	25	–
Elanor Healthcare Real Estate Fund	–	135
Fairfield Centre Syndicate	–	2
Total distributions received / receivable from Managed Funds	**7,905**	**11,060**

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

Total co-investment distributions received or receivable during the year amounted to $7.9 million, compared to $11.1 million received or receivable during FY21. Notably, co-investment distributions from the Elanor Retail Property Fund in FY21 included the $0.12 special distribution following the sale of the Auburn Central property. Co-investment distributions from the Elanor Hotel Accommodation Fund in FY22 were impacted by COVID-19 disruptions to hotel trading conditions, including government mandated hotel closures and border restrictions during the period.

Directors' Report

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (CONTINUED)

Refinancing

On 30 June 2022, the Group raised $40 million in unsecured medium-term notes in two tranches: $25 million of 3.25-year fixed rate medium-term notes (7.75% p.a.), maturing in September 2025, and $15 million of 4-year floating rate medium-term notes (4.5% p.a. margin above BBSW), maturing in June 2026. The new unsecured note issue replaced the Group's $60 million fixed rate medium-term notes (7.1% p.a.), maturing in October 2022. These notes have been issued on similar terms with improved issuer flexibility (including early redemption rights).

The Group has refinanced its $45 million senior secured debt facility (maturing in October 2022) with a new 3-year $65 million secured revolving facility, maturing in June 2025. This refinanced facility was secured on similar terms to the previous facility. The new revolving secured debt facility provides the Group with improved flexibility to facilitate the Group's pipeline of funds management opportunities.

The corporate notes provide efficient, medium-term, non-dilutive capital that will be used in conjunction with the Group's revolving secured debt to facilitate Elanor's pipeline of funds management opportunities. These new funding arrangements improve the capital efficiency of the Group while maintaining a conservatively geared balance sheet.

Risk Management

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

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

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

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

Environmental, Social, Governance (ESG)

The Group recognises and appreciates the importance of managing environmental, social and governance factors in how it delivers value for securityholders, its managed fund capital partners and other stakeholders. Elanor is acutely aware of its responsibility to the communities in which it operates and to society more generally. Making a positive impact for the communities the business relies on is implicit in how the Group undertakes its funds management business.

Elanor, through the execution of its ESG Strategy, has achieved a number of significant sustainability outcomes over the year, including through the Group's partnership with The Smith Family to support disadvantaged youth, the Solar Bay partnership initiatives, the improvements in energy efficiency across the

4. Operating and financial review (continued)

REVIEW OF OPERATIONAL RESULTS (continued)

Environmental, Social, Governance (ESG) (continued)

Group's commercial office portfolio, the sustainable procurement initiatives for the hotel portfolio and the significant species preservation initiatives at the Group's wildlife parks.

Elanor's inaugural ESG Report, which will be available on the Elanor website later this year, provides further details on the Group's ESG achievements and plans for the future.

Summary and Outlook

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

The Group will continue to achieve strong growth in funds under management through the acquisition of high investment quality assets based on Elanor's investment philosophy and criteria. The Group has a strong pipeline of funds management opportunities. Furthermore, the Group is actively pursuing funds management opportunities in new real estate sectors, in addition to pursuing strategic opportunities, to deliver its growth objectives.

5. Interests in the Group

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

	Consolidated Group 30 June 2022 '000	Consolidated Group 30 June 2021 '000
Stapled securities on issue at the beginning of the period	120,975	119,579
Stapled securities issued under the short term incentive scheme	941	1,396
Stapled securities on issue at the end of the period	**121,916**	**120,975**

Directors' Report

6. Directors

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Member, Audit and Risk Committee Member, Remuneration and Nomination Committee Paul was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003 - 2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul is currently the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies, and a non-executive director of Great Southern Bank and the National Blood Authority. Former listed directorships in the last three years: None Interest in stapled securities: 306,137 Qualifications: B.Sc, F FIN, FAICD
Glenn Willis	Managing Director and Chief Executive Officer Glenn has over 30 years' experience in the Australian and international capital markets. Glenn was the co-founder and Chief Executive Officer of Moss Capital, prior to its ASX listing as Elanor Investors Group in July 2014. Prior to Elanor, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. After 12 years of growth, Grange Securities was acquired by Lehman Brothers International in 2007 as the platform for Lehman's Australian investment banking and funds management operations. Glenn was appointed Managing Director and Country Head in March 2007. In 2008, Glenn was appointed executive Vice Chairman of Lehman Brothers Australia. Glenn is a Director of FSHD Global Research Foundation. Former listed directorships in the last three years: None Interest in stapled securities: 5,527,613 Qualifications: B.Bus (Econ & Fin)

6. Directors (continued)

Name	Particulars
Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel is the chairman and independent Non-Executive Director of Great Southern Bank. Former listed directorships in the last three years: None Interest in stapled securities: 200,000 Qualifications: B.Com, FCA, MAICD
Anthony (Tony) Fehon	Independent Non-Executive Director Chairman, Remuneration and Nominations Committee Member, Audit and Risk Committee Tony was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in August 2019. Tony has more than 30 years' experience working in senior roles with some of Australia's leading financial services and funds management businesses. He has broad experience in operational and leadership roles across many industries. Tony is a director of Elanor Hotel Accommodation Limited and Elanor Hotel Accommodation II Limited, enlighten Australia Pty Limited, Global Bioprotect Pty Limited, Maker Films and Team Mates Pty Limited. He is an Executive Director of Volt Bank Limited and was previously an Executive Director of Macquarie Bank Limited where he was involved in the formation and listing of several of Macquarie's listed property trusts including being a director of the listed leisure trust. Tony continues to be involved in developing and completing investment structures for real estate investment and development, financial assets and leisure assets. Former listed directorships in the last three years: None Interest in stapled securities: 21,666 Qualifications: B. Com, FCA

Directors' Report

6. Directors (continued)

Name	Particulars
Su Kiat Lim	Non-Executive Director Su Kiat was appointed as a Director of both Elanor Investors Limited and the Responsible Entity in October 2021. Su Kiat is currently CEO of Firmus Capital Pte Ltd, a Singapore based private equity real estate investment management firm founded in 2017. Su Kiat has been in the property industry for over 20 years with extensive direct real investment experience, executing strategies across direct real estate portfolios in Asia Pacific including Australia. In 2011 Su Kiat co-founded Rockworth Capital Partners, with direct real estate AUM of circa $1bn by 2017. Prior to that, Su Kiat held key roles in investments management and investment origination at Frasers Commercial Trust and ALLCO REIT. Su Kiat started his career in real estate as a Consultant in Retail Economics at Urbis. Su Kiat is a current non-executive Director of Aspen Group Holdings Ltd a diversified group listed on the SGX. Former listed directorships in the last three years: None Interest in stapled securities: Nil Qualifications: B.Bus, PhD (Econ)
Karyn Baylis	Independent Non-Executive Director Member, Remuneration and Nominations Committee Member, Environmental, Social & Governance Management Committee Member, Work, Health & Safety Committee Karyn was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in November 2021. Karyn was most recently CEO of Jawun, a position she has held since 2009, and joined the Jawun Board in 2017. She retired from Jawun in January 2022. In 2015, Karyn was awarded The Australian Financial Review and Westpac 100 Women of Influence Award in Diversity. In the 2018 Queen's Birthday Honours, Karyn was awarded a Member in the General Division of the Order of Australia (AM) for significant service to the Indigenous community. Karyn is a current member of Chief Executive Woman (CEW) and the Australian Institute of Company Directors (AICD). Previous Board positions include CARE Australia, Cure Cancer, Grocon Holdings Pty Ltd and NRMA Financial Management and Life Nominees. Karyn has also held senior roles for multinational businesses such as Group Executive Sales and Marketing (CEO Retail) at Insurance Australia Group (IAG), Director of Organisational Renewal at Optus, and Senior Vice President and Regional General Manager, The Americas at Qantas Airways. Former listed directorships in the last three years: None Interest in stapled securities: 25,000

7. Directors' relevant interests

	Stapled securities At 1 July 2021	Net Movement	Stapled securities at the date of this report
Paul Bedbrook	306,137	–	306,137
Glenn Willis[1]	5,351,996	175,617	5,527,613
Nigel Ampherlaw	200,000	–	200,000
Anthony (Tony) Fehon	6,666	15,000	21,666
Su Kiat Lim	–	–	–
Karyn Baylis	–	25,000	25,000

Note 1: Glenn Willis has an entitlement to an additional 5,000,000 securities under equity based executive incentive plans. Post 30 June 2022 an additional 90,537 staple securities have been granted.

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	22	22	12	12	6	6
Glenn Willis[1]	22	22	7	7	–	–
Nigel Ampherlaw[3]	22	20	12	12	3	3
Anthony (Tony) Fehon[1]	22	21	5	5	6	6
Su Kiat Lim (appointed 1 Oct 2021)	15	13	–	–	–	–
Karyn Baylis[2] (appointed 1 Nov 2021)	13	13	–	–	4	4

Note 1: On 12 November 2021 Anthony (Tony) Fehon was appointed to the ARC to replace Glenn Willis.
Note 2: On 26 November 2021 Karyn Baylis was appointed to the Remuneration and Nominations Committee.
Note 3: On 24 March 2022 Nigel Ampherlaw resigned as a member of the Remuneration and Nominations Committee.

During the year, the Board met 22 times including special purpose meetings in relation to various funds management related initiatives.

9. Remuneration Report

The remuneration report for the year ended 30 June 2022 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).

Directors' Report

9. Remuneration Report (continued)

a) Remuneration Policy and Approach

The Elanor Investors Group aims to attract, retain and motivate highly skilled people and therefore ensures 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.

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

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

The Remuneration and Nomination Committee met 6 times during the year for the purposes of reviewing and making recommendations to the Elanor Investors Group Board on the level of remuneration of the senior executives and the Directors.

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

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

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

b) Key Management Personnel

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP), who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including the directors (whether executive or otherwise). The KMP of the Elanor Investors Group for the year ended 30 June 2022 were:

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

Non-Executive	Position
Mr Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr Nigel Ampherlaw	Independent Non-Executive Director
Mr Anthony Fehon	Independent Non-Executive Director
Mr Su Kiat Lim	Non-Executive Director (appointed 1 October 2021)
Mrs Karyn Baylis	Independent Non-Executive Director (appointed 1 November 2021)

9. Remuneration Report (continued)

c) Executive Remuneration Arrangements

The Group's executive remuneration framework has three components:

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

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

Remuneration Structure

- Base pay, including superannuation

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

- Short term incentive

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

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

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

- Long term incentive

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

During the year, the Board reviewed the Group’s LTI scheme and determined that the Loan Securities and Executive Options remained the most appropriate equity award vehicles for the 2022 LTIP awards, encouraging a continued focus on security price growth, distributions and strong alignment of executives to Securityholders. No LTI Awards were granted to KMP’s in FY22.

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 17.5 million Securities were on issue at 30 June 2022 (2021: 17.0 million).

9. Remuneration Report (continued)

c) Executive Remuneration Arrangements (continued)

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

In addition to the loan security plan, the Group has an executive option plan comprising rights to acquire Securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. No options were issued or exercised under the plan in 2022 (2021: 2.0 million).

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

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

d) Executive Remuneration Outcomes

The table below sets out summary information about the Group's earnings and movements in securityholder wealth for the year ended 30 June 2022:

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Net (loss) / profit before tax ($'000)	(7,395)	9,467	(26,419)	19,867	(2,270)
Net (loss) / profit before tax ($'000) (EHAF, EWPF, Bluewater and Stirling equity accounted)	2,841	7,468	(18,151)	22,412	8,780
Net (loss) / profit after tax ($'000)	(4,234)	7,817	(23,390)	16,044	(2,036)
Net (loss) / profit after tax ($'000) (EHAF, EWPF, Bluewater and Stirling equity accounted)	3,458	5,939	(17,988)	17,601	3,944
Core earnings ($'000)	18,259	15,146	15,434	17,548	16,270
Security price at start of year	$1.89	$1.12	$1.83	$2.06	$2.14
Security price at end of year	$1.65	$1.89	$1.12	$1.83	$2.06
Interim distribution	9.05 cents	4.13 cents	9.51 cents	6.32 cents	7.16 cents
Final distribution	4.43 cents	7.14 cents	–	9.74 cents	8.61 cents
Total distributions	13.48 cents	11.27 cents	9.51 cents	16.06 cents	15.77 cents
Basic earnings per security	0.82 cents	6.73 cents	(16.59) cents	16.04 cents	3.32 cents
Basic earnings per security (EHAF, EWPF, Bluewater and Stirling equity accounted)	2.95 cents	5.08 cents	(17.39) cents	18.31 cents	4.24 cents

The financial performance measure driving STI payment outcomes is pre-tax return on equity (ROE). The required pre-tax return hurdle was not achieved for the financial year. Reported earnings for the year were ($7.4) million before tax or ($4.2) million after tax. This reflects a basic earnings per security of 0.82 cents based on average equity employed for the year.

For the year ended 30 June 2022 the Group achieved Core Earnings of $18.3 million. Total distributions per security during the year were 13.48 cents. The Group’s closing trading price on 30 June 2022 was $1.65 per security, a 12.7% decrease on the $1.89 price at 1 July 2021.

On 1 July 2022, the Board confirmed the vesting and removal of trading restrictions over the 2020 STI award securities, with effect on 1 July 2022.

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes (continued)

Table 1: Remuneration of Key Management Personnel

		Short-term employee benefits			Post-employment benefits	Long-term employee benefits		Share-based payments			
		Salary $	STI Cash Bonus $	Non-Monetary $	Super $	Annual leave [1] $	Long Service Leave [1] $	LTI Loan Security Payments[2] $	STI Deferred Security $	LTI Option Payments[2] $	Total $
Executive Officers											
G. Willis	2022	671,319	175,000	–	23,568	70,136	42,151	342,950	438,913	46,667	1,810,703
	2021	608,306	–	–	21,694	30,415	11,161	403,279	385,763	46,667	1,507,285
P. Siviour	2022	539,683	175,000	–	27,235	57,840	22,596	86,640	331,011	–	1,240,005
	2021	513,125	–	–	25,000	35,753	9,028	110,751	286,449	–	980,106
S. Simmons	2022	525,902	175,000	–	27,235	25,725	30,464	64,980	314,070	–	1,163,375
	2021	500,000	–	–	25,000	11,615	8,798	82,202	269,508	–	897,123

[1] Annual leave and long service leave represents the movement in the accrued leave balances for the year, being the current year's leave entitlement of the key management personnel less leave taken during the year.
[2] The value of the loan securities and options granted to key management personnel as part of their remuneration is calculated as at the grant date using a Monte Carlo Simulation. The amounts disclosed as part of the remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from the beginning of performance period to vesting date.

Directors' Report

9. Remuneration Report (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	2022	44.58	55.42	100
	2021	44.56	55.44	100
P. Siviour	2022	52.21	47.79	100
	2021	59.47	40.53	100
S. Simmons	2022	52.38	47.62	100
	2021	60.80	39.20	100

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

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

Table 3: Employment contracts of key management personnel

Executive	**G. Willis**	**P. Siviour**	**S. Simmons**
Position	Managing Director and Chief Executive Officer	Chief Operating Officer	Chief Financial Officer and Company Secretary
Term	No fixed term	No fixed term	No fixed term
Salary (including Superannuation)	$693,000	$565,031	$551,250
Incentive remuneration	Eligible for an award of short term and long-term incentive remuneration (if any) as described above	Eligible for an award of short term and long-term incentive remuneration (if any) as described above	Eligible for an award of short term and long-term incentive remuneration (if any) as described above

9. Remuneration Report (continued)

d) Executive Remuneration Outcomes (continued)

Executive	**G. Willis**	**P. Siviour**	**S. Simmons**
Benefits	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available	Entitled to participate in Elanor Investors Group benefit plans that are made available
Notice period	Employment shall continue with the Group unless either party gives 12 months' notice in writing	Employment shall continue with the Group unless either party gives 9 months' notice in writing	Employment shall continue with the Group unless either party gives 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 maximum aggregate amount of fees that can be paid to NEDs is subject to approval by securityholders at the Annual General Meeting (currently $750,000, as approved by securityholders in October 2019).

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

Table 4: Remuneration of Non-Executive Directors

		Short-term employee benefits			Post-employment benefits	
		Salary $	Committee Fees $	Total $	Super $	Total $
Non-Executive Directors						
P. Bedbrook	2022	157,727	15,000	172,727	17,273	190,000
	2021	153,954	8,676	162,630	7,370	170,000
N. Ampherlaw	2022	100,000	15,000	115,000	–	115,000
	2021	85,500	9,500	95,000	–	95,000
A. Fehon	2022	90,909	15,000	105,909	9,091	115,000
	2021	77,630	3,384	81,014	7,370	169,397
S.K. Lim[1]	2022	75,000	–	75,000	–	75,000
	2021	–	–	–	–	–
K Baylis[1]	2022	60,606	–	60,606	6,061	66,667
	2021	–	–	–	–	–
L. Kin Song	2022	–	–	–	–	–
	2021	45,284	–	45,284	4,302	49,586

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

9. Remuneration Report (continued)

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

During the year no options were issued to the NEDs.

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

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

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

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

				During the financial year						
Name	Award Type	Grant Date	Vesting Date	Number Granted	Value at Grant Date	Number Vested	% of Grant Vested	Number Cancelled	% of Grant Cancelled	Fair value to be expensed in future years1
G. Willis	Deferred Securities	22 Nov 2021	30 Sep 2023	85,080	2.34	–	0%	–	N/A	110,604
		18 Dec 2020	18 Dec 2022	243,549	1.88	–	0%	–	N/A	152,580
		29 Jun 2020	1 Jul 2022	365,325	1.17	–	0%	–	N/A	–
P. Siviour	Deferred Securities	30 Sep 2021	30 Sep 2023	85,080	2.06	–	0%	–	N/A	97,370
		18 Dec 2020	18 Dec 2022	181,909	1.88	–	0%	–	N/A	113,964
		29 Jun 2020	1 Jul 2022	272,863	1.17	–	0%	–	N/A	–
S. Simmons	Deferred Securities	30 Sep 2021	30 Sep 2023	85,080	2.06	–	0%	–	N/A	97,370
		18 Dec 2020	18 Dec 2022	167,916	1.88	–	0%	–	N/A	105,197
		29 Jun 2020	1 Jul 2022	251,874	1.17	–	0%	–	N/A	–

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

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

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

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

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

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

9. Remuneration Report (continued)

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

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

			During the financial year					
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	% of the actual compensation for the year consisting of awards
G. Willis	Options	2022	–	–	0%	–	N/A	0%
		2021	2,000,000	–	0%	–	N/A	2%

No options were granted in FY22.

The fair value at grant date of each option was $0.07. The vesting date of the options is 31 July 2023 and the expiry date of the options is 28 August 2024.

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	2022	–	–
	2021	140,000	–

[1] The value of options granted during the financial year is calculated as at the grant date using a Monte Carlo Simulation. This grant date value is allocated to the remuneration of key management personnel on a straight-line basis over the period from commencement of the performance period to vesting date.
[2] The value of options exercised during the financial year is calculated as at the exercise date using a Monte Carlo Simulation. No options were exercised in the year to 30 June 2022.

Directors' Report

9. Remuneration Report (continued)

Key Management Personnel equity holdings

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

Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2022	Acquired[1]	Disposed	Closing Balance 30 June 2022
Non-Executive Directors				
P. Bedbrook	306,137	–	–	306,137
N. Ampherlaw	200,000	–	–	200,000
A. Fehon	6,666	15,000	–	21,666
S.K. Lim	–	–	–	–
K. Baylis	–	25,000	–	25,000
Executive Officers				
G. Willis	5,351,996	85,080	–	5,437,076
P. Siviour	2,020,043	85,080	–	2,105,123
S. Simmons	1,053,294	85,080	–	1,138,374

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

No securities were issued to Non-Executive Directors in FY22.

Options over Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2021	Acquired under the Group's incentive plans	Exercised or Disposed or Cancelled	Closing Balance 30 June 2022	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.

No options were issued to Non-Executive Directors in FY22 (FY21: nil)

g) Loans to Key Management Personnel

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

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

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

10. Company Secretary

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

11. Indemnification and insurance of officers and auditors

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

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

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

12. Environmental regulation

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

13. Significant changes in state of affairs

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

14. Auditor's independence declaration

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

15. Non audit services

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

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

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

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the group or jointly sharing economic risks and rewards.

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 the Responsible Entity or its associates

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

18. Events occurring after reporting date

Subsequent to year end, a distribution of 4.43 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $5.4 million will be paid on 31 August 2022 in respect of the year ended 30 June 2022.

In addition, Elanor has completed the following significant funds management initiatives:

On 19 August 2022, at an Extraordinary General Meeting, Elanor Retail Property Fund (ASX: ERF) securityholders approved the privatisation and delisting of ERF including the syndication of ERF's Tweed Mall property to Elanor's wholesale private capital partners. As a result, ERF is expected to delist from the ASX in November 2022.

Following delisting, ERF will become the Elanor Property Income Fund (EPIF), an open-ended, unlisted, multi sector reliable income real estate fund.

Other than the events disclosed above, the directors are not aware of any other matters or circumstances not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial year subsequent to the year ended 30 June 2022.

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.

The Director's report is made in accordance with a resolution of the Boards of Directors of Elanor Funds Management Limited and Elanor Investors Limited. The Financial Statements were authorised for issue by the Directors on 23 August 2022.

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

Paul Bedbrook
Chairman

Glenn Willis
CEO and Managing Director

Sydney, 23 August 2022

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Elanor Investors Limited and Elanor Investment Fund for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

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

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
23 August 2022

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Consolidated Statements of Profit or Loss

For the year ended 30 June 2022

	Note	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Revenue and other income					
Revenue from operating activities	2	92,164	82,633	–	–
Interest income		405	894	–	–
Rental income		6,293	3,650	16,692	11,839
Share of profit from equity accounted investments	9	10,050	7,096	9,871	7,029
Realised gain on disposal of investment		1,635	2,528	1,634	2,278
Fair value gain on revaluation of PP&E and investment properties	7,8	–	3,631	–	3,158
Fair value gain on revaluation of derivatives	11	2,621	–	2,621	–
Other income		2,268	1,232	12,350	978
Total revenue and other income		**115,436**	**101,664**	**43,168**	**25,282**
Expenses					
Changes in inventories of finished goods		6,335	4,962	–	–
Salary and employee benefits		51,366	34,182	2,865	2,480
Property expenses		9,503	8,497	1,362	646
Operator management costs		4,428	5,045	5,329	4,076
Borrowing costs	10	16,217	15,137	12,815	10,322
Depreciation	7	12,554	10,656	–	–
Amortisation		444	384	6	1,212
Marketing and promotion		2,660	2,045	5	1
Repairs, maintenance and technology		2,673	2,688	289	167
Fair value loss on revaluation of PP&E and investment properties	7,8	2,447	–	2,824	–
Impairment expense		753	739	–	–
Other expenses	30	13,451	7,862	15,673	1,401
Total expenses		**122,831**	**92,197**	**41,168**	**20,305**
Net profit / (loss) before income tax expense		**(7,395)**	**9,467**	**2,000**	**4,977**
Income tax benefit / (expense)	5	3,161	(1,650)	–	–
Net profit / (loss) for the period		**(4,234)**	**7,817**	**2,000**	**4,977**
Attributable to security holders of:					
- Parent Entity		(5,591)	3,399	6,557	4,459
- Non-controlling interest EIF		6,557	4,459	–	–
Net profit / (loss) attributable to ENN security holders		**966**	**7,858**	**6,557**	**4,459**
Attributable to security holders of:					
- External Non-controlling interest		(5,200)	(41)	(4,557)	518
Net profit / (loss) for the period		**(4,234)**	**7,817**	**2,000**	**4,977**
Basic earnings / (loss) per stapled security (cents)		0.82	6.73		
Diluted earnings / (loss) per stapled security (cents)		0.69	5.89		
Basic earnings / (loss) of the parent entity (cents)		(4.76)	2.91		
Diluted earnings / (loss) of the parent entity (cents)		(4.02)	2.55		

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 2022

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Net profit / (loss) for the period	**(4,234)**	**7,817**	**2,000**	**4,977**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Profit / (loss) on revaluation of cash flow hedge	361	1,883	359	1,840
Items that may not be reclassified to profit and loss				
Share of reserves of equity accounted investments	68	1,907	68	1,911
Gain / (loss) on revaluation of property, plant and equipment	16,292	35,360	16,337	33,473
Other comprehensive income / (loss) for the period, net of tax	16,721	39,150	16,764	37,224
Total comprehensive income / (loss) for the period, net of tax	**12,487**	**46,967**	**18,764**	**42,201**
Attributable to security holders of:				
- Parent entity	(5,636)	3,471	13,417	28,290
- Non-controlling interest - EIF	13,417	28,290	–	–
Total comprehensive income / (loss) for the period, net of tax, of ENN security holders	**7,781**	**31,761**	**13,417**	**28,290**
Attributable to security holders of:				
- External non-controlling interest	4,706	15,206	5,348	13,910
Total comprehensive income / (loss) for the period, net of tax	**12,487**	**46,967**	**18,765**	**42,201**

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

Consolidated Statements of Financial Position

For the year ended 30 June 2022

	Note	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Current assets					
Cash and cash equivalents		27,774	20,771	9,008	1,954
Trade and other receivables	19,30	17,653	6,293	47,528	8,370
Other financial assets	12	2,186	4,198	–	–
Inventories		1,809	901	–	–
Other current assets		2,241	1,426	61	431
Derivative financial instruments	11,30	1,898	–	1,898	–
Total current assets		**53,561**	**33,589**	**58,495**	**10,755**
Non-current assets					
Property, plant and equipment	7	437,454	350,820	-	–
Contract asset	19	4,545	–	–	–
Investment properties	8,30	93,875	55,500	498,382	384,825
Derivative financial instruments	11,30	723	–	723	–
Equity accounted investments	9,30	110,394	92,588	107,182	88,647
Intangible assets	21	1,448	1,328	–	–
Deferred tax assets	5	12,150	7,888	–	–
Total non-current assets		**660,589**	**508,124**	**606,287**	**473,472**
Total assets		**714,150**	**541,713**	**664,782**	**484,227**
Current liabilities					
Payables	20,30	15,569	10,972	7,349	2,397
Derivative financial instruments	11,30	–	626	–	601
Interest bearing liabilities	10,30	–	64,611	16,302	48,538
Lease liabilities	7	1,660	617	–	–
Current provisions	20	4,367	2,880	–	–
Other current liabilities	20,30	10,188	11,650	9,826	11,561
Contract liabilities		1,323	1,122	–	23
Total current liabilities		**33,107**	**92,478**	**33,477**	**63,120**
Non-current liabilities					
Derivative financial instruments	11,30	–	188	–	188
Interest bearing liabilities	10,30	335,835	201,645	275,392	132,534
Non-current provisions	20	196	461	–	–
Lease liabilities	7	3,758	2,958	–	–
Loan from the Company	30	–	–	43,950	74,453
Total non-current liabilities		**339,789**	**205,253**	**319,342**	**207,175**
Total liabilities		**372,896**	**297,731**	**352,819**	**270,295**
Net assets		**341,254**	**243,983**	**311,963**	**213,932**

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

Consolidated Statements of Financial Position
For the year ended 30 June 2022

		Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Equity					
Equity Holders of Parent Entity					
Contributed equity	13	72,783	72,305	105,559	104,101
Treasury shares	13	(1,682)	(1,204)	(5,086)	(3,628)
Reserves	14	16,275	15,035	39,809	30,291
Retained accumulated (losses) / profits		(50,186)	(44,606)	(13,771)	1,815
Parent entity interest		**37,190**	**41,530**	**126,510**	**132,580**
Equity Holders of Non Controlling Interest					
Contributed equity - Elanor Investment Fund	13	105,559	104,101	–	–
Treasury shares	13	(5,086)	(3,628)	–	–
Reserves	14	45,458	35,759	–	–
Retained accumulated profits / (losses)		(19,420)	(3,652)	–	–
Non-controlling interest		**126,511**	**132,580**	**–**	**–**
Equity Holders of Non Controlling Interest - External					
Contributed equity - External		140,000	37,244	145,646	40,774
Reserves		44,735	34,682	31,950	25,683
Retained accumulated (losses) / profits		(7,182)	(2,053)	7,857	14,895
External Non-controlling interest		**177,553**	**69,874**	**185,453**	**81,352**
Total equity attributable to stapled security holders:					
- Parent Entity		37,190	41,530	126,510	132,580
- Non-controlling Interest - EIF		126,511	132,580	–	–
Total equity attributable to ENN security holders		**163,701**	**174,110**	**126,510**	**132,580**
Total equity attributable to stapled security holders:					
- Non-controlling interest - External		177,553	69,874	185,453	81,352
Total equity		**341,254**	**243,983**	**311,963**	**213,932**

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 2022

	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 2021		72,305	(1,204)	13,129	10	1,896	(44,607)	41,531	132,580	174,110	69,873	243,983
Profit / (loss) for the period		–	–	–	–	–	(5,591)	(5,591)	6,557	966	(5,199)	(4,234)
Other comprehensive income / (expense) for the period		–	–	(47)	2	–	–	(45)	6,861	6,816	9,906	16,721
Total comprehensive income / (expense) for the period		–	–	(47)	2	–	(5,591)	(5,636)	13,418	7,782	4,706	12,487
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	13	478	(478)	–	–	–	–	–	–	–	114,998	114,998
Transfers between reserves and retained earnings		–	–	–	(12)	–	12	–	–	–	–	–
Security-based payments	13	–	–	–	–	1,297	–	1,297	2,839	4,136	–	4,136
Distributions paid and payable	3	–	–	–	–	–	–	–	(22,326)	(22,326)	(10,390)	(32,716)
Transaction with non-controlling interest		–	–	–	–	–	–	–	–	–	(1,635)	(1,635)
Total equity at 30 June 2022		**72,783**	**(1,682)**	**13,082**	**–**	**3,193**	**(50,186)**	**37,193**	**126,511**	**163,703**	**177,551**	**341,254**

	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 2020		71,891	(1,005)	13,099	(33)	1,289	(46,714)	38,527	116,237	154,765	57,586	212,350
Profit / (loss) for the period		–	–	–	–	–	3,399	3,399	4,460	7,859	(41)	7,818
Other comprehensive income / (expense) for the period		–	–	30	43	–	–	72	23,830	23,902	15,248	39,150
Total comprehensive income / (expense) for the period		–	–	30	43	–	3,399	3,471	28,290	31,761	15,206	46,968
Transactions with owners in their capacity as owners:												
Contributions of equity, net of issue costs	13	414	(199)	–	–	(215)	–	–	–	–	–	–
Security-based payments	13	–	–	–	–	822	–	822	1,647	2,470	–	2,470
Distributions paid and payable		–	–	–	–	–	(1,293)	(1,293)	(13,594)	(14,887)	(2,920)	(17,808)
Total equity at 30 June 2021		**72,305**	**(1,204)**	**13,129**	**10**	**1,896**	**(44,607)**	**41,531**	**132,580**	**174,110**	**69,873**	**243,983**

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 2022

	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	External Non-controlling interest $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2021		104,101	(3,628)	26,849	(369)	3,811	1,815	132,580	81,352	213,932
Profit / (loss) for the period		–	–	–	–	–	6,557	6,557	(4,557)	2,000
Other comprehensive income / (expense) for the period		–	–	6,310	550	–	–	6,860	9,905	16,764
Total comprehensive income / (expense) for the period		–	–	6,310	550	–	6,557	13,417	5,348	18,764
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	13	1,458	(1,458)	–	–	–	–	–	110,966	110,966
Security-based payments		–	–	–	–	2,839	–	2,839	(191)	2,648
Distributions paid and payable		–	–	–	–	–	(22,324)	(22,324)	(10,390)	(32,714)
Transfers between reserves and retained ε		–	–	–	(181)	–	181	–	–	–
Transaction with non-controlling interest		–	–	–	–	–	–	–	(1,634)	(1,634)
Total equity at 30 June 2022		**105,559**	**(5,086)**	**33,159**	**–**	**6,650**	**(13,771)**	**126,512**	**185,451**	**311,963**

	Note	Contributed equity $'000	Treasury shares $'000	Asset Revaluation Reserve $'000	Cash flow Hedge Reserve $'000	Security Based Payment Reserve $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	External Non-controlling interest $'000	Total Equity $'000
EIF Group										
Total equity at 1 July 2020		102,853	(2,796)	3,998	(1,348)	2,580	10,950	116,237	69,123	185,360
Profit / (loss) for the period		–	–	–	–	–	4,459	4,459	518	4,977
Other comprehensive income / (expense) for the period		–	–	22,851	979	–	–	23,830	13,392	37,222
Total comprehensive income / (expense) for the period		–	–	22,851	979	–	4,459	28,289	13,910	42,199
Transactions with owners in their capacity as owners:										
Contributions of equity, net of issue costs	13	1,248	(832)	–	–	(416)	–	–	–	–
Security-based payments		–	–	–	–	1,647	–	1,647	–	1,647
Distributions paid and payable		–	–	–	–	–	(13,594)	(13,594)	(1,681)	(15,275)
Total equity at 30 June 2021		**104,101**	**(3,628)**	**26,849**	**(369)**	**3,811**	**1,815**	**132,580**	**81,352**	**213,932**

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 2022

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Cash flows from operating activities				
Receipts from customers	106,561	97,386	–	–
Payments to suppliers and employees	(98,453)	(71,104)	(8,563)	(6,947)
Interest received	324	1,026	–	–
Finance costs paid	(12,960)	(12,806)	(8,161)	(11,127)
Receipts from the Company	–	–	16,692	21,138
Income tax paid	(253)	–	–	–
Net cash flows from operating activities	**(4,781)**	**14,502**	**(32)**	**3,064**
Cash flows from investing activities				
Financial assets (acquired) / repaid	9,120	7,273	–	–
Payments for property, plant and equipment / investment properties	(21,972)	(5,634)	(18,865)	(5,216)
Loans to associates	(663)	(2,000)	(1,072)	(42)
Receipts for equity accounted investments	49,301	28,600	46,218	26,719
Payments for equity accounted investments	(43,569)	(19,255)	(43,516)	(17,374)
Payments for the business combination of Stirling Street and Wildlife Park Fund	(9,952)	–	(9,854)	–
Distributions received from equity accounted investments	8,399	5,248	8,399	5,203
Loans from Company	–	–	(17,925)	11,149
Net cash flows from investing activities	**(9,336)**	**14,232**	**(36,615)**	**20,439**
Cash flows from financing activities				
Proceeds from borrowings	317,101	23,232	305,688	24,523
Repayments of borrowings	(293,160)	(48,941)	(261,242)	(46,350)
Payments for lease liability	(2,077)	(808)	–	–
Proceeds from equity raisings	28,629	–	28,629	–
Costs associated with equity raisings	(1,946)	–	(1,947)	–
Distributions paid to security holders	(27,427)	(4,994)	(27,427)	(3,701)
Net cash flows from financing activities	**21,120**	**(31,511)**	**43,701**	**(25,529)**
Net increase / (decrease) in cash and cash equivalents	7,003	(2,777)	7,054	(2,026)
Cash and cash equivalents at the beginning of the period	20,771	23,548	1,954	3,980
Cash at the end of the period	**27,774**	**20,771**	**9,008**	**1,954**

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 2022

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

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About this Report (continued)

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

Statement of compliance

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

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

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

Compliance with international reporting standards

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

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

New accounting standards and interpretations

New and amended standards adopted by the Group

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

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

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

Rounding

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

About this Report (continued)

Critical accounting judgements and key sources of estimation uncertainty

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

In preparing the consolidated financial statements for the year ended 30 June 2022, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

Changing market conditions (high inflation pressure and expected further cash rate increases by the Reserve Bank of Australia) can result in continued elevated levels of uncertainty in the preparation of the financial statements. Where changing market conditions have heightened uncertainty in applying these accounting estimates and critical judgements for the year ended 30 June 2022, enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgements utilised.

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

Refer to Note 7 and 8 for further information.

The recoverability of the Group's receivables from Elanor's Managed Funds applied the simplified approach to provide for expected credit losses. Refer to Note 15 Financial Risk Management for further discussion on the Group's management of credit risk.

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

- Deferred taxes - assumptions underlying recognition and recoverability - Note 5c
- Property, Plant and Equipment - assumptions underlying fair value - Note 7
- Investment Properties - assumptions underlying fair value - Note 8
- Derivative financial instruments - assumptions underlying fair value – Note 11

About this Report (continued)

Basis of Consolidation

The consolidated Financial Statements of the Group incorporate the assets and liabilities of Elanor Investors Limited (the Parent) and all of its subsidiaries, including Elanor Investment Fund and its subsidiaries as at 30 June 2022. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled securityholders of Elanor Investment Fund are the same as the stapled securityholders of Elanor Investors Limited.

These consolidated Financial Statements also include a separate column representing the consolidated Financial Statements of EIF Group, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 30 June 2022.

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

Elanor Hotel Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hotel Accommodation Fund (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as Elanor Metro and Prime Regional Hotel Fund), Elanor Hotel Accommodation Fund III (formerly known as Elanor Hospitality and Accommodation Fund II), Elanor Hotel Accommodation Fund Limited (formerly known as Elanor Luxury Hotel Fund), Elanor Metro and Prime Regional Hotel Fund II (formerly known as EMPR II Management Pty Limited). The Group holds 35.07% (2021: 42.94%) of the equity in EHAF. The Group's ownership interest in EHAF gives the Group the same percentage of voting rights in EHAF. EHAF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

As disclosed in the Annual Financial Report for the year ended 30 June 2021, EHAF was established on 30 September 2021 through the acquisition of the previous Elanor Luxury Hotel Fund (ELHF) and Albany Hotel by the previous Elanor Metro and Prime Regional Hotel Fund (EMPR), together forming the new combined fund.

The Group had previously held a controlling interest in both ELHF and EMPR as at 30 June 2021, and as a result of the Group’s continued controlling interest in EHAF as at 30 June 2022, the Group continues to consolidate the underlying assets and liabilities of EHAF in the current year. During the year, the Group sold down part of its equity interest in EHAF totalling $35.8 million (or 7.87%). The impact of this sell down to the Group’s consolidated balance sheet is to increase non-controlling interest in relation to EHAF.

Elanor Wildlife Park Fund (EWPF)

EWPF comprises stapled securities in Elanor Wildlife Park Fund and Elanor Wildlife Park Pty Limited. The Group holds 42.82% (2021: 26.61%) of the equity in EWPF. The Group's 42.82% ownership interest in EWPF gives the Group the same percentage of voting rights in EWPF. EWPF is an unregistered trust for which Elanor Funds Management Limited acts as the Manager and Trustee of the trust. As the Group’s ownership interest increased in EWPF on 31 August 2021 it is deemed that the Group has control over EWPF since this date and EWPF has been consolidated in the Group’s consolidated Financial Statements. Refer to Note 16 Business Combinations for further details.

About this Report (continued)

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

Stirling Street Syndicate (Stirling)

The Group holds 42.98% (2021: 2.03%) of the equity in Stirling. The Group's ownership interest in Stirling gives the Group the same percentage of the voting rights in Stirling. Stirling is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust. As the Group's ownership interest increased in Stirling on 30 November 2021 it is deemed that the Group has control over Stirling since this date and Stirling has been consolidated in the Group's consolidated Financial Statements. Refer to Note 16 Business Combinations for further details.

Bluewater Square Syndicate (Bluewater)

The Group holds 42.27% (2021: 42.27%) of the equity in Bluewater. The Group's ownership interest in Bluewater gives the Group the same percentage of voting rights in Bluewater. Bluewater is an unregistered trust for which Elanor Funds Management Limited acts as the Manager of the asset and Trustee of the trust.

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

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

Results

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

1. Segment information

OVERVIEW

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

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

BUSINESS SEGMENTS

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

Funds Management

The Funds Management division manages third party owned investment funds and syndicates. As at 30 June 2022, the Funds Management division has approximately $2,721.9 million of external investments under management, being the managed investments.

Hotels, Tourism and Leisure

Hotels, Tourism and Leisure originates and manages investment and funds management assets. The current investment portfolio includes 1834 Hospitality, along with a co-investment in EHAF and EWPF. EHAF and EWPF are consolidated in the Financial Statements.

Retail

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

Commercial Office

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

Healthcare

Healthcare originates and manages investment and funds management assets in the healthcare real estate sector. No co-investments are held in this sector by the Group.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

1. Segment information (continued)

The table below shows the Group's segment results:

Consolidated Group – 30 June 2022

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from trading activities	27,068	65,814	3,897	1,563	–	116	98,458
Share of profit of equity accounted investments	–	82	3,228	6,740	–	–	10,050
Operating expense	(2,951)	(56,286)	(9,751)	(9,820)	(368)	(7,099)	(86,276)
Divisional EBITDA	24,117	9,609	(2,626)	(1,517)	(368)	(6,983)	22,232
Depreciation and amortisation	(150)	(10,767)	(6)	–	–	(2,084)	(13,007)
Divisional EBIT from continuing operations	23,967	(1,158)	(2,632)	(1,517)	(368)	(9,067)	9,225
Fair value movements in financial assets and liabilities	–	(5,127)	2,049	(163)	–	794	(2,447)
Realised gain/(loss) on disposal of investment	1,478	(69)	–	155	3	69	1,636
Interest income	–	–	–	–	–	404	404
Amortisation of borrowing costs	–	–	–	–	–	(2,623)	(2,623)
Borrowing costs	–	–	–	–	–	(13,590)	(13,590)
Income tax benefit / (expense)	–	–	–	–	–	3,161	3,161
Profit / (loss) for the period	**25,445**	**(6,354)**	**(583)**	**(1,525)**	**(365)**	**(20,852)**	**(4,234)**
Total assets	38,133	392,698	58,407	34,819	–	190,093	714,150
Total liabilities	18,091	183,233	37,574	20,227	–	113,771	372,896

Consolidated Group – 30 June 2021

	Funds Management	Hotels, Tourism & Leisure	Retail	Commercial Office	Healthcare	Unallocated Corporate	Total
	$'000	$'000	$'000			$'000	$'000
Revenue from trading activities	24,427	58,206	3,651	–	–	–	86,284
Revenue from wildlife parks	–	–	–	–	–	–	–
Share of profit of equity accounted investments	–	161	2,278	4,627	30	–	7,096
Operating expense	(5,533)	(40,715)	(5,263)	(5,083)	(144)	(8,049)	(64,788)
Divisional EBITDA	18,894	17,652	665	(456)	(114)	(8,049)	28,592
Depreciation and amortisation	(150)	(9,345)	(31)	–	–	(1,514)	(11,040)
Divisional EBIT from continuing operations	18,744	8,307	634	(456)	(114)	(9,563)	17,552
Fair value adjustment on revaluation of investment property	–	2,574	410	–	(66)	802	3,719
Realised gain on disposal of investment	–	616	359	493	1,060	–	2,528
Acquisition costs	–	(88)	–	–	–	–	(88)
Interest income	(93)	–	–	–	–	987	893
Amortisation of Borrowing costs	–	(968)	(75)	–	–	(662)	(1,704)
Borrowing costs	–	(7,487)	(676)	–	–	(5,268)	(13,432)
Net tax benefit / (expense)	–	–	–	–	–	(1,651)	(1,651)
Profit / (loss) for the year	**18,651**	**2,954**	**652**	**37**	**880**	**(15,357)**	**7,817**
Total assets	29,557	273,107	55,815	–	–	184,251	542,730
Total liabilities	10,059	112,032	36,983	–	–	139,672	298,746

2. Revenue from operating activities

OVERVIEW

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Revenue from Hotels operations	54,279	58,206
Revenue from Funds Management activities	28,706	24,427
Revenue from Wildlife Parks operations	10,817	–
Amortisation of Contract Asset	(1,638)	–
Total revenue from operating activities	**92,164**	**82,633**

ACCOUNTING POLICY

Revenue recognition

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

Funds management fee revenue

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

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

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

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

2. Revenue from operating activities (continued)

ACCOUNTING POLICY (continued)

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

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

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

Hotel and wildlife park revenue

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

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

Rental income

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

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

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

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

3. Distributions

OVERVIEW

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

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

ENN Group

	Distribution cents per stapled security 30 June 2022	Distribution cents per stapled security 30 June 2021	Total Amount 30 June 2022 $'000	Total Amount 30 June 2021 $'000
Interim distribution (declared before year end)[1]	9.05	4.13	11,037	4,994
Final distribution (declared after year end)[2]	4.43	7.14	5,397	8,638

1. The interim distribution of 9.05 cents per stapled security was declared on 31 December 2021 and paid on 28 February 2022.
2. The final distribution of 4.43 cents per stapled security was declared after 30 June 2022, but is recognised in the accounts at balance date. The final distribution will be paid on 31 August 2022.

ACCOUNTING POLICY

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

4. Earnings per stapled security

OVERVIEW

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

4. Earnings per stapled security (continued)

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

	Consolidated Group 30 June 2022	Consolidated Group 30 June 2021
Basic (cents)	0.82	6.73
Diluted (cents)	0.69	5.89
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	966	7,858
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	117,337	116,826
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	139,203	133,493

The weighted average number of stapled securities and options granted used as the denominator in calculating basic and diluted earnings per stapled securities shown above is based on the number of stapled securities on issue and options outstanding during the period. The comparative period's basic and diluted earnings per stapled security has been adjusted by an immaterial amount as a result of a change in the calculation of the weighted average number of stapled securities used.

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

	ENN Parent 30 June 2022	ENN Parent 30 June 2021
Basic (cents)	(4.76)	2.91
Diluted (cents)	(4.02)	2.55
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	(5,591)	3,399
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	117,337	116,826
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	139,203	133,493

The weighted average number of stapled securities and options granted used as the denominator in calculating basic and diluted earnings/ (losses) per stapled securities shown above is based on the number of stapled securities on issue and options granted during the year. The comparative period basic and diluted earnings per stapled security has been adjusted by an immaterial amount as a result of a change in the calculation of the weighted average number of stapled securities used.

ACCOUNTING POLICY

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

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

5. Income tax

OVERVIEW

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

(a) Income Tax Expense

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current tax expense	827	–
Deferred tax expense / (benefit)	(3,988)	1,650
Income tax expense / (benefit)	**(3,161)**	**1,650**

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
(Loss)/profit before income tax expense	(7,395)	9,467
Less: profit from the Trust (which is not taxable)	(2,000)	(4,977)
Prima facie profit / (loss)	(9,395)	4,490
Tax at the Australian tax rate of 30%	(2,819)	1,347
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	61	45
Non-deductible depreciation and amortisation	1,574	1,119
Fair value adjustments to investment property in the Trust	(44)	(198)
Non-deductible expenses	(17)	50
Impact of consolidations	(740)	111
Non-assessable income	(151)	(76)
Other	(1,025)	(748)
Income tax expense / (benefit)	**(3,161)**	**1,650**

ACCOUNTING POLICY

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

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

5. Income tax (continued)

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

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

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

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

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.

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

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

(c) Deferred taxes

OVERVIEW

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

5. Income tax (continued)

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
(a) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	1,282	1,009
Audit accrual	31	13
Asset acquisitions and blackhole expenses	2,710	1,808
Lease incentive	1,707	1,074
Tax losses recognised	10,774	5,916
Other	669	490
Total deferred tax assets	**17,173**	**10,310**
Movements:		
Opening balance at beginning of year	10,310	12,821
Credited/(Debited) to the Consolidated Statements of Profit or Loss	2,034	681
Tax losses (utilised)/recognised	4,858	(3,066)
(Debited)/Credited to Equity	(29)	(126)
Closing balance at the end of the year	**17,173**	**10,310**
Deferred tax expected to be recovered within 12 months	3,554	2,499
Deferred tax expected to be recovered after more than 12 months	13,619	7,811
(b) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Employee incentive plans	154	218
Other	4,869	2,204
Total deferred tax liabilities	**5,023**	**2,422**
Movements:		
Opening balance at beginning of year	2,422	3,509
(Credited)/Debited to the Consolidated Statements of Profit or Loss	2,404	(1,257)
Debited to Equity	197	170
Closing balance at the end of the year	**5,023**	**2,422**
Deferred tax expected to be settled within 12 months	154	218
Deferred tax expected to be settled after more than 12 months	4,869	2,204
Net deferred tax position	**12,150**	**7,888**
(c) Deferred tax asset / liability per tax group		
Deferred tax asset / (liability) of the EIL tax group	4,044	3,063
Deferred tax asset / (liability) of the EMPR II tax group	2,429	1,997
Deferred tax asset / (liability) of the EMPR tax group	3,450	2,345
Deferred tax asset / (liability) of the ELHF tax group	384	483
Deferred tax asset / (liability) of the EWPF tax group	1,843	–
Net deferred tax position	**12,150**	**7,888**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

5. Income tax (continued)

ACCOUNTING POLICY

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

6. Cash flow information

OVERVIEW

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

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Profit / (Loss) for the period	**(4,234)**	**7,817**
Depreciation of non-current assets	12,554	10,656
Amortisation	3,070	2,089
Fair value adjustment on revaluation of investment property	(2,447)	(3,631)
Net unrealised revenue from equity accounted investments	(10,050)	(7,096)
Net realised gain/(loss) on sale of investment	(1,635)	(2,528)
Other non cash items	(2,982)	(730)
Employee costs funded directly through equity	3,769	3,302
Net cash provided by operating activities before changes in assets and liabilities	**(1,955)**	**9,879**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	(5,831)	1,372
Decrease / (increase) in stock	(1,631)	(38)
Increase / (decrease) in other current assets	(2,577)	253
Decrease / (increase) in deferred tax	2,079	(6,723)
Increase / (decrease) in current tax liability	–	9,719
Increase / (decrease) in trade and other payables	1,866	(1,991)
Increase / (decrease) in other liabilities	201	(329)
Increase / (decrease) in other provision	1,223	(1,139)
Increase / (decrease) in lease liabilities	1,844	3,499
Net cash from operating activities	**(4,781)**	**14,502**

6. Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

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

	30 June 2020 $'000	Cash flows $'000	Acquisitions $'000	Proceeds from new liabilities $'000	Consolidation of Wildlife Parks Fund and Stirling Street Syndicate $'000	30 June 2021 $'000
Bank loan	232,133	(25,708)	–	1,294	–	207,718
Unsecured notes	59,211	–	–	343	–	59,554
Lease liability	76	(808)	–	4,307	–	3,575
Total liabilities from financing activities	**291,420**	**(26,517)**	**–**	**5,944**	**–**	**270,847**

(c) Net debt reconciliation

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Cash and cash equivalents	27,774	20,771
Borrowings	(335,835)	(266,256)
Lease liabilities	(5,417)	(3,575)
Net debt	**(313,478)**	**(249,059)**
Cash and liquid investments	27,774	21,787
Gross debt - fixed interest rates	(67,621)	(63,130)
Gross debt - variable interest rates	(273,631)	(207,717)
Net debt	**(313,478)**	**(249,059)**

Operating Assets

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

7. Property, plant and equipment

OVERVIEW

All owner-occupied investment properties held by the Group are deemed to be held for use by the Group for the supply of services, and are therefore classified as property, plant and equipment under Australian Accounting Standards. At balance date, the Group's owner-occupied investment property portfolio comprised 15 accommodation hotels and 3 wildlife parks in Australia. All 15 individual accommodation hotels and one wildlife park have been independently valued as at 30 June 2022.

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

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

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Right-of-use asset $'000	Consolidated Group 30 June 2022 $'000
Opening balance	40,214	293,411	63,384	5,127	402,136
Acquisitions	48,264	5,932	8,122	–	62,318
Additions	3,150	7,441	7,840	3,177	21,608
Impairment	–	–	–	(1,503)	(1,503)
Revaluation increments / (decrements)	–	17,747	–	–	17,747
Disposals	–	–	(982)	–	(982)
Closing balance	**91,628**	**324,531**	**78,363**	**6,801**	**501,324**
Accumulated depreciation at the beginning of the period	–	(21,347)	(28,268)	(1,701)	(51,316)
Depreciation		(5,288)	(5,894)	(1,372)	(12,554)
Accumulated depreciation at the end of the period	**–**	**(26,635)**	**(34,162)**	**(3,073)**	**(63,870)**
Total carrying value at the end of the period	**91,628**	**297,896**	**44,201**	**3,728**	**437,454**

7. Property, plant and equipment (continued)

A reconciliation of the carrying amount of property, plant and equipment (including right-of-use assets) at the beginning and end of the 30 June 2021 year is set out below:

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Right-of-use asset $'000	Consolidated Group 30 June 2021 $'000
Opening balance	40,214	257,940	62,471	995	361,620
Acquisitions	–	–	–	–	–
Additions	–	4	2,464	4,132	6,600
Transfers	–	–	(404)	–	(404)
Revaluation increments / (decrements)	–	36,404	–	–	36,404
Disposals	–	(937)	(1,147)	–	(2,084)
Closing balance	**40,214**	**293,411**	**63,384**	**5,127**	**402,136**
Accumulated depreciation at the beginning of the period	–	(16,673)	(23,069)	(918)	(40,660)
Depreciation	–	(4,674)	(5,199)	(783)	(10,656)
Accumulated depreciation at the end of the period	**–**	**(21,347)**	**(28,268)**	**(1,701)**	**(51,316)**
Total carrying value at the end of the period	**40,214**	**272,064**	**35,116**	**3,426**	**350,820**

(b) Carrying value of property, plant and equipment

The following table represents the total fair value of property, plant and equipment at 30 June 2022:

Property	Valuation	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Mayfair Hotel	Independent	87,000	86,000
Cradle Mountain Lodge	Independent	73,500	73,000
Byron Bay Hotel	Independent	34,500	33,000
Narrabundah Hotel	Independent	32,000	32,000
Featherdale Wildlife Park	Internal	30,100	–
Eaglehawk Hotel	Independent	21,000	21,000
Parklands Resort Mudgee	Independent	19,500	18,000
Mogo Zoo	Internal	18,600	–
Port Macquarie Hotel	Independent	15,000	15,000
Tall Trees Hotel	Independent	14,000	13,900
Wollongong Hotel	Independent	13,500	13,500
Adabco Boutique Hotel	Independent	13,000	13,000
Estate Tuscany	Independent	12,750	–
Clare Country Club	Independent	10,500	10,000
Hunter Valley Wildlife Park	Independent	17,500	–
Pavillion Wagga Wagga Hotel	Independent	7,500	7,500
Barossa Weintal Hotel	Independent	7,500	7,000
Right-of-use asset		3,728	3,426
Albany Hotel	Independent	3,100	3,200
Other		3,176	1,294
Total		**437,454**	**350,820**

As at 30 June 2022, the Directors assessed the fair value of the properties above, supported by independent valuation reports.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2022**

7. 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:

	Group 30 June 2022 $'000	Group 30 June 2021 $'000
Freehold land	51,474	60
Buildings	215,343	207,258
Plant and equipment	46,521	37,436
Right-of-use-asset	3,728	3,426
Total	**317,066**	**248,180**

(c) Leases / right of use assets

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

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Right of use assets		
Office premise lease	3,728	3,426
Total	**3,728**	**3,426**

Lease liabilities		
Current	1,660	617
Non-current	3,758	2,958
Total	**5,418**	**3,575**

During the year, a right of use asset and lease liability was recognised, and lease accounting adopted in relation to a property lease obligation of the Group. Subsequent to recognition, an impairment of $1.5 million was recognised against the right of use asset in accordance with AASB 136 *Impairment of Assets* as the Group had entered into a third party sub-lease of the space as at 1 February 2022, and the recoverable amount of the sub-lease is lower than the future lease expense of the head lease.

7. Property, plant and equipment (continued)

Amounts recognised in the statement of profit or loss

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Depreciation charge of right-of-use assets		
Office premise lease	1,372	783
Total	**1,372**	**783**
Interest expense		
Office premise lease	454	183
Total	**454**	**183**

The total cash outflow for leases during the year ended 30 June 2022 was $2.1 million (2021: $0.8 million).

ACCOUNTING POLICY

Fair value of Property, Plant and Equipment

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

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

Land and Buildings

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

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

Furniture, fittings and equipment

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

7. Property, plant and equipment (continued)

Right-of-use assets

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

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

Depreciation

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

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

(d) Valuation technique and inputs

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

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

Property Assets

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

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

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

7. Property, plant and equipment (continued)

(d) Valuation technique and inputs (continued)

Property Assets (continued)

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

Capitalisation method

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

Discounted cash flows (DCF)

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

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

Assets measured at fair value

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

Consolidated Group - Hotels	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate $	Occupancy %
Assets measured at fair value					
Property, plant and equipment	7.50 - 10.75	6.50 -9.25	6.50 - 11.00	122 - 523	39 -77

Consolidated Group - Wildlife Parks	Discount Rate %	Terminal Yield %	Capitalisation Rate %
Assets measured at fair value			
Property, plant and equipment	15.0 - 16.5	14.0 - 15.0	13.0 - 13.0

7. Property, plant and equipment (continued)

(c) Valuation technique and inputs (continued)

Sensitivity Information

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

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

Sensitivity Analysis

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

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

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

Consolidated Group - Hotels	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(8,700)	9,439	(2.4)	2.6
Terminal yield (%)	(16,498)	19,781	(4.6)	5.5
Capitalisation rate (%)	(27,751)	27,751	(7.7)	7.7

	Fair value measurement sensitivity			
Consolidated Group - Hotels	Increase by 2.50% $'000	Decrease by 2.50% $'000	Increase by 2.50% %	Decrease by 2.50% %
Average daily rate ($)	22,407	(23,474)	6.2	(6.5)
Occupancy (%)	20,743	(20,167)	5.8	(5.6)

7. Property, plant and equipment (continued)

Sensitivity Analysis (continued)

	Fair value measurement sensitivity			
	Increase by 0.50%	Decrease by 0.50%	Increase by 0.50%	Decrease by 0.50%
Consolidated Group - Wildlife Parks	$'000	$'000	%	%
Discount rate (%)	(783)	753	(1.2)	1.1
Terminal yield (%)	(1,270)	1,340	(1.9)	2.0
Capitalisation rate (%)	(3,200)	3,400	(4.8)	5.1

8. Investment properties

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Carrying amount at the beginning of the period	55,500	50,864
Additions from consolidation of Stirling Street Syndicate	34,000	–
Additions	2,489	4,083
Revaluation increments	1,886	553
Carrying amount at the end of the period	**93,875**	**55,500**

The following table represents the total fair value of investment properties at 30 June 2022:

Property	Valuation	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Bluewater Square	External	58,000	55,500
Stirling Street	Internal	34,000	–
Cougal Street	External	1,875	–
Total		**93,875**	**55,500**

As at 30 June 2022, the Directors assessed the fair value of the investment property above, supported by internal and an independent external valuation report. The investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the year.

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

8. Investment properties (continued)

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

The value of Bluewater Square increased by 4.5% from $55.5 million as at 30 June 2021 to $58.0 million as at 30 June 2022. This increase is mainly attributable to the success of the asset management team's focus on leasing activity at the property.

ACCOUNTING POLICY

Fair value of Investment Properties

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

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

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

Fair value measurement

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

Valuation Techniques	**Significant unobservable inputs**	**30 June 2022**	**30 June 2021**
Discounted cash flows – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate	5.75% -6.75%	7.25%
	Adopted terminal yield	5.50% - 6.50%	6.50%
Capitalisation method – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate	5.25% - 6.50%	6.25%

8. Investment properties (continued)

Valuation technique

Capitalisation method

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

Discounted cash flows (DCF)

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

Sensitivity information

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

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

Sensitivity Analysis

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

8. Investment properties (continued)

Sensitivity Analysis

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

	Fair value measurement sensitivity			
	Increase by 0.50% $'000	Decrease by 0.50% $'000	Increase by 0.50% %	Decrease by 0.50% %
Discount rate (%)	(3,594)	3,663	(3.8)	3.9
Terminal yield (%)	(5,262)	5,561	(5.6)	5.9
Capitalisation rate (%)	(8,317)	8,317	(8.9)	8.9

9. Equity accounted investments

OVERVIEW

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

The Group's equity accounted investments are as follows:

30 June 2022

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

9. Equity accounted investments (continued)

OVERVIEW

30 June 2021

		Percentage Ownership	Consolidated Group 30 June 2021 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	31,414
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	38,370
Belconnen Markets Syndicate	Shopping Centre	2.08%	609
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,281
Waverley Gardens Fund	Shopping Centre	15.00%	10,721
1834 Hospitality	Hotel Management	25.00%	2,061
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	7,980
Stirling Street Syndicate	Office Building	2.03%	152
Total equity accounted investments			**92,588**

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Carrying amount at the beginning of the period	92,588	97,651
Consolidation of Elanor Wildlife Park Fund and Stilring Street Syndicate	(8,132)	-
Share of profit from equity accounted investments	10,050	7,096
Distributions received	(8,399)	(5,248)
Share of movement in reserves	68	1,872
Net investment in / (sale of) equity accounted investments	21,998	(10,825)
Share of fair value gain on revaluation of assets	1,482	2,781
Reversal of Impairment/(Impairment) of equity accounted investments	739	(739)
Total carrying value at the end of the period	**110,394**	**92,588**

Details of Material Associates

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

The following information represents the aggregated financial position and financial performance of the Elanor Retail Property Fund, Elanor Commercial Property Fund, Waverley Gardens Fund and Harris Street 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

9. Equity accounted investments (continued)

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

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

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

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

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

9. Equity accounted investments (continued)

Details of Material Associates (continued)

30 June 2021

Financial position	Elanor Retail Property Fund 30 June 2021 $'000	Elanor Commercial Property Fund 30 June 2021 $'000	Waverley Gardens Fund 30 June 2021 $'000
Current assets	55,568	9,665	4,821
Non - current assets	190,958	384,500	178,251
Total Assets	**246,526**	**394,165**	**183,072**
Current liabilities	23,455	8,778	5,324
Non - current liabilities	66,723	141,924	102,796
Total Liabilities	**90,178**	**150,702**	**108,120**
Contributed equity	155,272	250,975	88,001
Reserves	(120)	(824)	–
Retained profits / (accumulated losses)	1,196	(6,688)	(13,048)
Total Equity	**156,348**	**243,463**	**74,952**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2021 $'000	Elanor Commercial Property Fund Period ended 30 June 2021 $'000	Waverley Gardens Fund Period ended 30 June 2021 $'000
Profit / (loss) for the period	7,157	31,255	7,418
Other comprehensive income for the period	4,128	1,165	–
Total comprehensive income for the period	**11,285**	**32,420**	**7,418**
Distributions received from the associate during the period	1,115	3,043	319

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

	Elanor Retail Property Fund Period ended 30 June 2021 $'000	Elanor Commercial Property Fund Period ended 30 June 2021 $'000	Waverley Gardens Fund Period ended 30 June 2021 $'000
Net assets of the associate	156,348	243,463	74,952
Proportion of the Group's ownership interest	18.03%	15.00%	15.00%
Group's share of net assets of the associates	28,190	36,519	11,243
Other movements not accounted for under the equity method[1]	3,224	1,851	(522)
Carrying amount of the Group's interest	**31,414**	**38,370**	**10,721**

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

9. Equity accounted investments (continued)

Aggregate information of associates that are not individually material

	Period ended 30 June 2022 $'000	Period ended 30 June 2021 $'000
Profit / (loss) for the period	8,889	(5,975)
Other comprehensive income for the period	(67)	3,837
Total comprehensive income for the period	**8,822**	**(2,138)**
Aggregate carrying amount of the Group's interests in these associates	4,900	12,082

ACCOUNTING POLICY

Investment in associates and joint ventures

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

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

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

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

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

9. Equity accounted investments (continued)

ACCOUNTING POLICY (continued)

Investment in associates and joint ventures (continued)

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

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

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

In previous year, due to ongoing and uncertain economic impacts of COVID-19, the recoverable amount of the Group's investment in 1834 Hospitality was impaired by $0.8 million. As the trading activity of 1834 Hospitality structurally increased during the year, at balance sheet date the recoverable amount has been estimated through a fair value less costs to sell calculation. The calculation was based on a revenue multiple of 6 times applied on total revenue for the year ended 30 June 2022, less estimated costs to sell of 1% of the calculated fair value. As a result, the prior year impairment has been reversed for the Group's investment in 1834 Hospitality.

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Finance and Capital Structure

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

10. Interest bearing liabilities

OVERVIEW

The Group borrows funds from financial institutions to partly fund the acquisition of income producing assets, such as investment properties, securities or the acquisition of businesses. The Group's borrowings are generally fixed, either directly or through the use of interest rate swaps and have a fixed term. This note provides information about the Group's debt facilities, including the facilities of EHAF, EWPF, Stirling and Bluewater. The EHAF, EWPF, Stirling and Bluewater facilities are secured by the assets of these entities.

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current		
Bank loan - term debt	–	65,080
Bank loan - borrowing costs less amortisation	–	(469)
Total current	–	**64,611**
Non-current		
Corporate notes	64,000	58,984
Corporate notes - borrowing costs less amortisation	(1,796)	(445)
Bank loan - term debt	275,175	144,105
Bank loan - borrowing costs less amortisation	(1,544)	(999)
Total non-current	**335,835**	**201,645**
Total interest bearing liabilities	**335,835**	**266,256**

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

Unsecured Notes

On 30 June 2022, the Group has raised $40 million in unsecured medium-term notes in two tranches: a $25 million issue of 3.25-year fixed rate medium-term notes (7.75% p.a.), maturing 30 September 2025; a $15 million issue of 4-year floating rate medium-term notes (4.5% p.a. margin above BBSW), maturing 30 June 2026. The fair value of the unsecured notes is $24.3 million and $13.9 million respectively. The fair values of the unsecured notes are based on discounted cash flows using a current borrowing rate.

Of the $40 million (2021: $60 million) corporate notes the Group has bought $1 million (2021: $1 million) as an investment in the Group's unsecured notes on issues. This has been deducted from the corporate notes balances to present the net position. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The Group is currently meeting all of its covenants.

10. Interest bearing liabilities (continued)

On 24 November 2019, the EWPF issued $25.0 million 7.2% secured 5-year fixed rate notes. The $25.0 million secured fix rate notes are due for repayment on 29 November 2024. The fair value of the secured notes is $24.3 million. The fair value of the secured notes are based on discounted cash flows using a current borrowing rate. The unsecured notes include Loan to Value Ratio and Interest Cover Covenants. The EWPF is currently meeting all of its covenants.

CREDIT FACILITIES

As at 30 June 2022, the Group had unrestricted access to the following credit facilities:

ENN Group	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Facility - ENN	65,000	30,000
Total amount used	(59,850)	(6,000)
Total amount unused - ENN	**5,150**	**24,000**
EHAF Group		
Facility - EHAF	165,000	–
Total amount used	(165,000)	–
Total amount unused - EHAF	–	–
Bluewater Square Syndicate		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
Total amount unused - Bluewater	–	–
Stirling Street Syndicate		
Facility - Stirling	19,800	–
Total amount used	(19,800)	–
Total amount unused - Stirling Street	–	–
EMPR Group		
Facility - EMPR	–	64,860
Total amount used	–	(64,860)
Total amount unused - EMPR	–	–
Elanor Luxury Hotel Fund		
Facility - ELHF	–	107,800
Total amount used	–	(107,800)
Total amount unused - ELHF	–	–
Total amount unused - Consolidated Group	**5,150**	**24,000**

Note: The debt facilities of EMPR and ELHF from 30 June 2021 have been included in EHAF at establishment of the fund and have been refinanced by EHAF in the year. Refer below for further information on the EHAF debt facility.

The ENN Group has access to a $65.0 million secured debt facility, with a maturity date of 31 July 2025. The drawn amount at 30 June 2022 is $59.9 million and this facility is not hedged. The fair value of this debt facility is $57.4 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. The ENN Group is currently meeting all of its covenants.

10. Interest bearing liabilities (continued)

The EHAF Group has access to two secured debt facilities of $82.5 million each, from which both the EHAF hotel management companies and property trusts can draw. The drawn amount as at 30 June 2022 is $82.5 million each and both will mature on 23 December 2024. The amount of drawn facility was hedged to 51% as at 30 June 2022. The fair value of each debt facility is $75.8 million. The fair value of the debt facilities is based on discounted cash flows using a current borrowing rate. The debt facilities include Loan to Value Ratio and Interest Cover Covenants. The EHAF Group is currently meeting all of its covenants.

The Stirling has access to a $19.8 million facility. The drawn amount as at 30 June 2022 is $19.8 million which will mature on 26 August 2023. As at 30 June 2022, the drawn amount was not hedged. The fair value of this debt facility is $19.5 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. The Stirling is currently meeting all of its covenants.

The Bluewater has access to a $30.5 million facility. The drawn amount as at 30 June 2022 is $30.5 million which will mature on 31 December 2023. As at 30 June 2022, the drawn amount was not hedged. The fair value of this debt facility is $29.0 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate. The debt facility includes Loan to Value Ratio and Interest Cover Covenants. The Bluewater is currently meeting all of its covenants.

All of the facilities have variable interest rates. The interest rates on the loans are partially fixed using interest rate swaps.

The weighted average annual interest rates payable of all the loans at 30 June 2022, including the impact of the interest rate swaps, is 3.87% per annum (2021: 3.85%).

BORROWING COST

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Interest expense	13,590	13,434
Amortisation of debt establishment costs	2,627	1,703
Total borrowing costs	**16,217**	**15,137**

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.

10. Interest bearing liabilities (continued)

Borrowing costs

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

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

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

11. Derivative financial instruments

OVERVIEW

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current assets / (liabilities)		
Interest rate swaps	1,898	(626)
	1,898	**(626)**
Non-current assets / (liabilities)		
Interest rate swaps	723	(188)
	723	**(188)**
Total derivative financial instruments assets / (liabilities)	**2,621**	**(814)**

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

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

ACCOUNTING POLICY

Derivatives

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

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.

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11. Derivative financial instruments (continued)

Financial Instruments (continued)

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

Specific valuation techniques used to value financial instruments include:

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

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

12. Other financial assets

OVERVIEW

The Group's other financial assets consist of short-term financing provided by the Group to certain managed funds. The Group's other financial assets as at 30 June 2022 are detailed below:

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Other financial assets and receivables	2,186	4,198
Total other financial assets	**2,186**	**4,198**

ACCOUNTING POLICY

The Group measures its other financial assets at amortised cost.

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

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

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

13. Contributed equity

OVERVIEW

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

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

Contributed equity for the year ended 30 June 2022

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2022 $'000	Parent Entity 30 June 2022 $'000	EIF 30 June 2022 $'000
120,974,515	Opening balance	1 Jul 2021	176,406	72,305	104,101
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
121,915,824	**Securities on issue**	**30 Jun 2022**	**178,342**	**72,783**	**105,559**

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2022 $'000	Parent Entity 30 June 2022 $'000	EIF 30 June 2022 $'000
3,805,105	Opening balance	1 Jul 2021	4,832	1,204	3,628
941,309	2022 STI Securities granted	30 Sep 2021	1,936	478	1,458
4,746,414	**Treasury securities on issue**	**30 Jun 2022**	**6,768**	**1,682**	**5,086**

Contributed equity for the year ended 30 June 2021

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2021 $'000	Parent Entity 30 June 2021 $'000	EIF 30 June 2021 $'000
119,579,339	Opening balance	1 Jul 2020	174,744	71,891	102,853
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
120,974,515	**Securities on issue**	**30 Jun 2021**	**176,406**	**72,305**	**104,101**

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13. Contributed equity (continued)

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

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2021 $'000	Parent Entity 30 June 2021 $'000	EIF 30 June 2021 $'000
2,756,646	Opening balance	1 Jul 2020	3,801	1,005	2,796
1,395,176	2020 STI Securities granted	17 Dec 2020	1,662	414	1,248
(346,717)	2019 STI Securities vested	27 Jun 2021	(631)	(215)	(416)
3,805,105	**Treasury securities on issue**	**30 Jun 2021**	**4,832**	**1,204**	**3,628**

ACCOUNTING POLICY

Equity-settled security-based payments to employees and others providing similar services are measured at th 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 straight-line basis over the vesting period, based on the Group's estimate of equity instruments that w eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revise its estimate of the number of equity instruments expected to vest. The impact of the revision of the origin estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimat with a corresponding adjustment to the equity-settled employee benefits reserve.

14. Reserves

OVERVIEW

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Asset revaluation reserve		
Opening balance	79,499	44,580
Revaluation	16,426	33,012
Equity accounted investment revaluation reserve	68	1,907
Closing balance	95,993	79,499
Cash flow hedge reserve		
Opening balance	(361)	(2,244)
Revaluation	361	1,883
Closing balance	–	(361)
Stapled security-based payment reserve		
Opening balance	6,338	3,869
Loan securities and option expense	1,303	1,491
Short term incentive scheme expense	2,834	978
Closing balance	10,475	6,338
Total reserves	**106,468**	**85,476**

14. Reserves (continued)

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

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

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

15. Financial risk management

OVERVIEW

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

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

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

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

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

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

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

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

(a) Market risk

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

(i) Interest rate risk

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

Notes to the Consolidated Financial Statements
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15. Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk(continued)

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

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

Consolidated Group 30 June 2021	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	20,771	–	–	20,771
Financial assets	4,198	–	–	4,198
Total assets	**24,969**	**–**	**–**	**24,969**
Weighted average interest rate				**1.76%**
Liabilities				
Interest bearing loans	64,611	201,645	–	266,256
Derivative financial instruments	626	188		814
Total liabilities	**65,237**	**201,833**	**–**	**267,070**
Weighted average interest rate				**4.58%**

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

As at 30 June 2022 $83.8 million (2021: $134.9 million) of the $335.8 million (2021: $209.2 million) of floating interest-bearing loans have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

15. Financial risk management (continued)

(ii) Interest Rate Sensitivity

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

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

Consolidated Group 30 June 2021	Amount $'000	Increase by 1% Profit/ (loss) $'000	Increase by 1% Equity $'000	Decrease by 1% Profit/ (loss) $'000	Decrease by 1% Equity $'000
Cash and cash equivalents	20,771	208	–	(208)	–
Derivative financial instruments	814	–	1,395	–	(1,395)
Interest bearing loans	269,185	(1,297)	–	1,297	–
Total increase / (decrease)	**290,770**	**(1,089)**	**1,395**	**1,089**	**(1,395)**

(b) Credit risk

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

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

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

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

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

At balance date, the Group has recognised an expected credit loss provision of $0.9 million (2021: $0.2 million) in respect to the rent receivables of Bluewater Square Syndicate.

15. Financial risk management (continued)

(b) Credit risk (continued)

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

At balance date, no provisions have been recognised in respect of loans and funds management fees receivable from the Group's HTL Funds and a provision of $0.3 million has been recognised in respect of the consolidated HTL Funds' trade debtors (2021: $0.7 million).

(i) Exposure to credit risk

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Cash and cash equivalents	27,774	20,771
Financial assets	2,186	4,198
Trade and other receivables	17,653	6,293
Total	**47,613**	**31,262**

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

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

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

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

(ii) Impairment losses

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current	14,236	5,458
Past due 31-61 days	998	643
Past due 61+ days	3,721	1,112
Total	**18,955**	**7,213**
Provision for expected credit loss	(1,302)	(920)
Net trade and other receivables	**17,653**	**6,293**

15. Financial risk management (continued)

(c) Liquidity risk

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

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

(d) Capital risk management

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

Consolidated Group 30 June 2021	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	626	188	–	–	–	814
Non derivative financial liabilities						
Payables	22,623	–	–	–	22,623	22,623
Interest bearing loans	68,062	188,472	34,721	–	292,271	266,256
Lease liability	617	737	2,221		3,575	3,575
Total	**91,928**	**189,397**	**36,942**	**–**	**318,468**	**293,267**

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

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

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

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Group Structure

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

16. Business Combination

During the year, the Group increased its ownership interests in Stirling Street Syndicate (Stirling) and Elanor Wildlife Park Fund (EWPF), to 42.98% and 42.82% respectively. As a result, the Group obtained a controlling interest in these funds. Refer to the Basis of Consolidation for further discussion.

The consolidation of these investments, which are previously equity accounted, are considered business combinations under AASB 3 *Business Combinations*.

Details of the purchase consideration and the net assets acquired are as follows:

	Stirling Street $'000	EWPF $'000	Total $'000
Transaction date	30 Nov 2021	27 Aug 2021	
Cash paid	3,619	8,856	12,475
Total purchase consideration	3,619	8,856	12,475
Cash and cash equivalents	719	1,805	2,524
Trade and other receivables	74	260	334
Inventory	–	925	925
Property, plant and equipment	–	63,013	63,013
Investment properties	34,072	–	34,072
Other assets	249	48	297
Payables	(319)	(3,091)	(3,411)
Interest bearing liabilities	(19,757)	(24,389)	(44,146)
Other liabilities	(62)	(495)	(556)
Net identifiable assets acquired	14,976	38,076	53,052
Less: non-controlling interest	8,493	21,812	30,305
Less: fair value of equity accounted investment immediately prior to acquisition	2,862	7,408	10,270
	3,619	8,856	12,475

Revenue and net profit contribution

The contribution to the Group's revenue for the period from the consolidation of Stirling and EWPF was $1.8 million and $10.8 million respectively, while their contribution to the Group's net profit or (loss) for the period was $0.3 million and ($3.2) million respectively. If the acquisition had occurred on 1 July 2021, the contribution to the Group's revenue and net profit/(loss) for the year would have been $3.1 million and $0.6 million for Stirling, and $11.3 million and ($4.7) million for EWPF respectively.

17. Parent entity

OVERVIEW

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

(a) Summarised financial information

Financial position	Elanor Investors Limited[1] 30 June 2022 $'000	Elanor Investors Limited[1] 30 June 2021 $'000	Elanor Investment Fund[2] 30 June 2022 $'000	Elanor Investment Fund[2] 30 June 2021 $'000
Current assets	29,180	779	61,077	94,960
Non - current assets	87,469	118,100	112,200	92,229
Total assets	**116,649**	**118,880**	**173,278**	**187,189**
Current liabilities	16,146	16,028	5,601	9,049
Non - current liabilities	53,755	57,691	85,662	74,453
Total liabilities	**69,901**	**73,719**	**91,263**	**83,502**
Contributed equity	70,877	70,877	100,103	100,103
Reserves	3,060	1,763	27,484	19,870
(Acumulated losses) / retained profits	(27,189)	(27,479)	(45,574)	(16,286)
Total equity	**46,748**	**45,161**	**82,015**	**103,687**
Financial performance				
(Loss) / profit for the period	290	1,832	(12,858)	(8,275)
Other comprehensive income for the period	(347)	(347)	20,417	15,642
Total comprehensive income for the period	**(57)**	**1,485**	**7,559**	**7,367**

[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 (2021: nil) 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 (2021: nil).

(d) Contingent liabilities

At balance date Elanor Investors Limited and Elanor Investment Fund had no contingent liabilities (2021: nil).

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 year are as follows:

Elanor Investors Limited Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group	
			30 June 2022	30 June 2021
Elanor Asset Services Pty Limited[1]	Asset services	Australia	100%	100%
Elanor Funds Management Limited[1]	Responsible entity	Australia	100%	100%
Elanor Operations Pty Limited[1]	Operational services	Australia	100%	100%
Elanor Hotel Operations Pty Limited	Operational services	Australia	100%	0%
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%
Albany Hotel Management Pty Limited[1]	Hotel operator	Australia	35%	100%
Cradle Mountain Lodge Pty Limited[2]	Hotel operator	Australia	35%	43%
Wollongong Hotel Management Pty Limited[2]	Hotel operator	Australia	35%	43%
Port Macquarie Hotel Management Pty Limited[2]	Hotel operator	Australia	35%	43%
Tall Trees Hotel Management Pty Limited[2]	Hotel operator	Australia	35%	43%
Pavilion Wagga Wagga Hotel Management Pty Limited[2]	Hotel operator	Australia	35%	43%
Parklands Resort Hotel Management Pty Limited[2]	Hotel operator	Australia	35%	43%
EMPR II Management Pty Limited[2]	Holding company	Australia	35%	43%
Eaglehawk Hotel Management Pty Limited[3]	Hotel operator	Australia	35%	43%
Narrabundah Hotel Management Pty Limited[3]	Hotel operator	Australia	35%	43%
Byron Bay Hotel Management Pty Limited[3]	Hotel operator	Australia	35%	43%
Elanor Hotel Accommodation Limited (formerly EMPR Management Pty Limited[3])	Holding company	Australia	35%	43%
Elanor Hotel Accommodation II Limited (formerly Elanor Luxury Hotel Fund Pty Limited[4])	Holding company	Australia	35%	100%
Mayfair Hotel Management Pty Ltd[4]	Hotel operator	Australia	35%	100%
Wakefield Street Hotel Management Pty Ltd[4]	Hotel operator	Australia	35%	100%
Cradle Mountain Lodge Management II Pty Ltd[4]	Hotel operator	Australia	35%	100%
Estate Tuscany Hotel Management Pty Ltd[4]	Hotel operator	Australia	35%	0%
Elanor Wildlife Park Management Pty Ltd	Wildlife park operator	Australia	43%	27%
Mogo Zoo Management Pty Ltd	Wildlife park operator	Australia	43%	27%
Hunter Valley Wildlife Park Management Pty Ltd	Wildlife park operator	Australia	43%	0%

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

18. Subsidiaries and Controlled entities (continued)

Elanor Investment Fund Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power by the Group 30 June 2022	30 June 2021
Elanor Investment Trust	Co-investment in Managed Funds	Australia	100%	100%
Albany Hotel Syndicate	Hotel landholder	Australia	35%	100%
Wollongong Hotel Syndicate	Hotel landholder	Australia	35%	43%
Elanor Hotel Accommodation Fund II (formerly Elanor Metro and Prime Regional Hotel Fund II)	Hotel landholder	Australia	35%	43%
Wollongong Hotel Property Trust	Hotel landholder	Australia	35%	43%
Port Macquarie Property Trust	Hotel landholder	Australia	35%	43%
Tall Trees Property Trust	Hotel landholder	Australia	35%	43%
Pavilion Wagga Wagga Property Trust	Hotel landholder	Australia	35%	43%
Parklands Resort Property Trust	Hotel landholder	Australia	35%	43%
Narrabundah Property Trust	Hotel landholder	Australia	35%	43%
Byron Bay Hotel Property Trust	Hotel landholder	Australia	35%	43%
Elanor Hotel Accommodation Fund I (formerly Elanor Metro and Prime Regional Hotel Fund)	Hotel landholder	Australia	35%	43%
Elanor Hotel Accommodation Fund III (formerly Elanor Luxury Hotel Fund)	Hotel landholder	Australia	35%	100%
Mayfair Hotel Property Trust	Hotel landholder	Australia	35%	100%
Wakefield Street Hotel Property Trust	Hotel landholder	Australia	35%	100%
Estate Tuscany Property Trust	Hotel landholder	Australia	35%	0%
Cradle Mountain Lodge Property Trust	Hotel landholder	Australia	35%	100%
Bluewater Square Syndicate	Shopping centre	Australia	42%	42%
Stirling Street Syndicate	Shopping centre	Australia	43%	2%
Cougal Street Property Trust	Landholder	Australia	100%	0%
Elanor Wildlife Park Fund	Wildlife park landholder	Australia	43%	27%
Mogo Zoo Property Trust	Wildlife park landholder	Australia	43%	27%
Hunter Valley Wildlife Park Property Trust	Wildlife park landholder	Australia	43%	0%

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Other Information

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

19. Trade and other receivables

OVERVIEW

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

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current		
Trade receivables	15,676	4,197
Other receivables	1,977	2,096
Total Current	**17,653**	**6,293**
Non-Current		
Contract asset	4,545	–
Total Non-Current	**4,545**	**–**
Total trade and other receivables	**22,198**	**6,293**

During the year, the Group made an $8.4 million Manager Contribution to ECF to support ECF's acquisition of a 49.9% interest in the 19 Harris Street property. Under the Australian Accounting Standards, this contribution is required to be recognised as a contract asset upon initial recognition. $3.9 million has been subsequently released through the Statement of Profit or Loss as a non-cash expense in the period in respect of transaction related funds management fees received from ECF. The remaining balance of the contract asset will be amortised as a non-cash expense through the Profit or Loss over a 5-year period.

20. Payables and other liabilities

OVERVIEW

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

Payables

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Trade creditors	5,107	1,390
Accrued expenses	7,581	7,743
GST payable / (receivable)	2,880	1,839
Total payables	**15,569**	**10,972**

20. Payables and other liabilities (continued)

Other liabilities

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current		
Distribution payable	5,397	8,638
Distribution payable by consolidated Funds[1]	4,418	2,923
Other liabilities	373	89
Total other current liabilities	**10,188**	**11,650**

[1]The distribution payable is related to distributions declared by the consolidated Funds including the guaranteed distribution payable by EHAF to the fund's investors for the financial year ending 30 June 2022 (2021: only EMPR Fund).

Provisions

	Consolidated Group 30 June 2022 $'000	Consolidated Group 30 June 2021 $'000
Current		
Provision for annual leave	3,013	1,687
Provision for long service leave	1,354	843
Other	–	350
Total current	**4,367**	**2,880**
Non-current		
Provision for annual leave	–	227
Provision for long service leave	196	234
Total non-current	**196**	**461**
Total provisions	**4,563**	**3,341**

ACCOUNTING POLICY

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

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

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

20. Payables and other liabilities (continued)

Employee benefits

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

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

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

21. Intangible assets

OVERVIEW

This note sets out the Intangible assets of the Group.

Consolidated Group	Management rights $'000	Software $'000	Total $'000
At 30 June 2020	600	–	600
Additions	–	1,375	1,375
Amortisation charge	(150)	(497)	(647)
At 30 June 2021	**450**	**878**	**1,328**
Additions	–	564	564
Amortisation charge	(150)	(294)	(444)
At 30 June 2022	**300**	**1,148**	**1,448**

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

ACCOUNTING POLICY

Funds management rights

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

Software

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

22. Government grants

During the year, the Group's Hotels, Tourism and Leisure Managed Funds (consolidated in the Group financial statements) received a total of $0.6 million (2021: $5.4 million) of government grants.

ACCOUNTING POLICY

Government grants are recognised when there is reasonable assurance the group will comply with the conditions attaching to them and the grant will be received. Government grants are presented as part of profit and loss.

23. Commitments

OVERVIEW

This note sets out the material commitments of the Group.

Contingent liabilities and commitments

The Group has capital expenditure commitments related to EHAF, but not recognised as liabilities, as at 30 June 2022 of $5.9 million (30 June 2021: nil).

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 2022 $'000	Consolidated Group 30 June 2021 $'000
Within one year	7,057	3,804
Year 2	6,773	3,567
Year 3	2,697	3,209
Year 4	2,214	2,738
Year 5	2,081	2,221
Later than 5 years	5,018	7,099
Total lease commitments	**25,840**	**22,638**

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

24. Share-based payments

OVERVIEW

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

STI scheme

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

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

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

LTI scheme

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

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

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

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

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

No LTI's were issued to KMP's in FY22 (2021: 8.5 million).

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

24. Share-based payments (continued)

LTI scheme (continued)

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

Employee Loan Securities

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Security Price at Grant Date	Fair Value at Grant Date
Loan Securities	750,000	6/08/2021	31/07/2025	Service & market	$1.92	$0.23
Loan Securities	11,725,000	28/08/2020	31/07/2024	Service & market	$1.15	$0.12
Loan Securities	5,000,000	21/10/2020	31/07/2024	Service & market	$1.33	$0.19

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

Options

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions[1]	Exercise Price	Fair Value at Grant Date
Options Tranche 2	2,000,000	21/10/2020	31/07/2023	Service & market	$1.65	$0.07

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

No options were granted in FY22.

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

Securities issued under STI plan

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

[1] Service conditions include a deferred vesting period.

The total expense recognised during the year in relation to the Group's equity settled share-based payments was $3,770,702 (2021: $3,302,395).

24. Share-based payments (continued)

ACCOUNTING POLICY

Share-Based Payments

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

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

25. Related parties

OVERVIEW

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

Elanor Investors Group

Controlled entities

Interests in controlled entities are set out in Note 18.

Responsible Entity fees

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

In accordance with the Constitution of Elanor Investment Fund (EIF), EFML is entitled to receive a management fee equal to its reasonable costs in providing its services as Responsible Entity for which it is not otherwise reimbursed. For the year ended 30 June 2022, this amount is $129,996 (2021: $129,996).

EFML makes payments for EIF from time to time. These payments are incurred by EFML in properly performing or exercising its powers or duties in relation to EIF. EFML has a right of indemnity from EIF for any liability incurred by EFML in properly performing or exercising any of its powers or duties in relation to EIF. The amount reimbursed for the year ended 30 June 2022 was nil (2021: nil).

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

25. Related parties (continued)

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

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Elanor Commercial Property Fund	5,979,712	3,310,295
Elanor Retail Property Fund[1]	5,210,146	3,680,149
Warrawong Plaza Fund	4,743,724	–
Elanor Healthcare Real Estate Fund	3,141,069	3,642,643
Harris Street Syndicate	2,327,252	–
Clifford Gardens Fund	1,636,393	2,128,758
Waverley Gardens Fund	1,382,481	1,142,386
Riverside Plaza Syndicate	1,137,641	2,084,354
Belconnen Markets Syndicate	1,127,858	1,410,504
Hunters Plaza Syndicate	967,039	658,047
Fairfield Centre Syndicate	688,193	1,356,051
Burke Street Fund	364,532	1,764,434
Stirling Street Syndicate	–	2,138,332
Elanor Wildlife Park Fund	–	1,111,429
Total	**28,706,040**	**24,427,382**

[1]The ERF income earned includes $1.82 million of Syndication fees recognised for the proposed syndication of ERF's Tweed Mall property.

Outstanding receivables balances with related parties

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

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Management Fee	2,103,889	668,148
Acquisition Fees	–	198,000
Other financial assets	2,186,304	4,197,719
Other receivables	1,257,022	288,713
Total	**5,547,215**	**5,352,580**

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25. Related parties (continued)

Key Management Personnel (KMP)

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

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

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

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Short term benefits	2,843,551	2,001,975
Long term benefits	112,685	106,770
Post-employment benefits	135,976	90,736
Share-based payment	1,625,231	1,584,619
Total	**4,717,443**	**3,784,100**

26. Significant events

Harris Street Fund

The Group established the Harris Street Fund in May 2021 which acquired the commercial property asset, 19 Harris Street in Pyrmont, NSW for $185.0 million, with the Elanor Commercial Property Fund (ASX: ECF) acquiring a 49.9% interest alongside Elanor's wholesale private capital partners.

Elanor Hotel Accommodation Fund

On 30 September 2021, the Elanor Hotels and Accommodation Fund (EHAF) was successfully established by the Elanor Metro and Prime Regional Hotel Fund (EMPR) acquiring the Elanor Luxury Hotel Fund (ELHF) and the Albany Hotel, creating a $346.2 million hotel fund.

On 30 June 2022 EHAF acquired Estate Tuscany from the ENN Group (which acquired Estate Tuscany in March 2022) and Sanctuary Inn Tamworth accommodation hotels for approximately $29 million. The acquisition of Sanctuary Inn Tamworth settled early August 2022.

Elanor Healthcare Real Estate Fund

The Elanor Health Care Real Estate Fund completed one property acquisition Highpoint Health Hub in Ashgrove, QLD, for $51.9 million in October 2021.

26. Significant events (continued)

Warrawong Plaza Fund

The Group establishment the Warrawong Plaza Fund in October 2021 which acquired the Warrawong Plaza shopping centre in Wollongong, NSW, for $136.4 million.

Elanor Commercial Property Fund

As noted above, on 25 May 2022, ECF acquired a 49.9% interest in Harris Street Fund alongside Elanor's wholesale private capital partners.

Elanor Retail Property Fund

Securityholder approval of the proposed liquidity event and privatisation of the Elanor Retail Property Fund (ASX: ERF) occurred in August 2022. The privatisation and delisting incorporates the syndication of the fund's Tweed Mall property to Elanor's wholesale private capital partners, a security buy-back offer and the delisting of ERF to become the Elanor Property Income Fund (EPIF). EPIF will be an open-ended, multi-sector, property fund generating secure income from a portfolio of high investment quality real estate assets.

27. Other accounting policies

Rental income

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

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

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

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

Cash and cash equivalents

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

Inventories

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

28. Events occurring after reporting date

Subsequent to year end, a distribution of 4.43 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $5.4 million will be paid on 31 August 2022 in respect of the year ended 30 June 2022.

On 19 August 2022, at an Extraordinary General Meeting, Elanor Retail Property Fund (ASX: ERF) securityholders approved the privatisation and delisting of ERF including the syndication of ERF's Tweed Mall property to Elanor's wholesale private capital partners. As a result, ERF is expected to delist from the ASX in November 2022.

Following delisting, ERF will become the Elanor Property Income Fund (EPIF), an open-ended, unlisted, multi sector reliable income real estate fund.

Other than the events disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial report or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial year subsequent to the year ended 30 June 2022.

29. Auditor's remuneration

OVERVIEW

PricewaterhouseCoopers are the independent auditors of Elanor Investors Group (2021: PricewaterhouseCoopers) and have provided a number of audit and other assurance related services as well as other non-assurance related services to Elanor Investors Group and the Trust during the year.

Below is a summary of fees paid for various services to PricewaterhouseCoopers (2021: PricewaterhouseCoopers) during the year.

	Consolidated Group 30 June 2022 $	Consolidated Group 30 June 2021 $
Auditors of the Group - PwC Australia		
Total audit and review of financial reports	610,000	256,050
Other services		
Sustainability services	102,410	–
Total other non-audit services	102,410	–
Total services provided by PwC	**712,410**	**256,050**

30. Non-Parent disclosure

OVERVIEW

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

Segment information

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

Distributions

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

	Distribution cents per stapled security 30 June 2022	Distribution cents per stapled security 30 June 2021	Total Amount 30 June 2022 $'000	Total Amount 30 June 2021 $'000
Interim distribution (declared before year end)[1]	9.05	4.13	11,037	4,994
Final distribution (declared after year end)[2]	4.43	7.14	5,397	8,638

[1]The interim distribution of 9.05 cents per stapled security was paid on 28 February 2022.
[2]The final distribution of 4.43 cents per stapled security was declared after 30 June 2022, but is recognised in the accounts at balance date. The final distribution will be paid on 31 August 2022.

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 on the profit / (loss) attributable to securityholders:

	EIF Group 30 June 2022	EIF Group 30 June 2021
Basic (cents)	5.59	3.82
Diluted (cents)	4.71	3.34
Profit / (loss) attributable to security holders used in calculating basic and diluted earnings per stapled security ($'000)	6,557	4,459
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	117,337	116,826
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	139,203	133,493

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Investment Properties

Movement in investment properties

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

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Carrying amount at the beginning of the period	384,825	332,811
Additions from consolidation of Elanor Wildlife Park Fund	44,446	–
Additions from consolidation of Stirling Street Syndicate	34,000	–
Additions	16,073	17,115
Revaluation increments	19,038	36,631
Disposals	–	(1,732)
Carrying amount at the end of the period	**498,382**	**384,825**

Refer to Note 7 Property, plant and equipment and Note 8 Investment properties for further details of the valuations of the underlying property assets.

ACCOUNTING POLICY

Fair value of Investment Properties

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

Valuation, technique and inputs

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

Fair value measurement

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

EIF Group	Book Value 30 June 2022 $'000	Discount Rate %	Terminal Yield %	Capitalisation Rate %	Average Daily Rate $	Occupancy %
Assets measured at fair value						
Investment properties	498,382	7.50 - 10.75	6.50 -9.25	6.50 - 11.00	122 - 523	39 -77
Total assets						

30. Non-Parent disclosure (continued)

Equity accounted investments

The Trust's equity accounted investments are as follows:

30 June 2022

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

30 June 2021

	Principal activity	Percentage Ownership	EIF Group 30 June 2021 $'000
Elanor Retail Property Fund (ASX: ERF)	Shopping Centres	18.03%	31,414
Elanor Commercial Property Fund (ASX: ECF)	Office Buildings	15.00%	38,370
Hunters Plaza Syndicate	Shopping Centre	4.73%	1,281
Waverley Gardens Fund	Shopping Centre	15.00%	10,789
Elanor Wildlife Park Fund	Wildlife Parks	26.61%	6,641
Stirling Street Syndicate	Office Building	2.03%	152
Total equity accounted investments			**88,647**

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2022

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

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

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

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

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

30. Non-Parent disclosure (continued)

Equity accounted investments (continued)

30 June 2021

Financial position	Elanor Retail Property Fund 30 June 2021 $'000	Elanor Commercial Property Fund 30 June 2021 $'000	Waverley Gardens Fund 30 June 2021 $'000
Current assets	55,568	9,665	5,463
Non - current assets	190,958	384,500	177,935
Total Assets	**246,526**	**394,165**	**183,398**
Current liabilities	23,455	8,778	5,303
Non - current liabilities	66,723	141,924	102,796
Total Liabilities	**90,178**	**150,702**	**108,099**
Contributed equity	155,272	250,975	88,000
Reserves	(120)	(824)	–
Retained profits / (accumulated losses)	1,196	(6,688)	(12,701)
Total Equity	**156,348**	**243,463**	**75,299**

Financial performance	Elanor Retail Property Fund Period ended 30 June 2021 $'000	Elanor Commercial Property Fund Period ended 30 June 2021 $'000	Waverley Gardens Fund Period ended 30 June 2021 $'000
Profit / (loss) for the period	7,157	31,255	7,427
Other comprehensive income for the period	4,128	1,165	–
Total comprehensive income for the period	**11,285**	**32,420**	**7,427**
Distributions received from the associate during the period	1,115	3,043	319

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

	Elanor Retail Property Fund Period ended 30 June 2021 $'000	Elanor Commercial Property Fund Period ended 30 June 2021 $'000	Waverley Gardens Fund Period ended 30 June 2021 $'000
Net assets of the associate	156,348	243,463	74,952
Proportion of the Group's ownership interest	18.03%	15.00%	15.00%
Group's share of net assets of the associates	28,190	36,519	11,243
Other movements not accounted for under the equity method[1]	3,224	1,851	(456)
Carrying amount of the Group's interest	**31,414**	**38,370**	**10,787**

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Aggregate information of associates that are not individually material

	Period ended 30 June 2022 $'000	Period ended 30 June 2021 $'000
Profit / (loss) for the period	6,049	(7,868)
Other comprehensive income for the period	(67)	3,837
Total comprehensive income for the period	**5,982**	**(4,031)**
Aggregate carrying amount of the Group's interests in these associates	1,688	8,075

Interest bearing liabilities

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Current		
Bank loan - term debt	16,302	48,862
Bank loan - borrowing costs less amortisation	–	(324)
Total current	**16,302**	**48,538**
Non-current		
Corporate notes	19,591	–
Corporate notes - borrowing costs less amortisation	(445)	–
Bank loan - term debt	257,775	133,453
Bank loan - borrowing costs less amortisation	(1,529)	(919)
Loan from the company	43,950	74,453
Total non-current	**319,342**	**206,987**
Total interest bearing liabilities	**335,644**	**255,525**

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 2022, the outstanding payable to the Company was $43.9 million (2021: $74.5 million).

30. Non-Parent disclosure (continued)

Credit facilities

As at 30 June 2022, the EIF Group had unrestricted access to the following credit facilities:

ENN Group	Group 30 June 2022 $'000	Group 30 June 2021 $'000
Facility - ENN	65,000	30,000
Total amount used	(59,850)	(6,000)
Total amount unused - ENN	**5,150**	**24,000**
EHAF Group		
Facility - EHAF	165,000	–
Total amount used	(165,000)	–
Total amount unused - EHAF	**–**	**–**
Bluewater Square Syndicate		
Facility - Bluewater	30,525	30,525
Total amount used	(30,525)	(30,525)
Total amount unused - Bluewater	**–**	**–**
Stirling Street Syndicate		
Facility - Stirling	19,800	–
Total amount used	(19,800)	–
Total amount unused - Stirling Street	**–**	**–**
EMPR Group		
Facility - EMPR	–	64,860
Total amount used	–	(64,860)
Total amount unused - EMPR	**–**	**–**
Elanor Luxury Hotel Fund		
Facility - ELHF	–	107,800
Total amount used	–	(107,800)
Total amount unused - ELHF	**–**	**–**
Total amount unused - Consolidated Group	**5,150**	**24,000**

The ENN Group has access to a $65 million secured debt facility, with a maturity date of 31 July 2025. The drawn amount at 30 June 2022 is $59.9 million and this facility is not hedged. The fair value of this debt facility $57.4 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate.

The EHAF Group has access to two secured debt facilities of $82.5 million each, on which both the EHAF hotel management companies and property trusts can draw. The drawn amount at 30 June 2022 is $82.5 million each and both will mature on 23 December 2024. The amount of drawn facility was hedged to 51% as at 30 June 2022. The fair value of each debt facility is $75.8 million. The fair value of the debt facilities is based on discounted cash flows using a current borrowing rate.

The Stirling Street Syndicate has access to a $19.8 million facility. The drawn amount at 30 June 2022 is $19.8 million which will mature on 23 August 2023. As at 30 June 2022, the drawn amount was not hedged. The fair value of this debt facility is $19.5 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Credit facilities (continued)

The Bluewater Square Syndicate has access to a $30.5 million (2021: $30.5 million) facility. The drawn amount at 30 June 2022 was $30.5 million (2021: $30.5 million) which will mature on 31 December 2023. At 30 June 2022, the drawn amount was not hedged. The fair value of this debt facility is $29.0 million. The fair value of the debt facility is based on discounted cash flows using a current borrowing rate.

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 2022, including the impact of the interest rate swaps, is 3.78% per annum (2021: 3.88%).

Derivative Financial instruments

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

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Current assets / (liabilities)		
Interest rate swaps	1,898	(601)
	1,898	**(601)**
Non-current assets / (liabilities)		
Interest rate swaps	723	(188)
	723	**(188)**
Total derivative financial instruments assets / (liabilities)	**2,621**	**(789)**

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 2022 $'000	EIF Group 30 June 2021 $'000
Asset revaluation reserve		
Opening balance	52,106	17,161
Revaluation	12,524	33,033
Equity accounted investment revaluation reserve	69	1,912
Closing balance	64,699	52,106
Cash flow hedge reserve		
Opening balance	(355)	(2,137)
Revaluation	355	1,782
Closing balance	0	(355)
Stapled security-based payment reserve		
Opening balance	4,224	2,576
Loan Securities and Option expense	706	881
Short term incentive scheme expense	2,134	767
Closing balance	7,064	4,224
Total reserves	**71,763**	**55,975**

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

30. Non-Parent disclosure (continued)

Reserves (continued)

The cash flow reserve presented in the comparatives was used to recognise increments and decrements in the fair value of cash flow hedges. In FY22 all cash flow hedges are discontinued, and no new hedge relationships are recognised.

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

(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 2022	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	9,008	–	–	9,008
Derivative financial instruments	1,898	723	–	2,621
Total Assets	**10,906**	**723**	**–**	**11,629**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	16,302	275,392	–	291,694
Total Liabilities	**16,302**	**275,392**	**–**	**291,694**
Weighted average interest rate				**3.99%**

EIF Group 30 June 2021	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	1,954	–	–	1,954
Total Assets	**1,954**	**–**	**–**	**1,954**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	48,538	132,534	–	181,072
Derivative financial instruments	601	188	–	789
Total Liabilities	**49,139**	**132,722**	**–**	**181,861**
Weighted average interest rate				**3.89%**

Of the $217.7 million floating interest-bearing loans as at 30 June 2022 (2021: $172.7 million), $83.8 million (2021: $134.9 million) have been hedged using interest rate swap agreements. These agreements are in place to swap the variable / floating interest payable to a fixed rate to minimise the interest rate risk.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Interest Rate Sensitivity

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

EIF Group 30 June 2021	Amount $'000	Increase by 1% Profit/ (loss) $'000	Increase by 1% Equity $'000	Decrease by 1% Profit/ (loss) $'000	Decrease by 1% Equity $'000
Cash and cash equivalents	1,954	20	–	(20)	–
Derivative financial instruments	789	–	1,198	–	(1,198)
Interest bearing loans	182,315	(625)	–	625	–
Total increase / (decrease)	**185,058**	**(605)**	**1,198**	**605**	**(1,198)**

(2) Credit Risk

Exposure to credit risk

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

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Cash and cash equivalents	9,008	1,954
Trade and other receivables	47,528	8,370
Total	**56,536**	**10,324**

Impairment losses

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

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Current	47,490	8,441
Past due 31-61 days	118	90
Past due 61+ days	774	18
Total	**48,382**	**8,549**
Provision for expected credit loss	(854)	(179)
Net trade and other receivables	**47,528**	**8,370**

30. Non-Parent disclosure (continued)

(3) Liquidity risk

EIF Group
30 June 2022

	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	–	–	–	–	–	–
Non derivative financial liabilities						
Payables & liabilities	17,175	0	–	–	17,175	17,175
Interest bearing loans	17,031	54,824	259,385	–	331,240	291,695
Total	**34,206**	**54,824**	**259,385**	**–**	**348,415**	**308,870**

EIF Group
30 June 2021

	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	601	188	–	–	789	789
Non derivative financial liabilities						
Payables & liabilities	13,958	–	–	–	13,958	13,958
Interest bearing loans	50,762	110,934	34,086	–	195,782	181,072
Total	**65,321**	**111,122**	**34,086**	**–**	**210,529**	**195,819**

Other financial assets and liabilities

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

Trade and Other Receivables

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Trade receivables	46,394	8,308
Other receivables	1,134	62
Total trade and other receivables	**47,528**	**8,370**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

30. Non-Parent disclosure (continued)

Payables

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
Trade creditors	5,022	792
Accrued expenses	2,018	1,595
GST payable	309	10
Total payables	**7,349**	**2,397**

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 2022 $'000	EIF Group 30 June 2021 $'000
Profit / (Loss) for the period	**2,000**	**4,977**
Amortisation	1,924	1,212
Fair value adjustment on revaluation of investment property	2,824	(3,158)
Net unrealised revenue from equity accounted investments	(9,871)	(7,029)
Net realised gain/(loss) on sale of investment	(1,634)	(2,278)
Other non cash items	13,586	28
Straight line lease expense and lease incentive income	128	103
Employee costs funded directly through equity	2,841	2,457
Net cash provided by operating activities before changes in assets and liabilities	**11,798**	**(3,688)**
Movement in working capital:		
Decrease / (increase) in trade and other receivables	(15,223)	7,494
Decrease / (increase) in other current assets	497	(64)
Increase / (decrease) in trade and other payables	2,920	(670)
Increase / (decrease) in other liabilities	(24)	(8)
Net cash from operating activities	**(32)**	**3,064**

30. Non-Parent disclosure (continued)

Other expenses

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

	EIF Group 30 June 2022 $'000	EIF Group 30 June 2021 $'000
General expenses	4,035	1,401
Loan forgiveness expense	11,638	–
Total other expenses	**15,673**	**1,401**

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 45-123 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

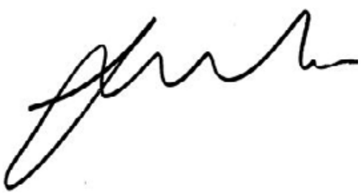
   ii. giving a true and fair view of the Group's and EIF's financial position as at 30 June 2022 and of their performance, for the financial year ended on that date; and

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
23 August 2022

Independent auditor's report

To the stapled securityholders of Elanor Investors Limited and Elanor Investment Fund

Report on the audit of the financial reports

Our opinion

In our opinion:

The accompanying financial reports of:

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

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

(a) giving a true and fair view of the financial positions of Elanor and the EIF Group as at 30 June 2022 and of their financial performance for the year then ended

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

What we have audited

The financial reports of Elanor and the EIF Group (the financial reports) comprise:

- the consolidated statements of financial position as at 30 June 2022
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of profit or loss for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration to stapled securityholders.

Basis for opinion

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

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

Independence

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

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Our audit approach

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

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

Materiality	Audit scope	Key audit matters
• For the purpose of our audit of Elanor and EIF Group, we used overall materiality of approximately $683,000 and $474,000, respectively, using earnings before interest, tax, depreciation and amortisation (EBITDA) as the benchmark in setting materiality. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose EBITDA because, in our view, it is the benchmark against which the performance of Elanor and EIF Group are most commonly measured.	• Our audit focused on where Elanor and the EIF Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The audit team consisted of individuals with the appropriate skills and competencies needed for the audits, and this included industry expertise in real estate, as well as valuation and tax professionals.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: o Valuation of Property, plant and equipment and investment property o Carrying value of equity accounted investments • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial reports for the current period and were determined separately for Elanor and the EIF Group. The key audit matters were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of Property, plant and equipment and Investment property *(Refer to notes 7, 8 and 30)*	
Elanor's property portfolio consists primarily of hotel and wildlife park properties classified as property, plant and equipment (PPE) and retail and commercial investment property as at 30 June 2022. EIF Group's property portfolio comprises the same assets, however all are classified as investment property in its financial report. The fair value of PPE and investment property was determined using the valuation methodologies outlined in notes 7 and 8. This was a key audit matter because of the: • relative size of the PPE and investment property to net assets and the related valuation movements, • inherent subjectivity in the determination of fair value estimates; and • the sensitivity of fair values to changes in key assumptions.	Our procedures included, amongst others: • Obtaining an understanding of Elanor and EIF Group's processes and controls for determining the valuation of PPE and investment property. • Considering the design and implementation of controls relevant to the valuation of PPE and investment property. • Agreeing the adopted fair values of all properties to external valuation reports or internal valuation models and assessing the scope, competency and capability of the relevant external or internal valuer. • For hotel and wildlife park properties engaging PwC Valuation experts to assess the appropriateness of the valuation methodologies utilised and the reasonableness of the significant assumptions adopted in the valuations, and testing selected inputs. • For investment property held by Elanor, assessing the appropriateness of significant assumptions with reference to market data where possible and testing a sample of inputs. • Testing the mathematical accuracy of a sample of the valuations. • Considering the reasonableness of the disclosures made in light of the requirements of Australian Accounting Standards.

pwc

Key audit matter	How our audit addressed the key audit matter
Carrying value of equity accounted investments *(Refer to notes 9 and 30)*	
Elanor and EIF Group's Equity Accounted Investments (EAI) mainly consist of investments in the funds Elanor manages. EAI are accounted for in accordance with the accounting policy included in note 9. The carrying value of the EAI is assessed for impairment when indicators of impairment are identified. The assets are tested for impairment by comparing their recoverable amount (higher of value in use and fair value less costs to sell) with their carrying amount. The determination of the recoverable amount involves the use of estimates. This was a key audit matter because of the: • relative size of the EAI to net assets and the related profit from EAI for the year, and • inherent subjectivity of the key assumptions that underpin the recoverable amount of EAI.	As it relates to assessing the recoverable amount of EAI, our procedures included, amongst others: • Obtaining an understanding of Elanor and EIF Group's process over the determination of the carrying value of its EAI, and whether or not indicators of impairment exist for which the recoverable amount is required to be assessed; • Assessing, together with our internal valuation experts, the appropriateness of the methodology and significant assumptions in Elanor and EIF Group's determination of the recoverable amount of EAI where indicators of impairment have been identified; and • Testing the mathematical accuracy of the recoverable amount calculations.

Other information

The directors of Elanor Investors Limited and the directors of Elanor Funds Management Limited, Responsible Entity of the Registered Scheme (collectively referred to as the directors), are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial reports and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 31 to 40 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Elanor Investors Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

N R McConnell

N R McConnell
Partner

Sydney
23 August 2022

Corporate Governance

The Board of Directors of Elanor Investors Group (Group) have approved the Group's Corporate Governance Statement as at 30 June 2022. 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/sustainability/governance**

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 16 August 2022

Stapled Securities

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), having listed on 11 July 2014. The units of the Trust and shares of the Company 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 the Company or the Trust or both from the ASX Official List if any of the units and the shares cease to be stapled together or any equity securities issued by the Company or the Trust 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	18,845,568	15.29
2	Rockworth Investment Holdings Pte Ltd	17,932,967	14.55
3	J P Morgan Nominees Australia Pty Limited	7,831,625	6.35
4	CPU Share Plans Pty Ltd <ENN DSI Control A/C>	4,385,431	3.56
5	Perpetual Corporate Trust Ltd <QCAXSIVECF A/C>	4,159,930	3.38
6	H & G Limited	3,550,122	2.88
7	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,237,760	2.63
8	Mr Glenn Willis	2,858,244	2.32
9	Citicorp Nominees Pty Limited	2,430,528	1.97
10	Armada Investments Pty Ltd	2,295,605	1.86
11	CPU Share Plans Pty Ltd <ENN DSI Unallocated A/C>	1,336,940	1.08
12	BNP Paribas Noms Pty Ltd <DRP>	1,161,136	0.94
13	Danissa Pty Ltd <P & B Siviour Family A/C>	880,705	0.71
14	National Nominees Limited	824,591	0.67
15	Scanlon Capital Investments Pty Ltd	722,500	0.59
16	BNP Paribas Noms Pty Ltd HUB24 Custodial Serv Ltd <DRP A/C>	589,727	0.48
17	Danissa Pty Ltd <Siviour Super Fund A/C>	568,091	0.46
18	Alady Super Pty Ltd <Alady Super Fund A/C>	550,000	0.45
19	Citano Pty Ltd <GN Willis Family A/C>	545,795	0.44
20	Citano Pty Ltd <GN Willis Super Fund A/C>	533,839	0.43
Total		75,241,104	61.05
Balance of Register		48,011,660	38.95
Grand Total		123,252,764	100.00

Securityholder Analysis
16 August 2022

Range Report

Range	No. of Securities	%	No. of Holders	%
100,001 and over	88,942,328	72.16	96	3.68
10,001 to 100,000	28,255,462	22.92	1,030	39.49
5,001 to 10,000	3,939,863	3.20	502	19.25
1,001 to 5,000	1,952,579	1.58	619	23.73
1 to 1,000	162,532	0.13	361	13.84
Total	123,252,764	100.00	2,608	100.00

The total number of Securityholders with an unmarketable parcel of securities was 130.

Substantial Securityholders

Securityholder	No. of Securities	%
Rockworth Investment Holdings Pte Ltd	17,932,967	14.71
Perpetual Limited	14,877,096	12.30

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 (Chair)
Glenn Willis (Managing Director and CEO)
Nigel Ampherlaw
Anthony (Tony) Fehon
Su Kiat Lim
Karyn Baylis

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

PricewaterhouseCoopers
One International Towers
Watermans Quay
Barangaroo NSW 2000

Custodian

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

Website

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