



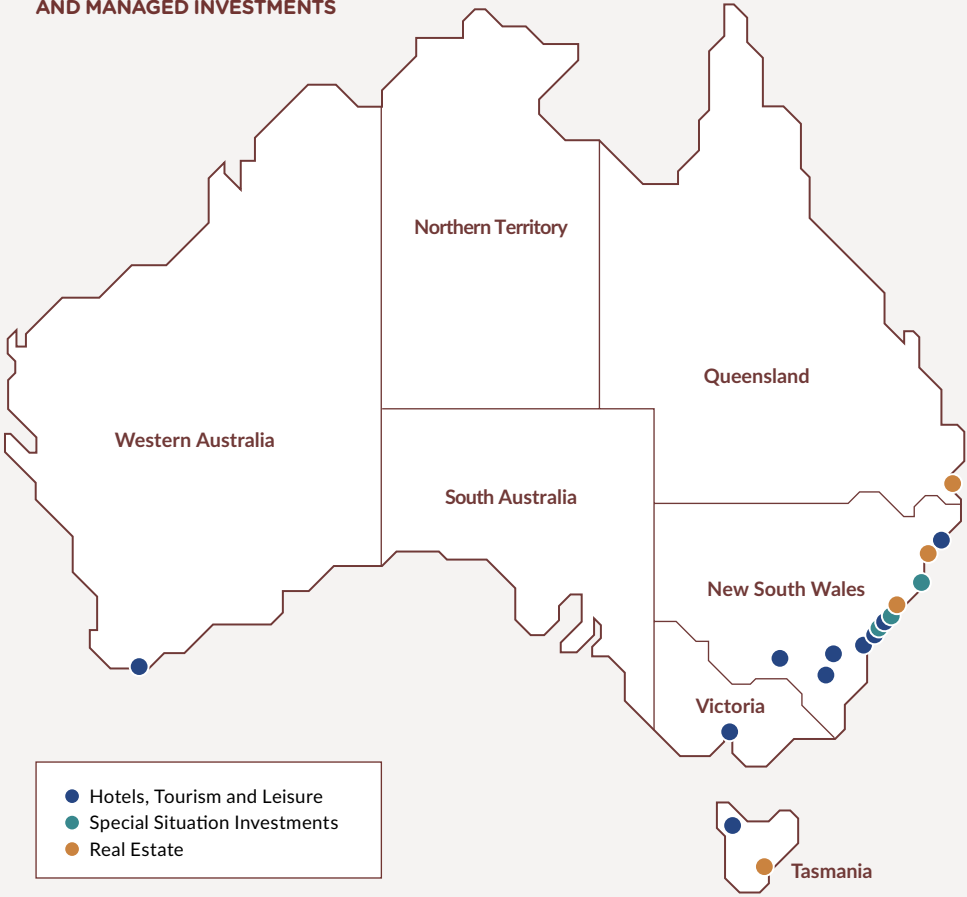
Annual Report 2016

# Elanor Investors Group

Annual Report 2016



**ELANOR INVESTOR GROUP'S OWNED  
AND MANAGED INVESTMENTS**



**CONTENTS**

Highlights	2	Financial Statements	36
Message from the Chairman	3	Corporate Governance Statement	104
CEO's Message	4	Security Holder Analysis	111
Directors Report	8	Corporate Directory	113

**RESPONSIBLE ENTITY**

Elanor Funds Management Limited ABN 39 125 903 031. ASFL 398 196. Elanor Investors Group comprises Elanor Investors Limited (ABN 33 169 308 187) and Elanor Investment Fund (ARSN 169 450 926).





## FINANCIAL CALENDAR

10 November 2016	Meeting of security holders
December 2016	Estimated interim distribution announcement and securities trade ex-distribution
February 2017	Interim results announcement
March 2017	Interim distribution payment
June 2017	Estimated final distribution announcement and securities trade ex-distribution
August 2017	Full-year results announcement
September 2017	Final distribution payment
September 2017	Annual tax statements

## MEETING OF SECURITY HOLDERS

The meeting of security holders will be held at 10.00am (Sydney time) at Computershare, Level 4, 60 Carrington Street, Sydney NSW 2000, on 10 November 2016.

# Highlights

## CORE EARNINGS for Financial Year 2016

**\$11.56m**   
23.7%

## DISTRIBUTIONS (per security)

**14.7c**   
23.1%

## SECURITY PRICE at 30 June 2016

**\$1.88**   
10.6%

## FUNDS UNDER MANAGEMENT at 30 June 2016

**\$485m**   
40.0%

## NET ASSET VALUE (per security)

**\$1.37** no change

## GEARING at 30 June 2016

**7.5%** 60% reduction  
from prior year





# Message from the Chairman



*On behalf of the Board, I am pleased to present Elanor Investors Group's Annual Report, including its Financial Statements for the year ended 30 June 2016.*

Paul Bedbrook  
Chairman

## ACHIEVEMENTS

The year ended 30 June 2016 has been a successful year. The Group has achieved satisfactory financial results for our security holders, significant growth in funds under management and other achievements central to our stated strategy. The significant financial outcomes and other achievements are highlighted below.

### Financial Results

- Core earnings were \$11.56 million, representing an increase of 23.7% on the prior year.
- Distributions for the year to 30 June 2016 of 14.7 cents per stapled security, representing a 23.1% increase on the prior year.
- Total security holder return for the year to 30 June 2016 was 19.2%, based on ENN's closing price at 30 June 2016 of \$1.88 together with distributions for the year.

### Funds under Management

- Funds under management increased by \$139 million to \$485 million during the year.
- New funds were established during the year to acquire:
  - 6 Australian accommodation hotels in NSW (4), Tasmania (1) and ACT (1) for a total of \$100 million;
  - Glenorchy Plaza shopping centre in Glenorchy, Tasmania for \$18.5 million; and
  - Limestone Street Centre located at 30 Limestone Street, Ipswich, QLD, for \$32 million.

### Investment Portfolio

- In keeping with our strategy of co-investing alongside our capital partners, co-investments totalling \$28.2 million were made in Elanor Hospitality and Accommodation Fund (41.7%), Elanor Retail Property Fund (24.4%) and Limestone Street Centre Syndicate (8.2%).
- Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel were sold to the Elanor Hospitality and Accommodation Fund, representing the inaugural seeding of a fund with Elanor owned properties.

- Significant progress was achieved in realising the value of our Merrylands property following the June 2016 NSW Department of Planning and Environment Gateway Determination on the Group's planning proposal.

## Capital Management

- Subsequent to year end, ENN undertook an equity raising of \$33 million via an institutional placement of \$30 million in July 2016 and a security purchase plan of \$3 million in August 2016. These funds will be used to co-invest in the new funds management initiatives announced by the Group on 28 July 2016.
- During the year we reduced our gearing levels to 7.5% as at June 30, 2016.

## GOVERNANCE

The Board continues to focus on the Group's corporate governance structure and processes consistent with the strategic focus, activities and growth of the Group. Good governance will be a fundamental part of our processes as the Group continues to grow and execute on its stated strategy.

## ACKNOWLEDGEMENTS

I wish to thank my fellow Board members, our executive management team led by the CEO and all our staff, both at Group level and at each of our investments, for their hard work, dedication and enthusiasm.

Finally, thank you to all Elanor security holders for their continued support and confidence.

Yours sincerely,

Paul Bedbrook  
Chairman, Elanor Investors Group

# CEO's Message



*I am pleased to present Elanor Investors Group's annual report for the year ended 30 June 2016.*

Glenn Willis  
Managing Director and  
Chief Executive Officer

We have further built on our successful first year as an ASX listed public company. Our core earnings of \$11.56 million reflected a 23.7% increase on the prior year. Distributions per security were 14.7 cents for the year, a 23.1% increase on the prior year. Particularly pleasing has been our ability to increase our funds under management by 40% during the year to \$485 million, as at 30 June 2016.

## STRATEGY

The key strategic objective of the Group is to grow funds under management by identifying and originating investments that deliver strong performance for both Elanor funds management capital partners and Elanor's security holders. Elanor's investment focus is on acquiring and unlocking value in assets that provide attractive cash flows and capital growth potential. We seek to co-invest with our capital partners in funds managed by Elanor for both strategic and alignment purposes. We also originate and hold investments on balance sheet where they provide opportunities for future co-investment by external capital partners.

## FUNDS MANAGEMENT

Our key strategic objective is to grow funds under management. During the year we established the Elanor Hospitality and Accommodation Fund with assets of \$100 million. This fund comprises a portfolio of 6 Australian accommodation assets with strong, diversified cash flows and significant redevelopment potential. This represented the inaugural seeding of a fund with Elanor owned properties, Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel. These properties were sold to the fund for \$38 million and \$9 million respectively, reflecting a combined gain of \$10 million from the purchase price of the assets at the listing of Elanor in July 2014.

In December 2015, we established the Elanor Retail Property Fund, comprising Manning Mall shopping centre in Taree, NSW and Glenorchy Plaza shopping centre in Glenorchy, Tasmania. As part of this transaction, investors in the Manning Mall Syndicate were provided the opportunity to redeem their investment at a value reflecting a 24% per annum total return. The Limestone Street Centre Syndicate was established in December 2015. This syndicate acquired a commercial asset located at 30 Limestone Street, Ipswich, QLD, for \$32 million.

Consistent with Elanor's investment philosophy, the assets acquired during the year are strongly cash generative and provide significant opportunities for both operational improvement and capital uplift. ENN has co-invested alongside our capital partners in each of these funds.

In September 2016, Griffin Plaza shopping centre in Griffith, NSW, was sold for \$23.5 million. This transaction generated a 26% per annum return for investors in the Griffin Plaza Syndicate.

We are well positioned for further growth. In July 2016, Elanor announced two new funds management initiatives, a new retail Real Estate Investment Trust which we are preparing to list on the ASX in 2016, and a new commercial property fund. These two funds will significantly increase Elanor's funds under management. Elanor will co-invest in each of these new funds.

Whilst prevailing market conditions for "value" investors are more challenging, our pipeline is encouraging.

## INVESTMENT PORTFOLIO

Elanor's investment portfolio totalled \$107 million as at 30 June 2016. Elanor's investment portfolio consists of the group's co-investments in funds managed by Elanor, in addition to assets that provide opportunities for future co-investment by external capital partners.

Our investment portfolio includes 26,135 square metres of land located at Merrylands, NSW, which was acquired as part of the John Cootes Furniture acquisition. In June 2016, the NSW Department of Planning and Environment issued its Gateway Determination on the Group's planning proposal confirming the rezoning of the site to B4 mixed use, increasing the maximum height of building control to 31 metres (9 storeys) and increasing the maximum floor space ratio to 2.0:1. In July 2016, Elanor appointed joint agents to market the property for sale under an Expression of Interest campaign.

### CAPITAL MANAGEMENT

In July and August 2016 we strengthened our balance sheet with the successful completion of a \$30 million Institutional Placement and a \$3 million capped Security Purchase Plan completed at an issue price of \$1.85 per new security. The equity raised will be used to fund our co-investments in the two new funds summarised above.

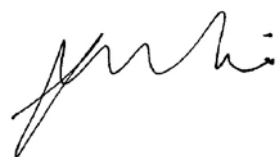
Our gearing of 7.5% at 30 June 2016 is particularly conservative and reflects a reduction in debt following the sale of Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel in March 2016. Our intention is to remain conservatively geared while maintaining borrowing capacity to take advantage of opportunities arising from asset valuation cycles.

### OUTLOOK

We continue to be focussed on growing our funds under management – our key strategic objective. Co-investing with our capital partners in new funds management opportunities remains a priority for the Group.

Based on the current operating performance of our investments and the pipeline of potential funds management opportunities, we anticipate continued growth in core earnings and distributions in the current financial year.

Yours sincerely,



**Glenn Willis**  
Managing Director and Chief Executive Officer





# Financial Report

For the year ended 30 June 2016



SYDNEY'S HANDS-ON WILDLIFE EXPERIENCE

FEATHERDALE  
WILDLIFE PARK  
SYDNEY AUSTRALIA



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**CONTENTS**

Directors' Report	8
Auditors Independence Declaration	35
Consolidated Statements of Profit or Loss	36
Consolidated Statements of Comprehensive Income	37
Consolidated Statements of Financial Position	38
Consolidated Statements of Changes in Equity	40
Consolidated Statements of Cash Flows	42
Notes to the Financial Statements	43
Directors' Declaration	101
Independent Auditor's Report	102
Corporate Governance Statement	104
Security Holder Analysis	111
Corporate Directory	113

# Directors' Report

for the year ended 30 June 2016

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## Directors' Report

The Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund, and the Directors of Elanor Investors Limited (Company) present their report together with the consolidated final financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the consolidated final financial report of the Elanor Investment Fund (EIF Group) for the full year ended 30 June 2016 (period).

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

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

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

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

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

### 1. Directors

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

Paul Bedbrook (Chair)  
Glenn Willis (Managing Director and Chief Executive Officer)  
Nigel Ampherlaw  
William (Bill) Moss AO

### 2. Principal activities

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

# Directors' Report

continued

## 3. Distributions

Distributions relating to the year ended 30 June 2016 comprise:

Distribution	Year Ended 30 June 2016
Interim Distribution	
Amount payable (cents per stapled security)	7.31
Payment Date	4 March 2016
Final Distribution	
Amount payable (cents per stapled security)	7.34
Payment Date	2 September 2016

A provision for the Final Distribution has not been recognised in the consolidated financial statements for the year as the distribution had not been declared at the reporting date. The Final Distribution per stapled security will bring distributions in respect of the year ended 30 June 2016 to 14.65 cents per stapled security. The Final Distribution of 7.34 cents compares to Final Distribution for the year ended 30 June 2015 of 6.70 cents per stapled security.

## 4. Operating and financial review

### Overview and strategy

The key strategic objective of Elanor is to grow funds under management by identifying and originating investments that deliver strong performance for both Elanor security holders and Elanor's funds management capital partners. Elanor seeks to co-invest with its capital partners in funds managed by Elanor for both strategic and alignment purposes.

Investments are also originated and held on balance sheet where they provide opportunities for future co-investment by external capital partners.

Elanor's core focus is in hotels, tourism and leisure, and real estate. In addition, special situations investments incorporate assets that are high yielding and exhibit strong real estate backing that may fall outside of the sectors in which the Group currently focuses.

During the year Elanor increased assets under management from \$346.4 million to \$484.5 million. Co-investments of \$28.2 million were made in new managed funds, resulting in an investment portfolio of \$107.4 million as at 30 June 2016.

Elanor is well positioned for growth. Whilst prevailing market conditions for "value" investors are more challenging, the Group's pipeline is encouraging.



# Directors' Report

continued

## 4. Operating and financial review (continued)

### Managed funds and investment portfolio

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

#### Managed Funds

Funds	Location	Type	Gross Asset Value \$'m
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	24.2
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	74.8
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	154.4
Griffin Plaza Syndicate	Griffith, NSW	Neighbourhood shopping centre	18.2
John Cootes Diversified Property Syndicate	Penrith and Tuggerah, NSW	Two retail showrooms	11.3
Manning Mall Syndicate	Taree, NSW	Sub-regional shopping centre	38.0
Super A Mart Auburn Syndicate	Auburn, NSW	Retail warehouse	20.9

#### Disposals since 30 June 2015

Griffin Plaza Syndicate (Sep 2015)	Griffith, NSW	Neighbourhood shopping centre	(18.2)
Manning Mall Syndicate (Dec 2015)	Taree, NSW	Sub-regional shopping centre	(38.0)

#### Additions since 30 June 2015

Elanor Hospitality and Accommodation Fund (Mar 2016)	NSW, TAS and ACT	Six hotels across NSW (4), TAS (1) and ACT (1)	98.6
Elanor Retail Property Fund (Dec 2015)	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centre	63.8
Limestone Street Centre Syndicate (Dec 2015)	Ipswich, QLD	Commercial office building	36.5
<b>Total Managed Funds</b>			<b>484.5</b>

# Directors' Report

continued

## 4. Operating and financial review (continued)

### Managed funds and investment portfolio (continued)

#### Investment Portfolio

Asset	Location	Type of Operating Business	Note	Valuation \$'m
<b>Hotels Tourism and Leisure</b>				
Featherdale Wildlife Park	Sydney, NSW	Wildlife Park	1	15.6
Hotel Ibis Styles Albany	Albany, WA	Hotel	1	5.3
Hotel Ibis Styles Canberra Eaglehawk	Canberra, ACT	Hotel	1	17.7
Mantra Wollongong Hotel	Wollongong, NSW	Hotel	1	9.0
Peppers Cradle Mountain Lodge	Cradle Mountain National Park, TAS	Hotel	1	38.0
<b>Special Situations Investments</b>				<b>Cost \$'m</b>
	Operates from 10 sites; Merrylands, Penrith, Tuggerah, Campbelltown, Bathurst, Taree, Fyshwick, Warners Bay, Wagga Wagga and Silverwater (as of 19 August 2016) (all NSW or ACT)			
John Cootes Furniture		Furniture retailer	2	10.1
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	3	16.1
<b>Disposals since 30 June 2015</b>				<b>Valuation \$'m</b>
Mantra Wollongong Hotel (Mar 2016)	Wollongong, NSW	Hotel	1	(9.0)
Peppers Cradle Mountain Lodge (Mar 2016)	Cradle Mountain, TAS	Hotel	1	(38.0)
<b>Managed Fund Co-Investments</b>				<b>Equity accounted value \$'m</b>
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	4	1.2
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	4	0.6
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	4	12.6
<b>Additions since 30 June 2015</b>				
Elanor Hospitality and Accommodation Fund (Mar 2016)	NSW, TAS and ACT	Six hotels across NSW (4), TAS (1) and ACT (1)	5	19.8
Elanor Retail Property Fund (Dec 2015)	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centres	4	7.0
Limestone Street Centre Syndicate (Dec 2015)	Ipswich, QLD	Commercial office	4	1.4
<b>Total Investment Portfolio</b>				<b>107.4</b>
<b>Total Managed Funds and Investment Portfolio</b>				<b>\$591.9</b>

# Directors' Report

continued

## 4. Operating and financial review (continued)

### Managed funds and investment portfolio (continued)

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

Note 2: The John Cootes Furniture business is a wholly owned subsidiary of the Company and accounted for using the basis of consolidation.

Note 3: The Merrylands property is stated at cost.

Note 4: Managed Fund co-investments are associated and accounted for using the equity method, as this is the basis on which Core Earnings are calculated and distributions determined.

Note 5: The co-investment in Elanor Hospitality and Accommodation Fund has been consolidated in the financial statements. The amount shown assumes that the investment was accounted for using the equity method.

### Review of financial results

The Group recorded a statutory profit after tax of \$4.1 million for the year ended 30 June 2016.

Core or Distributable earnings were \$11.6 million or 16.2 cents per stapled security. A Final Distribution of 7.34 cents per stapled security has been declared for the six months ended 30 June 2016 (90% pay-out ratio on Core Earnings). Core Earnings is considered more relevant than statutory profit as it represents an estimate of the underlying recurring cash earnings of the Group, and has been determined in accordance with ASIC Regulatory Guide 230.

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

	Group 30 June 2016	Group 30 June 2015	EIF Group 30 June 2016	EIF Group 30 June 2015
<b>Statutory financial results</b>				
Net profit / (loss) after tax (\$'000)	4,143	2,720	3,789	15,061
Net profit / (loss) after tax (\$'000) (EHAF equity accounted)	6,810	2,720	5,544	15,061
Core Earnings (\$'000)	11,560	9,344	8,540	7,116
Distributions payable to security holders (\$'000)	10,404	8,409	7,686	6,404
Core Earnings per stapled security (cents)	16.19	13.23	11.96	10.07
Core Earnings per weighted average stapled security (cents)	16.36	14.07	12.09	10.72
Distributions (cents per stapled security / unit)	14.65	11.90	10.82	9.07
Net tangible assets (\$ per stapled security)	1.65	1.27	1.17	0.82
Net tangible assets (\$ per stapled security) (EHAF equity accounted)	1.27	1.27	0.80	0.82
Gearing (net debt / total assets less cash) (%)	28.15	18.31	36.80	33.28
Gearing (net debt / total assets less cash) (%) (EHAF equity accounted)	7.50	18.31	27.38	33.28



# Directors' Report

continued

## 4. Operating and financial review (continued)

### *Review of financial results (continued)*

On 21 March 2016 Elanor established the Elanor Hospitality and Accommodation Fund ("EHAF" or "Fund"). The Fund comprises a portfolio of 6 Australian hotels with strong, diversified cash flows and significant redevelopment potential. The Fund was seeded by two Elanor owned properties, Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel, the inaugural seeding of a fund with Elanor owned properties. As at 30 June 2016 the Fund had total assets of \$98.6 million and net assets of \$47.3 million. The Fund performed in line with period forecast for the year ended 30 June 2016 with the Fund declaring a distribution in respect of the period from 21 March 2016 to 30 June 2016 reflecting an annualised yield of over 12%.

Elanor holds a 41.7% interest in the Fund which is expected to reduce to approximately 20% to 25% as the Fund acquires new hotel assets over time. For accounting purposes, Elanor is deemed to have a controlling interest in the Fund given its level of ownership and role as manager of the Fund. This means that the financial results and financial position of the Fund are consolidated into the financial statements of the Group for the year ended 30 June 2016.

Presenting the summary consolidated financial results of the Group on the basis that the Fund was accounted for using the equity method is important because Elanor considers that this gives the most appropriate presentation consistent with management and reporting of the Group and to provide a comparable basis to the presentation of the results for the year ended 30 June 2015.

The primary adjustments to the summary presentation of the Group's statutory results shown on the previous page for the year ended 30 June 2016 on this basis are:

- Net profit / (loss) after tax for the Group increases from \$4.1 million to \$6.8 million and for the EIF Group from \$3.8 million to \$5.5 million. This relates primarily to the write off of transaction and establishment costs in the consolidated financial statements of the Fund, given fair value accounting, to ensure that land and buildings within the Fund at acquisition were recorded at fair value.
- No change to Core Earnings or Distributions as Core Earnings and Distributions reflect the distributions received and receivable by the Group from the Fund, consistent with all Group co-investments in funds managed by Elanor.
- Net tangible assets for the Group decreases from \$1.65 to \$1.27 and for the EIF Group from \$1.19 to \$0.80. This is because the adjusted Group and EIF consolidated balance sheet shows the investment in the Fund, using the equity method, rather than full consolidation of the assets and liabilities of the Fund.
- Gearing for the Group reduces from 28.1% to 7.5% and for the EIF Group from 36.8% to 27.4%. This relates to the interest bearing debt of the Fund being consolidated into the Group and the EIF Group in the statutory financial statements for the year ended 30 June 2016. As at 30 June 2016 the interest bearing debt and net debt the Group, on the basis that the Fund was accounted for using the equity method, was \$14.8 million and \$8.8 million respectively.

# Directors' Report

continued

## 4. Operating and financial review (continued)

### Review of financial results (continued)

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

		Group 30 June 2016 \$'000	Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Net profit / (loss) after tax (statutory)</b>		<b>4,143</b>	<b>2,720</b>	<b>3,789</b>	<b>15,061</b>
Adjustment to remove the impact of consolidation of the Fund		4,668	-	3,064	-
Adjustment to include the impact of accounting for the Fund using the equity method		(2,001)	-	(1,310)	-
<b>Adjusted profit / (loss) after tax</b>		<b>6,810</b>	<b>2,720</b>	<b>5,543</b>	<b>15,061</b>
<i>Adjustments for items included in statutory profit/(loss)</i>					
Increase in equity accounted investments to reflect distributions received/receivable	2	3,480	461	2,997	461
Building depreciation expense	3	851	1,063	-	-
John Cootes Furniture Insurance recovery adjustment	4	(706)	-	-	-
Straight lining of rental expense		32	-	-	-
Amortisation of intangibles		150	150	-	-
Gain on the sale of Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel	5	10,009	-	-	-
Net proceeds on the sale of Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel retained	5	(9,056)	-	-	-
Transaction, establishment costs and fair value decrements	6	-	4,843	-	1,297
Fair value adjustments on investment property		-	-	-	(9,703)
Tax adjustments		(10)	107	-	-
<b>Core Earnings</b>	<b>1</b>	<b>11,560</b>	<b>9,344</b>	<b>8,540</b>	<b>7,116</b>

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

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

# Directors' Report

continued

## 4. Operating and financial review (continued)

### *Review of financial results (continued)*

Note 3: During the year the Group incurred total depreciation charges of \$3.666 million, however only the depreciation expense on buildings of \$0.851 million has been added back for the purposes of calculating Core Earnings.

Note 4: The insurance recovery in respect of the John Cootes Furniture Yennora Warehouse fire on 27 July 2015 includes an amount received in relation to the loss of plant and equipment (net of the write off of the written down value of plant and equipment destroyed). Core Earnings has been reduced by \$0.71 million because those proceeds will be used to purchase replacement plant and equipment required by the business.

Note 5: In March 2016 the Group sold Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel to Elanor Hospitality and Accommodation Fund for \$38.0 million and \$9.0 million respectively.

Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel were acquired by the Group at IPO in July 2014 for \$28.8 million and \$7.2 million respectively. After deducting purchase price and acquisition costs the net profit on the sale of these assets was \$10.0 million. This amount has not been included in consolidated profit and loss but has been included in Core Earnings. After deducting the proportion of the after tax bonus expense specifically related to the sale of Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel forming part of the consolidated profit and loss of the Group for the year ended 30 June 2016, the adjusted net proceeds from the sale of these assets to be retained to assist in achieving the future growth plans of the Group is \$9.1 million.

Note 6: Transaction and establishment costs incurred by the Group through consolidated profit and loss for the year ended 30 June 2015 relate to the establishment and listing of the Group in July 2014.

### *Review of operational results*

The Group is organised into four divisions by business type.

Funds Management manages third party owned investment funds and syndicates.

Hotel, Tourism and Leisure originates investment and fund management assets. The current investment portfolio includes Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel, and Ibis Styles Albany Hotel along with co-investment in 193 Clarence Hotel Syndicate, four Bell City syndicates and Elanor Hospitality and Accommodation Fund. Hotel, Tourism and Leisure also manages these syndicates.

Real Estate originates investment and fund management assets. The current investment portfolio comprises investments in Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate. Real Estate manages Auburn Central Syndicate, Elanor Retail Property Fund, John Cootes Diversified Property Syndicate, Limestone Street Centre Syndicate and Super A Mart Auburn Syndicate.

Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands, NSW.



# Directors' Report

continued

## 4. Operating and financial review (continued)

### Review of operational results (continued)

Set out below is an adjusted presentation of the statutory financial results by segment, on the basis that the Group's interest in EHAF is accounted for using the equity method rather than on a consolidated basis. Elanor considers that presenting the operating performance of the Group for the year ended 30 June 2016 on this adjusted basis gives the most appropriate presentation of the Group consistent with management and reporting of the Group and to provide a comparable basis to the presentation of results for the year ended 30 June 2015.

	Group Segment Revenue 30 June 2016 \$'000	Group Segment Revenue 30 June 2015 \$'000	Group Segment EBITDA 30 June 2016 \$'000	Group Segment EBITDA 30 June 2015 \$'000
<b>Group Revenue and EBITDA adjusted to reflect EHAF accounted for using The equity method</b>				
Funds Management	9,345	4,902	7,918	4,478
Hotels, Tourism and Leisure	32,205	32,784	6,752	9,068
Real Estate	-	-	321	6
Special Situations Investments	28,289	19,653	2,404	1,843
Other	140	748	140	748
<b>Total Segment Revenue and EBITDA</b>	<b>69,979</b>	<b>58,087</b>	<b>17,535</b>	<b>16,143</b>
Unallocated corporate costs			(6,400)	(4,153)
<b>Group EBITDA</b>			<b>11,135</b>	<b>11,990</b>
Depreciation and amortisation			(2,727)	(2,591)
Group EBIT			8,408	9,399
Interest income			76	-
Borrowing costs			(1,062)	(1,259)
Transaction and establishment costs			-	(4,843)
Group net profit / (loss) before income tax			7,422	3,297
Income tax expense			(612)	(577)
<b>Group net profit / (loss) after income tax</b>			<b>6,810</b>	<b>2,720</b>

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

	Group EBITDA 30 June 2016 \$'000	Group EBITDA 30 June 2015 \$'000
<b>Group EBITDA</b>	<b>11,135</b>	<b>11,990</b>
Add / subtract: Equity accounted (loss) / profit on co-investments	1,390	(93)
Add: Distributions received / receivable on co-investments	2,297	553
<b>Adjusted Group EBITDA</b>	<b>14,822</b>	<b>12,450</b>

# Directors' Report

continued

## 4. Operating and financial review (continued)

### Review of operational results (continued)

The primary reason for the equity accounted loss from co-investments of \$1.4 million for the year ended 30 June 2016 is the equity accounted loss of \$2.0 million in relation to ENN's share of EHAF. This reflects the fair value decrement of \$4.6 million in that fund for the year ended 30 June 2016, relating to the write off of transaction and establishment costs.

### Funds Management

The performance of the Funds Management business is summarised as follows:

	2016 \$'000	2015 \$'000
Operating Performance		
Total revenue	9,345	4,902
EBITDA	7,918	4,478
Operating margin	84.7%	91.4%

	2016 \$'m	2015 \$'m
Funds under Management		
Opening funds under management	346.4	86.7
Increase / (decrease) in value of funds under management	(4.6)	3.0
Disposals in value of funds under management	(56.2)	-
New funds	198.9	256.7
<b>Total</b>	<b>484.5</b>	<b>346.4</b>

The level of growth in funds under management during the period has been positive. The Group established three new syndicates during the year being Elanor Retail Property Fund (sub-regional shopping centres in Taree, NSW and Glenorchy, TAS), Limestone Street Syndicate (commercial office building in Ipswich, QLD) and the Elanor Hospitality and Accommodation Fund, a multi-asset hotel fund comprising six hotels. Elanor Retail Property Fund is a multi-asset retail property fund that was previously known as Manning Mall Syndicate.

During the year the Group strengthened its internal asset management and investment management capabilities, and deepened its capital partner base to support the Group's strategic focus to deliver growth in funds under management and the performance of assets under management.

### Hotels, Tourism and Leisure

The performance of the Hotels, Tourism and Leisure business is summarised as follows:

	2016 \$'000	2015 \$'000
Total revenue	32,205	32,784
EBITDA (excluding equity accounted results from co-investments)	8,463	8,981
Operating margin	26.3%	27.4%

Hotels, Tourism and Leisure EBITDA, excluding the equity accounted loss from co-investments of \$1.7 million, includes the results of Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel and Ibis Styles Albany Hotel. The results of Peppers Cradle Mountain Lodge and Mantra Wollongong Hotel are included in Hotels, Tourism and Leisure EBITDA until 21 March 2016 when these assets were sold to EHAF.

# Directors' Report

continued

## 4. Operating and financial review (continued)

### Hotels, Tourism and Leisure (continued)

The table below sets out the assessed value of the Groups property investment portfolio at 30 June 2016.

	2016 \$'m	2015 \$'m
Valuation of Properties		
Peppers Cradle Mountain Lodge	-	37.0
Featherdale Wildlife Park	15.6	15.0
Ibis Styles Canberra Eaglehawk Hotel	17.7	17.7
Mantra Wollongong	-	8.5
Ibis Styles Albany Hotel	5.3	5.3
<b>Total</b>	<b>38.6</b>	<b>83.5</b>

The performance of the Hotel, Tourism and Leisure co-investments is summarised as follows:

	2016 \$'000	2015 \$'000
Equity accounted result from co-investments	(1,711)	87
Distributions received / receivable from co-investments	1,957	548

The Hotels, Tourism and Leisure business also includes investments reflecting the Group's co-investment with its capital partners in 193 Clarence Hotel Syndicate, Bell City syndicates and Elanor Hospitality and Accommodation Fund. The carrying value of these investments as at 30 June 2016, using the equity method, was \$33.6 million. During the year the equity accounted share of profit of these co-investments was a loss of \$1.7 million with distributions received or receivable for the year from these co-investments totalling \$2.0 million. The equity accounted loss from co-investments for the year ended 30 June 2016 includes an equity accounted loss in relation to the investment in EHAF of \$2.0 million. This relates primarily to the fair value decrement of \$4.6 million in that fund for the year ended 30 June 2016, relating to the write off of transaction and establishment costs.

### Real Estate

Real Estate comprises equity accounted investments in the Auburn Central Syndicate, Elanor Retail Property Fund and Limestone Street Centre Syndicate. The carrying value of these investments as at 30 June 2016, using the equity method, was \$9.0 million. During the year the equity accounted share of profit of these investments was \$0.32 million with distributions received or receivable for the period totalling \$0.34 million.

### Special Situations Investments

The performance of the Special Situations Investments business is summarised as follows:

	2016 \$'000	2015 \$'000
Total revenue	28,289	19,653
EBITDA	2,404	1,843
Operating margin	8.5%	9.4%

Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands.

During the year new John Cootes Furniture stores were opened in Fyshwick (ACT) in December 2015, Warners Bay (NSW) in January 2016 and Wagga Wagga (NSW) in June 2016.



# Directors' Report

continued

## 4. Operating and financial review (continued)

### *Special Situations Investments (continued)*

On 27 July 2015 the John Cootes Furniture warehouse in Orchardleigh Street, Yennora sustained major damage as a result of a fire. The entire contents of the building, primarily stock and plant and equipment of the John Cootes Furniture business were destroyed and the building was unable to be recovered. The warehouse building is owned by the John Cootes Diversified Property Syndicate, a managed investment scheme managed by the Group. The property is fully insured, and the required business interruption insurances are also in place. In respect of the John Cootes Furniture business, claims for loss of stock and plant and equipment have been fully settled at \$2.0 million and \$1.7 million respectively. Four business interruption claims have been lodged that relate to lost sales from the date of the fire to 31 May 2016 along with claim preparation costs and additional costs of working. To date, progress payments in relation to the business interruption claims of \$2.3 million have been received from the insurer. A further progress claim for lost sales along with claim preparation costs and additional costs of working is expected to be lodged in September 2016.

The Group lodged a Planning Proposal in respect of its 26,135 square metre property located at 248 – 264 Woodville Road Merrylands, with Parramatta City Council ("Council") on 12 October 2015. The Planning Proposal was approved by Council at a meeting held on 7 December 2015. On 24 June 2016 the NSW Department of Planning and Environment issued its Gateway Determination on Elanor's planning proposal which confirmed:

- Rezoning the property to B4 mixed use;
- Increasing the maximum height of building control to 31 metres (9 storeys); and
- Increasing the maximum floor space ratio to 2.0:1 (this is a reduction from the Council endorsed floor space ratio of 2.25:1).

Elanor announced on 20 July 2016 that the property would be marketed for sale with CBRE and Savills appointed to jointly conduct an Expression of Interest campaign under a Commercial Exclusive Agency Agreement.

### *Summary and Outlook*

The Group's core strategy will remain focussed on growing its managed funds and earnings from the funds management business and actively managing its investment portfolio. The Group has a number of funds management opportunities under consideration, with a particular focus on the real estate and hotels, tourism and leisure sectors. The Group will look to increase income from managed funds, seed new managed funds with Group owned investments, and continue to co-invest with external capital partners.

Risks to the Group in the coming year primarily comprise potential earnings variability associated with general economic and market conditions including inbound tourism and domestic retail spending, the availability of capital for funds management opportunities and any movement in property valuations. The Group manages these risks through its active asset management approach across its investment portfolio, continuing to focus on broadening the Group's capital partner base and through the active management of the Group's capital structure.

Based on the current operating performance of the investment portfolio and the pipeline of potential funds management opportunities, the Group anticipates continued growth in Core Earnings in the year ahead.

# Directors' Report

continued

## 5. Interests in the Group

On 27 June 2016 the group issued 741,453 stapled securities under the short term incentive scheme in respect of the year ended 30 June 2016. These restricted stapled securities are held by the Group's employee security trust on behalf of the participants.

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

	<b>Group 30 June 2016 \$'000</b>	<b>Group 30 June 2015 \$'000</b>
Stapled securities on issue at the beginning of the year	70,645	60,800
Stapled securities issued for business acquisitions through Institutional Placement	-	9,120
Stapled securities issued for Security Purchase Plan	-	725
Stapled Securities issued under the short term incentive scheme	741	-
<b>Stapled securities on issue at the end of the period</b>	<b>71,386</b>	<b>70,645</b>

## 6. Directors

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

<b>Name</b>	<b>Particulars</b>
Paul Bedbrook	<p>Independent Non-Executive Chairman</p> <p>Paul was appointed a Director of both the Company and the Manager 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 &amp; 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) 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, a non-executive director of Credit Union Australia, and the National Blood Authority. He is also Chairman of Disability Sports Australia.</p> <p>Former listed directorships in the last three years: None  Interest in stapled securities: 254,847  Qualifications: B.Sc, F FIN, FAICD</p>

# Directors' Report

continued

## 6. Directors (continued)

Glenn Willis	<p>Managing Director and Chief Executive Officer</p> <p>Glenn was appointed a Director of both the Company and the Manager in June 2014. Glenn has extensive industry knowledge with over 25 years' experience in the Australian and international capital markets.</p> <p>Glenn was most recently co-founder and Chief Executive Officer of Moss Capital. Prior to Moss Capital, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. Grange Securities was a pre-eminent Australian owned investment bank with businesses in fixed income, equities, corporate finance and funds management. Grange Securities grew to be Australia's major independent fixed income house.</p> <p>After 12 years of growth, Grange Securities, a business with approximately 150 personnel, 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.</p> <p>Glenn is a board member of Big Brothers Big Sisters Australia and The FSHD Global Research Foundation.</p> <p>Glenn previously held senior positions at Fay Richwhite and Challenge Bank.</p> <p>Former listed directorships in the last three years: None Interest in stapled securities: 5,834,610 Qualifications: B.Bus (Econ &amp; Fin)</p>
Nigel Ampherlaw	<p>Independent Non-Executive Director Chairman, Audit Risk and Compliance Committee</p> <p>Nigel was appointed a Director of both the Company and the Manager 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.</p> <p>Nigel's current Directorships include a non-executive Director with Credit Union Australia, where he is Chair of the Audit Committee and a member of the Risk and Remuneration Committees, non-executive director of Quickstep Holdings Ltd where he is Chair of the Audit and Risk Committee and non-executive Director of the Australia Red Cross Blood Service, where he is a member of the Finance and Audit Committee and a member of the Risk Committee. Nigel has also been a member of the Grameen Foundation Australia charity board since 2012.</p> <p>Former listed directorships in the last three years: None Interest in stapled securities: 159,694 Qualifications: B.Com, FCA, MAICD</p>

# Directors' Report

continued

## 6. Directors (continued)

William (Bill) Moss AO	<p>Non-Executive Director Chairman, Remuneration and Nominations Committee</p> <p>Bill was appointed a Director of both the Company and the Manger in June 2014. Bill is an Australian businessman and philanthropist with expertise in real estate, banking, funds and asset management.</p> <p>Bill spent 23 years as a senior executive and Executive Director with Macquarie Group, the pre-eminent Australian investment bank, where Bill managed the Global Banking and Real Estate businesses. Bill founded, grew and led Macquarie Real Estate Group to a point where it managed over \$23 billion worth of investments around the world.</p> <p>Bill is Chairman of Moss Capital and Chairman and Founder of The FSHD Global Research Foundation.</p> <p>Bill is a commentator on the Australian finance and banking sectors, the global economy and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged.</p> <p>In 2015, Bill was awarded one of Australia's highest honours, Office of the Order of Australia (AO), for services to the banking, charity, and finance sectors.</p> <p>Former listed directorships in the last three years:</p> <p>Energy Action Limited – Non Executive Director (Resigned 30 June 2012) Exalt Resources Limited – Non Executive Director (Resigned 2 September 2013)</p> <p>Interest in stapled securities: 4,620,051 Qualifications: B.Ec</p>
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## 7. Directors' relevant interests

	Stapled securities At 1 July 2015	Net Movement	Securities at the date of this report
Paul Bedbrook	254,847	0	254,847
Glenn Willis	1,200,002	234,608	1,434,610 <sup>(1)</sup>
Nigel Ampherlaw	159,694	0	159,694
William (Bill) Moss	4,620,051	0	4,620,051

Note 1: Glenn Willis has an entitlement to an additional 4,400,000 securities under equity based executive incentive plans.

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

## 8. Meetings of Directors

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

	Elanor Board (Responsible Entity & the Company)		Audit, Risk & Compliance Committee		Remuneration and Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
Paul Bedbrook	13	13	6	6	5	5
Glenn Willis	13	13	6	6	5	5
Nigel Ampherlaw	13	13	6	6	5	5
William (Bill) Moss	13	13	6	6	5	5

# Directors' Report

continued

## 9. Remuneration Report (Audited)

The remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements, philosophy and framework of the 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) Key Management Personnel Equity Holdings
- h) Loans to Key Management Personnel
- i) Other Transactions and Balances with Key Management Personnel and their Related Parties

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

### **a) Remuneration Policy and Approach**

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

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 William Moss AO (Chair), Mr Paul Bedbrook and Mr Nigel Ampherlaw. The Remuneration and Nomination Committee meets at least annually for the purposes of reviewing and making recommendations to the Elanor Investors Group Board on the level of remuneration of the senior executives and the Directors.

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.

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

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### *Remuneration Policy and Approach (continued)*

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](http://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 2016 were:

<b>Executive</b>	<b>Position</b>
Mr Glenn Willis	Managing Director and Chief Executive Officer
Mr Paul Siviour	Chief Operating Officer
Ms Marianne Ossovani	Chief Investment Officer and Head of Hotels, Tourism and Leisure
Mr Symon Simmons	Chief Financial Officer and Company Secretary
<b>Non Executive</b>	<b>Position</b>
Mr Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr Nigel Ampherlaw	Independent Non-Executive Director
Mr William (Bill) Moss AO	Non-Executive Director

### **c) Executive Remuneration Arrangements**

The Group's executive remuneration framework has three components:

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

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

#### **Remuneration Structure**

- Base pay, including superannuation

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

- Short term incentive

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



# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### *Remuneration Structure (continued)*

The purpose of the STI Scheme is to provide an annual bonus arrangement that incentivises and rewards management for achieving annual pre-tax ROE for 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 be delivered in deferred securities, which vest two years after award, provided that the employee remains with the Group and maintains minimum performance standards.

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

- Long term incentive

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

Under the executive loan security plan, awards (comprising the loan of funds to eligible Elanor employees to acquire Securities which are subject to vesting conditions) have been issued to certain employees. Awards totalling 6.4 million Securities have been made.

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

In addition to the loan security plan, the Group has implemented an executive option plan comprising rights to acquire Securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. Options have been issued to the Chief Executive Officer only, over 1.6 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 for the 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 3 years in the case of both plans. The TSR is 10% per annum in the case of the loan security plan and 15% per annum in the case of the option plan. The option plan has an exercise price of \$1.80 per security (44% premium to the \$1.25 offer price at the time of the IPO).

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

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### 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 2016:

	30 June 2016 (\$'000)	30 June 2015 (\$'000)	Prospectus (\$'000)
Revenue	\$76,425	\$58,180	\$56,743
Net profit before tax	\$5,070	\$3,297	\$1,064
Net profit after tax	\$4,143	\$2,720	\$664
Core earnings	\$11,560	\$9,344	\$7,864
Security price at start of year	\$1.70	\$1.25	\$1.25 <sup>1</sup>
Security price at end of year	\$1.88	\$1.70	
Interim distribution	7.31 cents	5.20 cents	
Final distribution	7.34 cents	6.70 cents	
Total distributions	14.65 cents	11.90 cents	11.70 cents
Basic earnings per security	5.86 cents	4.10 cents	1.09 cents
Diluted earnings per security	5.37 cents	3.74 cents	0.99 cents

Note 1: The Group listed on 11 July 2014. This was the issue price at listing.

The financial performance measure driving STI payment outcomes is pre-tax return on equity (ROE). Reported earnings before tax for the year were \$5.1 million or \$4.1 million after tax. This reflects a 5.86 cents basic earnings per security based on average equity employed for the period.

For the year ended 30 June 2016 the Group achieved Core Earnings of \$11.6 million, a 24% increase on 2015. Total distributions per security in respect of the period were 14.65 cents, reflecting a 23.1% increase on 2015.

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### Executive Remuneration Outcomes (continued)

The Group's closing trading price on 30 June 2016 was \$1.88 per security, a 10.6% increase on the \$1.70 price at 1 July 2015.

For the year ended 30 June 2016, the bonus pool which has been calculated in accordance with the STI plan rules allocated to KMP's was \$2.34 million, incorporating cash and the value of deferred securities. The 2016 STI bonus pool was approved by the Board on 24 June 2016.

No LTI securities vested to executives during the year.

Table 1: Remuneration of Key Management Personnel

	Short-term employee benefits				Post employment benefits		Long-term employee benefits		Share-based payments				
					Super	Other <sup>1</sup>	Long Service Leave		LTI				
	Salary	Bonus	STI Cash	Non-Monetary					STI Security Payments <sup>2</sup>	Loan Security Payments <sup>2</sup>	STI Deferred Security	LTI Option Payments <sup>2</sup>	Total
Executive Officers	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
G. Willis	2016	363,348	292,500	0	33,548	19,308	0	115,960	11,700	17,333	17,333	0	853,697
	2015	354,211	0	0	12,994	18,269	0	115,960	0	17,333	17,333	0	518,767
P. Siviour	2016	302,936	292,500	0	20,937	35,131	0	48,686	11,700	0	0	0	711,890
	2015	244,859	0	0	9,856	39,696	0	39,295	0	0	0	0	333,706
M. Ossovani	2016	330,696	292,500	0	6,360	19,308	0	45,556	11,700	0	0	0	706,120
	2015	298,958	0	0	24,973	18,269	0	45,556	0	0	0	0	387,756
S. Simmons	2016	282,370	292,500	0	15,744	30,130	0	11,596	11,700	0	0	0	644,040
	2015	220,356	0	0	579	29,411	0	11,596	0	0	0	0	261,942

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

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

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### 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 (%)
<b>Executive Officers</b>				
G. Willis	2016	46.66	53.34	100.00
	2015	74.17	25.83	100.00
P. Siviour	2016	49.79	50.21	100.00
	2015	89.91	10.09	100.00
M. Ossovani	2016	50.02	49.98	100.00
	2015	88.48	11.52	100.00
S. Simmons	2016	52.57	47.43	100.00
	2015	95.95	4.05	100.00

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

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

The Remuneration and Nomination Committee retained a leading professional services firm to undertake an independent review of executive remuneration in June 2016, and resolved to increase the remuneration to the amounts shown in the table below, with effect from 1 July 2016. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the *Corporations Act* 2001, were made by the professional services firm.

Table 3: Employment contracts of key management personnel

Executive	G. Willis	P. Siviour	M. Ossovani	S. Simmons
<b>Position</b>	Managing Director and Chief Executive Officer	Chief Operating Officer	Chief Investment Officer and Head of Hotels, Tourism and Leisure	Chief Financial Officer and Company Secretary
<b>Term</b>	No fixed term	No fixed term	No fixed term	No fixed term
<b>Salary (including Superannuation)</b>	\$500,000	\$425,000	\$425,000	\$425,000
<b>Incentive remuneration</b>	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	Eligible for an award of short term and long term incentive remuneration (if any) as described above

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### Executive Remuneration Outcomes (continued)

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

### e) Non-Executive Director Remuneration Arrangements and Outcomes

The Elanor Board determines the remuneration structure for NED's based on recommendations from the Remuneration and Nomination Committee. The NED's individual fees are annually reviewed by the Remuneration and Nomination Committee taking into consideration the level of fees paid to NED's by companies of similar size and stature. The Remuneration and Nomination Committee retained a leading professional services firm to undertake a review of the remuneration of NED's in June 2016, and resolved to increase the amount of fees paid by 33%, with effect from 1 July 2016. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the *Corporations Act 2001*, were made by the professional services firm. The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by securityholders at the Annual General Meeting (currently \$500,000).

The NED's 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

		<b>Salary (including Superannuation) \$</b>	<b>Committee Fees \$</b>	<b>Total (including Superannuation) \$</b>
<b>Non-Executive Directors</b>				
P. Bedbrook	2016	100,000	10,000	110,000
	2015	100,000	10,000	110,000
N. Ampherlaw	2016	55,000	10,000	65,000
	2015	55,000	10,000	65,000
W. Moss	2016	55,000	10,000	65,000
	2015	55,000	10,000	65,000

Remuneration and other terms of appointment of the NED's are formalised in contracts.

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

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

The NED's are employed on employment contracts with no fixed term. The NED's employment is subject to the Constitutions of the Group, the Corporations Act, and the 3 year cycle of the rotation and election of Directors.

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

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

During the financial year								% of the actual compensation for the year consisting of awards
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	
G. Willis	Loan Securities	2016	0	0	0%	0	N/A	0%
		2015	2,800,000	0	0%	0	N/A	22%
P. Siviour	Loan Securities	2016	0	0	0%	0	N/A	0%
		2015	1,100,000	0	0%	0	N/A	12%
M. Ossovani	Loan Securities	2016	0	0	0%	0	N/A	0%
		2015	1,000,000	0	0%	0	N/A	12%
S. Simmons	Loan Securities	2016	0	0	0%	0	N/A	0%
		2015	280,000	0	0%	0	N/A	4%

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

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

During the financial year								% of the actual compensation for the year consisting of awards
Name	Award Type	Year	Number Granted	Number Vested	% of Grant Vested	Number Forfeited	% of Grant Forfeited	
G. Willis	Options	2016	0	0	0%	0	N/A	0%
		2015	1,600,000	0	0%	0	N/A	3%



# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

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

The following table summarises the value of options granted and exercised 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 <sup>1</sup> \$	Value of options exercised at the exercise date <sup>2</sup> \$
G. Willis	2016	0	0
	2015	52,000	0

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

Note 2: The value of options exercised during the financial year is calculated as at the exercise date using a binomial pricing model. No options were exercised in the period to 30 June 2016.

### g) 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 2015	Acquired <sup>1</sup>	Disposed	Closing Balance 30 June 2016
<b>Non-Executive Directors</b>				
P. Bedbrook	254,847	0	0	254,847
N. Ampherlaw	159,694	0	0	159,694
W. Moss AO	4,620,051	0	0	4,620,051
<b>Executive Officers</b>				
G. Willis	1,200,002	234,608	0	1,434,610
P. Siviour	300,000	179,254	0	479,254
M. Ossovani	0	150,608	0	150,608
S. Simmons	36,232	150,608	0	186,840

Note 1: The number of stapled securities acquired during the year includes issues of securities under the FY2016 STI Bonus Plan, and securities acquired on market.

#### Options over Elanor Investors Group – Stapled Securities

Name	Opening Balance 1 July 2015	Acquired under the Group's incentive plans	Exercised	Closing Balance 30 June 2016	Balance vested at Closing	Vested but not exercisable	Vested and exercisable	Options vested during the year
G. Willis	1,600,000	0	0	1,600,000	0	0	0	0

All options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

# Directors' Report

continued

## 9. Remuneration Report (Audited) (continued)

### *Key management personnel equity holdings (continued)*

During the financial year, no options were exercised by key management personnel.

### *h) Loans to Key Management Personnel*

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

### *i) 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, other than as disclosed elsewhere in the Annual Financial Report.

## 10. Company Secretary

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

## 11. Indemnification and insurance of officers and auditors

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

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

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

## 12. Environmental regulation

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

## 13. Significant changes in state of affairs

There was no significant change in the state of affairs of the Group during the year, other than as disclosed elsewhere in the Annual Financial Report.

## 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.

# Directors' Report

continued

## 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 7 to the 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 7 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Risk and Compliance Committee, for the following reasons:

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

## 16. Likely developments and expected results of operations

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

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

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

The interest in the Trust held by the Manager or its related entities as at 30 June 2016 and fees paid to and expenses reimbursed by its related entities during the financial year are disclosed in Note 30 to the consolidated financial statements.

## 18. Events occurring after reporting date

On 4 August 2016 the Group completed a capital raise through an Institutional Placement ("Placement"), raising \$30 million (before costs). The proceeds from the Placement will be used to establish and cornerstone a new commercial property fund, the Elanor Commercial Property Fund, and cornerstone a new retail Real Estate Investment Trust which Elanor is preparing to list on the Australian Securities Exchange. The Group issued 16.2 million stapled securities at an issue price of \$1.85. The securities issued will rank pari-passu with existing securities on issue, but will not participate in the Group's final distribution for the six months ended 30 June 2016.

The Group has also completed a Security Purchase Plan (closed 22 August 2016), raising an additional \$3 million. The Group will issue 1.6 million stapled securities on 26 August 2016, at an issue price of \$1.85. The securities issued will rank pari-passu with existing securities on issue, but will not participate in the Group's final distribution for the six months ended 30 June 2016.

# Directors' Report

continued

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## 19. Proceedings on behalf of the Group

No proceedings have been brought, or intervened in, on behalf of the Group.

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

The Group and the EIF Group are registered entities of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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

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



Paul Bedbrook  
Chairman



Glenn Willis  
CEO and Managing Director

Sydney, 23 August 2016

# Auditors Independence Declaration

# Deloitte.

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

23 August 2016

Dear Directors

## **Elanor Investors Limited and Elanor Investment Fund**

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

As lead audit partner for the audit of the financial statements of Elanor Investors Limited and Elanor Investment Fund for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# Consolidated Statements of Profit or Loss

for the year ended 30 June 2016

		Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
	Note				
<b>Income</b>					
Revenue from operating activities	2	68,741	55,936	-	-
Interest income		81	165	24	27
Rental income		66	57	8,952	8,132
Share of profit / (loss) from equity accounted investments		611	93	611	93
Fair value gain on revaluation of investment properties	14	-	-	-	9,703
Other income	4	6,926	1,929	82	-
<b>Total income</b>		<b>76,425</b>	<b>58,180</b>	<b>9,669</b>	<b>17,955</b>
<b>Expenses</b>					
Changes in inventories of finished goods		15,259	12,959	-	-
Salary and employee benefits		26,956	20,191	153	174
Property expenses		6,290	4,486	5	-
Operator management costs		1,731	1,787	-	-
Borrowing costs		1,571	1,259	1,594	1,144
Depreciation		3,666	2,303	-	-
Amortisation		358	289	158	113
Marketing and promotion		3,713	2,859	-	-
Repairs, maintenance and technology		856	705	-	-
Transaction, establishment costs and fair value decrement		3,796	4,843	3,494	1,297
Other expenses	5	7,159	3,202	476	166
<b>Total expenses</b>		<b>71,355</b>	<b>54,883</b>	<b>5,880</b>	<b>2,894</b>
<b>Net profit / (loss) before income tax expense</b>		<b>5,070</b>	<b>3,297</b>	<b>3,789</b>	<b>15,061</b>
Income tax expense / (benefit)	3	927	577	-	-
<b>Net profit / (loss) for the year</b>		<b>4,143</b>	<b>2,720</b>	<b>3,789</b>	<b>15,061</b>
<b>Attributable to security holders of:</b>					
- Parent Entity		(732)	(2,637)	5,624	15,061
- Non-controlling interest EIF		5,785	5,357	-	-
<b>Net profit / (loss) attributable to ENN security holders</b>		<b>5,053</b>	<b>2,720</b>	<b>5,624</b>	<b>15,061</b>
<b>Attributable to security holders of:</b>					
- Non-controlling interest EHAF		(910)	-	(1,835)	-
<b>Net profit / (loss) for the year</b>		<b>4,143</b>	<b>2,720</b>	<b>3,789</b>	<b>15,061</b>
Basic earnings / (loss) per stapled security (cents)	8	5.86	4.10		
Diluted earnings / (loss) per stapled security (cents)	8	5.37	3.74		
Basic earnings / (loss) per ENN stapled security (cents)	8	7.15	4.10		
Diluted earnings / (loss) per ENN stapled security (cents)	8	6.55	3.74		

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 2016

		Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
	Note				
<b>Net profit / (loss) for the year</b>		<b>4,143</b>	<b>2,720</b>	<b>3,789</b>	<b>15,061</b>
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit and loss</i>					
Gain / (loss) on revaluation of cash flow hedge	23	(613)	(172)	(486)	(172)
<i>Items that may not be reclassified to profit and loss</i>					
Share of asset revaluation reserve from equity accounted investments	23	698	450	698	450
Gain / (loss) on revaluation of property, plant and equipment	23	2,851	10,805	-	-
Income tax relating to these items	23	(346)	-	-	-
Other comprehensive income / (loss) for the year, net of tax		2,590	11,083	212	278
<b>Total comprehensive income / (loss) for the year, net of tax</b>		<b>6,733</b>	<b>13,803</b>	<b>4,001</b>	<b>15,339</b>
<b>Attributable to security holders of:</b>					
- Parent Entity		1,474	8,168	6,144	15,339
- Non-controlling interest		6,305	5,635	-	-
<b>Total comprehensive income / (loss) for the year, net of tax of ENN Security holders</b>		<b>7,779</b>	<b>13,803</b>	<b>6,144</b>	<b>15,339</b>
<b>Attributable to security holders of:</b>					
- Non-controlling interest EHAF		(1,046)	-	(2,143)	-
<b>Total comprehensive income / (loss) for the year, net of tax</b>		<b>6,733</b>	<b>13,803</b>	<b>4,001</b>	<b>15,339</b>

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

# Consolidated Statements of Financial Position

as at 30 June 2016

		Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
	Note				
<b>Current assets</b>					
Cash and cash equivalents	9	8,192	7,488	2,081	3,437
Receivables	10	3,201	3,355	6,176	753
Inventories	15	5,368	3,765	-	-
Other current assets		1,024	439	69	-
<b>Total current assets</b>		<b>17,785</b>	<b>15,047</b>	<b>8,326</b>	<b>4,190</b>
<b>Non-current assets</b>					
Property, plant and equipment	13	136,148	86,048	-	-
Investment properties	14	-	-	106,087	72,908
Non-current inventories	15	14,092	11,781	-	-
Equity accounted investments	16	22,726	14,002	22,726	14,002
Goodwill and intangible assets	17	7,670	7,820	-	-
Deferred tax assets	12	594	952	-	-
<b>Total non-current assets</b>		<b>181,230</b>	<b>120,603</b>	<b>128,813</b>	<b>86,910</b>
<b>Total assets</b>		<b>199,015</b>	<b>135,650</b>	<b>137,139</b>	<b>91,100</b>
<b>Current liabilities</b>					
Payables	20	5,342	4,250	397	577
Derivative financial instruments	11	114	86	114	86
Interest bearing liabilities	21	528	8,541	-	8,541
Current provisions	18	2,600	824	-	37
Other current liabilities	19	1,771	1,148	-	-
Income tax payable		701	199	-	-
Loan from the Company	21	-	-	5,460	4,052
<b>Total current liabilities</b>		<b>11,056</b>	<b>15,048</b>	<b>5,971</b>	<b>13,293</b>
<b>Non-current liabilities</b>					
Derivative financial instruments	11	728	86	545	86
Interest bearing liabilities	21	60,698	22,178	46,896	19,837
Non-current provisions	18	679	901	-	-
Other non-current liabilities		490	-	-	-
Deferred tax liabilities	12	122	-	-	-
<b>Total non-current liabilities</b>		<b>62,717</b>	<b>23,165</b>	<b>47,441</b>	<b>19,923</b>
<b>Total liabilities</b>		<b>73,773</b>	<b>38,213</b>	<b>53,412</b>	<b>33,216</b>
<b>Net assets</b>		<b>125,242</b>	<b>97,437</b>	<b>83,727</b>	<b>57,884</b>

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

# Consolidated Statements of Financial Position

as at 30 June 2016

## Equity

### Equity Holders of Parent Entity

Contributed equity	22	42,280	41,589	46,209	45,460
Treasury Shares	22	(691)	-	(749)	-
Reserves	23	13,411	10,929	1,088	414
Retained profits / (accumulated losses)	24	(6,968)	(3,261)	10,712	12,010
<b>Parent entity interest</b>		<b>48,032</b>	<b>49,257</b>	<b>57,260</b>	<b>57,884</b>

### Equity Holders of Non Controlling Interest

Contributed equity - Elanor Investment Fund	22	46,209	45,460	-	-
Treasury Shares	22	(749)	-	-	-
Reserves	23	1,088	414	-	-
Retained profits / (accumulated losses)	24	1,169	2,306	-	-
<b>Non-controlling interest</b>		<b>47,717</b>	<b>48,180</b>	<b>-</b>	<b>-</b>

### Equity Holders of Non Controlling Interest EHAF

Contributed equity - EHAF		30,540	-	28,610	-
Reserves		(137)	-	(308)	-
Retained profits / (accumulated losses)		(910)	-	(1,835)	-
<b>External Non-controlling interest</b>		<b>29,493</b>	<b>-</b>	<b>26,467</b>	<b>-</b>

### Total equity attributable to stapled security holders:

- Parent Entity		48,032	49,257	57,260	57,884
- Non-controlling Interest - EIF		47,717	48,180	-	-
<b>Total equity attributable to ENN security holders</b>		<b>95,749</b>	<b>97,437</b>	<b>57,260</b>	<b>57,884</b>

### Total equity attributable to stapled security holders:

- Non-controlling interest - EHAF		29,493	-	26,467	-
<b>Total equity</b>		<b>125,242</b>	<b>97,437</b>	<b>83,727</b>	<b>57,884</b>

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 2016

Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non-controlling interest EIF	Total ENN Equity	External Non-controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>											
Total equity at 1 July 2015	41,589	-	10,805	-	124	(3,261)	49,257	48,180	97,437	-	97,437
Profit / (loss) for the period	-	-	-	-	-	(732)	(732)	5,785	5,053	(910)	4,143
Other comprehensive income / (expense) for the period	-	-	2,260	(53)	-	-	2,207	520	2,727	(137)	2,590
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>2,260</b>	<b>(53)</b>	<b>-</b>	<b>(732)</b>	<b>1,475</b>	<b>6,305</b>	<b>7,780</b>	<b>(1,047)</b>	<b>6,733</b>
<b>Transactions with owners in their capacity as owners:</b>											
Contributions of equity, net of issue costs	22	691	-	-	-	-	-	-	-	30,540	30,540
Security-based payments	23	-	-	-	275	-	275	154	429	-	429
Distributions paid and payable	6	-	-	-	-	(2,975)	(2,975)	(6,922)	(9,897)	-	(9,897)
<b>Total equity at 30 June 2016</b>	<b>42,280</b>	<b>(691)</b>	<b>13,065</b>	<b>(53)</b>	<b>399</b>	<b>(6,968)</b>	<b>48,032</b>	<b>47,717</b>	<b>95,749</b>	<b>29,493</b>	<b>125,242</b>

<b>Consolidated Group</b>											
Total equity at 1 July 2014	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the period	-	-	-	-	-	(2,637)	(2,637)	5,357	2,720	-	2,720
Other comprehensive income / (expense) for the period	-	-	10,805	-	-	-	10,805	278	11,083	-	11,083
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>10,805</b>	<b>-</b>	<b>-</b>	<b>(2,637)</b>	<b>8,168</b>	<b>5,635</b>	<b>13,803</b>	<b>-</b>	<b>13,803</b>
<b>Transactions with owners in their capacity as owners:</b>											
Contributions of equity, net of issue costs	22	41,589	-	-	-	-	41,589	45,460	87,049	-	87,049
Security-based payments	23	-	-	-	124	-	124	136	260	-	260
Distributions paid and payable	6	-	-	-	-	(624)	(624)	(3,051)	(3,675)	-	(3,675)
<b>Total equity at 30 June 2015</b>	<b>41,589</b>	<b>-</b>	<b>10,805</b>	<b>-</b>	<b>124</b>	<b>(3,261)</b>	<b>49,257</b>	<b>48,180</b>	<b>97,437</b>	<b>-</b>	<b>97,437</b>

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 2016

Note	Contributed equity	Treasury shares	Asset Revaluation Reserve	Cash flow Hedge Reserve	Security Based Payment Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	External Non-controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>									
Total equity at 1 July 2015	45,460	-	450	(172)	136	12,010	57,884	-	57,884
Profit / (loss) for the period	-	-	-	-	-	5,624	5,624	(1,835)	3,789
Other comprehensive income / (expense) for the period	-	-	-	(178)	-	-	(178)	(308)	(486)
Share of reserves of Equity Accounted Investments	-	-	698	-	-	-	698	-	698
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>698</b>	<b>(178)</b>	<b>-</b>	<b>5,624</b>	<b>6,144</b>	<b>(2,143)</b>	<b>4,001</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issues costs	22	749	-	-	-	-	-	28,610	28,610
Security-based payments	23	-	-	-	154	-	154	-	154
Distributions paid and payable	6	-	-	-	-	(6,922)	(6,922)	-	(6,922)
<b>Total equity at 30 June 2016</b>	<b>46,209</b>	<b>(749)</b>	<b>1,148</b>	<b>(350)</b>	<b>290</b>	<b>10,712</b>	<b>57,260</b>	<b>26,467</b>	<b>83,727</b>

<b>EIF Group</b>									
Total equity at 1 July 2014	-	-	-	-	-	-	-	-	-
Profit / (loss) for the period	-	-	-	-	-	15,061	15,061	-	15,061
Other comprehensive income / (expense) for the period	-	-	-	(172)	-	-	(172)	-	(172)
Share of reserves of Equity Accounted Investments	-	-	450	-	-	-	450	-	450
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>(172)</b>	<b>-</b>	<b>15,061</b>	<b>15,339</b>	<b>-</b>	<b>15,339</b>
<b>Transactions with owners in their capacity as owners:</b>									
Contributions of equity, net of issues costs	22	45,460	-	-	-	-	45,460	-	45,460
Security-based payments	23	-	-	-	136	-	136	-	136
Distributions paid and payable	6	-	-	-	-	(3,051)	(3,051)	-	(3,051)
<b>Total equity at 30 June 2015</b>	<b>45,460</b>	<b>-</b>	<b>450</b>	<b>(172)</b>	<b>136</b>	<b>12,010</b>	<b>57,884</b>	<b>-</b>	<b>57,884</b>

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 2016

	Note	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		82,882	61,931	-	-
Payments to suppliers and employees		(67,712)	(54,379)	(1,099)	(162)
Interest received		81	160	24	26
Finance costs paid		(1,664)	(1,130)	(1,685)	(1,144)
Rent receipts from the Company		-	-	7,918	8,073
<b>Net cash flows from operating activities</b>	<b>34</b>	<b>13,587</b>	<b>6,582</b>	<b>5,158</b>	<b>6,793</b>
<b>Cash flows from investing activities</b>					
Payments for business and asset acquisitions		(49,243)	(90,808)	(35,233)	(63,178)
Transaction costs for business and asset acquisitions		(1,931)	-	(1,687)	-
Payments for long term inventory		(2,311)	-	-	-
Payments for property, plant and equipment		(4,083)	(2,725)	-	-
Payment for management rights		-	(1,650)	-	-
Loans to associates		(185)	(177)	-	(121)
Payments for equity accounted investments		(8,639)	(13,752)	(8,639)	(13,752)
Distributions received from equity accounted investments		1,224	293	1,224	293
Loans from Company		-	-	(2,980)	4,052
<b>Net cash flows from investing activities</b>		<b>(65,168)</b>	<b>(108,819)</b>	<b>(47,315)</b>	<b>(72,706)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from borrowings		30,509	30,581	18,526	28,265
Proceeds from equity raisings		31,962	89,586	29,457	46,955
Costs associated with equity raisings		(289)	(6,767)	(260)	(2,819)
Distributions paid to unit holders		(9,897)	(3,675)	(6,922)	(3,051)
<b>Net cash flows from financing activities</b>		<b>52,285</b>	<b>109,725</b>	<b>40,801</b>	<b>69,350</b>
Net increase / (decrease) in cash and cash equivalents		704	7,488	(1,356)	3,437
Cash and cash equivalents at the beginning of the year		7,488	-	3,437	-
<b>Cash at the end of the year</b>		<b>8,192</b>	<b>7,488</b>	<b>2,081</b>	<b>3,437</b>

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

# Notes to the Financial Statements

for the year ended 30 June 2016

## 1. Summary of significant accounting policies

Elanor Investors Group (Group or Consolidated Group) is a 'stapled' entity comprising of Elanor Investment Fund (Trust) and its controlled entities (EIF Group), and Elanor Investors Limited (EIL or Company) and its controlled entities (EIL 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).

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2016 are set out below.

The financial statements were authorised for issue by the Directors on 23 August 2016.

### (a) Basis of preparation

As permitted by Class Order 05/642 issued by the Australian Securities and Investments Commission (ASIC), this report is a combined report that presents the consolidated financial statements and accompanying notes of both Elanor Investors Group and the Elanor Investment Fund (EIF Group).

The financial report of Elanor Investors Group comprises the consolidated financial report of Elanor Investors Limited and its controlled entities, including Elanor Investment Fund and its controlled entities.

The financial report of the EIF Group comprises the consolidated financial report of Elanor Investment Fund and its controlled entities.

These financial statements are to be read in conjunction with public announcements made by the Group during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

#### *Historical cost convention*

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

#### *Statement of Compliance*

The annual financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, the Trust Constitution and Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ('IFRS').

For the purposes of preparing the financial statements, the Consolidated Group and the EIF Group are for-profit entities. The financial report is presented in Australian dollars.

#### *Critical accounting judgement and estimates*

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. The critical accounting estimates made include the estimation of the fair value of the Group's assets and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, Director valuations for some property, plant and equipment and investment properties. Judgement was made in the determination of control with respect to equity accounted investments and subsidiaries. No other key assumptions concerning the future, or other estimates of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.



# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (b) New accounting standards and interpretations not yet effective

Certain new standards and amendments and interpretations to existing standards have been published that are mandatory for the Group and the EIF Group for accounting periods beginning on or after 30 June 2016, which the Group and the EIF Group have not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have significant impact on the financial statements of the Group or the EIF Group. The Group's and the EIF Group's assessment of the impact of those new and amended standards and interpretations which may be relevant are set out below:

AASB 15 Revenue from Contracts with Customers; AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15; AASB 9 Financial Instruments; AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014); and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 and AASB 2014-5 apply to annual reporting periods beginning on or after 1 January 2017. Early application is permitted for annual reporting periods beginning on or after 1 January 2015 but before 1 January 2017. The Group is yet to assess its full impact. The Group does not intend to adopt AASB 15 before its operative date, which means it would be first applied in the annual reporting period ending 30 June 2019.

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and may affect the Group's accounting for its financial assets. The standard is not applicable until periods beginning on or after 1 January 2018 but is available for early adoption. The Group is yet to assess its full impact. The Group does not intend to adopt AASB 9 before its operative date, which means it would be first applied in the annual reporting period ending 30 June 2019.

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019. The directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

### (c) 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 2016. Elanor Investors Limited is the parent entity in relation to the stapling. The results and equity of Elanor Investment Fund (which is not directly owned by Elanor Investors Limited) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Elanor Investment Fund are disclosed as a non-controlling interest, the stapled security holders of Elanor Investment Fund are the same as the stapled security holders of Elanor Investors Limited.

These Financial Statements also include a separate column representing the Financial Statements of Elanor Investment Fund, incorporating the assets and liabilities of Elanor Investment Fund and all of its subsidiaries, as at 30 June 2016.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the reporting period, the assets, liabilities and results are consolidated only from the date control commenced or up to the date control ceased.

In preparing the consolidated Financial Statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

### (d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and comprises the assets transferred, the liabilities incurred and the equity interests issued. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (e) 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.

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

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

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

### (f) Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Elanor's activities as described below.

#### Hotel and wildlife park revenue

Revenue is recognised when goods and services have been provided to the customer and the outcome can be reliably measured. Revenue from sale of food and beverage items is recognised when the risks and rewards of ownership have passed to the buyer.

#### Sale of furniture and other goods

Sales are recognised as revenue only when the risks and rewards of ownership have passed to the buyer. This is when the sale becomes unconditional and ownership of a product has passed to the customer, after delivery.

#### Funds management fee revenue

Funds management fee revenue is recognised on an accruals basis as the services are performed, in accordance with the terms of the relevant contracts. Where fees are subject to meeting certain performance hurdles, they are recognised as income at the point when those conditions have been met.

Rental income from investment properties, received by the EIF Group, is accounted for on a straight-line basis over the term of the lease.

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

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

Where revenue is received from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment on completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when the conditions are satisfied.

### (g) Expenses

Expenses are brought to account on an accruals basis.

### (h) Finance costs

Finance costs include interest payable on bank overdrafts and short-term and long-term borrowings, payments on derivatives and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Finance costs are expensed as incurred using the effective interest rate method, except to the extent that they are directly attributable to the acquisition of a qualifying asset. In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale.

### (i) Goods and Services Tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of GST, to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the statement of financial position as receivable or payable.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (k) Receivables

Trade and other receivables are initially recognised at fair value and subsequently accounted for at amortised cost. Collectability of trade receivables is reviewed on a regular basis and bad debts are written off when identified. A specific provision is made for any doubtful debts where objective evidence exists that the receivables will not be recoverable. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows.

All receivables with maturities greater than 12 months after reporting date are classified as non-current assets.

### (l) Inventories

Inventories are assets held for sale or consumables held in the ordinary course of operations and recognised at the lower of cost or net realisable value.

The cost of the inventory comprises costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory. Cost for all inventories is determined using the first-in, first-out (FIFO) method.

The Group holds certain landholdings that are intended solely for sale, and not for long term appreciation or the derivation of rental income. These landholdings are carried as non-current inventory.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (m) Investment property

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.

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

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

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

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

### (n) Property, plant and equipment

#### Land and Buildings

All owner occupied properties in the Hotel, Tourism & 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.

The land and buildings owned by Wiltex Wholesale are classified as Inventory, other than the proportion of the property which is classified as owner occupied as a result of being used by the John Cootes Furniture business for the supply of services. Owner occupied land and buildings owned by Wiltex Wholesale is stated at cost less accumulated depreciation.

#### Furniture, fittings and equipment

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

#### Livestock

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

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### Depreciation

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

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

### (o) Intangible assets

#### 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 licences over their estimated useful lives of 10 years.

#### Brands

Brands acquired are carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### (p) Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where objective evidence or an indicator of impairment exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the statement of profit or loss and other comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

### (q) Payables

Payables represent liabilities and accrued expenses owing at year end which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost and normal commercial terms and conditions apply to payables.

A distribution and or dividend payable to Securityholders is recognised for the amount of any distribution and or dividend approved on or before reporting date but not paid at reporting date.

All payables with maturities greater than 12 months after the reporting date are classified as non current liabilities.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (r) Provisions

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.

### (s) 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.

### (t) Interest bearing liabilities

Interest bearing liabilities are recognised initially at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing. Subsequent to initial recognition, interest bearing liabilities are recognised 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.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (u) Derivative and other financial instruments

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

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

#### Hedge accounting

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

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### Cash flow hedges

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

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

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



# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (v) Security based payments

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

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

### (w) Income tax

#### Trust

Under current tax legislation, the Trust is not liable for income tax, provided the Securityholders are presently entitled to the taxable income of the Trust including realised capital gains each financial year.

#### Company and other taxable entities

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.

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 temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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.

EHAF 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 EHAF Management Pty Limited.

### (x) Contributed equity

Ordinary units and shares are classified as equity and recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction, net of tax, of the proceeds received.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### (y) Earnings per stapled security

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

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

### (z) Segment reporting

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.

### (aa) Use of estimates and judgement

The preparation of consolidated 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the Group's financial statements, are detailed below:

#### 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 judgment needs to be exercised. The level of management judgment 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.

# Notes to the Financial Statements

continued

## 1. Summary of significant accounting policies (continued)

### Fair value of Investment Properties

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

In reaching estimates of fair value, management judgment needs to be exercised. The level of management judgment 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.

### Goodwill

Management judgement is required in reviewing and impairment testing goodwill balances carried by the Group, which involves estimates of key assumption including cash flow projection, growth rates and discount rates.

### Control of Elanor Hospitality and Accommodation Fund (EHAF)

EHAF comprises stapled securities in Elanor Hospitality and Accommodation Fund and EHAF Management Pty Limited. The Group holds 41.66% of the equity in EHAF. The Group's 41.66% ownership interest in EHAF gives the Group the same percentage of the 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.

The responsible entity is owned wholly by the Group and governed by the licencing and legal obligations of a professional asset manager. The powers of the Trustee are governed by the EHAF constitution, which sets out the basis of fees that the Trustee can receive. These fees include management fees, performance fees, and acquisition fees. Excluding any performance fee, but including management and acquisition fees the Group is expected to receive approximately 50% of EHAF's EBITDA.

Based on the assessment above, at the current level of equity investment in EHAF, the AASB 10 definition of control for this associate is met, and therefore will be consolidated into Elanor Investors Group Financial Statements.

### Co-investment in Associated Entities

Note 16 sets out the value of units held in associated entities. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost as adjusted for post acquisition charges in the Group's share of profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments.

The Group holds a 24.40% interest in the Elanor Retail Property Fund (ERPF) which has been classified as a material associated entity. 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 Group holds a 17.64% interest in the Bell City Fund (Bell City) which has been classified as a material associated entity. Management of the Group reviewed and assessed the classification of the Group's investment in the associated entity in accordance with AASB 128 on the basis that the Group has significant influence over the financial and operating policy decisions of the investee.

### Deferred Tax Assets

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.

# Notes to the Financial Statements

continued

## 2. Revenue from operating activities

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Revenue from hotels	27,761	21,955	-	-
Revenue from wildlife parks	11,733	10,166	-	-
Revenue from sale of furniture	21,437	18,927	-	-
Funds management fee income	7,810	4,888	-	-
<b>Revenue from operating activities</b>	<b>68,741</b>	<b>55,936</b>	<b>-</b>	<b>-</b>

## 3. Income tax expense

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>(a) Income tax expense</b>				
Current tax expense	495	199	-	-
Deferred tax expense	432	378	-	-
	<b>927</b>	<b>577</b>	<b>-</b>	<b>-</b>

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

Profit / (loss) from continuing operations before income tax expense:	5,070	3,297	3,789	15,061
Less: Profit / (loss) from the Trust (which is not taxable)	3,789	15,061	3,789	15,061
Prima facie profit / (loss)	1,281	(11,764)	-	-
Tax at the Australian tax rate of 30%	384	(3,529)	-	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment	13	11	-	-
Non-deductible depreciation and amortisation	300	364	-	-
Fair value adjustments to investment property in the Trust	64	3,242	-	-
Non-deductible costs on acquisitions	-	489	-	-
Non-deductible expenses	60	-	-	-
Impact of EHAF consolidation	497	-	-	-
Insurance proceeds on plant and equipment	(391)	-	-	-
<b>Income tax expense / (benefit)</b>	<b>927</b>	<b>577</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

continued

## 4. Other Income

	Consolidated Group	Consolidated Group	EIF Group	EIF Group
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Stock and equipment Insurance claim income*	2,056	-	-	-
Business interruption Insurance claim income*	2,480	-	-	-
Material damage Insurance claim income*	1,616	-	-	-
Other income	774	1,929	82	-
<b>Total Other income</b>	<b>6,926</b>	<b>1,929</b>	<b>82</b>	<b>-</b>

\*Refer to Note 32, Significant events note for further information.

## 5 Other expenses

	Consolidated Group	Consolidated Group	EIF Group	EIF Group
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Stock write-off (John Cootes fire related)*	1,924	-	-	-
PPE write-off (John Cootes fire related)*	34	-	-	-
Motor vehicles write-off (John Cootes fire related)*	55	-	-	-
Other fire related expenses*	1,279	-	-	-
Other expenses	3,867	3,202	476	166
<b>Total Other expenses</b>	<b>7,159</b>	<b>3,202</b>	<b>476</b>	<b>166</b>

\*Refer to Note 32, Significant events note for further information.

## 6. Distributions

### (a) Consolidated Group

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

	Distribution cents per stapled security	Distribution cents per stapled security	Total amount	Total amount
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interim distribution <sup>(1)</sup>	7.31	5.20	5,163	3,675
Final distribution <sup>(2)</sup>	7.34	6.70	5,241	4,734

(1) The interim distribution of 7.31 cents per stapled security was declared on 25 February 2016 and paid on 4 March 2016.

(2) The final distribution of 7.34 cents per stapled security was not declared prior to 30 June 2016. Please refer to the Directors' Report for the calculation of Core Earnings and the Distribution.

# Notes to the Financial Statements

continued

## 6. Distributions (continued)

### (b) EIF Group

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

	Distribution cents per stapled security 30 June 2016	Distribution cents per stapled security 30 June 2015	Total amount 30 June 2016 \$'000	Total amount 30 June 2015 \$'000
Interim distribution <sup>(1)</sup>	5.05	4.32	3,569	3,051
Final distribution <sup>(2)</sup>	7.34	4.75	5,241	3,353

(1) The interim distribution of 5.05 cents per stapled security was declared on 25 February 2016 and paid on 4 March 2016.

(2) The final distribution of 7.34 cents per stapled security was not declared prior to 30 June 2016. Please refer to the Directors' Report for the calculation of Core Earnings and the Distribution.

## 7. Auditor's remuneration

	Consolidated Group 30 June 2016 \$	Consolidated Group 30 June 2015 \$
<b>Audit services:</b>		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Audit and review of financial reports	190,000	110,000
	190,000	110,000
<b>Other services:</b>		
Auditors of the Elanor Investors Group		
Deloitte Touche Tohmatsu Australia:		
Taxation advisory services	61,500	27,740
Taxation compliance services	98,800	35,000
Transaction services	17,500	248,500
	177,800	311,240
<b>Total - Deloitte Touche Tohmatsu Australia</b>	<b>367,800</b>	<b>421,240</b>
Auditors of the Elanor Investors Group		
Pitcher Partners:		
Compliance Plan Audit	8,000	-
<b>Total - Pitcher Partners</b>	<b>8,000</b>	<b>-</b>

# Notes to the Financial Statements

continued

## 8. Earnings / (losses) per stapled security

	Consolidated Group 30 June 2016	Consolidated Group 30 June 2015	EIF Group 30 June 2016	EIF Group 30 June 2015
The earnings / (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to Securityholders:				
Basic (cents)	5.86	4.10	5.36	22.68
Diluted (cents)	5.37	3.74	4.91	20.69
Profit / (loss) attributable to Securityholders used in calculating basic and diluted earnings per stapled security (\$'000)	4,143	2,720	3,789	15,061
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	70,653	66,402	70,653	66,402
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security <sup>1</sup>	77,103	72,802	77,103	72,802

	ENN Group 30 June 2016	ENN Group 30 June 2015
The earnings / (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to Securityholders of the ENN Group:		
Basic (cents)	7.15	4.10
Diluted (cents)	6.55	3.74
Profit / (loss) attributable to Securityholders used in calculating basic and diluted earnings per stapled security (\$'000)	5,053	2,720
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	70,653	66,402
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security <sup>1</sup>	77,103	72,802

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

# Notes to the Financial Statements

continued

## 9. Cash and cash equivalents

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Cash at bank	8,192	7,488	2,081	3,437
<b>Total Cash at Bank</b>	<b>8,192</b>	<b>7,488</b>	<b>2,081</b>	<b>3,437</b>

## 10. Trade and other receivables

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Trade Receivables	2,699	3,188	1,787	753
Other Receivables	502	167	4,389	-
<b>Total Receivables</b>	<b>3,201</b>	<b>3,355</b>	<b>6,176</b>	<b>753</b>

## 11. Derivative financial instruments

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Current liabilities</b>				
Interest rate swaps	114	86	114	86
	<b>114</b>	<b>86</b>	<b>114</b>	<b>86</b>
<b>Non-current liabilities</b>				
Interest rate swaps	728	86	545	86
	<b>728</b>	<b>86</b>	<b>545</b>	<b>86</b>
<b>Total Derivative financial instruments</b>	<b>842</b>	<b>172</b>	<b>659</b>	<b>172</b>

### Interest rate swaps

The Group has entered into interest rate swap agreements with a notional principal amount totalling \$56.7 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 Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.



# Notes to the Financial Statements

continued

## 12. Deferred taxes

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>(a) Deferred tax assets</b>				
The balance comprises temporary differences attributable to:				
Employee entitlements	501	495	-	-
Audit accrual	38	34	-	-
Asset acquisitions and blackhole expenses	944	835	-	-
Lease incentive	182	-	-	-
Other	414	73	-	-
<b>Total Deferred tax assets</b>	<b>2,079</b>	<b>1,437</b>	<b>-</b>	<b>-</b>
<i>Movements:</i>				
Opening balance at beginning of year	1,437	-	-	-
Business Combinations	-	1,443	-	-
Tax group consolidation adjustments	(112)	-	-	-
Debited to the Consolidated Statements of Profit or Loss	697	(445)	-	-
Credited to Equity	57	439	-	-
<b>Closing balance at the end of the year</b>	<b>2,079</b>	<b>1,437</b>	<b>-</b>	<b>-</b>
Deferred tax expected to be recovered within 12 months	645	574	-	-
Deferred tax expected to be recovered after more than 12 months	1,434	863	-	-
<b>(b) Deferred tax liabilities</b>				
The balance comprises temporary differences attributable to:				
Employee incentive plans	195	-	-	-
Business acquisitions	671	285	-	-
Other	741	200	-	-
<b>Total Deferred tax liabilities</b>	<b>1,607</b>	<b>485</b>	<b>-</b>	<b>-</b>
<i>Movements:</i>				
Opening balance at beginning of year	485	-	-	-
Other non profit or loss Movement	202	-	-	-
Business Combinations	-	552	-	-
Tax group consolidation adjustments	(209)	-	-	-
Credited to the Consolidated Statements of Profit or Loss	1,129	(67)	-	-
<b>Closing balance at the end of the year</b>	<b>1,607</b>	<b>485</b>	<b>-</b>	<b>-</b>
Deferred tax expected to be settled within 12 months	305	239	-	-
Deferred tax expected to be settled after more than 12 months	1,302	246	-	-
<b>Net Deferred tax position</b>	<b>472</b>	<b>952</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred tax asset / liability per tax group</b>				
Deferred tax asset of the ENN tax group	594	952	-	-
Deferred tax liability of the EHAF tax group	(122)	-	-	-
<b>Net Deferred tax position</b>	<b>472</b>	<b>952</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

continued

## 13. Property, plant and equipment

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

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Livestock \$'000	Consolidated Group 30 June 2016 \$'000
Carrying amount at the beginning of the period	36,975	40,356	10,292	728	88,351
Acquisitions	5,065	30,181	13,997	-	49,243
Additions	-	-	3,712	-	3,712
Fair value decrement	-	(1,439)	(602)	-	(2,041)
Revaluation increments	2,852	-	-	-	2,852
Disposals	-	-	-	-	-
<b>Carrying amount at the end of the period</b>	<b>44,892</b>	<b>69,098</b>	<b>27,399</b>	<b>728</b>	<b>142,117</b>
Accumulated depreciation at the beginning of the period	-	(1,078)	(1,171)	(54)	(2,303)
Depreciation	-	(1,320)	(2,290)	(56)	(3,666)
<b>Accumulated depreciation at the end of the period</b>	<b>-</b>	<b>(2,398)</b>	<b>(3,461)</b>	<b>(110)</b>	<b>(5,969)</b>
<b>Total carrying value at the end of the period</b>	<b>44,892</b>	<b>66,700</b>	<b>23,938</b>	<b>618</b>	<b>136,148</b>

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the 30 June 2015 is set out below:

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Livestock \$'000	Consolidated Group 30 June 2015 \$'000
Carrying amount at the beginning of the period	-	-	-	-	-
Total cost on acquisition	27,069	41,776	8,558	728	78,131
Fair value decrement	(899)	(1,420)	-	-	(2,319)
Additions	-	-	1,734	-	1,734
Revaluation increments	10,805	-	-	-	10,805
Disposals	-	-	-	-	-
<b>Carrying amount at the end of the period</b>	<b>36,975</b>	<b>40,356</b>	<b>10,292</b>	<b>728</b>	<b>88,351</b>
Accumulated depreciation at the beginning of the period	-	-	-	-	-
Depreciation	-	(1,078)	(1,171)	(54)	(2,303)
<b>Accumulated depreciation at the end of the period</b>	<b>-</b>	<b>(1,078)</b>	<b>(1,171)</b>	<b>(54)</b>	<b>(2,303)</b>
<b>Total carrying value at the end of the period</b>	<b>36,975</b>	<b>39,279</b>	<b>9,122</b>	<b>674</b>	<b>86,048</b>

# Notes to the Financial Statements

continued

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

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

### Consolidated Group

Property	Note	Opening Balance	Additions	Depreciation	Fair Value Decrement during the period	Cumulative revaluation increments/ (decrements)	Consolidated Fair Value
		\$'000	\$'000	\$'000	\$'000	\$'000	30 June 2016 \$'000
Cradle Mountain Lodge	(1)	37,000	379	(1,257)	-	1,878	38,000
Eaglehawk Hotel	(2)	17,742	586	(736)	-	108	17,700
Wollongong Hotel	(3)	8,500	9	(348)	-	839	9,000
Albany Hotel	(4)	5,250	75	(87)	-	12	5,250
Featherdale Wildlife Park	(5)	15,000	662	(126)	-	14	15,550
Port Macquarie	(6)	-	9,958	(98)	(510)	-	9,350
Tall Trees	(7)	-	14,774	(286)	(288)	-	14,200
Pavilion Wagga Wagga	(8)	-	12,242	(184)	(558)	-	11,500
Parklands Resort	(9)	-	12,270	(185)	(685)	-	11,400
Other		2,556	2,001	(359)	-	-	4,198
<b>Total</b>		<b>86,048</b>	<b>52,956</b>	<b>(3,666)</b>	<b>(2,041)</b>	<b>2,851</b>	<b>136,148</b>

(1) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Cradle Mountain Lodge to be \$38m, supported by an independent valuation performed as at 3 March 2016 by Landmark White of \$38m.

(2) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Eaglehawk Hotel to be \$17.7m, supported by an independent valuation performed as at 30 June 2015 by Landmark White of \$17.7m.

(3) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Wollongong Hotel to be \$9m, supported by an independent valuation performed as at 26 February 2016 by Landmark White of 9m.

(4) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Albany Hotel to be \$5.3m, supported by an independent valuation performed as at 30 June 2015 by Opteon Property Group of 5.3m.

(5) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Featherdale Wildlife Park to be \$15.55m.

(6) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Best Western Port Macquarie Hotel to be \$9.35m, supported by an independent valuation performed as at 3 March 2016 by Savills of \$9.35m.

(7) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Best Western Tall Trees Hotel to be \$14.2m, supported by an independent valuation performed as at 4 March 2016 by Savills of \$14.2m.

(8) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Pavilion Wagga Wagga Hotel to be \$11.5m, supported by an independent valuation performed as at 29 February 2016 by Landmark White of \$11.5m.

(9) At 30 June 2016, the Directors assessed the fair value of the property, plant and equipment of the Parklands Resort to be \$11.4m, supported by an independent valuation performed as at 1 March 2016 by Landmark White of \$11.4m.

# Notes to the Financial Statements

continued

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

### Consolidated Group

The carrying amount of property, plant and equipment at the beginning and end of the period ending 30 June 2015 is set out below:

Property	Total Cost on Acquisition	Additions	Depreciation	Fair Value Decrement during the period	Cumulative revaluation increments/ (decrements)	Consolidated Fair Value
	\$'000	\$'000	\$'000	\$'000	\$'000	30 June 2015 \$'000
Cradle Mountain Lodge	28,796	485	(1,117)	-	8,836	37,000
Eaglehawk Hotel	19,224	437	(665)	(1,254)	-	17,742
Wollongong Hotel	8,195	133	(294)	-	466	8,500
Albany Hotel	5,320	17	(43)	(44)	-	5,250
Featherdale Wildlife Park	13,447	180	(91)	(39)	1,503	15,000
Other	3,149	482	(93)	(982)	-	2,556
<b>Total</b>	<b>78,131</b>	<b>1,734</b>	<b>(2,303)</b>	<b>(2,319)</b>	<b>10,805</b>	<b>86,048</b>

# Notes to the Financial Statements

continued

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

Refer to Note 26 for information on the valuation techniques used to derive the fair value of the property, plant and equipment.

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000
Freehold land	31,235	26,170
Buildings	69,459	39,278
Plant and equipment	26,830	9,121
Livestock	674	674
<b>Total</b>	<b>128,198</b>	<b>75,243</b>

## 14. Investment properties

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

	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Carrying amount at the beginning of the period	72,908	-
Total costs on acquisition	-	63,205
Additions	35,232	-
Revaluation (decrements) / (increments)	(2,053)	9,703
<b>Carrying amount at the end of the period</b>	<b>106,087</b>	<b>72,908</b>

# Notes to the Financial Statements

continued

## 14. Investment properties (continued)

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

Property	Note	Opening Fair Value \$'000	Additions \$'000	Fair Value (Decrements) /Increments \$'000	Consolidated Fair Value 30 June 2016 \$'000
Cradle Mountain Lodge	(1)	34,365	-	(1,132)	33,233
Albany Hotel	(1)	5,057	-	-	5,057
Featherdale Wildlife Park	(1)	11,593	-	-	11,593
Eaglehawk Hotel	(1)	14,776	-	-	14,776
Wollongong Hotel	(1)	7,117	-	1,345	8,462
Port Macquarie Hotel	(1)	-	8,556	(556)	8,000
Tall Trees Hotel	(1)	-	9,045	(525)	8,520
Pavilion Wagga Wagga Hotel	(1)	-	8,868	(568)	8,300
Parklands Resort	(1)	-	8,763	(617)	8,146
<b>Total</b>		<b>72,908</b>	<b>35,232</b>	<b>(2,053)</b>	<b>106,087</b>

Notes

(1) These values relate to land and buildings held by the Trust only. Refer to Note 13 - Property, plant and equipment for the full valuation.

# Notes to the Financial Statements

continued

## 14. Investment properties (continued)

The carrying value of investment properties at the beginning and end of the period ending 30 June 2015 is set out below:

Property	Total Cost on Acquisition \$'000	Fair Value (Decrements) /Increments	Consolidated Fair Value 30 June 2015 \$'000
Cradle Mountain Lodge	25,529	8,836	34,365
Eaglehawk Hotel	15,826	(1,050)	14,776
Wollongong Hotel	6,651	466	7,117
Albany Hotel	5,070	(13)	5,057
Featherdale Wildlife Park	10,129	1,464	11,593
<b>Total</b>	<b>63,205</b>	<b>9,703</b>	<b>72,908</b>

Refer to Note 26 for information on the valuation techniques used to derive the fair value of the investment properties.

# Notes to the Financial Statements

continued

## 15. Inventories

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Goods held for resale	5,368	3,765	-	-
<b>Total current</b>	<b>5,368</b>	<b>3,765</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
Property Inventory	14,092	11,781	-	-
<b>Total Non-current</b>	<b>14,092</b>	<b>11,781</b>	<b>-</b>	<b>-</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$15.3m.

Inventory is carried at the lower of cost or net realisable value. The directors have assessed the carrying value of the Property Inventory, and have not recognised any impairment during the period. This assessment is supported by an independent valuation performed on 30 June 2015, by Urbis of \$16.3m. Please refer to Note 32 for further details on the furniture inventory.

## 16. Equity accounted investments

30 June 2016	Principal activity	Percentage Ownership	Consolidated Group 30 June 2016 \$'000	EIF Group 30 June 2016 \$'000
193 Clarence Hotel Fund	Accommodation	10.00%	1,175	1,175
Bell City Fund	Accommodation	17.64%	12,558	12,558
Auburn Central Fund	Shopping Centre	1.85%	628	628
Elanor Retail Property Fund	Shopping Centre	24.40%	6,965	6,965
Limestone Street Centre Syndicate	Office Building	8.19%	1,400	1,400
<b>Total equity accounted investments</b>			<b>22,726</b>	<b>22,726</b>
30 June 2015	Principal activity	Percentage Ownership	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2015 \$'000
193 Clarence Hotel Fund	Accommodation	10.00%	1,160	1,160
Bell City Fund	Accommodation	17.47%	12,222	12,222
Auburn Central Fund	Shopping Centre	1.85%	620	620
<b>Total equity accounted investments</b>			<b>14,002</b>	<b>14,002</b>

All of the above associates are accounted for using the equity method in these consolidated financial statements.



# Notes to the Financial Statements

continued

## 16. Equity accounted investments (continued)

### Details of Material Associates

Summarised financial information in respect of each of the Group's material associates is set out below. 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.

#### **Bell City Fund**

The Bell City Fund comprises the aggregated investment in six entities being, Bell City Accommodation Management Pty Limited, Bell City Accommodation Syndicate, Bell City Hotel Management Pty Limited, Bell City Hotel Syndicate, Bell City Office Syndicate and Bell City Residential Development Syndicate.

Although the Group has less than 20% of the equity in the fund, the Group has significant influence by virtue of its role as Trustee and Manager of the Fund and its ability to participate in the financial and operating policy decisions of the Fund.

The following information represents the aggregated financial position and financial performance of the Bell City 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.

	30 June 2016	30 June 2015
	\$'000	\$'000
<b>Financial Position</b>		
Current assets	5,734	6,175
Non - current assets	153,880	153,193
<b>Total Assets</b>	<b>159,614</b>	<b>159,368</b>
Current liabilities	2,914	3,919
Non - current liabilities	85,510	85,477
<b>Total Liabilities</b>	<b>88,424</b>	<b>89,396</b>
Contributed Equity	68,699	67,278
Reserves	7,477	2,326
Retained profits / (accumulated losses)	(4,986)	368
<b>Total Equity</b>	<b>71,190</b>	<b>69,972</b>
	Period ended	Period ended
	30 June 2016	30 June 2015
	\$'000	\$'000
<b>Financial performance</b>		
Profit / (loss) for the period	1,512	368
Other comprehensive income for the period	5,150	2,326
<b>Total comprehensive income for the period</b>	<b>6,662</b>	<b>2,694</b>
Distributions received from the associate during the period	994	248

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

	30 June 2016	30 June 2015
	\$'000	\$'000
Net assets of the associate	71,190	69,972
Proportion of the Group's ownership interest in the Bell City Fund	17.64%	17.47%
Carrying amount of the Group's interest in the Bell City Fund	12,558	12,222

# Notes to the Financial Statements

continued

## 16. Equity accounted investments (continued)

### Elanor Retail Property Fund

As the Group has a 24.4% investment in the equity in the fund, the Group has significant influence by virtue of its role as Trustee and Manager of the Fund and its ability to participate in the financial and operating policy decisions of the Fund.

The following information represents the aggregated financial position and financial performance of the Elanor Retail Property 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.

	30 June 2016
<b>Financial Position</b>	<b>\$'000</b>
Current assets	1,228
Non - current assets	62,574
<b>Total Assets</b>	<b>63,802</b>
Current liabilities	886
Non - current liabilities	34,371
<b>Total Liabilities</b>	<b>35,257</b>
Contributed Equity	28,676
Reserves	(614)
Retained profits / (accumulated losses)	483
<b>Total Equity</b>	<b>28,545</b>
	<b>Period ended</b>
	<b>30 June 2016</b>
<b>Financial performance</b>	<b>\$'000</b>
Profit / (loss) for the period	1,142
Other comprehensive income for the period	(1,152)
<b>Total comprehensive income for the period</b>	<b>(10)</b>
Distributions received from the associate during the period	70

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

	30 June 2016
	<b>\$'000</b>
Net assets of the associate	28,545
Proportion of the Group's ownership interest in the Elanor Retail Property Fund	24.40%
Carrying amount of the Group's interest in the Elanor Retail Property Fund	6,965

<b>Aggregate information of associates that are not individually material</b>	<b>Period ended</b>	<b>Period ended</b>
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit / (loss) for the period	3,715	554
Other comprehensive income for the period	(1,543)	-
<b>Total comprehensive income for the period</b>	<b>2,172</b>	<b>554</b>
Aggregate carrying amount of the Group's interests in these associates	3,203	1,780

# Notes to the Financial Statements

continued

## 17. Goodwill and intangible assets

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Management Rights	1,500	1,500	-	-
Accumulated amortisation	(300)	(150)	-	-
<b>Total Management Rights</b>	<b>1,200</b>	<b>1,350</b>	<b>-</b>	<b>-</b>
Brands	1,660	1,660	-	-
Accumulated impairment charge	-	-	-	-
<b>Total Brands</b>	<b>1,660</b>	<b>1,660</b>	<b>-</b>	<b>-</b>
Goodwill at cost	4,810	4,810	-	-
Accumulated impairment charge	-	-	-	-
<b>Total Goodwill</b>	<b>4,810</b>	<b>4,810</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets</b>	<b>7,670</b>	<b>7,820</b>	<b>-</b>	<b>-</b>

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Management Rights</b>				
Opening net book amount	1,350	-	-	-
Additions from business combinations	-	1,500	-	-
Amortisation	(150)	(150)	-	-
Closing net book amount	1,200	1,350	-	-
<b>Brands</b>				
Opening net book amount	1,660	-	-	-
Additions from business combinations	-	1,660	-	-
Accumulated impairment charge	-	-	-	-
Closing net book amount	1,660	1,660	-	-
<b>Goodwill</b>				
Opening net book amount	4,810	-	-	-
Additions from business combinations	-	4,810	-	-
Accumulated impairment charge	-	-	-	-
Closing net book amount	4,810	4,810	-	-
<b>Total intangible assets</b>	<b>7,670</b>	<b>7,820</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

continued

## 17. Goodwill and intangible assets (continued)

### Management Rights

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

### Brands

Brands represent the acquisition of the John Cootes Furniture brand upon the acquisition of the John Cootes Furniture business by JCF Management Pty Limited on 11 July 2014.

#### Impairment test for brands

Brands are allocated to the Group's cash-generating units (CGU's) identified. All of the brands carried at 30 June 2016 are attributable to the Group's investment in the John Cootes Furniture business.

The Directors have deemed there should be no impairment to the carrying value of brand due to the calculated recoverable amount of the brand being in excess of the carrying value.

The recoverable amount of the brand is based on value in use calculated on a net present value basis.

The period over which management has projected the CGU cash flows is based upon a 10 year operating forecast. The average growth rates used (6%) and royalty rates (1.65%) are consistent with forecasts included in industry reports. The discount rates used (18.25%) are pre-tax and reflect specific risks relating to the relevant CGU.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the 2017 financial year budget. Cash flows beyond the budget period are extrapolated using the growth rates stated above. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

### Goodwill

Goodwill represents goodwill acquired by the Group upon the acquisition of the John Cootes Furniture business by JCF Management Pty Limited on 11 July 2014.

#### Impairment test for goodwill

Goodwill is allocated to the CGU's identified. All of the goodwill carried at 30 June 2016 is attributable to the Group's investment in the John Cootes Furniture business.

The Directors have deemed there should be no impairment to the carrying value of goodwill due to the calculated recoverable amount of the goodwill being in excess of the carrying value.

The recoverable amount of the goodwill is based on value in use calculated on a net present value basis.

The period over which management has projected the CGU cash flows is based upon a 5 year operating forecast. The average growth rates used (6%) are consistent with forecasts included in industry reports. The discount rates used (18.25%) are pre-tax and reflect specific risks relating to the relevant CGU.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the 2017 financial year budget. Cash flows beyond the budget period are extrapolated using the growth rates stated above. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

#### Sensitivity

Management recognises that the calculation of recoverable amounts can vary based on the assumptions used to project or discount cash flows and that changes to key assumptions can result in recoverable amounts falling below carrying amounts. In relation to the CGUs above, the recoverable amounts are well in excess of the carrying amount associated with each segment.

The Directors consider that the growth rates are appropriate, and that there is sufficient headroom such that a change in any of the other key assumptions would not cause the CGUs' carrying amount to exceed their recoverable amount.

# Notes to the Financial Statements

continued

## 18. Provisions

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Provision for annual leave	940	615	-	-
Provision for long service leave	50	138	-	-
Provision for FY16 STI	1,610	71	-	37
<b>Total current</b>	<b>2,600</b>	<b>824</b>	<b>-</b>	<b>37</b>
<b>Non-current</b>				
Provision for annual leave	158	248	-	-
Provision for long service leave	521	653	-	-
<b>Total non-current</b>	<b>679</b>	<b>901</b>	<b>-</b>	<b>-</b>
<b>Total provisions</b>	<b>3,279</b>	<b>1,725</b>	<b>-</b>	<b>37</b>

## 19. Other current liabilities

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Advance deposits	1,622	1,148	-	-
Lease incentive liability	149	-	-	-
<b>Total Other current liabilities</b>	<b>1,771</b>	<b>1,148</b>	<b>-</b>	<b>-</b>

## 20. Payables

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Trade Creditors	2,140	1,265	189	-
Related party payables	-	-	-	171
Accrued Expenses	2,750	2,148	122	236
GST Payable	452	570	86	170
Tax payable	-	267	-	-
<b>Total payables</b>	<b>5,342</b>	<b>4,250</b>	<b>397</b>	<b>577</b>

# Notes to the Financial Statements

continued

## 21. Interest bearing liabilities

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Current</b>				
Bank loan - term debt	528	8,559	-	8,559
Borrowing Costs less amortisation	-	(18)	-	(18)
Loan from the Company	-	-	5,460	4,052
<b>Total current</b>	<b>528</b>	<b>8,541</b>	<b>5,460</b>	<b>12,593</b>
<b>Non-current</b>				
Bank loan - term debt	61,352	22,396	47,394	20,000
Borrowing Costs less amortisation	(654)	(218)	(498)	(163)
<b>Total non-current</b>	<b>60,698</b>	<b>22,178</b>	<b>46,896</b>	<b>19,837</b>
<b>Total interest bearing liabilities</b>	<b>61,226</b>	<b>30,719</b>	<b>52,356</b>	<b>32,430</b>

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

### Credit facilities

As at 30 June 2016, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
A\$ trade credit facility	500	500	-	-
Amount used	(473)	(396)	-	-
<b>Amount unused</b>	<b>27</b>	<b>104</b>	<b>-</b>	<b>-</b>
Working Capital facility	8,500	5,000	8,500	5,000
Amount used	(1,622)	(2,000)	(1,622)	(2,000)
<b>Amount unused</b>	<b>6,878</b>	<b>3,000</b>	<b>6,878</b>	<b>3,000</b>
Term debt facility	64,725	28,559	64,725	28,559
Amount used	(59,784)	(28,559)	(59,784)	(28,559)
<b>Amount unused</b>	<b>4,941</b>	<b>-</b>	<b>4,941</b>	<b>-</b>
Total facility	73,725	34,059	73,225	33,559
Total amount used	(61,879)	(30,955)	(61,406)	(30,559)
<b>Total amount unused</b>	<b>11,846</b>	<b>3,104</b>	<b>11,819</b>	<b>3,000</b>

### Consolidated Group

Included in the above numbers, the ENN Group has access to a \$27.0m facility, upon which both the Company and the Trust can draw. The drawn amount at 30 June 2016 is \$14.8m which will mature on 11 July 2017. At 30 June 2016 the amount of drawn facilities is hedged to 66%.

Included in the above numbers, the EHAF Group has access to a \$46.7 facility, upon which both the Company and Trust can draw. The drawn amount at 30 June 2016 is \$46.7m which will mature on 21 March 2019. At 30 June 2016, the amount of drawn facilities is hedged to 100%.

All of the facilities have a variable interest rate. As detailed in Note 25, 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 2016, including the impact of the interest rate swaps, is 3.75% per annum.

# Notes to the Financial Statements

continued

## 21. Interest bearing liabilities (continued)

### EIF Group

Included in the above numbers, the EIF Group has access to a \$26.5m facility, upon which both the Company and the Trust can draw. The drawn amount at 30 June 2016 is \$12.7m which will mature on 11 July 2017. At 30 June 2016 the amount of drawn facilities is hedged to 79%.

Included in the above numbers, the EHAF Group has access to a \$46.7 facility, upon which both the Company and Trust can draw. The drawn amount at 30 June 2016 is \$34.7m which will mature on 21 March 2019. At 30 June 2016, the amount of drawn facilities is hedged to 100%.

All of the facilities have a variable interest rate. As detailed in Note 25, 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 2016, including the impact of the interest rate swaps, is 3.75% per annum.

## 22. Contributed equity for the period to 30 June 2016

No. of securities/shares	Details	Date of income entitlement	Note	Total Equity	Parent Entity	EIF Group
				2016 \$'000	30 June 2016 \$'000	30 June 2016 \$'000
70,644,752	Opening balance	1 Jul 2015		87,049	41,589	45,460
	Issue of Treasury securities	27 Jun 2016	(i)	1,440	691	749
<b>71,386,205</b>	<b>Securities on issue</b>	<b>30 Jun 2016</b>		<b>88,489</b>	<b>42,280</b>	<b>46,209</b>

(i) On 27 June 2016 the Group issued stapled securities under the FY2016 employee short term incentive scheme. These restricted stapled securities are held by the Group's employee security trust on behalf of the participants. See Note 31 for further details.

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

No. of securities/shares	Details	Date of income entitlement	Note	Total Equity	Parent Entity	EIF Group
				2016 \$'000	30 June 2016 \$'000	30 June 2016 \$'000
-	Opening balance	1 Jul 2015		-	-	-
	Issue of Treasury securities	27 Jun 2016		1,440	691	749
<b>741,453</b>	<b>Treasury securities on issue</b>	<b>30 Jun 2016</b>		<b>1,440</b>	<b>691</b>	<b>749</b>

# Notes to the Financial Statements

continued

## 22. Contributed equity (continued)

### Contributed equity for the period 30 June 2015

No. of securities/ shares	Details	Date of income entitlement	Note	Total Equity 30 June 2015 \$'000	Parent Entity 30 June 2015 \$'000	EIF Group 30 June 2015 \$'000
60,800,000	Initial Public Offering (IPO)	10 Jul 2014	(i)	76,000	36,489	39,511
	Issue costs paid (net of tax)			(2,146)	(888)	(1,258)
9,120,000	Placement	9 Dec 2014	(ii)	12,586	5,690	6,896
	Issue costs paid (net of tax)			(346)	(127)	(219)
724,752	Security Purchase Plan	30 Dec 2014	(ii)	1,000	452	548
	Issue costs paid (net of tax)			(45)	(27)	(18)
<b>70,644,752</b>	<b>Securities/shares on issue</b>	<b>30 Jun 2015</b>		<b>87,049</b>	<b>41,589</b>	<b>45,460</b>

#### (i) Initial Public Offering (IPO)

On 10 July 2014, the Group completed an Initial Public Offering (IPO) of securities on the Australian Securities Exchange, whereby all of the share capital of Elanor Investors Limited and all of the units in the Elanor Investment Fund were stapled together and commenced trading. At allotment, 60,800,000 stapled securities were issued to the public, at a price of \$1.25 per stapled security, raising \$76m, before issue costs.

#### (ii) Placement and Security Purchase Plan

On 9 December 2014 and 30 December 2014 the Group issued stapled securities under a Placement and a Security Purchase Plan respectively to fund the acquisition of a co-investment in the Bell City Fund.

Securities issued under the Placement and the Share Purchase Plan rank equally with existing securities.



# Notes to the Financial Statements

continued

## 23. Reserves

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Asset revaluation reserve</b>				
Opening balance	11,255	-	450	-
Revaluation	2,505	10,805	-	-
Transfer to retained profits - realised items	-	-	-	-
Equity Accounted Investment Revaluation Reserve	698	450	698	450
Closing balance	14,458	11,255	1,148	450
<b>Cash flow hedge reserve</b>				
Opening balance	(172)	-	(172)	-
Revaluation	(613)	(172)	(486)	(172)
Transfer to retained profits - realised items	-	-	-	-
Closing balance	(785)	(172)	(658)	(172)
<b>Stapled security-based payment reserve</b>				
Opening balance	260	-	136	-
Loan Securities and Option expense	236	260	124	136
Short term incentive scheme expense	193	-	30	-
Closing balance	689	260	290	136
<b>Total reserves</b>	<b>14,362</b>	<b>11,343</b>	<b>780</b>	<b>414</b>

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.

## 24. Retained profits / (Accumulated losses)

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Opening balance	(955)	-	12,010	-
Profit / (loss) for the period	4,143	2,720	3,789	15,061
Available for distribution	3,188	2,720	15,799	15,061
Transfer from reserves	-	-	-	-
Distributions paid	(9,897)	(3,675)	(6,922)	(3,051)
<b>Closing balance</b>	<b>(6,709)</b>	<b>(955)</b>	<b>8,877</b>	<b>12,010</b>

The distribution of ENN Group 7.34 cents per stapled security for the year ended 30 June 2016 totalling \$5.2m had not been declared at year end. This will be paid on or before 2 September 2016.

The distribution of EIF Group 7.34 cents per stapled security for the year ended 30 June 2016 totalling \$5.2m had not been declared at year end. This will be paid on or before 2 September 2016.

# Notes to the Financial Statements

continued

## 25. Financial risk management

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.

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

	Floating interest rate	Fixed interest Maturity < 1 yr	Fixed interest Maturity 1 - 5 yrs	Fixed interest Maturity > 5 yrs	Total
Consolidated Group 30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	8,192	-	-	-	8,192
<b>Total Assets</b>	<b>8,192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,192</b>
Weighted average interest rate					3.75%
<b>Liabilities</b>					
Interest bearing loans	5,155	-	56,725	-	61,880
Derivative financial instruments	842	-	-	-	842
<b>Total Liabilities</b>	<b>5,997</b>	<b>-</b>	<b>56,725</b>	<b>-</b>	<b>62,722</b>
Weighted average interest rate					3.75%

# Notes to the Financial Statements

continued

## 25. Financial risk management (continued)

As at 30 June 2015, the Consolidated Group had the following interest bearing assets and liabilities:

Consolidated Group 30 June 2015	Floating interest rate \$'000	Fixed interest Maturity < 1 yr \$'000	Fixed interest Maturity 1 - 5 yrs \$'000	Fixed interest Maturity > 5 yrs \$'000	Total \$'000
<b>Assets</b>					
Cash and cash equivalents	7,488	-	-	-	7,488
<b>Total Assets</b>	<b>7,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,488</b>
Weighted average interest rate					4.12%
<b>Liabilities</b>					
Interest bearing loans	20,955	-	10,000	-	30,955
Derivative financial instruments	172	-	-	-	172
<b>Total Liabilities</b>	<b>21,127</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>31,127</b>
Weighted average interest rate					4.12%

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

EIF Group 30 June 2016	Floating interest rate \$'000	Fixed interest Maturity < 1 yr \$'000	Fixed interest Maturity 1 - 5 yrs \$'000	Fixed interest Maturity > 5 yrs \$'000	Total \$'000
<b>Assets</b>					
Cash and cash equivalents	2,081	-	-	-	2,081
<b>Total Assets</b>	<b>2,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,081</b>
Weighted average interest rate					3.75%
<b>Liabilities</b>					
Interest bearing loans	-	-	52,854	-	52,854
Derivative financial instruments	659	-	-	-	659
<b>Total Liabilities</b>	<b>659</b>	<b>-</b>	<b>52,854</b>	<b>-</b>	<b>53,513</b>
Weighted average interest rate					3.75%

As at 30 June 2015, the EIF Group had the following interest bearing assets and liabilities:

EIF Group 30 June 2015	Floating interest rate \$'000	Fixed interest Maturity < 1 yr \$'000	Fixed interest Maturity 1 - 5 yrs \$'000	Fixed interest Maturity > 5 yrs \$'000	Total \$'000
<b>Assets</b>					
Cash and cash equivalents	3,437	-	-	-	3,437
<b>Total Assets</b>	<b>3,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,437</b>
Weighted average interest rate					4.12%
<b>Liabilities</b>					
Interest bearing loans	22,611	-	10,000	-	32,611
Derivative financial instruments	172	-	-	-	172
<b>Total Liabilities</b>	<b>22,783</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>32,783</b>
Weighted average interest rate					4.12%

# Notes to the Financial Statements

continued

## 25. Financial risk management (continued)

### 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	Amount	Increase by 1% Profit	Equity	Decrease by 1% Profit	Equity
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	8,192	82	-	(82)	-
Derivative financial instruments	842	-	(8)	-	8
Interest bearing loans	61,880	(52)	-	52	-
<b>Total increase / (decrease)</b>	<b>70,914</b>	<b>30</b>	<b>(8)</b>	<b>(30)</b>	<b>8</b>

Consolidated Group	Amount	Increase by 1% Profit	Equity	Decrease by 1% Profit	Equity
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	7,488	75	-	(75)	-
Derivative financial instruments	172	-	10	-	(10)
Interest bearing loans	30,955	(210)	-	210	-
<b>Total increase / (decrease)</b>	<b>38,615</b>	<b>(135)</b>	<b>10</b>	<b>135</b>	<b>(10)</b>

EIF Group	Amount	Increase by 1% Profit	Equity	Decrease by 1% Profit	Equity
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	2,081	21	-	(21)	-
Derivative financial instruments	659	-	(7)	-	7
Interest bearing loans	52,854	(55)	-	55	-
<b>Total increase / (decrease)</b>	<b>55,594</b>	<b>(34)</b>	<b>(7)</b>	<b>34</b>	<b>7</b>

EIF Group	Carrying Amount	Increase by 1% Profit	Equity	Decrease by 1% Profit	Equity
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3,437	34	-	(34)	-
Derivative financial instruments	172	-	10	-	(10)
Interest bearing loans	32,611	(226)	-	226	-
<b>Total increase / (decrease)</b>	<b>36,220</b>	<b>(192)</b>	<b>10</b>	<b>192</b>	<b>(10)</b>

# Notes to the Financial Statements

continued

## 25. Financial risk management (continued)

### b) Credit risk

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

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

### Exposure to credit risk

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Cash and other cash equivalents	8,192	7,488	2,081	3,437
Trade and other receivables	3,201	3,355	6,176	753
<b>Total</b>	<b>11,393</b>	<b>10,843</b>	<b>8,257</b>	<b>4,190</b>

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the consolidated financial statements on a net basis. Details of the Group's contingent liabilities are disclosed in Note 29.

Trade and other receivables consist of GST, distributions and other receivables. At balance date 38% of the Group's receivables were due from Australian tax authorities in respect of GST.

The EIF Group is exposed to credit risk with respect to the letter of loan subordination from the Company (see Note 1(a)), in respect of the Company's non-requirement of the repayment of the loan.

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

No allowance has been recognised for the GST and distribution receivable 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.

### Impairment losses

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Current	1,245	431	1,787	753
Past due 31-60 days	1,792	2,167	4,389	-
Past due 61+ days	164	758	-	-
<b>Total</b>	<b>3,201</b>	<b>3,356</b>	<b>6,176</b>	<b>753</b>

# Notes to the Financial Statements

continued

## 25. 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.

#### Consolidated Group 30 June 2016

	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
<b>Derivative financial liabilities</b>						
Derivatives	114	728	-	-	-	842
<b>Non derivative financial liabilities</b>						
Payables	9,261	679	-	-	-	9,940
Interest bearing loans	2,849	16,662	48,752	-	-	68,263
Current tax liabilities	452	1,607	-	-	-	2,059
<b>Total</b>	<b>12,676</b>	<b>19,676</b>	<b>48,752</b>	<b>-</b>	<b>-</b>	<b>81,104</b>

#### Consolidated Group 30 June 2015

	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
<b>Derivative financial liabilities</b>						
Derivatives	86	86	-	-	-	172
<b>Non derivative financial liabilities</b>						
Payables	5,385	901	-	-	-	6,286
Interest bearing loans	9,835	923	23,319	-	-	34,077
Current tax liabilities	837	485	-	-	-	1,322
<b>Total</b>	<b>16,143</b>	<b>2,395</b>	<b>23,319</b>	<b>-</b>	<b>-</b>	<b>41,857</b>

#### EIF Group 30 June 2016

	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
<b>Derivative financial liabilities</b>						
Derivatives	114	545	-	-	-	659
<b>Non derivative financial liabilities</b>						
Payables	311	-	-	-	-	311
Interest bearing loans	7,442	14,459	36,014	-	-	57,915
Current tax liabilities	86	-	-	-	-	86
<b>Total</b>	<b>7,953</b>	<b>15,004</b>	<b>36,014</b>	<b>-</b>	<b>-</b>	<b>58,971</b>

# Notes to the Financial Statements

continued

## 25. Financial risk management (continued)

EIF Group  
30 June 2015

	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
<b>Derivative financial liabilities</b>						
Derivatives	86	86	-	-	-	172
<b>Non derivative financial liabilities</b>						
Payables	236	-	-	-	-	236
Interest bearing loans	13,955	824	20,824	-	-	35,603
Current tax liabilities	170	-	-	-	-	170
<b>Total</b>	<b>14,447</b>	<b>910</b>	<b>20,824</b>	<b>-</b>	<b>-</b>	<b>36,181</b>

### d) Capital risk management

The Group maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for Securityholders and to maintain an optimal capital structure. The capital structure of the Group consists of equity as listed in Note 22.

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

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

### Australian Financial Services License

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

Under licence condition 9. the Responsible Entity must:

- (a) be able to pay its debts as and when they become due and payable; and
- (b) show in its most recent statement of financial position lodged with ASIC that its total (adjusted) assets exceed total (adjusted) liabilities; and
- (c) have no reason to suspect that its total (adjusted) assets would not exceed total (adjusted) liabilities on a current statement of financial position; and
- (d) meet the cash needs requirements by complying with Option 1

# Notes to the Financial Statements

continued

## 25. Financial risk management (continued)

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

- (a) \$150,000; or
- (b) 0.5% of the value of Scheme Assets; or
- (c) 10% of Average Responsible Entity revenue.

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

The Responsible Entity had at all times a cash flow projection of at least 12 months, with assumptions, showing its ability to meet debts as and when they fall due.

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

## 26. Fair value measurement

The Group recognises the following assets and liabilities at fair value on a recurring basis:

- \* Investment Properties
- \* Property, plant and equipment
- \* Financial assets and liabilities carried at fair value through profit and loss or reserves

### (a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).



# Notes to the Financial Statements

continued

## 26. Fair value measurement (continued)

The following table presents the Consolidated Group's assets and liabilities measured and recognised at fair value at 30 June 2016 on a recurring basis:

<b>Consolidated Group June 2016</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets measured at fair value</b>				
Property, plant and equipment	-	-	136,148	136,148
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>136,148</b>	<b>136,148</b>
<b>Liabilities measured at fair value</b>				
Derivatives	-	(842)	-	(842)
<b>Total liabilities</b>	<b>-</b>	<b>(842)</b>	<b>-</b>	<b>(842)</b>

The following table presents the Consolidated Group's assets and liabilities measured and recognised at fair value at 30 June 2015 on a recurring basis:

<b>Consolidated Group June 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets measured at fair value</b>				
Property, plant and equipment	-	-	86,048	86,048
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>86,048</b>	<b>86,048</b>
<b>Liabilities measured at fair value</b>				
Derivatives	-	(172)	-	(172)
<b>Total liabilities</b>	<b>-</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>

The following table presents the EIF Group's assets and liabilities measured and recognised at fair value at 30 June 2016

<b>EIF Group June 2016</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets measured at fair value</b>				
Investment properties	-	-	106,087	106,087
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>106,087</b>	<b>106,087</b>
<b>Liabilities measured at fair value</b>				
Derivatives	-	(659)	-	(659)
<b>Total liabilities</b>	<b>-</b>	<b>(659)</b>	<b>-</b>	<b>(659)</b>

The following table presents the EIF Group's assets and liabilities measured and recognised at fair value at 30 June 2015 on a recurring basis:

<b>EIF Group June 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets measured at fair value</b>				
Investment properties	-	-	72,908	72,908
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>72,908</b>	<b>72,908</b>
<b>Liabilities measured at fair value</b>				
Derivatives	-	(172)	-	(172)
<b>Total liabilities</b>	<b>-</b>	<b>(172)</b>	<b>-</b>	<b>(172)</b>

# Notes to the Financial Statements

continued

## 26. Fair value measurement (continued)

### (b) Reconciliation of movements in fair value of level 3 assets and liabilities for the period to 30 June 2016

#### Consolidated Group

	Property, plant and equipment (Level 3) \$'000	Total \$'000
Opening balance	86,048	86,048
Additions	52,956	52,956
Depreciation	(3,666)	(3,666)
Fair value gains / (losses)	(2,041)	(2,041)
Revaluation Gains / (losses)	2,851	2,851
Disposals	-	-
<b>Closing balance</b>	<b>136,148</b>	<b>136,148</b>

### Reconciliation of movements in fair value of level 3 assets and liabilities for the period to 30 June 2015

#### Consolidated Group

	Property, plant and equipment (Level 3) \$'000	Total \$'000
Opening balance	-	-
Additions	79,865	79,865
Depreciation	(2,303)	(2,303)
Fair value gains / (losses)	8,486	8,486
Disposals	-	-
<b>Closing balance</b>	<b>86,048</b>	<b>86,048</b>

#### EIF Group 30 June 2016

	Investment properties (Level 3) \$'000	Total \$'000
Opening balance	72,908	72,908
Additions	35,232	35,232
Fair value gains / (losses)	(2,053)	(2,053)
<b>Closing balance</b>	<b>106,087</b>	<b>106,087</b>

#### EIF Group 30 June 2015

	Investment properties (Level 3) \$'000	Total \$'000
Opening balance	-	-
Additions	63,205	63,205
Fair value gains / (losses)	9,703	9,703
<b>Closing balance</b>	<b>72,908</b>	<b>72,908</b>

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2016.

# Notes to the Financial Statements

continued

## 26. Fair value measurement (continued)

### (c) Valuation techniques used to derive Level 2 and Level 3 fair values

#### Financial Instruments

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

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

Specific valuation techniques used to value financial instruments include:

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

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.

#### Property Assets

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

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

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

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

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

#### **Valuation technique and inputs**

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

The investment properties fair values presented are based on market values, which are derived using the capitalisation and the discounted cashflow methods. The Group's preferred or primary method is the capitalisation method.

#### Capitalisation method

Capitalisation rate (or cap 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 (cap 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).

# Notes to the Financial Statements

continued

## 26. Fair value measurement (continued)

### Discounted cash flows (DCF)

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

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

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

Consolidated Group	Book Value 30 June 2016 \$'000	Capitalisation Rate %	Discount Rate %
<b>Assets measured at fair value</b>			
Property, plant and equipment	136,148	9.00% -23.00%	9.00% -13.00%
<b>Total assets</b>	<b>136,148</b>		

Consolidated Group	Book Value 30 June 2015 \$'000	Capitalisation Rate %	Discount Rate %
<b>Assets measured at fair value</b>			
Property, plant and equipment	86,048	9.00% - 23.00%	9.00% - 13.00%
<b>Total assets</b>	<b>86,048</b>		

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

EIF Group	Book Value 30 June 2016 \$'000	Capitalisation Rate %	Discount Rate %
<b>Assets measured at fair value</b>			
Investment properties	106,087	9.00% - 23.00%	9.00% - 13.00%
<b>Total assets</b>	<b>106,087</b>		

	Book Value 30 June 2015 \$'000	Capitalisation Rate %	Discount Rate %
<b>Assets measured at fair value</b>			
Investment properties	72,908	9.00% - 23.00%	9.00% - 13.00%
<b>Total assets</b>	<b>72,908</b>		

# Notes to the Financial Statements

continued

## 26. Fair value measurement (continued)

### Sensitivity Information

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

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

### Sensitivity Analysis

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

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

# Notes to the Financial Statements

continued

## 27. Net tangible assets

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Net tangible assets are calculated as follows:				
Total assets	199,015	135,650	137,139	91,100
Less: Intangible assets	(7,670)	(7,820)	-	-
Less: Total liabilities	(73,773)	(38,213)	(53,412)	(33,216)
<b>Net tangible assets</b>	<b>117,572</b>	<b>89,617</b>	<b>83,727</b>	<b>57,884</b>
Total number of stapled securities on issue	71,386	70,645	71,386	70,645
Net tangible asset backing per stapled security / unit	1.65	1.27	1.17	0.82

## 28. Segment information

### 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 2016, the Funds Management division has approximately \$484.5m of external investments under management, being the Managed Investments;

#### *Hotels, Tourism and Leisure*

Hotel, Tourism and Leisure originates investment and fund management assets. The current investment portfolio includes Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel and Ibis Styles Albany Hotel along with co-investments in 193 Clarence Hotel syndicate, Bell City Fund and the Elanor Hospitality and Accommodation Fund (Peppers Cradle Mountain Lodge, Mantra Wollongong Hotel, Mantra Pavilion Wagga Wagga, Best Western Port Macquarie, Best Western Tall Trees and Parklands Resort Mudgee). Hotel, Tourism and Leisure also manages these syndicates;

#### *Real Estate*

Real Estate originates investment and fund management assets. The current investment portfolio comprises an investment in Auburn Central syndicate, Elanor Retail Property Fund and Limestone Street Centre syndicate. Real Estate manages Elanor Retail Property Fund, Limestone Street Centre, Super A Mart, John Cootes Diversified Property and Auburn Central syndicates; and

#### *Special Situation Investments*

Special Situations Investments contains the John Cootes Furniture business and the property associated with John Cootes Furniture business at Merrylands, NSW.

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

# Notes to the Financial Statements

continued

## 28. Segment information (continued)

### Consolidated Group - 30 June 2016

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situation Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	7,810	27,761	-	28,289	140	64,000
Revenue from wildlife parks	-	11,733	-	-	-	11,733
Share of profit of equity accounted investments	-	290	321	-	-	611
Operating expense	(1,427)	(28,428)	-	(25,885)	(6,223)	(61,963)
Divisional EBITDA	6,383	11,356	321	2,404	(6,083)	14,381
Depreciation and amortisation	(150)	(3,307)	-	(125)	(234)	(3,816)
Divisional EBIT	6,233	8,049	321	2,279	(6,317)	10,565
Transaction and establishment costs not included in divisional EBIT					(3,796)	(3,796)
Interest income	20	24	-	22	15	81
Amortisation of Borrowing Costs					(209)	(209)
Borrowing costs					(1,571)	(1,571)
Net tax benefit / (expense)					(927)	(927)
<b>Profit / (loss) for the year</b>	<b>6,253</b>	<b>8,073</b>	<b>321</b>	<b>2,301</b>	<b>(12,805)</b>	<b>4,143</b>
Total assets	4,094	138,386	22,879	30,279	3,377	199,015
Total liabilities	34	51,247	-	4,009	18,483	73,773

### Consolidated Group - 30 June 2015

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situation Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	4,902	22,614	-	19,653	748	47,917
Revenue from wildlife parks	-	10,170	-	-	-	10,170
Share of profit of equity accounted investments	-	87	6	-	-	93
Operating expense	(424)	(23,803)	-	(17,810)	(4,153)	(46,190)
Divisional EBITDA	4,478	9,068	6	1,843	(3,405)	(11,990)
Depreciation and amortisation	(150)	(2,211)	-	(58)	(34)	(2,453)
Divisional EBIT	4,328	6,857	6	1,785	(3,439)	9,537
Transaction and establishment costs not included in divisional EBIT					(4,843)	(4,843)
Interest income					-	-
Amortisation of Borrowing Costs					(138)	(138)
Borrowing costs					(1,259)	(1,259)
Net tax benefit / (expense)					(577)	(577)
<b>Profit / (loss) for the year</b>	<b>4,328</b>	<b>6,857</b>	<b>6</b>	<b>1,785</b>	<b>(10,256)</b>	<b>2,720</b>
Total assets	4,565	103,455	620	24,685	2,325	135,650
Total liabilities	326	3,762	-	2,699	31,426	38,213

# Notes to the Financial Statements

continued

## 28. Segment information (continued)

### EIF Group - 30 June 2016

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situation Investment	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	-	9,012	-	-	22	9,034
Share of profit of equity accounted investments	-	290	321	-	-	611
Operating expense	-	-	-	-	(229)	(229)
Divisional EBITDA	-	9,302	321	-	(207)	9,416
Depreciation and amortisation	-	-	-	-	-	-
Divisional EBIT	-	9,302	321	-	(207)	9,416
Transaction and establishment costs not included in divisional EBIT					(1,440)	(1,440)
Fair value adjustment on revaluation of investment property					(2,054)	(2,054)
Interest income		18			6	24
Responsible Entity management fee expense					(405)	(405)
Amortisation of Borrowing Costs					(158)	(158)
Borrowing costs					(1,594)	(1,594)
<b>Profit / (loss) for the year</b>	<b>-</b>	<b>9,320</b>	<b>321</b>	<b>-</b>	<b>(5,852)</b>	<b>3,789</b>
Total assets	-	114,014	22,879	-	246	137,139
Total liabilities	-	20,809	4,272	-	28,331	53,412

### EIF Group - 30 June 2015

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situation Investment	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	-	8,132	-	-	27	8,159
Share of profit of equity accounted investments	-	87	6	-	-	93
Operating expense	-	(10)	-	-	(200)	(210)
Divisional EBITDA	-	8,209	6	-	(173)	8,042
Depreciation and amortisation	-	-	-	-	-	-
Divisional EBIT	-	8,209	6	-	(173)	8,042
Transaction and establishment costs not included in divisional EBIT					(1,297)	(1,297)
Fair value adjustment on revaluation of investment property					9,703	9,703
Interest income						
Responsible Entity management fee expense					(130)	(130)
Amortisation of Borrowing Costs					(113)	(113)
Borrowing costs					(1,144)	(1,144)
<b>Profit / (loss) for the year</b>	<b>-</b>	<b>8,209</b>	<b>6</b>	<b>-</b>	<b>6,846</b>	<b>15,061</b>
Total assets	-	76,616	620	-	13,864	91,100
Total liabilities	-	222	-	-	32,994	33,216

## 29. Contingent liabilities and commitments

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



# Notes to the Financial Statements

continued

## 30. Related party disclosures

### Elanor Investors Group

#### Responsible Entity fees

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 ending 30 June 2016, this amount is \$130,000.

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

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 ending 30 June 2016 was nil.

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

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Elanor Retail Property Fund (formerly Manning Mall Syndicate)	2,199	966	-	-
Griffin Plaza Syndicate	1,055	512	-	-
Super A Mart Auburn Syndicate	184	13	-	-
John Cootes Diversified Property Syndicate	678	132	-	-
193 Clarence Hotel Syndicate	468	500	-	-
Bell City Syndicates	1,728	1,989	-	-
Auburn Central Syndicate	716	990	-	-
Dee Why Syndicate	-	4	-	-
Marsden Park Syndicate	-	10	-	-
Limestone Syndicate	782	-	-	-
<b>Total</b>	<b>7,810</b>	<b>5,116</b>	<b>-</b>	<b>-</b>

### Establishment of the Elanor Hospitality and Accommodation Fund (EHAF)

During the year Cradle Mountain Lodge and Wollongong Hotel was sold from ENN to EHAF. Please refer to Note 32 for further details.

### Merrylands Property

On the sale of the Merrylands Property, Moss Capital of which Glenn Willis and William Moss (Bill) Moss AO are directors and shareholders, will be entitled to a performance fee of 20% of the amount by which the IRR on the Merrylands Property exceeds 15%, plus GST.

# Notes to the Financial Statements

continued

## 30. Related party disclosures (continued)

### Key Management Personnel (KMP)

<b>Executive</b>	<b>Position</b>
Mr Glenn Willis	Managing Director and Chief Executive Officer
Mr Paul Siviour	Chief Operating Officer
Ms Marianne Ossovani	Chief Investment Officer and Head of Hotels, Tourism and Leisure
Mr Symon Simmons	Chief Financial Officer and Company Secretary

<b>Non Executive</b>	<b>Position</b>
Mr Paul Bedbrook	Independent Chairman and Non-Executive Director
Mr Nigel Ampherlaw	Independent Non-Executive Director
Mr William (Bill) Moss AO	Non-Executive Director

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

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Short term benefits	2,525,939	1,166,786
Post employment benefits	103,877	105,645
Share-based payment	285,930	252,896
<b>Total</b>	<b>2,915,746</b>	<b>1,525,327</b>

Details of the remuneration of the KMP's is provided in the Remuneration Report.

# Notes to the Financial Statements

continued

## 31. Share-based payments

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

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

The purpose of the STI Scheme is to provide an annual bonus arrangement that incentivises and rewards management for achieving annual pre-tax ROE for 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 Scheme provides that 50% of any awards to individuals from the profit share pool be delivered in deferred securities, which vest two years after award, provided that the employee remains with the Group and maintains minimum performance standards.

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

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

Under the executive loan security plan awards (comprising the loan of funds to eligible Elanor employees to acquire securities which are subject to vesting conditions) have been issued to certain employees. Awards totalling 6.2 million securities have been made.

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

In addition to the loan security plan, the Group has implemented an executive option plan comprising rights to acquire securities at a specified exercise price, subject to the achievement of vesting conditions, which may be offered to certain eligible employees (including the Chief Executive Officer, direct reports to the Chief Executive Officer and other selected key executives) as determined by the Board. Options have been issued to the Chief Executive Officer only, over 1.6 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 for the LTI plans and related awards include both a service based hurdle and an absolute total security holder return (TSR) performance hurdle. The service based hurdle is 3 years in the case of both plans. The TSR is 10% per annum in the case of the loan security plan and 15% per annum in the case of the options plan. The option plan has an exercise price of \$1.80 per security (44% premium to the \$1.25 offer price at the time of the IPO).

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

# Notes to the Financial Statements

continued

## 31. Share-based payments (continued)

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

### Employee Loan Securities

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions <sup>1</sup>	Security Price at Grant Date	Fair Value at Grant Date
Loan Securities	6,240,000	11/07/2014	10/07/2017	Service & non-market	\$1.25	\$0.10

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

At the time of the IPO, 6.4m Loan Securities were issued. In June 2016, 160,000 lapsed loan securities were converted to meet the requirements of the 2016 STI scheme issue.

### Employee Options

Award Type	Number Granted	Grant Date	Vesting Date	Vesting Conditions <sup>1</sup>	Exercise Price	Fair Value at Grant Date
Options	1,600,000	11/07/2014	10/07/2017	Service and non-market	\$1.80	\$0.03

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

2. Fair Value of Options granted is calculated at the grant date using a binomial pricing model

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 <sup>1</sup>	Exercise Price	Fair Value at Grant Date
FY16 STI	741,453	24/06/2016	24/06/2016	Service	\$1.94	\$1.90

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 \$292,350.

Key inputs to the pricing models include:

Volatility	25%
Dividend Yield	9%
Risk-free Interest Rate	3%

# Notes to the Financial Statements

continued

## 32. Significant Events

### John Cootes Furniture – Yennora Warehouse Fire

As noted in the Group's 30 June 2015 Financial Report, on 27 July 2015, the John Cootes Furniture warehouse in Orchardleigh Street, Yennora sustained major damage as a result of a fire. The entire contents of the building, primarily stock and plant and equipment of the John Cootes Furniture business was destroyed and the building was unable to be recovered.

The Group has been actively working with the Company's insurer and the status of the relevant insurance claims are set out below.

Loss of stock: \$2.0 million. This claim has now been fully settled. This amount has been included in other income in the profit and loss for the year.

Loss of plant and equipment (including other non-stock contents): \$1.7 million. This claim has now been fully settled. This amount has been included in other income in the profit and loss for the year.

Business interruption: Four claims have been lodged that relate to lost sales from the date of the fire on 27 July 2015 to 31 May 2016 along with claim preparation costs and additional costs of working. To date, progress payments of \$2.3 million have been received from the insurer.

A further Business Interruption progress claim for lost sales along with claim preparation costs and additional costs of working is expected to be lodged in September 2016.

The summary of insurance claims included in the Group's results to 30 June 2016 is as follows:

Plant & Equipment:	\$1.7 million
Stock:	\$2.0 million
Business Interruption:	\$2.3 million
Total Insurance Recoveries:	\$6.0 million

The Group's profit result to 30 June 2016 incorporates all costs (including lost stock and plant and equipment) as a result of the fire, totalling \$2.9 million.

An adjustment has been made to reduce Core Earnings by \$0.7 million, reflecting the insurance recovery received for the loss of plant and equipment less those proceeds that will be used to purchase replacement plant and equipment required by the business.

### Establishment of the Elanor Hospitality and Accommodation Fund (EHAF)

On 21 March 2016 the Group established a new multi asset managed fund, the Elanor Hospitality and Accommodation Fund (Fund). The Fund comprises a \$95 million portfolio of 6 Australian Hotels (including Peppers Cradle Mountain Lodge, Mantra Wollongong Hotel, Mantra Pavilion Wagga Wagga, Best Western Tall Trees, Best Western Port Macquarie and Parklands Resort Mudgee) with strong, diversified cash flows and significant redevelopment potential. Consistent with its strategy of aligning interests with investors, at 30 June 2016 the Group holds a co-investment of approximately 42% of the Fund's equity.

The Group applied the majority of the net proceeds it received from the sale of Cradle Mountain Lodge and Wollongong Hotel into the Fund, to reduce debt.

# Notes to the Financial Statements

continued

## 33. Events occurring after reporting date

Subsequent to the period end, a distribution of 7.34 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$5.2m will be paid on or before 2 September 2016 in respect of the six months ended 30 June 2016.

On 4 August 2016 the Group completed a capital raise through an Institutional Placement ("Placement"), raising \$30 million (before costs). The proceeds from the Placement will be used to establish and cornerstone a new commercial property fund, the Elanor Commercial Property Fund, and cornerstone a new retail Real Estate Investment Trust which ENN is preparing to list on the ASX. The Group issued 16.2 million stapled securities at an issue price of \$1.85. The securities issued will rank pari-passu with existing securities on issue, but will not participate in the Group's final distribution for the six months ending 30 June 2016.

The Group has also completed a Security Purchase Plan (closed 22 August 2016), raising an additional \$3 million. The Group will issue 1.6 million stapled securities, at an issue price of \$1.85. The securities issued will rank pari-passu with existing securities on issue, but will not participate in the Group's final distribution for the six months ending 30 June 2016.

Other than the event disclosed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial period subsequent to the year ended 30 June 2016.

## 34. Notes to the consolidated statements of cash flows

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
<b>Profit / (Loss) for the period</b>	<b>4,143</b>	<b>2,720</b>	<b>3,789</b>	<b>15,061</b>
Depreciation and amortisation of non-current assets	3,816	2,453	-	-
Amortisation of borrowing costs	208	139	158	113
Fair value adjustment on revaluation of investment property	2,041	-	2,054	(10,805)
Net unrealised revenue from Equity Investments	(611)	(93)	(611)	(93)
Other non cash items	292	331	153	174
Transaction and IPO costs through P&L	1,755	4,980	1,440	2,398
Straight line lease expense and lease incentive income	33	-	-	-
Employee costs funded directly through equity	(1,129)	-	(587)	-
<b>Net cash provided by operating activities before changes in asset and liabilities</b>	<b>10,548</b>	<b>10,530</b>	<b>6,396</b>	<b>6,848</b>
<b>Movement in working capital</b>				
Decrease / (increase) in trade and other receivables	154	(2,712)	(1,034)	(97)
Decrease / (increase) in stock	(1,604)	(1,347)	-	-
Increase / (decrease) in other current assets	(585)	(387)	(69)	(24)
Decrease / (increase) in deferred tax	495	378	-	-
Increase / (decrease) in current tax liability	432	198	-	-
Increase / (decrease) in trade and other payables	1,477	(640)	(98)	29
Increase / (decrease) in other liabilities	1,116	226	-	-
Increase / (decrease) in other provision	1,554	336	(37)	37
<b>Net cash from operating activities after changes in assets and liabilities</b>	<b>13,587</b>	<b>6,582</b>	<b>5,158</b>	<b>6,793</b>

# Notes to the Financial Statements

continued

## 35. Commitments

### Lease commitments: Elanor Group as lessee

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

	Consolidated Group 30 June 2016 \$'000	Consolidated Group 30 June 2015 \$'000	EIF Group 30 June 2016 \$'000	EIF Group 30 June 2015 \$'000
Within one year	3,192	1,987	-	-
Later than one year but not later than 5 years	14,504	13,195	-	-
<b>Total lease commitments</b>	<b>17,696</b>	<b>15,182</b>	<b>-</b>	<b>-</b>

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

## 36. Parent entity

	Elanor Investors Limited <sup>1</sup> 30 June 2016 \$'000	Elanor Investors Limited <sup>1</sup> 30 June 2015 \$'000	Elanor Investment Fund <sup>2</sup> 30 June 2016 \$'000	Elanor Investment Fund <sup>2</sup> 30 June 2015 \$'000
<b>Financial Position</b>				
Current assets	9,258	9,138	4,523	796
Non - current assets	40,648	35,508	74,633	76,173
<b>Total Assets</b>	<b>49,906</b>	<b>44,646</b>	<b>79,156</b>	<b>76,969</b>
Current liabilities	10,264	4,427	15,825	6,564
Non - current liabilities	154	(55)	12,509	28,464
<b>Total Liabilities</b>	<b>10,418</b>	<b>4,372</b>	<b>28,334</b>	<b>35,028</b>
Contributed Equity	42,280	41,589	46,209	45,460
Reserves	(639)	124	(798)	(36)
Retained profits / (accumulated losses)	(2,153)	(1,439)	5,411	(3,484)
<b>Total Equity</b>	<b>39,488</b>	<b>40,274</b>	<b>50,822</b>	<b>41,940</b>

### Financial performance

Profit / (loss) for the period	2,262	(816)	15,816	(432)
Other comprehensive income for the period	-	-	42	(172)
<b>Total comprehensive income for the period</b>	<b>2,262</b>	<b>(816)</b>	<b>15,858</b>	<b>(604)</b>

Elanor Investors Limited has a net current asset deficiency of \$1.0m. The deficiency arises as a result of differences in the accounting treatment of intercompany balances with subsidiaries which see the investment in subsidiaries being classified as non-current while the related intercompany balances are classified as current. The directors believe that the Company will be able to pay its debts as and when they become due.

Elanor Investment Fund has a net current asset deficiency of \$11.3m. The deficiency arises as a result of differences in the accounting treatment of intercompany balances with subsidiaries which see the investment in subsidiaries being classified as non-current while the related intercompany balances are classified as current. The directors believe that the Fund will be able to pay its debts as and when they become due.

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

# Notes to the Financial Statements

continued

## 37. Subsidiaries and Controlled entities

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

Elanor Investors Limited			Proportion of ownership interest and voting power by the Group	
Name of Subsidiary	Principal activity	Place of incorporation and operation	30 June 2016	30 June 2015
Elanor Funds Management Limited <sup>1</sup>	Responsible entity	Australia	100%	100%
Elanor Operations Pty Limited <sup>1</sup>	Operational services	Australia	100%	100%
Elanor Investment Nominees Pty Limited <sup>1</sup>	Trustee services	Australia	100%	100%
Elanor Investment Holdings Pty Limited <sup>1</sup>	Holding company	Australia	100%	100%
Elanor Management Pty Limited <sup>1</sup>	Holding company	Australia	100%	100%
Featherdale Management Pty Limited <sup>1</sup>	Wildlife park operator	Australia	100%	100%
Eaglehawk Hotel Management Pty Limited <sup>1</sup>	Hotel operator	Australia	100%	100%
JCF Management Pty Limited <sup>1</sup>	Furniture retailer	Australia	100%	100%
Wiltex Wholesale Pty Limited <sup>1</sup>	Landholder	Australia	100%	100%
Albany Hotel Management Pty Limited <sup>1</sup>	Hotel operator	Australia	100%	100%
Cradle Mountain Lodge Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	100%
Wollongong Hotel Management Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	100%
Port Macquarie Hotel Management Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	-
Tall Trees Hotel Management Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	-
Pavilion Wagga Wagga Hotel Management Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	-
Parklands Resort Hotel Management Pty Limited <sup>2</sup>	Hotel operator	Australia	42%	-
EHAF Management Pty Limited <sup>2</sup>	Holding company	Australia	42%	-

(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) EHAF Management Pty Limited is the head entity of the EHAF tax-consolidated group.



# Notes to the Financial Statements

continued

## 37. 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 2016	30 June 2015
Elanor Investment Trust	Co-investment in Managed Funds	Australia	100%	100%
Featherdale Wildlife Park Syndicate	Wildlife Park landholder	Australia	100%	100%
Eaglehawk Syndicate	Hotel landholder	Australia	100%	100%
Albany Hotel Syndicate	Hotel landholder	Australia	100%	100%
Wollongong Hotel Syndicate	Hotel landholder	Australia	100%	100%
Elanor Hospitality Accommodation and Fund (formerly known as Cradle Mountain Lodge Syndicate)	Hotel landholder	Australia	42%	100%
Wollongong Hotel Property Trust	Hotel landholder	Australia	42%	-
Port Macquarie Property Trust	Hotel landholder	Australia	42%	-
Tall Trees Property Trust	Hotel landholder	Australia	42%	-
Pavilion Wagga Wagga Property Trust	Hotel landholder	Australia	42%	-
Parklands Resort Property Trust	Hotel landholder	Australia	42%	-

# Directors' Declaration

to Stapled Security Holders

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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 31 to 95 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 2016 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) Note 1 confirms that 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 2016

# Independent Auditor's Report



Deloitte Touche Tohmatsu  
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## **Independent Auditor's Report to the Stapled Security Holders of Elanor Investors Group and the Unitholders of EIF Group**

### **Report on the Financial Report**

We have audited the accompanying financial report which comprises:

- The consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Elanor Investors Group, being the consolidated stapled entity ("Elanor Investors Group"). The consolidated stapled entity, as disclosed in Note 1 to the financial report, comprises Elanor Investors Limited and the entities it controlled at the year's end or from time to time during the year, including Elanor Investment Fund and the entities it controlled at year's end or from time to time during the financial year end; and
- The consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Investors Fund, being the consolidated entity ("EIF Group"). The consolidated entity comprises Elanor Investment Fund and the entities it controlled at the year's end or from time to time during the year.

### *Directors' Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

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Member of Deloitte Touche Tohmatsu Limited

# Independent Auditor's Report

continued

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elanor Investors Limited and Elanor Funds Management Limited, as responsible entity of Elanor Investment Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

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

- (a) Elanor Investors Group and EIF Groups' financial positions as at 30 June 2016 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 18 to 27 of the directors' report for the year ended 30 June 2016. The directors of Elanor Investors Limited and Elanor Funds Management Limited, as responsible entity of Elanor Investment Fund are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of Elanor Investors Group for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants  
Sydney, 23 August 2016

# Corporate Governance Statement

This statement has been approved by the Board of Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Investment Fund and Elanor Investors Limited (Company) and prepared as at 30 June 2016.

Elanor Investors Group (Group) comprises the Company and its controlled entities, including Elanor Investment Fund (Trust) and its controlled entities. The units of the Trust and the shares of the Company are combined and issued as stapled securities in the Group.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Board Charter

The Directors of the Group have adopted a Board Charter that sets out the respective roles and responsibilities of the Board and senior executives. The Board is accountable to security holders for the performance of the Group. A copy of the Board Charter is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

Specifically, the Board is responsible for:

- Developing and approving the corporate strategy and monitoring implementation of strategy,
- Evaluating, approving and monitoring the strategic and financial plans of the Group,
- Evaluating, approving and monitoring the annual budgets (including financial and other reporting) and business plans,
- Evaluating, approving and monitoring the progress of major capital expenditure, capital management and all major corporate transactions, including the issue of securities of the Group,
- Appointing, monitoring and managing the performance of the Chief Executive Officer and Senior Executives as decided from time to time,
- Reviewing, ratifying and monitoring the Group's risk and audit framework, (including but not limited to) systems of risk management and internal control, and
- Reviewing, ratifying and monitoring the Group's operations in relation to, and compliance with, relevant regulatory and legal requirements.

The Board Charter separately sets out the responsibilities of the Chair.

The Board Charter also sets out the role and responsibilities of the Chief Executive Officer and the roles and responsibilities of management more broadly.

The Chief Executive Officer has primary responsibility to the Board for the affairs of the Group including:

- Developing with the Board, implementing and monitoring the strategic and financial plans for the Group, its policies, the annual budgets and business plans, major capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Group.
- Managing the appointment of senior executive positions.
- Developing, implementing and monitoring the Group's risk and audit management framework.
- Providing strong leadership to, and effective management of, the Group.

The Board schedules to meet 11 times each year in the ordinary course of business, with additional meetings held as required. The Board met 13 times during the financial year to 30 June 2016 and each Director's attendance at those meetings is set out in the Director's Report included in this Annual Report.

### Director's Information

In considering any selection, appointment or re-appointment to the Board, the Board considers the necessary and desirable competencies of any Directors or proposed Directors.

The Board ensures that the Group undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. The Board will ensure that the Group provides security holders all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

### Agreements with Directors and Key Management Personnel

Each Director enters into an agreement with the Company setting out the Terms and Conditions of their appointment including their roles and responsibilities.

Each of the Key Management Personnel enters into a Service Agreement which sets out their position description, duties and responsibilities, reporting lines, remuneration entitlements, ongoing confidentiality, obligation to comply with all corporate policies, the circumstances in which their service may be terminated (with or without notice) and any entitlements on termination.

Details on the remuneration of Directors and Key Management Personnel are set out in the Remuneration Report for the period ended 30 June 2016 included in this Annual Report.

# Corporate Governance Statement

continued

## Company Secretary

In accordance with the Board Charter, the Company Secretary is appointed and if necessary removed by the Board and is therefore accountable directly to the board on all matters to do with the proper functioning of the Board. Each Director also has direct access to the Company Secretary.

The Company Secretary's role includes:

- Advising the Board and its committees on governance matters.
- Monitoring that board and committee policy and procedures are followed.
- Co-ordinating the timely completion and despatch of Board and committee papers.
- Ensuring that the business at Board and committee meetings is accurately captured in the minutes.
- Helping to organise and facilitate the induction and professional development of Directors.

## Diversity Policy

The Board has adopted a Diversity Policy that aims to promote diversity across the Group through a number of strategies and initiatives.

A copy of the Diversity Policy is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

At this stage of the Group's development, specific measurable objectives for achieving gender diversity have not been established. Set out below is a summary of female participation rates across the Group as at 30 June 2016.

	2016	
	Female	Male
Board of Directors	0%	100%
Key Management Personnel	25%	75%
All Employees	176	173

## Director, Board and Committee Evaluation

The Board Charter requires that the Board undertake an ongoing self-assessment and review of the performance of the Board, Committees and individual Directors annually. The process for conducting Board and Director evaluations is similar to that adopted for the review of the Chief Executive Officer and is conducted in a confidential manner by the Chair of the Board.

## Key Management Personnel Performance Evaluation

The Group's goals are used as the basis for evaluating performance of Key Management Personnel. Performance evaluations are undertaken annually, in June, by the Chief Executive Officer. The Chief Executive Officer's performance evaluation is also undertaken annually, in June, by the Board.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

### Remuneration and Nomination Committee

The Directors have established a Remuneration and Nomination Committee. A copy of the Remuneration and Nomination Committee Charter is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

The Remuneration and Nomination Committee has three members. Two members are independent non-executive directors (Paul Bedbrook (Chairman of the Board) and Nigel Ampherlaw) and one member is a non-independent non-executive director (William (Bill) Moss AO). The Committee is chaired by William (Bill) Moss AO.

The Remuneration and Nomination Committee is not chaired by an independent director. The Board, having regard to the Group's stage of development as a listed entity and the collective experience and expertise of the members of the Remuneration and Nomination Committee, considers the current composition of the Remuneration and Nomination Committee is appropriate.

During the financial year to 30 June 2016 the Remuneration and Nomination Committee formally met five times with all members attending.

The Remuneration and Nomination Committee is responsible for:

- Supporting and advising the Board in fulfilling its responsibilities to security holders and employees of the Group, by endeavouring to ensure that the directors and senior executives of the Group are remunerated fairly and appropriately,
- Reviewing and advising the Board on the composition of the Board and its Committees and the necessary and desirable competencies of Board members,
- Developing a process for the evaluation of the performance of the Board, its Committees and individual executive and non-executive directors,
- Ensuring that proper succession plans are in place for consideration by the Board,
- Advising the Board on governance standards and appropriate corporate governance policies for the Group, and
- Critically reviewing the Group's performance against its corporate governance policies.

# Corporate Governance Statement

continued

## Board Skills and Competencies

The skills, experience and expertise relevant to the position of each Director are set out in the Directors' Report included in this Annual Report. The Remuneration and Nomination Committee considers the matrix of skills of the Directors standing on the Board at least annually to identify gaps in their skills that may be addressed through professional development or by the appointment of additional directors.

The Board comprises a diverse range of skills and understanding gained by Directors from their decades of experience in the financial services, asset management, investment banking and property sectors. This expertise is supported by appropriate accounting, banking & finance and risk management skills.

## Director Independence

The Board recognises that independent directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

As at 30 June 2016, the Board comprises four directors, two of whom are independent. The Chair of the Board is an independent director and does not occupy a joint position as Chief Executive Officer. Importantly, the Chair has the casting vote. Each Independent Director was appointed in June 2014.

The Independent Directors are:

Paul Bedbrook	Independent Chair
Nigel Ampherlaw	Independent Director

As at 30 June 2016, Glenn Willis was the sole executive director on the Board having been formally appointed as Managing Director and Chief Executive Officer in June 2014.

Mr William (Bill) Moss AO is a non-executive director of the Board.

The Board, having regard to the Group's stage of development as a listed entity and the collective experience and expertise of the Directors, considers that the current composition of the Board is appropriate.

The Board considers an independent director to be:

- A director who is not a substantial security holder of the Group, being a security holder who holds 5% or more of the issued voting securities of the Group, or an officer of or otherwise associated directly with a substantial security holder of the Group.
- A non-executive director who is not a member of management and who has not been employed in an executive capacity by Elanor Investors Group in the last three years.
- A director who has not within the last three years been a principal of a material professional adviser or consultant to the Group.
- A director who is not a material supplier, customer or other contractor of the Group nor has a material contractual relationship with the Group other than as a director.
- A director who should not otherwise be considered by the Board to not be independent.

Details of the tenure, current position and previous offices held by each Director, which are relevant to the assessment of their independence, are disclosed in their respective profiles, along with their interests in securities, and set out in the Directors' Report included in this Annual Report.

## Induction and Training

The Group has induction procedures in place to allow new Directors to gain an understanding of the Group (including its culture and values) and their rights, duties and responsibilities, the roles and responsibilities of senior executives, the role of Board Committees, and meeting arrangements and Director interaction.

Directors are required to keep themselves adequately informed in respect of relevant industry and regulatory issues and changes.

The Group will provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.

# Corporate Governance Statement

continued

## PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

### Code of Conduct

The Group has adopted a written Code of Conduct which applies to the Board, officers, senior executives and employees of Elanor Investors Group. The objectives of this Code of Conduct are to ensure that high standards of corporate and individual behaviour are observed by all those parties, including acting ethically and responsibly, in the context of their employment.

Employees, on joining, are required to confirm that they will comply with all Group policies including the Code of Conduct.

A copy of the Code of Conduct is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

All Directors, officers, senior executives and employees of Elanor Investors Group are required to meet the following standards of ethical behaviour.

- To conduct themselves with openness, honesty, fairness and integrity in business transactions and in dealings with others.
- To treat everyone else with whom they interact in their work with courtesy and respect.
- To act ethically in their approach to business decisions.
- To observe appropriate principles of behaviour when conducting Group business and interacting with others.
- To comply with all laws and regulations that govern the Group's business and the policies that the Group adopts from time to time.
- To act in compliance with all laws and regulations that apply to the Group's business.

The Group aims to increase security holder value within an appropriate framework which safeguards the rights and interests of the Group's security holders and the community and complies with the systems of control and accountability which the Group has in place as part of its corporate governance.

The Code of Conduct also requires that the Board, officers, senior executives and employees should request all key contractors acting on behalf of Elanor Investors Group adhere to a similar set of ethical standards as set out in the Code of Conduct and cease using any contractor who they consider is not adhering to an ethical standard at least as rigorous as the standard set out above.

### Confidentiality

Employees are required to safeguard confidential information of the Group by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business, or as specifically directed or authorised. All confidential or proprietary information that has been entrusted to the Group by a third party is to be treated as if it was the Group's confidential information.

### Conflicts of Interest

Employees have an obligation to seek to avoid financial, business or other relationships which might be opposed to the interests of the Group or which may conflict with the performance of their duties.

### Whistle-Blowing

Elanor Investors Group has adopted a "Whistle-blower" procedure whereby employees are encouraged to report to either their manager, a Director or the Company Secretary where they observe a serious matter not in security holders or the public's interest including:

- financial malpractice, impropriety or fraud;
- unlawful activity;
- improper conduct or unethical behaviour; and
- any breach of compliance of the Code of Conduct.

### Securities Trading Policy

The Board has adopted a Securities Trading Policy. A copy of the Securities Trading Policy is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### Audit and Risk Committee

The Board has established an Audit and Risk Committee (the Committee) consisting of a minimum of two members with the majority of members required to be independent directors. All members must be able to read and understand financial statements, and at least one member, being the chairperson, must have financial expertise, that is the person must be either a qualified accountant or other financial professional with experience of financial and accounting matters. A copy of the Audit and Risk Committee Charter is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

The Chair will be a non-executive independent director appointed by the Board who is not the Chair of the Board.

Any Director may attend a meeting of the Committee at any time. The Committee will meet at least twice per annum and more often if deemed necessary. Meetings may be held by electronic means as allowed under the provisions of the Corporations Act 2001.

The following Directors are members of the Committee.

Nigel Ampherlaw	Chair	Non-executive Independent Director
Paul Bedbrook	Member	Non-executive Independent Director
Glenn Willis	Member	Managing Director and Chief Executive Officer



# Corporate Governance Statement

continued

The qualifications and experience of each of the members of the Committee are set out in the Directors Report included in this Annual Report.

The Committee met six times during the financial year to 30 June 2016 and all members attended all meetings.

The Committee does not consist only of non-executive directors. The Board, having regard to the Group's stage of development as a listed entity and the collective experience and expertise of the members of the Committee, considers the current composition of the Committee is appropriate.

The primary role of the Committee is to:

- Satisfy itself that the Group has an adequate control framework for the oversight of the external audit and the internal audit arrangements.
- Make recommendations to the Board in relation to:
  - The adequacy of the Group's processes for identifying, measuring, monitoring and managing the material business risks it faces.
  - Any incident involving fraud or other break down of the Group's internal control policies and practices.
  - The Group's insurance program.

Specifically, the Committee is responsible for:

- Reliable management and financial reporting.
  - Assessing the adequacy of management reporting on the Group's risks, operations, and financial condition to the Board.
  - Scrutinising the Group's accounting policies and practices in the light of the Corporations Act and Australian Accounting Standards.
  - Reviewing the half yearly and annual financial statements of the Group and recommending to the Board the signing of the directors declaration.
  - Reviewing and discussing with the external auditor the quality and acceptability of the Group's accounting principles as applied in its financial reporting.
  - Supervising the implementation of the Australian Accounting Standards and other changes in regulatory requirements.
- Compliance with laws and regulations
  - Considering the plans and processes for the Group's compliance activities.
  - Ensuring that the Group's financial statements and reporting complies with the Corporations Act, accounting standards, ASX Listing Rules and other relevant regulatory requirements.
  - Monitoring the laws and the regulations that relate generally to the entity's business operations and, review the Group's compliance with such laws.
  - Seeking advice of the Group's legal advisers on any legal matters that could have significant impact on the Group's financial statements.

- Maintenance of an effective and efficient audit
  - Recommending to the Board the appointment of the external auditors.
  - Reviewing the plans of the external auditors, including any significant changes to the plans.
  - Reviewing the efficiency and effectiveness of the external auditors in relation to their responsibilities.
  - Reviewing and discussing with the external auditor professional and other significant relationships to determine their independence.
  - Reviewing the external auditor's fees.
  - Reviewing and approving any non-audit engagement of the external auditor where the engagement fees exceed \$100,000.
  - Ensuring there are no unjustified limitations placed on the auditors and review any serious disputes with management during the audits.
  - Ensuring the scopes of the audits are adequate, with emphasis on matters where the Committee, management or the auditors believe special attention is necessary.
  - Meeting with and assessing the findings of the external auditors as well as management's response to their recommendations.
  - Ensuring compliance with the ASX principles of good corporate governance related to external auditors.
- Risk management and internal control
  - In consultation with management, preparing and regularly reviewing a risk profile which describes the material business risks facing the Group.
  - Reviewing and reporting to the Board (at least annually) on the effectiveness of the Group's internal controls.
  - Reviewing and reporting to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including breaches of contract or internal controls, litigation and claims, fraud and theft and the Group's insurance program.
  - Obtaining regular reports from management on the occurrence and/or status of any material breaches of internal controls or other material risk exposures.
  - Reviewing the scope of the internal and external auditors' review of internal control and risk management, reviewing reports on significant findings and recommendations, together with management's responses.
  - Recommending to the Board any changes to the Group's internal control and risk management framework from time to time as appropriate.
- Supporting and advising the Board to fulfil its obligations in relation to safety and sustainability.

# Corporate Governance Statement

continued

## Chief Executive Officer and Chief Financial Officer Declarations

The Board has received confirmation from both the Chief Executive Officer and Chief Financial Officer that their declaration for both the interim and full year financial reporting periods made in accordance with section 295A of the Corporations Act 2001, were based upon sound system of risk management and internal control and further that the system is operating effectively in all material respects in relation to financial reporting risk.

## External Auditors

The external auditor is requested by the Board to attend each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditors Report.

## PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

### Continuous Disclosure Policy

In order to regulate the continuous disclosure regime across the Group in relation to any securities issued by the Group the Board has adopted a Continuous Disclosure Policy. A copy of the Continuous Disclosure Policy is available at [www.elanorinvestors.com](http://www.elanorinvestors.com).

The Continuous Disclosure Policy aims to ensure that the Group complies with the continuous disclosure requirements contained in the Australian Securities Exchange (ASX) Listing Rules (the Rules). The successful operation of the Group's continuous disclosure regime promotes investor confidence by providing full, timely, accurate and relevant information to the market about the activities of the Group and serves to educate all relevant Group personnel on what continuous disclosure is, and how they can ensure they meet their individual responsibilities.

Subject to the exceptions contained in the Listing Rules, the Group will immediately notify the market of any information or matter related to the businesses or financial condition of the Group which a reasonable person would expect to have a material effect on the price or value of those securities. Such notifications will be made by way of an announcement to the ASX.

### Reporting of Disclosable Information

The Company Secretary plays an important role in the Group's Continuous Disclosure Policy. The Company Secretary is the person principally responsible for operating, overseeing and maintaining this Policy. The Company Secretary is the liaison between the Group's employees and officers, its Board of Directors, Responsible Managers and the ASX. The Company Secretary is also responsible for co-ordinating education within the Group about its disclosure obligations.

The Company Secretary will work with the Chief Executive Officer, and the members from time to time of any Continuous Disclosure Committee, to determine whether any reported information needs to be disclosed in accordance with the Continuous Disclosure Policy.

## Training and Development

Key employees are trained in the Group's Continuous Disclosure Policy to ensure all market sensitive information is provided to senior executives.

## PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

### Corporate Governance

The Group's website at [www.elanorinvestors.com](http://www.elanorinvestors.com) has a corporate governance section from where all relevant corporate governance information can be accessed, including Board and Committee Charters and various corporate governance policies.

Details on the Board of Directors, management team and the Group's operating divisions can be found in the "About" section of the Group's website.

The Group has adopted a Security Holder Communications Policy aimed at ensuring that trading in its securities takes place in an efficient, competitive and informed market.

The website also contains a feed from the ASX for the Group's security price information and a link to ASX announcements released by the Group.

### Investors Reports

The Group prepares annual reports for investors for each financial year ending 30 June and a half year report for the period ending 31 December. These reports are posted on the website. Investors may elect to receive a hard-copy of the annual report or an email notification once they become available.

### General Meetings

The Group holds an annual general meeting (AGM) in October or November each year. The date, time and venue of the AGM are notified to the ASX when the annual report is lodged with the ASX, generally in September each year. The Board of Directors aim to choose a date, venue and time considered convenient to the greatest number of our investors.

All notices of meetings will be accompanied by clear explanatory notes on the items of business. A copy of any such Notice of Meeting will be placed on the Group's website. Should an investor not be able to attend a general meeting they are able to vote on the resolutions by appointing a proxy. The proxy form included with the notice of meeting will clearly explain how the proxy form is to be completed and submitted.

As previously stated, the external auditor attends each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditor's Report.

# Corporate Governance Statement

continued

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Audit and Risk Committee has responsibility for overseeing risk management. Under the Committee Charter, the Committee is responsible for the following functions to assist the Board in overseeing the Group's system of risk management and internal control:

- In consultation with management:
  - Preparing and regularly reviewing a risk profile which describes the material business risks facing the Group.
  - Regularly reviewing and updating the risk profile and providing copies to the Board.
  - Reviewing the risk profile at least annually to satisfy itself that it continues to be sound and disclose that such a review has taken place in the Group's annual report.
- Reviewing and reporting to the Board (at least annually) on the effectiveness of the Group's internal controls regarding:
  - Due diligence for acquisitions and other new projects.
  - Compliance with confidentiality obligations.
  - Information technology security.
- Reviewing and reporting to the Board (at least annually) on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including breaches of contract or internal controls, litigation and claims, fraud and theft and the Group's insurance program.
- Obtaining regular reports from management on the occurrence and/or status of any material breaches of internal controls or other material risk exposures.
- Reviewing the scope of the internal and external auditors' review of internal control and risk management, reviewing reports on significant findings and recommendations, together with management's responses.
- Recommending to the Board any changes to the Group's internal control and risk management framework from time to time as appropriate.

### Risk Management Framework

The Group has prepared a Risk Management Framework which has been reviewed by management and the Board.

In the context of the Group's strategy and activities, the Risk Management Framework identifies and assesses the key categories of risk for the Group and summarises and evaluates the effectiveness of the risk control environment for each category of risk identified for the Group.

### Internal Audit

The Board has determined, having regard to the Group's current stage of development not to establish a separate internal audit function.

As set out above, the Committee has specific responsibilities in relation to risk management and internal control.

### Safety and Sustainability

The Board has established a workplace health and safety committee for the Group as a whole. This committee monitors the effectiveness of workplace health and safety management systems and monitors the extent to which a safety culture exists within the Group. The workplace health and safety committee formally reports to the Board.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### Remuneration and Nomination Committee

The Directors have established a Remuneration and Nomination Committee. Please refer to Principle 2 for commentary on the structure and Charter of the Remuneration and Nomination Committee.

The role and objectives of the Remuneration and Nomination Committee include ensuring that the remuneration policies and outcomes of the Group strike an appropriate balance between the interests of the Group's security holders, and rewarding and motivating the executives and employees in order to secure the long term benefits of their performance and loyalty.

The Remuneration and Nomination Committee is responsible for reviewing and making recommendations to the Board on the specific remuneration for the Managing Director and Chief Executive Officer and each senior executive of the Group (including base pay, incentive payments, equity awards, termination payments and service contracts). The Remuneration and Nomination Committee is also responsible for reviewing and establishing the level of remuneration, including superannuation, for non-executive directors and the approval of any report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is proposed for inclusion in the Annual Report.

Further details of the Group's remuneration policies are set out in the Remuneration Report for the financial year to 30 June 2016 included in this Annual Report.

# Security Holder Analysis

(as at 15 September 2016)

## 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 SECURITY HOLDERS

Number	Shareholder	No. of Securities	%
1	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	9,455,996	10.60
2	Citicorp Nominees Pty Limited	9,103,594	10.20
3	HSBC Custody Nominees (Australia) Limited	6,872,336	7.70
4	RBC Investor Services Australia Nominees Pty Ltd <Plcredit>	5,072,411	5.69
5	RBC Investor Services Australia Pty Limited <VFA A/C>	4,191,798	4.70
6	J P Morgan Nominees Australia Limited	3,985,186	4.47
7	National Nominees Limited	3,975,139	4.46
8	Armada Investments Pty Ltd	3,295,605	3.69
9	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	3,039,929	3.41
10	Top 4 Pty Ltd <The Foundation Inv S/F A/C>	2,126,553	2.38
11	BNP Paribas Noms Pty Ltd <DRP>	1,784,933	2.00
12	National Nominees Limited <DB A/C>	1,298,209	1.45
13	Aust Executor Trustees Ltd <DS Capital Growth Fund>	948,396	1.06
14	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	925,322	1.04
15	Boliber Pty Limited <Boliber /Ac>	794,980	0.89
16	CPU Share Plans Pty Ltd <ENN DSI Control A/C>	741,453	0.83
17	Richjac Pty Ltd	600,000	0.67
18	Citano Pty Ltd <G N Willis Super Fund A/C>	533,839	0.60
19	Farallon Capital Pty Ltd <Nunn Investment A/C>	502,480	0.56
20	Citano Pty Ltd <G N Willis Family A/C>	498,511	0.56
<b>Total</b>		<b>59,746,670</b>	<b>66.96</b>
<b>Balance of Register</b>		<b>29,477,672</b>	<b>33.04</b>
<b>Grand Total</b>		<b>89,224,342</b>	<b>100.00</b>

# Security Holder Analysis

(as at 15 September 2016) continued

## RANGE REPORT

Range	No. of Securities	%	No. of Holders	%
100,001 and over	71,004,820	79.58	78	8.22
10,001 to 100,000	16,890,356	18.93	566	59.64
5,001 to 10,000	900,749	1.01	116	12.22
1,001 to 5,000	405,246	0.45	129	13.59
1 to 1,000	23,171	0.03	60	6.32
<b>Total</b>	<b>89,224,342</b>	<b>100.00</b>	<b>949</b>	<b>100.00</b>

The total number of security holders with an unmarketable parcel of securities was 23.

## SUBSTANTIAL SECURITY HOLDER NOTICES RECEIVED

Security Holder	No. of Securities	%
Airlie Funds Management Pty Ltd	8,186,742	9.35
Auscap Asset Management Limited (Citicorp Nominees)	8,675,000	9.90
Perpetual Limited	4,462,411	5.09

## VOTING RIGHTS

On a poll, each security holder 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

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## **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  
William (Bill) Moss AO

## **COMPANY SECRETARY OF THE RESPONSIBLE ENTITY AND ELANOR INVESTORS LIMITED**

Symon Simmons

## **SECURITY REGISTRY**

### **Computershare Investor Services Pty Limited**

Level 4, 60 Carrington Street  
Sydney NSW 2000

## **AUDITORS**

### **Deloitte Touche Tohmatsu**

Grosvenor Place  
225 George Street  
Sydney NSW 2000

## **CUSTODIAN**

### **The Trust Company (Australia) Limitedæ**

Level 13,  
123 Pitt Street  
Sydney NSW 2000

## **WEBSITE**

[www.elanorinvestors.com](http://www.elanorinvestors.com)

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