

## Appendix 4D

### Half year report for the period ended 31 December 2016

Name of entity	Elanor Investors Group (Elanor) a stapled entity comprising Elanor Investors Limited, and Elanor Funds Management Limited as Responsible Entity of Elanor Investment Fund.
ARSN	Elanor Investment Fund 169 450 926
ABN	Elanor Investors Limited 33 169 308 187
ABN	Elanor Funds Management Limited 39 125 903 031
Reporting period	Six month period ended 31 December 2016
Previous corresponding period	Six month period ended 31 December 2015

This Half Year Report is given to the ASX in accordance with Listing Rule 4.2A. The Report should be read in conjunction with the attached Interim Financial Report for the half year ended 31 December 2016.

#### Results for announcement to the market

#### Financial Performance

A \$'000

Revenue from ordinary activities	Up 33.8% to	50,905
Profit/(loss) from ordinary activities after tax attributable to security holders	Down 1.7% to	6,166
Net profit/(loss) for the period attributable to security holders	Down 1.7% to	6,166
Core Earnings <sup>1</sup>	Up 34.3% to	7,703

#### Distribution

<b>Current Period</b>	<b>Amount per unit</b>
Interim Distribution <sup>2</sup>	7.77 cents
<b>Previous Corresponding Period</b>	
Interim Distribution	7.31 cents
Record date for determining entitlement to the Interim Distribution	30 December 2016
Date the Interim Distribution is payable:	3 March 2016
The taxable component of the interim distribution comprises:	
Unfranked Dividend:	3.01 cents
Trust Distribution:	4.76 cents

\* Further information on tax components of the distribution will be provided to security holders with their half yearly distribution statement for the period ending 31 December 2016.

#### Net Tangible Assets

<b>Current Period</b>	<b>Current Period</b>
Net tangible asset backing per security	\$1.68
<b>Previous Corresponding Period</b>	
Net tangible asset backing per security	\$1.31

#### Notes:

- Core Earnings represents the Directors view of underlying earnings from ongoing operating activities for the period, being net profit / (loss) after tax, adjusting for one-off realised items (being formation or other transaction costs that occur infrequently or are outside the course of ongoing business activities), non-cash items (being fair value movements, lease straight-lining, depreciation charges on the buildings held by the Trust, amortisation of intangibles and equity settled STI amounts), determined in accordance with ASIC RG230.
- The Interim Distribution is based on a payout ratio of 90% of Core Earnings.

**Control Gained over Entities during the Period**

None.

**Control Lost over Entities during the Period.**

None.

**Details of any associates and Joint Venture entities required to be disclosed:**

- 41.7% equity investment in Elanor Hospitality and Accommodation Fund
- 17.64% equity investment in Bell City Fund
- 10.0% equity investment in 193 Clarence Hotel Fund
- 1.9% equity investment in Auburn Central Syndicate
- 15.95% equity investment in Elanor Retail Property Fund (ASX:ERF)
- 8.2% equity investment in Limestone Street Centre Syndicate
- 1.97% equity investment in Elanor Commercial Property Fund

**Accounting standards used by foreign entities**

International Financial Reporting Standards.

**Audit**

The accounts have been subject to a review, with an unqualified opinion. Refer attached Interim Financial Report.

**Distribution Reinvestment Plan (DRP)**

There is no DRP in operation for the interim distribution for the half year ended 31 December 2016.

**For all other information required by Appendix 4D, please refer to the following documents:**

- Directors' Report
- Interim Financial Report



Elanor Investors Group  
elanorinvestors.com

## **Elanor Investors Group**

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

## **Interim Financial Report for the half year ended 31 December 2016**

# ELANOR INVESTORS GROUP

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# ELANOR INVESTORS GROUP

## DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS

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 interim financial report of Elanor Investors Group (Group, Consolidated Group or Elanor) and the consolidated interim financial report of the Elanor Investment Fund (EIF Group) for the half year ended 31 December 2016 (period).

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

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

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

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

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

### 1. Directors

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

Paul Bedbrook (Chair)  
Glenn Willis (Managing Director and Chief Executive Officer)  
Nigel Ampherlaw  
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.

### 3. Distributions

Distributions relating to the half year ended 31 December 2016 comprise:

<b>Distribution</b>	<b>Half Year Ended 31 December 2016</b>
Interim Distribution	
Amount payable (cents per stapled security)	7.77
Payment Date	3 March 2017

A provision for the Interim Distribution of \$6.93 million has not been recognised in the consolidated financial statements for the period as the distribution had not been declared at the reporting date. The Interim Distribution of 7.77 cents compares to an Interim Distribution and Final Distribution for the financial year ended 30 June 2016 of 7.31 and 7.34 cents per stapled security respectively.

## 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's funds management capital partners and security holders. 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 real estate and hotels, tourism and leisure. 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 period Elanor increased assets under management from \$484.5 million to \$646.4 million. Co-investments in new managed funds were increased by \$18.9 million, resulting in an investment portfolio of \$127.8 million as at 31 December 2016.

In August 2016, the Group successfully completed an institutional placement and Security Purchase Plan which raised \$31.7 million, net of raising costs. A total of 17.84 million stapled securities were issued as a result of these raisings, which increased the Group's stapled securities on issue to 89.22 million as at 31 December 2016.

The capital raising related to two key funds management initiatives that were completed in the six months ended 31 December 2016. These initiatives were:

- The listing of Elanor Retail Property Fund (ASX: ERF) in November 2016. ERF was formed by the stapling of two existing Elanor managed funds, and the acquisition of two new properties, the Tweed Mall Shopping Centre located in Tweed Heads, NSW, and Northway Plaza Shopping Centre located in Bundaberg, QLD. ERF had a gross asset value of \$248.5 million as at 31 December 2016. Elanor holds a co-investment interest of 15.95% in ERF.
- The establishment of Elanor Commercial Property Fund (ECPF), a multi-asset commercial property fund. ECPF acquired 34 Corporate Drive, Cannon Hill, QLD in November 2016. In February 2017 ECPF acquired 96 Mount Gravatt-Capalaba Rd, Upper Mount Gravatt, QLD. These acquisitions established the fund with a gross asset value of \$57.9 million.

The Group has an active pipeline in a market where identifying and acquiring quality assets that meet our investment criteria is challenging. Continued growth in Core Earnings will be predicated on the Group's ability to continue to grow funds under management through the acquisition of quality assets. The Group's ability to grow Core Earnings in the six months ending 30 June 2017 is also predicated on the timing of realisation and size of future performance fees.

#### 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**

<b>Funds</b>	<b>Location</b>	<b>Type</b>	<b>Gross Asset Value \$'m</b>
193 Clarence Hotel Syndicate	Sydney, NSW	Hotel	24.6
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	74.8
Bell City Syndicates (4)	Preston, VIC	Hotel, budget accommodation and commercial complex	157.8
John Cootes Diversified Property Fund	Penrith and Tuggerah, NSW	Two retail showrooms	10.8
Super A-Mart Auburn Syndicate	Auburn, NSW	Retail warehouse	28.6
Elanor Hospitality and Accommodation Fund	NSW, TAS and ACT	Six hotels across NSW (4), TAS (1) and ACT (1)	98.3
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centre	64.2
Limestone Street Centre Syndicate	Ipswich, QLD	Commercial office building	36.7
<b>Disposals since 30 June 2016</b>			
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	(74.8)
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centre	(64.2)
<b>Additions since 30 June 2016</b>			
Elanor Retail Property Fund (Nov 2016 IPO)	Auburn, Taree and Tweed Heads, NSW, Bundaberg, QLD, and Glenorchy, TAS	Sub-regional shopping centre	248.5
Elanor Commercial Property Fund (Nov 2016)	Cannon Hill, QLD	Commercial office building	41.1
<b>Total Managed Funds</b>			<b>646.4</b>

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

##### Managed funds and investment portfolio (continued)

##### Investment Portfolio

Asset	Location	Type	Note	Carrying Value \$'m
<b>Hotels Tourism and Leisure</b>				
Featherdale Wildlife Park	Sydney, NSW	Wildlife Park	1	16.1
Hotel Ibis Styles Albany	Albany, WA	Hotel	1	5.3
Hotel Ibis Styles Canberra Eaglehawk	Canberra, ACT	Hotel	1	17.7
				<b>Cost \$'m</b>
<b>Special Situations Investments</b>				
John Cootes Furniture	12 locations across NSW	Furniture retailer	2	11.2
Merrylands Property	Merrylands, NSW	Property associated with John Cootes Furniture	3	16.6
				<b>Equity accounted value \$'m</b>
<b>Managed Fund Co-Investments</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	12.3
Elanor Hospitality and Accommodation Fund	NSW, TAS and ACT	Six hotels across NSW (4), TAS (1) and ACT (1)	5	19.5
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centres	4	7.0
Limestone Street Centre Syndicate	Ipswich, QLD	Commercial office	4	1.4
<b>Disposals since 30 June 2016</b>				
Auburn Central Syndicate	Auburn, NSW	Sub-regional shopping centre	4	(0.6)
Elanor Retail Property Fund	Taree, NSW and Glenorchy, TAS	Sub-regional shopping centres	4	(7.0)
<b>Additions since 30 June 2016</b>				
Elanor Retail Property Fund (Nov 2016 IPO)	Auburn, Taree and Tweed Heads, NSW, Bundaberg, QLD, and Glenorchy, TAS	Sub-regional shopping centres	4	25.9
Elanor Commercial Property Fund	Cannon Hill, QLD	Commercial office	4	0.6
<b>Total Investment Portfolio</b>				<b>127.8</b>
<b>Total Managed Funds and Investment Portfolio</b>				<b>774.2</b>

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

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.

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

##### Review of financial results

The Group recorded a statutory profit after tax of \$6.2 million for the half year ended 31 December 2016.

Core or Distributable earnings were \$7.7 million or 8.6 cents per stapled security. An Interim Distribution of \$6.9 million or 7.77 cents per stapled security has been declared for the six months ended 31 December 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 the period is set out below:

	Group 31 December 2016	Group 31 December 2015	EIF Group 31 December 2016	EIF Group 31 December 2015
<b>Statutory financial results</b>				
Net profit / (loss) after tax (\$'000)	6,166	6,271	4,898	3,586
Net profit / (loss) after tax (\$'000) (EHAF equity accounted)	4,833	6,271	2,118	3,586
Core Earnings (\$'000)	7,703	5,737	3,778	3,965
Distributions payable to security holders (\$'000)	6,933	5,163	4,250	3,569
Core Earnings per stapled security (cents)	8.63	8.12	4.23	5.61
Core Earnings per weighted average stapled security (cents)	8.99	8.12	4.41	5.61
Distributions (cents per stapled security / unit)	7.77	7.31	4.76	5.05
Net tangible assets (\$ per stapled security)	1.68	1.31	1.13	0.83
Net tangible assets (\$ per stapled security) (EHAF equity accounted)	1.38	1.31	0.82	0.83
Gearing (net debt / total assets less cash) (%)	20.50	19.96	27.53	31.44
Gearing (net debt / total assets less cash) (%) (EHAF equity accounted)	(0.33)	19.96	8.08	31.44

As Elanor holds a 41.7% interest in the Elanor Hospitality and Accommodation Fund ("EHAF" or "the Fund"), 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 for the purposes of the consolidated financial statements of the Group for the period ended 31 December 2016. All other managed fund co-investments are accounted for using the equity method in the Group's consolidated financial statements.

Presenting the summary consolidated financial results of the Group on the basis that 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 prior periods.

#### 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 31 December 2016 \$'000	Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
<b>Statutory Net profit / (loss) after tax</b>		<b>6,166</b>	<b>6,271</b>	<b>4,898</b>	<b>3,586</b>
Adjustment to remove the impact of consolidation of the Fund		(1,890)	-	(4,025)	-
Adjustment to include the impact of accounting for the Fund using the equity method		557	-	1,245	-
<b>Adjusted Net profit / (loss) after tax</b>		<b>4,833</b>	<b>6,271</b>	<b>2,118</b>	<b>3,586</b>
<i>Adjustments for items included in statutory profit/(loss)</i>					
Increase in equity accounted investments to reflect distributions received / receivable	2	2,288	379	1,831	379
Building depreciation expense	3	157	526	-	-
John Cootes Furniture Insurance recovery adjustment		-	(1,524)	-	-
Straight lining of rental expense		11	15	-	-
Amortisation of intangibles		75	75	-	-
Fair value adjustments on investment property		-	-	(397)	-
Amortisation of equity settled STI amounts	4	390	-	226	-
Tax adjustments		(51)	(5)	-	-
<b>Core Earnings</b>	<b>1</b>	<b>7,703</b>	<b>5,737</b>	<b>3,778</b>	<b>3,965</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, straight lining of rental expense, and amortisation of equity settled STI amounts), and restating share of profit from equity accounted investments to reflect distributions received / receivable in respect of those investments.

Note 2: Share of profit from equity accounted investments includes depreciation and amortisation and fair value adjustments on investment property that were added back in the determination of distributable earnings 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.

Note 3: During the period the Group incurred total depreciation charges of \$0.819 million, however only the depreciation expense on buildings of \$0.157 million has been added back for the purposes of calculating Core Earnings.

Note 4: During the period, the Group incurred non-cash profit and loss charges in respect of the amortisation of the equity component of the Group's Short Term Incentive (STI) amounts. These amounts have been added back for the purposes of calculating Core Earnings.

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

##### Review of operating 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 Elanor Retail Property Fund, Elanor Commercial Property Fund and Limestone Street Centre Syndicate. Real Estate manages each of these funds along with John Cootes Diversified Property 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.

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 period ended 31 December 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 prior period results.

The performance of the Group for the period ended 31 December 2016, as represented by the aggregate results of its operations for the period, was as follows:

	<b>Group Segment Revenue 31 December 2016 \$'000</b>	<b>Group Segment Revenue 31 December 2015 \$'000</b>	<b>Group Segment EBITDA 31 December 2016 \$'000</b>	<b>Group Segment EBITDA 31 December 2015 \$'000</b>
Group Revenue and EBITDA (adjusted to reflect EHAF accounted for using the equity method)				
Funds Management	9,326	5,110	7,844	4,115
Hotels, Tourism and Leisure	12,314	18,036	3,713	5,147
Real Estate	(1,277)	39	(1,510)	38
Special Situations Investments	15,793	14,749	544	2,237
<b>Total Segment Revenue and EBITDA</b>	<b>36,156</b>	<b>37,934</b>	<b>10,591</b>	<b>11,537</b>
Unallocated corporate costs			(3,152)	(2,382)
<b>Group EBITDA</b>			<b>7,439</b>	<b>9,155</b>
Depreciation and amortisation			(894)	(1,445)
Group EBIT			6,545	7,710
Other Income			140	-
Interest income			185	44
Borrowing costs			(458)	(673)
Group net profit / (loss) before income tax			6,412	7,081
Income tax expense			(1,579)	(810)
<b>Group net profit / (loss) after income tax</b>			<b>4,833</b>	<b>6,271</b>

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

##### Review of operating results (continued)

For further information on the segment performance, see Note 2 to the consolidated financial statements.

Group EBITDA shown above includes the equity accounted result of the Group's co-investments in funds managed by Elanor, including 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:

<b>Operating Performance for Half Year ended 31 December 2016</b>	<b>Group EBITDA</b>	<b>Remove Equity Accounted Result</b>	<b>Add Distributions received / receivable</b>	<b>EBITDA Contribution to Core Earnings</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Funds Management	7,844	-	-	7,844
Hotels, Tourism and Leisure	3,713	(942)	1,380	4,151
Real Estate	(1,510)	1,274	576	340
Special Situation Investments	544	-	-	544
Unallocated Corporate Costs	(3,152)	-	-	(3,152)
<b>EBITDA</b>	<b>7,439</b>	<b>332</b>	<b>1,956</b>	<b>9,727</b>

The primary reason for the equity accounted loss from co-investments of \$0.3 million for the period ended 31 December 2016 is the equity accounted loss of \$1.4 million in relation to ENN's share of the Elanor Retail Property Fund. This reflects the impact of transaction and establishment costs incurred by the fund during its IPO in November 2016.

##### Funds Management

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

<b>Operating Performance</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Total Adjusted revenue	9,326	5,110
EBITDA Contribution to Core Earnings	7,844	4,115
Operating margin	84.1%	80.5%

<b>Funds under Management</b>	<b>31 December 2016 \$'m</b>	<b>31 December 2015 \$'m</b>
Opening funds under management	484.5	346.4
Increase in value of funds under management	11.3	4.8
Disposals / decrease in value of funds under management	(139.0)	(56.2)
New funds	289.6	95.1
<b>Total</b>	<b>646.4</b>	<b>390.1</b>

The Group has achieved significant growth in funds under management since 31 December 2015. Since 30 June 2016, the Group established two new funds being Elanor Retail Property Fund (IPO of two existing funds on 9 November 2016 and the acquisition of Tweed Mall and Northway Plaza on 10 November and 11 November 2016 respectively), and the Elanor Commercial Property Fund, a multi-asset fund comprising two commercial properties.

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

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

During the six months ended 31 December 2016, the Group received performance fees in respect of the Auburn Central Syndicate as a result of that syndicate forming part of the Elanor Retail Property Fund which was listed in November 2016, and the Super A-Mart Auburn Syndicate as a result of the sale of the property in that fund.

During the period 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 for the period is summarised as follows:

<b>Operating Performance</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Total Adjusted revenue	12,752	18,428
EBITDA Contribution to Core Earnings	4,151	5,539
Operating margin	32.6%	30.1%

Hotels, Tourism and Leisure EBITDA contribution to Core Earnings, includes the results of Featherdale Wildlife Park, Ibis Styles Canberra Eaglehawk Hotel and Ibis Styles Albany Hotel. The comparative result also included the results of Cradle Mountain Lodge and Mantra Wollongong Hotel.

The table below sets out the assessed value of each investment portfolio property at 31 December 2016.

<b>Carrying Value of Properties</b>	<b>2016 \$'m</b>	<b>2015 \$'m</b>
Featherdale Wildlife Park	16.1	15.0
Ibis Styles Eaglehawk Hotel	17.7	17.7
Ibis Styles Albany Hotel	5.3	5.3
<b>Total</b>	<b>39.1</b>	<b>38.0</b>

Hotels, Tourism and Leisure EBITDA contribution to Core Earnings also includes distributions received/receivable from the Group's co-investment in funds managed by the Group, of \$1.4 million for the six months ended 31 December 2016 (\$0.5 million for the comparative period). The increase in distributions received/receivable from co-investments from the comparative period relates to the Group's co-investment in EHAF which was established in March 2016.

The carrying value of these co-investments as at 31 December 2016, using the equity method, is as follows:

<b>Carrying Value of Co-Investments</b>	<b>2016 \$'m</b>	<b>2015 \$'m</b>
Elanor Hospitality and Accommodation Fund	19.5	-
Bell City Fund	12.3	12.4
193 Clarence Hotel Syndicate	1.2	1.2
<b>Total</b>	<b>33.0</b>	<b>13.6</b>

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

Review of operating results (continued)

##### Real Estate

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

<b>Operating Performance</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Adjusted revenue	576	27
EBITDA Contribution to Core Earnings	340	25
Operating margin	59.0%	92.6%

The carrying value of these investments as at 31 December 2016, using the equity method, is as follows:

<b>Carrying Value of Co-Investments</b>	<b>2016</b>	<b>2015</b>
	<b>\$'m</b>	<b>\$'m</b>
Auburn Central Syndicate	-	0.6
Elanor Retail Property Fund	25.9	3.1
Elanor Commercial Property Fund	0.6	-
Limestone Street Centre Syndicate	1.4	1.4
<b>Total</b>	<b>27.9</b>	<b>5.1</b>

##### Special Situations Investments

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

During the period new John Cootes Furniture stores were opened in Rutherford, NSW and Prospect in Sydney.

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

<b>Operating Performance</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Adjusted revenue	15,793	13,225
EBITDA Contribution to Core Earnings <sup>1</sup>	544	713
Operating margin	3.4%	5.4%

Note 1: The EBITDA for Special Situation Investments for the period ended 31 December 2015 included \$1.524 million of John Cootes Furniture insurance recoveries that related to the loss of plant and equipment. This amount was deducted to arrive at Core Earnings for the period. Therefore Special Situations Investments contribution to Core Earnings for the six months ended 31 December 2015 was \$0.713 million which reflects an operating margin of 5.4%.

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. In respect of the John Cootes Furniture business, claims for loss of stock and plant and equipment have been fully settled. The business interruption claim is not fully settled. To date, progress payments in relation to the business interruption claims of \$2.3 million have been received from the insurer. A claim for lost sales along with claim preparation costs and additional costs over and above amounts received will be lodged in the short term.

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

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

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. Elanor is in advanced negotiations with the preferred bidder for the Merrylands property following that marketing campaign.

##### **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.

The Group is committed to growing its funds management business as a result of the acquisition of quality assets based on the Group's investment philosophy and criteria. The Group has an active pipeline of potential funds management opportunities in a market where identifying and acquiring quality assets that meet out investment criteria is challenging. Continued growth in Core Earnings will be predicated on the Group's ability to continue to grow funds under management through the acquisition of quality assets. The Group's ability to grow Core Earnings in the six months ending 30 June 2017 is also predicated on the timing of realisation and size of future performance fees.

## 5. Interests in the Group

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

	<b>Consolidated Group 31 December 2016 '000</b>	<b>Consolidated Group 30 June 2016 '000</b>
Stapled securities on issue at the beginning of the period	71,386	70,645
Stapled securities issued for co-investment acquisitions through Institutional Placement	16,216	-
Stapled securities issued under a Security Purchase Plan	1,622	-
Stapled securities issued under the short term incentive scheme	-	741
<b>Stapled securities on issue at the end of the period</b>	<b>89,224</b>	<b>71,386</b>

## 6. Auditor's independence declaration

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

## 7. Events occurring after reporting date

The Directors of the Responsible Entity and the Company are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Group, the result of those operations, or the state of the Group's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

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

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

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

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



Paul Bedbrook  
Chairman



Glenn Willis  
CEO and Managing Director

Sydney, 22 February 2017

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

22 February 2017

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 review of the half year financial statements of Elanor Investors Limited and Elanor Investment Fund for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
	Note				
<b>Income</b>					
Revenue from operating activities	3	49,669	32,469	-	-
Interest income		190	44	4	12
Rental income		56	26	6,166	4,383
Share of profit / (loss) from equity accounted investments		(1,120)	146	(1,120)	146
Realised gain on disposal of investment		141	-	141	-
Fair value gain on revaluation of assets/investment properties		1,454	-	1,930	-
Other income	5	515	5,355	-	-
<b>Total income</b>		<b>50,905</b>	<b>38,040</b>	<b>7,121</b>	<b>4,541</b>
<b>Expenses</b>					
Changes in inventories of finished goods		10,267	6,992	-	-
Salary and employee benefits		16,683	11,944	297	134
Property expenses		4,111	2,870	-	-
Operator management costs		1,215	833	-	-
Borrowing costs		1,252	610	1,067	691
Depreciation		3,136	1,369	-	-
Amortisation		284	138	165	48
Marketing and promotion		2,315	1,725	-	-
Repairs, maintenance and technology		526	422	-	-
Other expenses	6	3,951	4,056	694	82
<b>Total expenses</b>		<b>43,740</b>	<b>30,959</b>	<b>2,223</b>	<b>955</b>
<b>Net profit / (loss) before income tax expense</b>		<b>7,165</b>	<b>7,081</b>	<b>4,898</b>	<b>3,586</b>
Income tax expense / (benefit)	4	999	810	-	-
<b>Net profit / (loss) for the half year</b>		<b>6,166</b>	<b>6,271</b>	<b>4,898</b>	<b>3,586</b>
<b>Attributable to security holders of:</b>					
- Parent Entity		2,305	2,685	3,155	-
- Non-controlling interest EIF		2,758	3,586	-	3,586
<b>Net profit / (loss) attributable to ENN security holders</b>		<b>5,063</b>	<b>6,271</b>	<b>3,155</b>	<b>3,586</b>
<b>Attributable to security holders of:</b>					
- Non-controlling interest EHAF		1,103	-	1,743	-
<b>Net profit / (loss) for the year</b>		<b>6,166</b>	<b>6,271</b>	<b>4,898</b>	<b>3,586</b>
Basic earnings / (loss) per stapled security (cents)		7.19	7.03		
Diluted earnings / (loss) per stapled security (cents)		6.70	6.46		
<b>Basic earnings / (loss) per ENN stapled security (cents)</b>					
		5.91	8.88		
<b>Diluted earnings / (loss) per ENN stapled security (cents)</b>					
		5.50	8.14		

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
Note				
<b>Net profit / (loss) for the half year</b>	<b>6,166</b>	<b>6,271</b>	<b>4,898</b>	<b>3,586</b>
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Gain/(loss) on revaluation of cash flow hedge	551	49	385	49
<i>Items that may not be reclassified to profit and loss</i>				
Share of asset revaluation reserve from equity accounted investments	163	417	163	417
Gain/(loss) on revaluation of property, plant and equipment	523	478	-	-
Income tax relating to these items	(33)	-	-	-
Other comprehensive income / (loss) for the half year, net of tax	1,204	944	548	466
<b>Total comprehensive income / (loss) for the half year, net of tax</b>	<b>7,370</b>	<b>7,215</b>	<b>5,446</b>	<b>4,052</b>
<b>Attributable to security holders of:</b>				
- Elanor Investors Limited	2,916	3,163	-	-
- Elanor Investment Fund (non-controlling interest)	3,120	4,052	3,517	4,052
<b>Total comprehensive income / (loss) for the year, net of tax, of ENN Security holders</b>	<b>6,036</b>	<b>7,215</b>	<b>3,517</b>	<b>4,052</b>
<b>Attributable to security holders of:</b>				
- Non-controlling interest EHAf	1,334	-	1,929	-
<b>Total comprehensive income / (loss) for the year, net of tax</b>	<b>7,370</b>	<b>7,215</b>	<b>5,446</b>	<b>4,052</b>

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
	Note				
<b>Current assets</b>					
Cash and cash equivalents		13,106	8,192	2,437	2,081
Receivables		5,751	3,201	3,253	6,176
Inventories	10	6,376	5,368	-	-
Other current assets		2,804	1,024	69	69
<b>Total current assets</b>		<b>28,037</b>	<b>17,785</b>	<b>5,759</b>	<b>8,326</b>
<b>Non-current assets</b>					
Property, plant and equipment	8	137,195	136,148	-	-
Investment properties	9	-	-	108,161	106,087
Non-current inventories	10	14,661	14,092	-	-
Equity accounted investments	11	41,294	22,726	41,294	22,726
Goodwill and intangible assets	12	7,595	7,670	-	-
Deferred tax assets		351	594	-	-
<b>Total non-current assets</b>		<b>201,096</b>	<b>181,230</b>	<b>149,455</b>	<b>128,813</b>
<b>Total assets</b>		<b>229,133</b>	<b>199,015</b>	<b>155,214</b>	<b>137,139</b>
<b>Current liabilities</b>					
Payables	13	7,467	5,342	1,074	397
Derivative financial instruments	15	63	114	63	114
Interest bearing liabilities	14	10,621	528	9,856	-
Current provisions		1,338	2,600	-	-
Other current liabilities		1,720	1,771	19	-
Income tax payable		1,005	701	-	-
Loan from the Company	14	-	-	-	5,460
<b>Total current liabilities</b>		<b>22,214</b>	<b>11,056</b>	<b>11,012</b>	<b>5,971</b>
<b>Non-current liabilities</b>					
Derivative financial instruments	15	284	728	211	545
Interest bearing liabilities	14	46,765	60,698	34,637	46,896
Non-current provisions		690	679	-	-
Deferred tax liabilities		84	122	-	-
Loan from the Company	14	-	-	8,402	-
Other non-current liabilities		1,164	490	-	-
<b>Total non-current liabilities</b>		<b>48,987</b>	<b>62,717</b>	<b>43,250</b>	<b>47,441</b>
<b>Total liabilities</b>		<b>71,201</b>	<b>73,773</b>	<b>54,262</b>	<b>53,412</b>
<b>Net assets</b>		<b>157,932</b>	<b>125,242</b>	<b>100,952</b>	<b>83,727</b>

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
<b>Equity</b>				
<i>Equity Holders of Elanor Investors Limited</i>				
Contributed equity	55,597	42,280	64,503	46,209
Treasury shares	(691)	(691)	(749)	(749)
Reserves	14,247	13,411	1,746	1,088
Retained profits / (accumulated losses)	(4,663)	(6,968)	8,626	10,712
<b>Parent entity interest</b>	<b>64,490</b>	<b>48,032</b>	<b>74,126</b>	<b>57,260</b>
<i>Equity Holders of Non-Controlling Interest</i>				
Contributed equity - Elanor Investment Fund	64,503	46,209	-	-
Treasury shares	(749)	(749)	-	-
Reserves	1,746	1,088	-	-
Retained profits / (accumulated losses)	(1,315)	1,169	-	-
<b>Non-controlling interest</b>	<b>64,185</b>	<b>47,717</b>	<b>-</b>	<b>-</b>
<i>Equity Holders of Non-Controlling Interest EHAF</i>				
Contributed equity - EHAF	28,970	30,540	28,610	28,610
Reserves	94	(137)	(122)	(308)
Retained profits / (accumulated losses)	193	(910)	(1,662)	(1,835)
<b>External Non-controlling interest</b>	<b>29,257</b>	<b>29,493</b>	<b>26,826</b>	<b>26,467</b>
<b>Total equity attributable to stapled security holders:</b>				
- Parent Entity	64,490	48,032	74,126	57,260
- Non-controlling Interest - EIF	64,185	47,717	-	-
<b>Total equity attributable to ENN security holders</b>	<b>128,675</b>	<b>95,749</b>	<b>74,126</b>	<b>57,260</b>
<b>Total equity attributable to stapled security holders:</b>				
- Non-controlling interest - EHAF	29,257	29,493	26,826	26,467
<b>Total equity</b>	<b>157,932</b>	<b>125,242</b>	<b>100,952</b>	<b>83,727</b>

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 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 interests 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 2016		42,280	(691)	13,065	(53)	399	(6,968)	48,032	47,717	95,749	29,493	125,242
Profit / (loss) for the period		-	-	-	-	-	2,305	2,305	2,758	5,063	1,103	6,166
Other comprehensive income / (expense) for the period		-	-	555	56	-	-	611	362	973	231	1,204
<b>Total comprehensive income / (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>555</b>	<b>56</b>	<b>-</b>	<b>2,305</b>	<b>2,916</b>	<b>3,120</b>	<b>6,036</b>	<b>1,334</b>	<b>7,370</b>
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs		13,317	-	-	-	-	-	13,317	18,294	31,611	-	31,611
Security-based payments		-	-	-	-	225	-	225	295	520	-	520
Distributions paid and payable		-	-	-	-	-	-	-	(5,241)	(5,241)	(1,570)	(6,811)
<b>Total equity at 31 December 2016</b>		<b>55,597</b>	<b>(691)</b>	<b>13,620</b>	<b>3</b>	<b>624</b>	<b>(4,663)</b>	<b>64,490</b>	<b>64,185</b>	<b>128,675</b>	<b>29,257</b>	<b>157,932</b>

<b>Consolidated Group</b>												
Total equity at 1 July 2015		41,589	-	10,805	-	124	(3,261)	49,257	48,180	97,437		
Profit / (loss) for the period		-	-	-	-	-	2,685	2,685	3,586	6,271		
Other comprehensive income / (expense) for the period		-	-	478	-	-	-	478	466	944		
<b>Total comprehensive income / (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>478</b>	<b>-</b>	<b>-</b>	<b>2,685</b>	<b>3,163</b>	<b>4,052</b>	<b>7,215</b>		
<b>Transactions with owners in their capacity as owners:</b>												
Contributions of equity, net of issue costs		-	-	-	-	-	-	-	-	-		
Security-based payments		-	-	-	-	72	-	72	80	152		
Distributions paid and payable		-	-	-	-	-	(1,381)	(1,381)	(3,353)	(4,734)		
<b>Total equity at 31 December 2015</b>		<b>41,589</b>		<b>11,283</b>	<b>-</b>	<b>196</b>	<b>(1,957)</b>	<b>51,111</b>	<b>48,959</b>	<b>100,070</b>		

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

ELANOR INVESTORS GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 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 interests	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EIF Group</b>										
Total equity at 1 July 2016		46,209	(749)	1,148	(350)	290	10,712	57,260	26,467	83,727
Profit / (loss) for the period		-	-	-	-	-	3,155	3,155	1,743	4,898
Other comprehensive income / (expense) for the period		-	-	-	199	-	-	199	186	385
Share of reserves of Equity Accounted Investments		-	-	163	-	-	-	163	-	163
<b>Total comprehensive income / (expense) for the period</b>		-	-	<b>163</b>	<b>199</b>	-	<b>3,155</b>	<b>3,517</b>	<b>1,929</b>	<b>5,446</b>
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issue costs		18,294	-	-	-	-	-	18,294	-	18,294
Security-based payments		-	-	-	-	296	-	296	-	296
Distributions paid and payable		-	-	-	-	-	(5,241)	(5,241)	(1,570)	(6,811)
<b>Total equity at 31 December 2016</b>		<b>64,503</b>	<b>(749)</b>	<b>1,311</b>	<b>(151)</b>	<b>586</b>	<b>8,626</b>	<b>74,126</b>	<b>26,826</b>	<b>100,952</b>
<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		-	-	-	-	-	3,586	3,586	-	3,586
Other comprehensive income / (expense) for the period		-	-	-	49	-	-	49	-	49
Share of reserves of Equity Accounted Investments		-	-	417	-	-	-	417	-	417
<b>Total comprehensive income / (expense) for the period</b>		-	-	<b>417</b>	<b>49</b>	-	<b>3,586</b>	<b>4,052</b>	-	<b>4,052</b>
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of issue costs		-	-	-	-	-	-	-	-	-
Security-based payments		-	-	-	-	80	-	80	-	80
Distributions paid and payable		-	-	-	-	-	(3,353)	(3,353)	-	(3,353)
<b>Total equity at 31 December 2015</b>		<b>45,460</b>	-	<b>867</b>	<b>(123)</b>	<b>216</b>	<b>12,243</b>	<b>58,663</b>	-	<b>58,663</b>

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

**ELANOR INVESTORS GROUP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	51,568	41,511	-	-
Payments to suppliers and employees	(43,284)	(33,138)	(783)	(582)
Interest received	190	41	4	12
Finance costs paid	(1,252)	(662)	(1,075)	(677)
Rent receipts from the Company	-	-	5,316	4,798
Income tax paid	(527)	(10)	-	-
<b>Net cash flows from operating activities</b>	<b>6,695</b>	<b>7,742</b>	<b>3,462</b>	<b>3,551</b>
<b>Cash flows from investing activities</b>				
Receipts for business and asset disposals	755	-	755	-
Payment for long term inventory	(569)	(1,101)	-	-
Payments for property, plant and equipment	(2,104)	(2,042)	(144)	-
Payments for equity accounted investments	(21,183)	(4,640)	(21,183)	(4,640)
Distributions received from equity accounted investments	1,043	481	1,043	481
Loans to associates	(743)	-	-	-
Loans from Company	-	-	7,332	(106)
<b>Net cash flows from investing activities</b>	<b>(22,801)</b>	<b>(7,302)</b>	<b>(12,197)</b>	<b>(4,265)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from borrowings	(3,840)	5,967	(2,681)	2,953
Proceeds from equity raisings	33,000	-	19,348	-
Costs associated with equity raisings	(1,338)	-	(774)	-
Distributions paid to unitholders	(6,802)	(4,734)	(6,802)	(3,353)
<b>Net cash flows from financing activities</b>	<b>21,020</b>	<b>1,233</b>	<b>9,091</b>	<b>(400)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,914</b>	<b>1,673</b>	<b>356</b>	<b>(1,114)</b>
Cash and cash equivalents at the beginning of the period	8,192	7,488	2,081	3,437
<b>Cash at the end of the period</b>	<b>13,106</b>	<b>9,161</b>	<b>2,437</b>	<b>2,323</b>

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

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 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 and Elanor Investors Limited (EIL or Company) and its controlled entities. 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 interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The significant policies which have been adopted in the preparation of these consolidated financial statements for the period ended 31 December 2016 are set out below.

##### (a) Basis of preparation

These interim financial reports do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

##### *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 interim financial report has been prepared in accordance with the Corporations Act 2001, the Trust Constitution and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report.

##### *Going Concern*

##### *EIF Group*

EIF Group's current liabilities exceeded its current assets by \$5.3 million as at 31 December 2016. EIF Group has access to a facility from the Company to enable EIF Group to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the half year ended 31 December 2016.

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**2. 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 31 December 2016, the Funds Management division has approximately \$646 million 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 co-investments in Elanor Retail Property Fund, Limestone Street Centre Syndicate and Elanor Commercial Property Fund. Real Estate manages these funds as well as Super A Mart Auburn Syndicate, and John Cootes Diversified Property Syndicate; and

*Special Situations Investments*

The 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.

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**2. Segment information (continued)**

**Consolidated Group - 31 December 2016**

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	8,503	18,934	-	15,793	-	43,230
Revenue from wildlife parks	-	6,870	-	-	-	6,870
Share of profit of equity accounted investments	-	157	(1,277)	-	-	(1,120)
Operating expense	(1,181)	(18,940)	(266)	(15,265)	(3,276)	(38,928)
Divisional EBITDA	7,322	7,021	(1,543)	528	(3,276)	10,052
Depreciation and amortisation	(75)	(2,846)	-	(120)	(170)	(3,211)
Divisional EBIT	7,247	4,175	(1,543)	408	(3,446)	6,841
Transaction and establishment costs not included in divisional EBIT	-	-	-	-	1,454	1,454
Other income	-	-	-	-	141	141
Other expense	-	-	-	-	-	-
Interest income	53	7	-	8	122	190
Amortisation of Borrowing costs	-	-	-	-	(209)	(209)
Borrowing costs	-	-	-	-	(1,252)	(1,252)
Net tax benefit / (expense)	-	-	-	-	(999)	(999)
<b>Profit/(loss) for the half year</b>	<b>7,300</b>	<b>4,182</b>	<b>(1,543)</b>	<b>416</b>	<b>(4,189)</b>	<b>6,166</b>
Total assets	10,528	117,383	27,261	33,622	40,339	229,133

**Consolidated Group - 31 December 2015**

	Funds Management	Hotels, Tourism & Leisure	Real Estate	Special Situations Investments	Unallocated Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from trading activities	5,110	12,214	-	14,749	62	32,135
Revenue from wildlife parks	-	5,715	-	-	-	5,715
Share of profit of equity accounted investments	-	107	39	-	-	146
Operating expense	(995)	(12,889)	(1)	(12,512)	(2,444)	(28,841)
Divisional EBITDA	4,115	5,147	38	2,237	(2,382)	9,155
Depreciation and amortisation	(75)	(1,220)	-	(60)	(90)	(1,445)
Divisional EBIT	4,040	3,927	38	2,177	(2,472)	7,710
Interest income	9	12	-	11	12	44
Amortisation of Borrowing costs	-	-	-	-	(63)	(63)
Borrowing costs	-	-	-	-	(610)	(610)
Net tax benefit / (expense)	-	-	-	-	(810)	(810)
<b>Profit/(loss) for the half year</b>	<b>4,049</b>	<b>3,939</b>	<b>38</b>	<b>2,188</b>	<b>(3,943)</b>	<b>6,271</b>
Total assets	3,968	105,083	5,158	28,105	5,088	147,402

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**2. Segment information (continued)**

**EIF Group - 31 December 2016**

	<b>Funds Management</b>	<b>Hotels, Tourism &amp; Leisure</b>	<b>Real Estate</b>	<b>Special Situations Investments</b>	<b>Unallocated Corporate</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from trading activities	-	6,166	-	-	-	6,166
Share of profit of equity accounted investments	-	157	(1,277)	-	-	(1,120)
Operating expense	-	(89)	-	-	(354)	(443)
Divisional EBITDA	-	6,234	(1,277)	-	(354)	4,603
Depreciation and amortisation	-	-	-	-	-	-
Divisional EBIT	-	6,234	(1,277)	-	(354)	4,603
Fair value adjustment on revaluation of investment property	-	-	-	-	1,930	1,930
Other income	-	-	-	-	141	141
Interest income	-	3	-	-	1	4
Responsible Entity management fee expense	-	-	-	-	(548)	(548)
Amortisation of Borrowing costs	-	-	-	-	(165)	(165)
Borrowing costs	-	-	-	-	(1,067)	(1,067)
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>6,237</b>	<b>(1,277)</b>	<b>-</b>	<b>(62)</b>	<b>4,898</b>
Total assets	-	109,847	27,261	-	18,106	155,214

**EIF Group - 31 December 2015**

	<b>Funds Management</b>	<b>Hotels, Tourism &amp; Leisure</b>	<b>Real Estate</b>	<b>Special Situations Investments</b>	<b>Unallocated Corporate</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from trading activities	-	4,383	-	-	-	4,383
Share of profit of equity accounted investments	-	107	39	-	-	146
Operating expense	-	(2)	(1)	-	(148)	(151)
Divisional EBITDA	-	4,488	38	-	(148)	4,378
Depreciation and amortisation	-	-	-	-	-	-
Divisional EBIT	-	4,488	38	-	(148)	4,378
Fair value adjustment on revaluation of investment property	-	-	-	-	-	-
Interest income	-	10	-	-	2	12
Responsible Entity management fee expense	-	-	-	-	(65)	(65)
Amortisation of Borrowing costs	-	-	-	-	(48)	(48)
Borrowing costs	-	-	-	-	(691)	(691)
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>4,498</b>	<b>38</b>	<b>-</b>	<b>(950)</b>	<b>3,586</b>
Total assets	-	88,729	5,158	-	843	94,731

ELANOR INVESTORS GROUP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

3. Revenue from operating activities

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
Revenue from hotels	18,934	12,214	-	-
Revenue from wildlife parks	6,870	5,715	-	-
Revenue from sale of furniture	15,362	9,430	-	-
Funds management fee income	8,503	5,110	-	-
<b>Revenue from operating activities</b>	<b>49,669</b>	<b>32,469</b>	-	-

4. Income tax expense

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
<b>(a) Income tax expense</b>				
Current tax expense	883	788	-	-
Deferred tax expense	116	22	-	-
	<b>999</b>	<b>810</b>	-	-

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

Profit / (loss) from continuing operations before income tax expense:	7,165	7,081	4,898	3,586
Less: Profit / (loss) from the Trust (which is not taxable)	(4,898)	(3,586)	(4,898)	(3,586)
Prima facie profit / (loss)	2,267	3,495	-	-
Tax at the Australian tax rate of 30%	680	1,049	-	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment	10	8	-	-
Non-deductible expenses	18	28	-	-
Non-deductible depreciation and amortisation	24	182	-	-
Prior year impact of EHAF consolidation	92	-	-	-
Fair Value adjustments to investment property in the Trust	143	-	-	-
Insurance proceeds on plant and equipment	32	(457)	-	-
<b>Income tax expense / (benefit)</b>	<b>999</b>	<b>810</b>	-	-

5. Other Income

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'000
Stock and equipment Insurance claim income	-	2,055	-	-
Business interruption claim income	375	1,342	-	-
Material damage Insurance claim income	-	1,616	-	-
Other income	140	342	-	-
<b>Total Other Income</b>	<b>515</b>	<b>5,355</b>	-	-

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 6. Other expenses

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 31 December 2015 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 31 December 2015 \$'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	709	464	-	-
Other expenses	3,242	1,579	694	82
<b>Total Other expenses</b>	<b>3,951</b>	<b>4,056</b>	<b>694</b>	<b>82</b>

#### 7. Distributions

##### (a) Consolidated Group

The following distributions were declared by the Consolidated Group post balance date:

	Distribution cents per stapled security	Total amount \$'000
Distributions for the half year ended 31 December 2016*	7.77	6,933
Distributions for the half year ended 31 December 2015	7.31	5,163

\* The distribution of 7.77 cents per stapled security for the period ended 31 December 2016 was not declared prior to 31 December 2016. The Distribution was declared on 21 February 2017. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

##### (b) EIF Group

The following distributions were declared by the EIF Group post balance date:

	Distribution cents per unit	Total amount \$'000
Distributions for the half year ended 31 December 2016*	4.76	4,250
Distributions for the half year ended 31 December 2015	5.05	3,569

\* The distribution of 4.76 cents per stapled security for the period ended 31 December 2016 was not declared prior to 31 December 2016. The Distribution was declared on 21 February 2017. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

ELANOR INVESTORS GROUP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

8. Property, plant and equipment

**Consolidated Group**

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

	<b>Consolidated Group 31 December 2016 \$'000</b>	<b>Consolidated Group 30 June 2016 \$'000</b>
Carrying amount at the beginning of the period	142,117	88,351
Acquisitions	-	49,243
Fair value decrement	-	(2,041)
Additions	2,103	3,712
Revaluation increments	2,080	2,852
<b>Carrying amount at the end of the period</b>	<b>146,300</b>	<b>142,117</b>
Accumulated depreciation at the beginning of the period	(5,969)	(2,303)
Depreciation	(3,136)	(3,666)
<b>Accumulated depreciation at the end of the period</b>	<b>(9,105)</b>	<b>(5,969)</b>
<b>Total carrying value at the end of the period</b>	<b>137,195</b>	<b>136,148</b>

ELANOR INVESTORS GROUP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

8. Property, plant and equipment (continued)

The following table represents the total fair value of property, plant and equipment at 31 December 2016.

		Consolidated Fair Value	Consolidated Fair Value
		31 December 2016 \$'000	30 June 2016 \$'000
	<b>Note</b>		
Cradle Mountain Lodge	(1)	38,000	38,000
Eaglehawk Hotel	(2)	17,700	17,700
Wollongong Hotel	(3)	9,000	9,000
Albany Hotel	(4)	5,250	5,250
Featherdale Wildlife Park	(5)	16,067	15,550
Port Macquarie	(6)	9,355	9,350
Tall Trees	(7)	14,204	14,200
Pavilion Wagga Wagga	(8)	11,503	11,500
Parklands Resort	(9)	11,410	11,400
Other		4,706	4,198
<b>Total</b>		<b>137,195</b>	<b>136,148</b>

- (1) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Cradle Mountain Lodge to be \$38m.
- (2) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Eaglehawk Hotel to be \$17.7m.
- (3) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Wollongong Hotel to be \$9m.
- (4) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Albany Hotel to be \$5.3m.
- (5) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Featherdale Wildlife Park to be \$16.1m.
- (6) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Best Western Port Macquarie Hotel to be \$9.4m.
- (7) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Best Western Tall Trees Hotel to be \$14.2m.
- (8) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Pavilion Wagga Wagga Hotel to be \$11.5m.
- (9) At 31 December 2016, the Directors assessed the fair value of the property, plant and equipment of the Parklands Resort to be \$11.4m.

ELANOR INVESTORS GROUP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

9. Investment properties

**EIF Group**

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

	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
Carrying amount at the beginning of the period	106,087	72,908
Acquisitions	-	-
Fair value decrement on acquisition	-	-
Additions	144	35,232
Revaluation increments	1,930	(2,053)
<b>Carrying amount at the end of the period</b>	<b>108,161</b>	<b>106,087</b>

The following table represents the total fair value of investment properties at 31 December 2016.

Property	Note	Consolidated Fair Value 31 December 2016 \$'000	Consolidated Fair Value 30 June 2016 \$'000
Cradle Mountain Lodge	(1)	33,399	33,233
Albany Hotel	(1)	5,009	5,057
Featherdale Wildlife Park	(1)	11,593	11,593
Eaglehawk Hotel	(1)	14,404	14,776
Wollongong Hotel	(1)	8,362	8,462
Port Macquarie Hotel	(1)	8,080	8,000
Tall Trees Hotel	(1)	8,899	8,520
Pavilion Wagga Wagga	(1)	8,516	8,300
Parklands Resort	(1)	8,228	8,146
Other		1,671	-
<b>Total</b>		<b>108,161</b>	<b>106,087</b>

Notes

(1) These values relate to land and buildings held by the Trust only. Refer to Note 8 - Property, plant and equipment for the full valuation.

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**10. Inventories**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
<b>Current</b>				
Goods held for resale	6,376	5,368	-	-
<b>Total current</b>	<b>6,376</b>	<b>5,368</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
Property Inventory	14,661	14,092	-	-
<b>Total non-current</b>	<b>14,661</b>	<b>14,092</b>	<b>-</b>	<b>-</b>

**11. Equity accounted investments**

	Principal activity	Percentage Ownership 31 December 2016	Consolidated Group 31 December 2016 \$'000	EIF Group 31 December 2016 \$'000
193 Clarence Hotel Fund	Accommodation	10.00%	1,187	1,187
Bell City Funds	Accommodation	17.64%	12,262	12,262
Elanor Retail Property Fund	Shopping Centres	15.95%	25,867	25,867
Elanor Commercial Property Fund	Office Buildings	1.97%	584	584
Limestone Street Centre Syndicate	Office Buildings	8.19%	1,394	1,394
<b>Total equity accounted investments</b>			<b>41,294</b>	<b>41,294</b>

	Principal activity	Percentage Ownership 30 June 2016	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 Funds	Accommodation	17.64%	12,558	12,558
Auburn Central Syndicate	Shopping Centre	1.85%	628	628
Elanor Retail Property Fund	Shopping Centres	24.40%	6,965	6,965
Limestone Street Centre Syndicate	Office Buildings	8.19%	1,400	1,400
<b>Total equity accounted investments</b>			<b>22,726</b>	<b>22,726</b>

**12. Intangible assets**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
Management Rights	1,500	1,500	-	-
Accumulated amortisation	(375)	(300)	-	-
<b>Total Management Rights</b>	<b>1,125</b>	<b>1,200</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>7,595</b>	<b>7,670</b>	<b>-</b>	<b>-</b>

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**13. Payables**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
Trade creditors	2,878	2,140	760	189
Accrued expenses	3,151	2,750	99	122
GST payable	1,438	452	215	86
<b>Total payables</b>	<b>7,467</b>	<b>5,342</b>	<b>1,074</b>	<b>397</b>

**14. Interest bearing liabilities**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
<b>Current</b>				
Bank loan - term debt	10,765	528	10,000	-
Borrowing Costs less amortisation	(144)	-	(144)	-
Loan from the Company	-	-	-	5,460
<b>Total current</b>	<b>10,621</b>	<b>528</b>	<b>9,856</b>	<b>5,460</b>
<b>Non-current</b>				
Bank loan - term debt	47,019	61,352	34,712	47,394
Borrowing Costs less amortisation	(254)	(654)	(75)	(498)
Loan from the Company	-	-	8,402	-
<b>Total non-current</b>	<b>46,765</b>	<b>60,698</b>	<b>43,039</b>	<b>46,896</b>
<b>Total interest bearing liabilities</b>	<b>57,386</b>	<b>61,226</b>	<b>52,895</b>	<b>52,356</b>

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

**Consolidated Group**

Included in the above numbers, the ENN Group has access to a \$27.5m facility, upon which both the Company and the Trust can draw. The drawn amount at 31 December 2016 is \$10.7m which will mature on 11 July 2017. At 31 December 2016 the amount of drawn facilities is hedged to 94%.

Included in the above numbers, the Elanor Hospitality and Accommodation Fund ("EHAF") has access to a \$46.7m facility, upon which both the Company and Trust can draw. The drawn amount at 31 December 2016 is \$46.7m which will mature on 21 March 2019. At 31 December 2016, the amount of drawn facilities is hedged to 100%.

All of the facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2016, including the impact of the interest rate swaps, is 3.98% per annum.

**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 31 December 2016 is \$10.0m which will mature on 11 July 2017. At 31 December 2016 the amount of drawn facilities is hedged to 100%.

Included in the above numbers, the EHAF Group has access to a \$46.7m facility, upon which both the Company and Trust can draw. The drawn amount at 31 December 2016 is \$34.7m which will mature on 21 March 2019. At 31 December 2016, the amount of drawn facilities is hedged to 100%.

All of the facilities have a variable interest rate. As detailed in Note 15, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable of the loans at 31 December 2016, including the impact of the interest rate swaps, is 3.98% per annum.

**ELANOR INVESTORS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**15. Derivative financial instruments**

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
<b>Current liabilities</b>				
Interest rate swaps	63	114	63	114
<b>Total current liabilities</b>	<b>63</b>	<b>114</b>	<b>63</b>	<b>114</b>
<b>Non-current liabilities</b>				
Interest rate swaps	284	728	211	545
<b>Total non-current liabilities</b>	<b>284</b>	<b>728</b>	<b>211</b>	<b>545</b>
<b>Total Derivative financial instruments</b>	<b>347</b>	<b>842</b>	<b>274</b>	<b>659</b>

**Interest rate swaps**

The Group has entered into interest rate swap agreements with a notional principal amount totalling A\$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.

**16. Contributed equity for the period to 31 December 2016**

No. of securities/ shares	Details	Date of income entitlement	Note	Total Equity 31 December 2016 \$'000	Parent Entity 31 December 2016 \$'000	EIF Group 31 December 2016 \$'000
71,386,205	Opening balance	1 Jul 2016		88,489	42,280	46,209
16,216,217	Issue of securities	4 Aug 2016	(i)	28,734	12,129	16,605
1,621,920	Security Purchase Plan	26 Aug 2016	(i)	2,877	1,188	1,689
<b>89,224,342</b>	<b>Securities on issue</b>	<b>31 Dec 2016</b>		<b>120,100</b>	<b>55,597</b>	<b>64,503</b>

(i) Placement and Security Purchase Plan

On 4 August 2016 and 26 August 2016 the Group issued stapled securities under a Placement and a Security Purchase Plan respectively to fund additional acquisitions of co-investments.

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	Total Equity 31 December 2016 \$'000	Parent Entity 31 December 2016 \$'000	EIF Group 31 December 2016 \$'000
741,453	Opening balance	1 Jul 2016	1,440	691	749
-	Issue of Treasury securities	-	-	-	-
<b>741,453</b>	<b>Treasury securities on issue</b>	<b>31 Dec 2016</b>	<b>1,440</b>	<b>691</b>	<b>749</b>

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16. Contributed equity for the period to 30 June 2016 (continued)

No. of securities/ shares	Details	Date of income entitlement	Total Equity 30 June 2016 \$'000	Parent Entity 30 June 2016 \$'000	EIF Group 30 June 2016 \$'000
70,644,752	Opening balance	1 Jul 2015	87,049	41,589	45,460
741,453	Treasury securities	27 Jun 2016	1,440	691	749
<b>Securities on issue</b>					
<b>71,386,205</b>		<b>30 Jun 2016</b>	<b>88,489</b>	<b>42,280</b>	<b>46,209</b>

A reconciliation of treasury securities on issue at the beginning and end of 30 June 2016 is set out below:

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

17. Net tangible assets

	Consolidated Group 31 December 2016 \$'000	Consolidated Group 30 June 2016 \$'000	EIF Group 31 December 2016 \$'000	EIF Group 30 June 2016 \$'000
Net tangible assets are calculated as follows:				
Total assets	229,133	199,015	155,214	137,139
Less: Intangible assets	(7,595)	(7,670)	-	-
Less: Total liabilities	(71,201)	(73,773)	(54,262)	(53,412)
<b>Net tangible assets</b>	<b>150,337</b>	<b>117,572</b>	<b>100,952</b>	<b>83,727</b>
Total number of stapled securities on issue	89,224	71,386	89,224	71,386
Net tangible asset backing per stapled security / unit	\$ 1.68	\$ 1.65	\$ 1.13	\$ 1.17

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 18. Fair value measurement of financial and non-financial instruments

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).

The following table presents the Consolidated Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 on a recurring basis:

Consolidated Group December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(347)	-	(347)
<b>Total liabilities</b>	-	(347)	-	(347)
<b>Consolidated Group June 2016</b>				
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(842)	-	(842)
<b>Total liabilities</b>	-	(842)	-	(842)

The following table presents the EIF Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 on a recurring basis:

EIF Group December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(274)	-	(274)
<b>Total liabilities</b>	-	(274)	-	(274)
<b>Consolidated Group June 2016</b>				
<b>Financial assets</b>				
Derivatives at fair value through reserves	-	-	-	-
<b>Total assets</b>	-	-	-	-
<b>Financial liabilities</b>				
Derivatives at fair value through reserves	-	(659)	-	(659)
<b>Total liabilities</b>	-	(659)	-	(659)

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 18. Fair value measurement of financial and non-financial instruments (continued)

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

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- 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
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

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

#### 19. Contingent liabilities and commitments

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

#### 20. Related party disclosures

Other than as disclosed elsewhere, the Group discloses the following related party transactions for the period to 31 December 2016.

##### Responsible Entity fees

Elanor Funds Management Limited 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. Elanor Funds Management Limited 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. Elanor Funds Management Limited 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 fee income earned and expenses recovered for the period to 31 December 2016 from these managed investment schemes is provided below:

	Consolidated Group	EIF Group
	31 December 2016	31 December 2016
	\$'000	\$'000
Note		
Super A Mart Auburn Syndicate	1,680	-
John Cootes Diversified Property Syndicate	57	-
193 Clarence Hotel Fund	198	-
Bell City Funds	742	-
Auburn Central Syndicate	2,286	-
Limestone Street Centre Syndicate	228	-
Elanor Retail Property Fund I	285	-
Elanor Retail Property Fund	2,197	-
Elanor Commercial Property Fund	729	-
Griffin Plaza Syndicate	25	-
Other	76	-
<b>Total</b>	<b>8,503</b>	<b>-</b>

(1) Amounts charged to Elanor Retail Property Fund include Investment Management services charged by Elanor Asset Services Pty Limited.

## ELANOR INVESTORS GROUP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 21. Significant events

John Cootes Furniture – Yennora Warehouse Fire

As noted in the Group's 30 June 2016 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.

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 and lost gross margin for the period ended December 2016 is expected to be lodged in February 2017.

#### 22. Events occurring after reporting date

Subsequent to the period end, a distribution of 7.77 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$6.9 million will be paid on or before 3 March 2017 in respect of the half year ended 31 December 2016.

Since the end of the period, 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 periods subsequent to the half year ended 31 December 2016.

# ELANOR INVESTORS GROUP

## DIRECTORS DECLARATION TO STAPLED SECURITY HOLDERS

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 16 to 38 are in accordance with the *Corporations Act 2001 (Cth)*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's and EIF's financial position as at 31 December 2016 and of their performance, for the financial half 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.

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



Glenn Willis  
CEO and Managing Director

Sydney  
22 February 2017

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

We have reviewed the accompanying half-year financial report of:

- The condensed consolidated balance sheet as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-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 half-year's end or from time to time during the half-year, including Elanor Investment Fund and the entities it controlled at the half-year's end or from time to time during the half year as set out on pages 16 to 39; and
- The condensed consolidated balance sheet as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-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 half-year's end or from time to time during the half-year as set out on pages 16 to 39.

### **Directors' Responsibility for the Half-Year 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 half-year financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities' financial position as at 31 December 2016 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations*

*Regulations 2001*. As the auditor of Elanor Investors Limited and Elanor Investment Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Auditor's Independence Declaration**

In conducting our review, 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 review report.

## **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elanor Investors Group and EIF Group are not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Elanor Investors Group and EIF Group's financial positions as at 31 December 2016 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants  
Sydney, 22 February 2017