



Supplementary Financial Information

For the half year ended
31 December 2020

Elanor Investors Group

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

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

ELANOR INVESTORS GROUP

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ELANOR INVESTORS GROUP

DIRECTORS' STATEMENT

Directors' Statement

The Directors of Elanor Investors Group (Group, Consolidated Group or Elanor) present this Supplementary Financial Information in accordance with the conditions set out in the Information Memoranda dated 13 October 2017 and 14 December 2017 for the issue of \$40,000,000 and \$20,000,000 7.10 per cent five year Unsecured Fixed Rate notes due 17 October 2022 (Notes).

The purpose of this Supplementary Financial Information is to present Supplementary Statements of Profit or Loss, Financial Position and Cash Flows to holders of the Notes, the Note Trustee, the Lead Manager and Initial Subscriber under the Note conditions, for the half year ended 31 December 2020.

In the Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2020, where Elanor is deemed to have control in any particular managed fund, the consolidation method is required in respect of Elanor's co-investment in that fund. This Supplementary Financial Information is presented on the basis that all of Elanor's managed fund co-investments are accounted for using the equity method.

In this Supplementary Financial Information, the Group's financial results including an equity accounted presentation of all managed fund co-investments is defined as the "ENN Group".

The Supplementary Statements of Profit or Loss, Financial Position and Cash Flows present both the Consolidated Group results and the ENN Group results, and "Adjustments" that reflect the required adjustments to the Consolidated Group results to remove the impact of the consolidation of the Group's deemed controlled managed fund co-investments and record their investments in accordance with the principles of equity accounting.

This Supplementary Financial Information should be read in conjunction with Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2020.

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.



Paul Bedbrook
Chairman



Glenn Willis
CEO and Managing Director

Sydney, 19 February 2021



Independent auditor's review report to the noteholders of Elanor Investors Group

Report on the supplementary financial information

Conclusion

We have reviewed the supplementary financial information of Elanor Investors Group (the Group), which comprises the supplementary statement of financial position as at 31 December 2020, the supplementary statement of profit or loss and the supplementary statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying supplementary financial information of Elanor Investors Group does not present fairly, in all material respects, the Group's financial position as at 31 December 2020 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies as described in Note 1 to the financial statements.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the supplementary financial information* section of our report.

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

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the supplementary financial information, which describes the basis of accounting. The supplementary financial information has been prepared to present supplementary statements of profit or loss, financial position and cash flows to holders of the \$40,000,000 and \$20,000,000 7.10 per cent five year Unsecured Fixed Rate notes due 17 October 2022 (the Notes) for the half year ended 31 December 2020. As a result, the supplementary financial information may not be suitable for another purpose. Our report is intended solely for Elanor Investors Group and its noteholders, the Note Trustee, the Lead Manager and Initial Subscriber and should not be distributed or used by parties other than Elanor Investors Group and its noteholders. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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Responsibility of the directors for the supplementary financial information

The directors are responsible for the preparation and fair presentation of the supplementary financial information in accordance with the accounting policies as described in Note 1 to the financial statements and have determined that the accounting policies in Note 1, which form part of the supplementary financial information, are appropriate to meet the needs of the noteholders and the Information Memoranda dated 13 October 2017 and 14 December 2017 for the issue of \$40,000,000 and \$20,000,000 7.10 per cent five year Unsecured Fixed Rate notes due 17 October 2022. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the supplementary financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the supplementary financial information

Our responsibility is to express a conclusion on the supplementary financial information based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects, the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the half-year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements.

A review of the supplementary financial information 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Buckman

Bianca Buckman
Partner

Sydney
19 February 2021

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Group	Adjustments	ENN Group
	31 December 2020	31 December 2020	31 December 2020
	\$'000	\$'000	\$'000
Revenue and other income			
Revenue from operating activities	36,829	(20,867)	15,962
Interest income	526	332	858
Rental income	1,846	(1,846)	(0)
Share of profit / (loss) from equity accounted investments	3,971	(3,466)	505
Realised loss on disposal of investment	2,244	–	2,244
Fair value gain on revaluation of assets / investment properties	750	(1,043)	(293)
Other income	128	(125)	3
Total revenue and other income	46,294	(27,015)	19,279
Expenses			
Changes in inventories of finished goods	2,107	(2,018)	89
Salary and employee benefits	14,489	(6,401)	8,088
Property expenses	4,027	(3,794)	233
Operator management costs	2,086	(2,021)	65
Borrowing costs	6,819	(4,154)	2,665
Depreciation	7,018	(6,282)	736
Amortisation	884	(475)	409
Marketing and promotion	916	(573)	343
Repairs, maintenance and technology	1,090	(579)	511
Other expenses	2,632	(1,126)	1,506
Total expenses	42,068	(27,423)	14,645
Net profit / (loss) before income tax expense	4,226	408	4,634
Income tax expense / (benefit)	930	486	1,416
Net profit / (loss) for the period	3,296	(78)	3,218
Net profit / (loss) attributable to security holders of:			
- Parent Entity	315	111	204
- Non-controlling interest EIF	3,014	–	3,014
Net profit / (loss) attributable to ENN security holders	3,329	111	3,218
Attributable to security holders of:			
- External Non-controlling interest	(33)	33	–
Net profit / (loss) for the period	3,296	(78)	3,218
Basic earnings / (loss) of the ENN security holders per stapled security (cents)	2.75		0.17
Diluted earnings / (loss) of the ENN security holders per stapled security (cents)	2.54		0.16

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Consolidated Group 31 December 2020 \$'000	Adjustments 31 December 2020 \$'000	ENN Group 31 December 2020 \$'000
Current assets			
Cash and cash equivalents	25,993	(7,072)	18,921
Receivables	5,652	(841)	4,811
Financial assets	16,512	9,907	26,419
Inventories	818	(799)	19
Other current assets	1,839	(1,095)	744
Current tax asset	8,083	(4,718)	3,365
Total current assets	58,897	(4,618)	54,279
Non-current assets			
Property, plant and equipment	345,870	(334,137)	11,733
Investment properties	54,000	(54,000)	–
Equity accounted investments	94,299	113,202	207,501
Intangible assets	525	–	525
Deferred tax assets	4,571	(2,064)	2,507
Total non-current assets	499,265	(276,999)	222,266
Total assets	558,162	(281,617)	276,545
Current liabilities			
Payables	12,353	(6,479)	5,874
Derivative financial instruments	1,881	(1,366)	515
Interest bearing liabilities	90,205	(90,205)	–
Current provisions	2,931	(1,086)	1,845
Other current liabilities	751	(1)	750
Contract liabilities	1,239	(1,231)	8
Total current liabilities	109,360	(100,368)	8,992
Non-current liabilities			
Derivative financial instruments	470	(470)	–
Interest bearing liabilities	195,800	(112,403)	83,397
Non-current provisions	288	(43)	245
Other non-current liabilities	3,377	–	3,377
Deferred tax liabilities	4,034	(1,337)	2,697
Total non-current liabilities	203,969	(114,253)	89,716
Total liabilities	313,329	(214,621)	98,708
Net assets	244,833	(66,996)	177,837

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SUPPLEMENTARY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Consolidated Group 31 December 2020 \$'000	Adjustments 31 December 2020 \$'000	ENN Group 31 December 2020 \$'000
Equity			
<i>Equity Holders of Parent Entity</i>			
Contributed equity	72,305	–	72,305
Treasury shares	(1,419)	–	(1,419)
Reserves	15,299	(13,484)	1,816
Retained profits / (accumulated losses)	(46,396)	27,567	(18,829)
Parent entity interest	39,789	14,083	53,872
<i>Equity Holders of Non Controlling Interest</i>			
Contributed equity - Elanor Investment Fund	104,101	–	104,101
Treasury shares	(4,044)	–	(4,044)
Reserves	29,023	(9,572)	19,450
Retained profits / (accumulated losses)	8,515	(4,058)	4,457
Non-controlling interest	137,595	(13,630)	123,965
<i>Equity Holders of Non Controlling Interest - External</i>			
Contributed equity - External	37,466	(37,466)	–
Reserves	30,818	(30,818)	–
Retained profits / (accumulated losses)	(835)	835	–
External Non-controlling interest	67,449	(67,449)	–
Total equity attributable to stapled security holders:			
- Parent Entity	39,789	14,084	53,872
- Non-controlling Interest - EIF	137,595	(13,630)	123,965
Total equity attributable to ENN security holders	177,384	453	177,837
Total equity attributable to stapled security holders:			
- Non-controlling interest - External	67,449	(67,449)	–
Total equity	244,833	(66,996)	177,837

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated Group 31 December 2020 \$'000	Adjustments 31 December 2020 \$'000	ENN Group 31 December 2020 \$'000
Cash flows from operating activities			
Receipts from customers	43,769	(24,557)	19,212
Payments to suppliers and employees	(30,115)	18,042	(12,073)
Interest received	775	134	909
Finance costs paid	(6,401)	3,704	(2,697)
Net cash flows from operating activities	8,028	(2,677)	5,351
Cash flows from investing activities			
Financial assets (acquired) / repaid	(3,920)	(2,275)	(6,195)
Payments for property, plant and equipment / investment properties	(4,036)	3,469	(567)
Loans to associates	(1,076)	(95)	(1,171)
Net proceeds from / (receipts) for equity accounted investments	7,345	–	7,345
Distributions received from equity accounted investments	1,902	–	1,902
Net cash flows from investing activities	215	1,099	1,314
Cash flows from financing activities			
Net (repayments) / proceeds from borrowings	(5,798)	798	(5,000)
Net cash flows from financing activities	(5,798)	798	(5,000)
Net increase / (decrease) in cash and cash equivalents	2,445	(779)	1,666
Cash and cash equivalents at the beginning of the period	23,548	(6,293)	17,255
Cash at the end of the period	25,993	(7,072)	18,921

ELANOR INVESTORS GROUP

SUPPLEMENTARY FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. Basis of Preparation

This Supplementary Financial Information does not include all of the information required in financial statements in accordance with Australian Accounting Standards and should be read in conjunction with Elanor Investors Group's ("the Consolidated Group") Interim Financial Report for the half year ended 31 December 2020 and any public announcements made by the Group during the period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The Supplementary Financial Information is prepared based on the underlying amounts incorporated into the Consolidated Group's audited Statements of Profit or Loss, Financial Position and Cash Flow for the half year ended 31 December 2020 that have been prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards ("AAS").

Unless disclosed otherwise, this Supplementary Financial Information has been prepared in accordance with the same accounting policies adopted in the Group's Interim Financial Report for the period ended 31 December 2020.

In the Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2020, where Elanor is deemed to control a particular managed fund, the consolidation method is required in respect of Elanor's co-investment in that fund. This Supplementary Financial Information is presented on the basis that all of Elanor's managed fund co-investments are accounted for using the equity method as prescribed under AASB 128 *Investments in Associates and Joint Ventures*.

In this Supplementary Financial Information, the Group's financial results including an equity accounted presentation of all managed fund co-investments is defined as the "ENN Group". The ENN Group incorporates the assets and liabilities of Elanor Investors Limited and all its subsidiaries, Elanor Investment Fund and its controlled entities and Elanor Metro and Prime Regional Hotel Fund, Bluewater Square Syndicate and Elanor Luxury Hotel Fund on an equity accounted basis as at 31 December 2020.

The Supplementary Statements present Profit or Loss, Financial Position and Cash Flows of both the Consolidated Group results and the ENN Group results, and "Adjustments" that reflect the required adjustments to the Consolidated Group results to remove the impact of the consolidation of the Group's deemed controlled managed fund co-investments.

Background Information on Elanor's Control of the Funds

The Consolidated Group incorporates the assets and liabilities of Elanor Investors Limited and all of its subsidiaries, Elanor Investment Fund and its controlled entities, Elanor Metro and Prime Regional Hotel Fund (EMPR), Elanor Luxury Hotel Fund (ELHF) and Bluewater Square Syndicate (Bluewater) as at 31 December 2020. Together, EMPR, ELHF and Bluewater are the Funds.

EMPR comprises stapled securities in Elanor Metro and Prime Regional Hotel Fund, EMPR Management Pty Limited, Elanor Metro and Prime Regional Hotel Fund II and EMPR II Management Pty Limited. ELHF comprises stapled securities in Elanor Luxury Hotel Fund and Elanor Luxury Hotel Fund Pty Limited. The Group holds 42.63% of the equity in EMPR, 100% of the equity in ELHF and 42.27% of the equity in Bluewater.

Elanor Funds Management Limited acts as the Manager and Trustee of the Funds. The Trustee is owned wholly by the Group and governed by the licensing and legal obligations of a professional asset manager. The powers of the Trustee are governed by the Funds' constitution, which sets out the basis of fees that the Trustee can receive. These fees include management fees, performance fees, and acquisition fees.

Therefore, as set out in the Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2020, because Elanor is deemed to have a controlling interest in the Funds given its level of ownership and role as Trustee and Manager, the AASB 10 definition of control for Elanor's equity investment in the Funds is met, and the Funds are included on consolidated basis in the Consolidated Group.