



Supplementary Financial Information

For the half year ended
31 December 2021

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 2021.

In the Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2021, 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 2021.

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, 18 February 2022



Independent auditor's review report to the directors of Elanor Investors Limited

Report on the half-year supplementary financial information

Conclusion

We have reviewed the half-year supplementary financial information of Elanor Investors Limited and the entities it controlled from time to time during the half-year (the Group) which comprises the supplementary statement of financial position as at 31 December 2021, the supplementary statement of profit or loss and 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 half-year supplementary financial information of Elanor Investors Limited does not present fairly, in all material respects, the group's financial position as at 31 December 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the basis of preparation 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 half-year financial report* 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 the 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 half-year supplementary financial information, which describes the basis of accounting. The half-year 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 2021. As a result, the half-year supplementary financial information may not be suitable for another purpose. Our report is intended solely for Elanor Investors Limited and its directors, the noteholders, the Note Trustee, the Lead Manager and Initial Subscriber and should not be distributed or used by parties other than Elanor Investors Limited and its directors. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the half-year supplementary financial information

The directors are responsible for the preparation and fair presentation of the supplementary half-year 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 half-year supplementary financial information, are appropriate to meet the needs of the directors and the Information Memoranda dated 13 October 2017 and 14 December 2017 for the issue of \$40,000,000

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
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

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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 half-year supplementary financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year supplementary financial information

Our responsibility is to express a conclusion on the half-year 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 half-year supplementary financial information does not present fairly, in all material respects, the financial position of the Group as at 31 December 2021 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 supplementary financial information.

A review of a half-year 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'N R McConnell' in a cursive style.

N R McConnell
Partner

Sydney
18 February 2022

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Adjustments 31 December 2021 \$'000	ENN Group 31 December 2021 \$'000
Revenue and other income			
Revenue from operating activities	35,805	(15,302)	20,503
Interest income	197	454	651
Rental income	2,404	(2,404)	–
Share of profit / (loss) from equity accounted investments	3,562	(7,663)	(4,102)
Realised gain on disposal of investment	920	1,872	2,792
Fair value (loss)/gain on revaluation of PP&E and investment properties	(2,363)	846	(1,517)
Fair value loss on revaluation of derivatives	(295)	295	–
Other income	868	(869)	(1)
Total revenue and other income	41,098	(22,772)	18,326
Expenses			
Changes in inventories of finished goods	2,197	(2,168)	29
Salary and employee benefits	23,665	(10,237)	13,428
Property expenses	4,406	(4,132)	275
Operator management costs	1,201	(1,184)	17
Borrowing costs	8,730	(5,339)	3,391
Depreciation	6,509	(5,417)	1,092
Amortisation	209	(6)	204
Marketing and promotion	1,219	(859)	361
Repairs, maintenance and technology	1,221	(726)	496
Impairment expense	1,503	–	1,503
Other expenses	3,653	(1,940)	1,712
Total expenses	54,513	(32,005)	22,508
Net profit / (loss) before income tax expense	(13,415)	9,233	(4,182)
Income tax (benefit) / expense	(3,238)	3,756	518
Net profit / (loss) for the period	(10,177)	5,478	(4,700)
Net profit / (loss) attributable to security holders of:			
- Parent Entity	1,022	(5,820)	(4,797)
- Non-controlling interest EIF	(2,998)	3,095	97
Net profit / (loss) attributable to ENN security holders	(1,976)	(2,723)	(4,700)
Attributable to security holders of:			
- External Non-controlling interest	(8,201)	8,201	–
Net profit / (loss) for the period	(10,177)	5,478	(4,700)
Basic earnings / (loss) of the ENN security holders per stapled security (cents)	(1.69)		(4.01)
Diluted earnings / (loss) of the ENN security holders per stapled security (cents)	(1.69)		(4.01)

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Adjustments 31 December 2021 \$'000	ENN Group 31 December 2021 \$'000
Current assets			
Cash and cash equivalents	18,085	(8,640)	9,446
Receivables	9,622	2,238	11,860
Financial assets	7,579	17,346	24,925
Inventories	2,020	(2,020)	–
Other current assets	2,492	(1,663)	829
Total current assets	39,798	7,262	47,060
Non-current assets			
Property, plant and equipment	413,864	(408,699)	5,165
Investment properties	90,875	(89,000)	1,875
Equity accounted investments	94,183	108,958	203,141
Intangible assets	1,425	–	1,425
Deferred tax assets	12,174	(9,024)	3,150
Total non-current assets	612,521	(397,765)	214,756
Total assets	652,319	(390,503)	261,816
Current liabilities			
Payables	13,665	(7,612)	6,053
Derivative financial instruments	157	(157)	–
Interest bearing liabilities	72,892	–	72,891
Lease liabilities	1,664	–	1,664
Current provisions	3,959	(2,002)	1,958
Other current liabilities	18,236	(6,762)	11,474
Income tax payable	246	–	246
Contract liabilities	1,540	(1,540)	–
Total current liabilities	112,359	(18,073)	94,286
Non-current liabilities			
Derivative financial instruments	138	(138)	–
Interest bearing liabilities	239,153	(239,153)	–
Non-current provisions	698	(294)	404
Lease liabilities	4,457	–	4,457
Total non-current liabilities	244,446	(239,584)	4,861
Total liabilities	356,805	(257,656)	99,147
Net assets	295,514	(132,847)	162,669

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Adjustments 31 December 2021 \$'000	ENN Group 31 December 2021 \$'000
Equity			
<i>Equity Holders of Parent Entity</i>			
Contributed equity	72,783	–	72,783
Treasury shares	(1,503)	–	(1,503)
Reserves	15,428	(12,991)	2,437
Retained profits / (accumulated losses)	(43,548)	27,580	(15,967)
Parent entity interest	43,161	14,589	57,750
<i>Equity Holders of Non Controlling Interest</i>			
Contributed equity - Elanor Investment Fund	105,559	–	105,559
Treasury shares	(4,588)	–	(4,588)
Reserves	38,911	(10,386)	28,524
Retained profits / (accumulated losses)	(21,835)	(2,741)	(24,576)
Non-controlling interest	118,047	(13,127)	104,919
<i>Equity Holders of Non Controlling Interest - External</i>			
Contributed equity - External	109,137	(109,137)	–
Reserves	36,573	(36,573)	–
Retained profits / (accumulated losses)	(11,403)	11,403	–
External Non-controlling interest	134,307	(134,307)	–
Total equity attributable to stapled security holders:			
- Parent Entity	43,161	14,589	57,750
- Non-controlling Interest - EIF	118,047	(13,128)	104,919
Total equity attributable to ENN security holders	161,208	1,461	162,669
Total equity attributable to stapled security holders:			
- Non-controlling interest - External	134,307	(134,307)	–
Total equity	295,514	(132,840)	162,669

ELANOR INVESTORS GROUP

SUPPLEMENTARY STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Group 31 December 2021 \$'000	Adjustments 31 December 2021 \$'000	ENN Group 31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers	41,375	(24,050)	17,324
Payments to suppliers and employees	(43,488)	26,088	(17,400)
Interest received	170	(131)	39
Finance costs paid	(9,018)	6,036	(2,983)
Net cash flows from operating activities	(10,961)	7,942	(3,020)
Cash flows from investing activities			
Receipts for business and asset disposals	–	2,379	2,379
Financial assets (acquired) / repaid	10,954	(36,226)	(25,272)
Payments for property, plant and equipment / investment properties	(5,460)	5,865	405
Loans to associates	(1,995)	(481)	(2,476)
Receipts for equity accounted investments	46,777	(2,277)	44,500
Payments for equity accounted investments	(27,150)	–	(27,150)
Payments for acquisitions of subsidiaries	(9,952)	9,952	–
Distributions received from equity accounted investments	5,502	2,337	7,839
Net cash flows from investing activities	18,676	(18,451)	225
Cash flows from financing activities			
Proceeds from borrowings	51,690	1,810	53,500
Repayments of borrowings	(53,660)	7,660	(46,000)
Payments for lease liability	(925)	–	(925)
Proceeds from equity raisings	7,100	(7,100)	–
Costs associated with equity raisings	(1,898)	1,898	–
Distributions paid to security holders	(12,708)	4,398	(8,310)
Net cash flows from financing activities	(10,401)	8,665	(1,735)
Net increase / (decrease) in cash and cash equivalents	(2,686)	(1,845)	(4,530)
Cash and cash equivalents at the beginning of the period	20,771	(6,795)	13,976
Cash at the end of the period	18,085	(8,640)	9,446

ELANOR INVESTORS GROUP

SUPPLEMENTARY FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 2021 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 year ended 31 December 2021 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 half year ended 31 December 2021.

In the Elanor Investors Group's Interim Financial Report for the half year ended 31 December 2021, 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 Elanor Hotel Accommodation Fund, Stirling Street Syndicate, Bluewater Square Syndicate and Elanor Wildlife Park Fund on an equity accounted basis as at 31 December 2021.

The Supplementary Financial Information 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 Hotel Accommodation Fund (EHAF), Elanor Wildlife Park Fund (EWPF), Stirling Street Syndicate (Stirling Street) and Bluewater Square Syndicate (Bluewater) as at 31 December 2021. Together EHAF, EWPF, Stirling Street and Bluewater are the Funds.

As at 31 December 2021, the Group holds 43.60% of the equity in EHAF, 42.82% of the equity in EWPF, 42.98% of the equity in Stirling Street Syndicate 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 2021, 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.

ELANOR INVESTORS GROUP

SUPPLEMENTARY FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. Basis of Preparation (continued)

Refinancing

The Directors have determined that it is appropriate to prepare the consolidated financial statements on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

As at 31 December 2021, the ENN Group is in a net current asset deficiency position of \$47.2 million. The net current asset deficiency is attributable to ENN Group's secured debt facility (drawn to \$13.5 million at balance date) maturing on 31 August 2022, and ENN Group's unsecured Corporate Notes of \$60 million maturing on 17 October 2022.

The ENN Group is undertaking a competitive market process to refinance the maturing debt facility and Corporate Notes. The ENN Group is in discussions with multiple lenders in this regard. In conjunction with the competitive market process, credit approved terms have been received from a financier for a debt facility that would enable the ENN Group to refinance its maturing facilities.

The refinancing of the ENN Group's debt facility and Corporate Notes provide an opportunity for the ENN Group to restructure its debt arrangements to provide increased flexibility in its debt structuring. Furthermore, the refinancing provides the opportunity for the ENN Group to significantly reduce its cost of capital and facilitate the continued growth of the ENN Group on flexible and accommodative terms.

Accordingly, as of the date of this report, the Directors are confident the ENN Group will be able to successfully refinance its debt facility and Corporate Notes to ensure the ENN Group's ability to realise its assets and discharge its liabilities in the ordinary course of business.