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**ASX Announcement**

15 February 2018

**Elanor Investors Group  
Supplementary Financial Information for the half year ended 31 December 2017**

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**), please find attached the Supplementary Financial Information for the half year ended 31 December 2017.

The purpose of this Supplementary Financial Information is to present Supplementary Statements of Profit or Loss, Financial Position and Cash Flows to the holders of the Notes, the Note Trustee, the Lead Manager and Initial Subscriber under the Note conditions, for the period ended 31 December 2017.

For further information regarding this announcement please contact:

Glenn Willis  
Managing Director and Chief Executive Officer  
Elanor Investors Group  
Phone: (02) 9239 8400



# Supplementary Financial Information

For the half year ended  
31 December 2017

## **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)

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# 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 period ended 31 December 2017.

In the Elanor Investors Group's Interim Financial Report for the period ended 31 December 2017, where Elanor is deemed to have a controlling interest 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.

This Supplementary Financial Information is not audited and is subject to a review opinion only. This Supplementary Financial Information should be read in conjunction with Elanor Investors Group's Interim Financial Report for the period ended 31 December 2017.

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  
15 February 2018



Glenn Willis  
CEO and Managing Director

## **Independent Auditor's Review Report to holders of the Notes, the Note Trustee, the Lead Manager and the Initial Subscriber under the Note conditions of Elanor Investors Group**

We have reviewed the accompanying half-year Supplementary Financial Information of Elanor Investors Group, being the consolidated stapled entity ("Elanor Investors Group"). The consolidated stapled entity 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. The half-year Supplementary Financial Information has been prepared for the purposes of meeting the requirements of the Information Memoranda "Issue of A\$40,000,000 7.10 per cent. Unsecured Fixed Rate Notes due 17 October 2022" and "Issue of A\$20,000,000 7.10 per cent. Unsecured Fixed Rate Notes due 17 October 2022" (the Notes), and comprises the supplementary statement of financial position as at 31 December 2017, the supplementary statement of profit or loss and the supplementary statement of cash flows for the half-year ended on that date, notes comprising the basis of preparation and other explanatory information, and the directors' statement.

### **Directors' Responsibility for the Half-Year Supplementary Financial Information**

The directors of Elanor Investors Group are responsible for the preparation of the half-year Supplementary Financial Information in accordance with the basis of preparation set out within the notes to the half-year Supplementary Financial Information as required by the holders of the Notes, the Note Trustee, the Lead Manager and the Initial Subscriber under the Note conditions and 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 Responsibility**

Our responsibility is to express a conclusion on the half-year Supplementary Financial Information 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 Supplementary Financial Information is not prepared, in all material respects, in accordance with the basis of preparation and with the reporting requirements of the Notes. As the auditor of Elanor Investors Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the 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.

### **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 Supplementary Financial Information of Elanor Investors Group has not been prepared, in all material respects in accordance with the basis of preparation set out within the notes to the half-year Supplementary Financial Information and with the reporting requirements of the Notes.

### **Basis of Preparation and Restriction on Distribution and Use**

Without modifying our conclusion, we draw attention to the notes to the half-year Supplementary Financial Information, which describes the basis of preparation. The half-year Supplementary Financial Information has been prepared to assist Elanor Investors Group to meet the financial reporting requirements of the Notes. As a result, the half-year Supplementary Financial Information may not be suitable for another purpose. Our report is intended solely for the holders of the Notes, the Note Trustee, the Lead Manager and the Initial Subscriber under the Note conditions and should not be distributed to or used by any other parties.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'AG Collinson', with a stylized flourish underneath.

AG Collinson  
Partner  
Chartered Accountants  
Sydney, 15 February 2018

# ELANOR INVESTORS GROUP

## SUPPLEMENTARY STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	Adjustments	ENN Group
	31 December 2017	31 December 2017	31 December 2017
	\$'000	\$'000	\$'000
<b>Income</b>			
Revenue from operating activities	45,581	(13,928)	31,653
Interest income	422	(10)	412
Rental income	1,214	(1,162)	52
Share of profit / (loss) from equity accounted investments	2,359	(2,411)	(52)
Other income	37	(37)	–
<b>Total income</b>	<b>49,613</b>	<b>(17,548)</b>	<b>32,065</b>
<b>Expenses</b>			
Changes in inventories of finished goods	9,715	(1,603)	8,112
Salary and employee benefits	17,882	(5,992)	11,890
Property expenses	5,905	(2,032)	3,873
Operator management costs	1,726	(1,231)	495
Borrowing costs	2,318	(1,360)	958
Depreciation	3,483	(2,795)	688
Amortisation	251	(96)	155
Marketing and promotion	2,822	(506)	2,316
Repairs, maintenance and technology	737	(336)	401
Transaction, establishment costs and fair value decrement	5,439	(5,439)	–
Other expenses	3,012	(625)	2,387
<b>Total expenses</b>	<b>53,290</b>	<b>(22,015)</b>	<b>31,275</b>
<b>Net (loss) / profit before income tax expense</b>	<b>(3,677)</b>	<b>4,467</b>	<b>790</b>
Income tax (benefit) / expense	(520)	43	(477)
<b>Net (loss) / profit for the period</b>	<b>(3,157)</b>	<b>4,424</b>	<b>1,267</b>
<b>Attributable to security holders of:</b>			
- Parent Entity	(1,508)	751	(757)
- Non-controlling interest EIF	1,526	498	2,024
<b>Net (loss) / profit attributable to ENN security holders</b>	<b>18</b>	<b>1,249</b>	<b>1,267</b>
<b>Attributable to security holders of:</b>			
- External Non-controlling interest	(3,175)	3,175	–
<b>Net (loss) / profit for the period</b>	<b>(3,157)</b>	<b>4,424</b>	<b>1,267</b>
Basic earnings / (loss) per stapled security (cents)	0.02		1.41

# ELANOR INVESTORS GROUP

## SUPPLEMENTARY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Consolidated Group 31 December 2017 \$'000	Adjustments 31 December 2017 \$'000	ENN Group 31 December 2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	18,112	(7,547)	10,565
Receivables	9,020	(1,102)	7,918
Financial assets	27,084	–	27,084
Inventories	8,160	(434)	7,726
Other current assets	1,713	(971)	742
Current tax asset	953	(869)	84
<b>Total current assets</b>	<b>65,042</b>	<b>(10,923)</b>	<b>54,119</b>
<b>Non-current assets</b>			
Property, plant and equipment	217,145	(166,336)	50,809
Investment properties	55,250	(55,250)	–
Non-current inventories	15,717	–	15,717
Equity accounted investments	49,661	47,993	97,654
Goodwill and intangible assets	7,445	–	7,445
Deferred tax assets	1,638	225	1,863
<b>Total non-current assets</b>	<b>346,856</b>	<b>(173,368)</b>	<b>173,488</b>
<b>Total assets</b>	<b>411,898</b>	<b>(184,291)</b>	<b>227,607</b>
<b>Current liabilities</b>			
Payables	11,015	(5,352)	5,663
Derivative financial instruments	–	–	–
Interest bearing liabilities	60	–	60
Current provisions	1,280	(412)	868
Other current liabilities	3,413	(462)	2,951
Income tax payable	–	–	–
Loan from the Company	–	–	–
<b>Total current liabilities</b>	<b>15,768</b>	<b>(6,226)</b>	<b>9,542</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	530	(530)	–
Interest bearing liabilities	173,503	(113,915)	59,588
Non-current provisions	728	(77)	651
Other non-current liabilities	364	–	364
Deferred tax liabilities	243	(243)	–
Loan from the Company	–	–	–
<b>Total non-current liabilities</b>	<b>175,368</b>	<b>(114,765)</b>	<b>60,603</b>
<b>Total liabilities</b>	<b>191,136</b>	<b>(120,991)</b>	<b>70,145</b>
<b>Net assets</b>	<b>220,762</b>	<b>(63,300)</b>	<b>157,462</b>

# ELANOR INVESTORS GROUP

## SUPPLEMENTARY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Consolidated Group 31 December 2017 \$'000	Adjustments 31 December 2017 \$'000	ENN Group 31 December 2017 \$'000
<b>Equity</b>			
<i>Equity Holders of Parent Entity</i>			
Contributed equity	57,878	–	57,878
Treasury shares	(691)	–	(691)
Reserves	13,970	(13,469)	501
Retained profits / (accumulated losses)	(9,659)	7,796	(1,863)
<b>Parent entity interest</b>	<b>61,498</b>	<b>(5,673)</b>	<b>55,825</b>
<i>Equity Holders of Non Controlling Interest</i>			
Contributed equity - Elanor Investment Fund	66,862	–	66,862
Treasury shares	(749)	–	(749)
Reserves	30,537	(4,192)	26,345
Retained profits / (accumulated losses)	(2,161)	11,340	9,179
<b>Non-controlling interest</b>	<b>94,489</b>	<b>7,148</b>	<b>101,637</b>
<i>Equity Holders of Non Controlling Interest - External</i>			
Contributed equity - External	71,048	(71,048)	–
Reserves	816	(816)	–
Retained profits / (accumulated losses)	(7,089)	7,089	–
<b>External Non-controlling interest</b>	<b>64,775</b>	<b>(64,775)</b>	<b>–</b>
<b>Total equity attributable to stapled security holders:</b>			
- Parent Entity	61,498	(5,673)	55,825
- Non-controlling Interest - EIF	94,489	7,148	101,637
<b>Total equity attributable to ENN security holders</b>	<b>155,987</b>	<b>1,475</b>	<b>157,462</b>
<b>Total equity attributable to stapled security holders:</b>			
- Non-controlling interest - External	64,775	(64,775)	–
<b>Total equity</b>	<b>220,762</b>	<b>(63,300)</b>	<b>157,462</b>

# ELANOR INVESTORS GROUP

## SUPPLEMENTARY STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Group 31 December 2017 \$'000	Adjustments 31 December 2017 \$'000	ENN Group 31 December 2017 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers	49,824	(15,706)	34,118
Payments to suppliers and employees	(44,158)	11,214	(32,944)
Interest received	55	(9)	46
Finance costs paid	(1,733)	1,359	(374)
Income tax paid	(2,190)	–	(2,190)
<b>Net cash flows from operating activities</b>	<b>1,798</b>	<b>(3,142)</b>	<b>(1,344)</b>
<b>Cash flows from investing activities</b>			
Payments for asset acquisitions	(108,450)	108,450	–
Receipts for asset disposals	–	20,000	20,000
Financial assets acquired	(26,717)	–	(26,717)
Transaction costs for asset acquisitions	(6,907)	6,907	–
Payments for non-current inventory	(580)	–	(580)
Payments for property, plant and equipment	(2,072)	(454)	(2,526)
Loans to associates	1,700	122	1,822
Payments for equity accounted investments	(2,706)	(31,310)	(34,016)
Distributions received from equity accounted investments	1,563	642	2,205
<b>Net cash flows from investing activities</b>	<b>(144,169)</b>	<b>104,357</b>	<b>(39,812)</b>
<b>Cash flows from financing activities</b>			
Net proceeds / (repayments) from borrowings	105,343	(67,398)	37,945
Proceeds from equity raisings	45,040	(41,040)	4,000
Costs associated with equity raisings	(271)	166	(105)
Distributions paid to security holders	(5,354)	884	(4,470)
<b>Net cash flows from financing activities</b>	<b>144,758</b>	<b>(107,388)</b>	<b>37,370</b>
Net increase / (decrease) in cash and cash equivalents	2,387	(6,173)	(3,786)
Cash and cash equivalents at the beginning of the period	15,725	(1,374)	14,351
<b>Cash at the end of the period</b>	<b>18,112</b>	<b>(7,547)</b>	<b>10,565</b>

# **ELANOR INVESTORS GROUP**

## **SUPPLEMENTARY INFORMATION**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

#### **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 Interim Financial Report for the period ended 31 December 2017 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 incorporates the Consolidated Group's audited Statements of Profit or Loss, Financial Position and Cash Flow for the period ended 31 December 2017 that have been prepared in accordance with Corporations Act 2001.

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 2017.

In the Elanor Investors Group's Interim Financial Report, where Elanor is deemed to have a controlling interest 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 ENN Group incorporates the assets and liabilities of Elanor Investors Limited and all of its subsidiaries, Elanor Investment Fund and its controlled entities and EHAF, EMPR and Bluewater on an equity accounted basis as at 31 December 2017.

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.

#### **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 Hospitality and Accommodation Fund (EHAF), Elanor Metro and Prime Regional Hotel Fund (EMPR) and Bluewater Square Syndicate (Bluewater) as at 31 December 2017. Together, EHAF, EMPR and Bluewater are the Funds.

EHAF comprises stapled securities in Elanor Hospitality and Accommodation Fund and EHAF Management Pty Limited. The Group holds 42.35% of the equity in EHAF. EMPR comprises stapled securities in Elanor Metro and Prime Regional Hotel Fund and EMPR Management Pty Limited. The Group holds 44.04% of the equity in EMPR. The Group holds 41.92% 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 licencing 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 period ended 31 December 2017, because Elanor is deemed to have a controlling interest in the Funds given its level of ownership and role as Trustee and Manager, the AASB10 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.