

## Appendix 4D

### Half year report for the period ended 31 December 2020

|                               |                                                                                                                                                                                                                                                                                    |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of entity                | Elanor Commercial Property Fund (ECF), a stapled entity comprising Elanor Funds Management Limited as Responsible Entity of Elanor Commercial Property Fund I (ECPF I), and Elanor Funds Management Limited as Responsible Entity of Elanor Commercial Property Fund II (ECPF II). |
| ARSN                          | Elanor Commercial Property Fund I 636 623 099                                                                                                                                                                                                                                      |
| ARSN                          | Elanor Commercial Property Fund II 636 623 517                                                                                                                                                                                                                                     |
| ABN                           | Elanor Funds Management Limited 39 125 903 031                                                                                                                                                                                                                                     |
| Reporting period              | Six month period ended 31 December 2020                                                                                                                                                                                                                                            |
| Previous corresponding period | Six month period ended 31 December 2019                                                                                                                                                                                                                                            |

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 2020.

#### Results for announcement to the market

##### Financial Performance

A \$'000

|                                                                        |                |        |
|------------------------------------------------------------------------|----------------|--------|
| Revenue from ordinary activities                                       | Up 28.09% to   | 19,975 |
| Profit/(loss) from ordinary activities attributable to securityholders | Up 1770.04% to | 15,665 |
| Net profit/(loss) for the period attributable to securityholders       | Up 1770.04% to | 15,665 |
| Funds from Operations (FFO) <sup>1</sup>                               | Up 787.18% to  | 12,953 |

##### Distribution

| Current Period                                             | Amount per unit | Tax Deferred |
|------------------------------------------------------------|-----------------|--------------|
| Interim Distribution <sup>2</sup> (December 2020 Quarter)  | 2.55 cents      | 50%          |
| Interim Distribution <sup>2</sup> (September 2020 Quarter) | 2.52 cents      | 67%          |
| <b>Previous Corresponding Period:</b>                      |                 |              |
| Interim Distribution                                       | Nil             | N/A          |

  

|                                                                     |                                |
|---------------------------------------------------------------------|--------------------------------|
| Record date for determining entitlement to the Interim Distribution | 31 December 2020               |
| Date the Interim Distribution is payable:                           | 5 March 2021                   |
| The components of the Interim Distribution comprise:                | Trust Distribution: 2.55 cents |

Further information on tax components of the distribution will be provided to securityholders with their quarterly distribution statement for the period ending 31 December 2020.

##### Net Tangible Assets

| Current Period                          | Current Period |
|-----------------------------------------|----------------|
| Net tangible asset backing per security | \$1.18         |
| <b>Previous Corresponding Period</b>    |                |
| Net tangible asset backing per security | \$1.20         |

##### Notes:

- Funds from Operations (FFO) 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 and amortisation), determined in accordance with the Property Council of Australia Guidelines.
- The Distributions for the period ended 31 December 2020 are based on a payout ratio of 80% of FFO.

***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:***

None.

***Accounting standards used by foreign entities***

International Financial Reporting Standards.

***Audit***

The accounts have been subject to a review, with an unqualified conclusion. 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 2020.

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

- Directors' Report
- Interim Financial Report



# Interim Financial Report

For the half year ended  
31 December 2020

## **Elanor Commercial Property Fund**

Comprising the stapling of units in Elanor Commercial Property Fund I (ARSN 636 623 099) and units in Elanor Commercial Property Fund II (ARSN 636 623 517)

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

# ELANOR COMMERCIAL PROPERTY FUND

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# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

### Directors' Report

The Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Commercial Property Fund, present their interim report together with the consolidated interim financial report of Elanor Commercial Property Fund (Group, Consolidated Group or Fund) for the half year ended 31 December 2020 (period).

The interim financial report of the Consolidated Group comprises Elanor Commercial Property Fund I (ECPF I) and its controlled entities, including Elanor Commercial Property Fund II (ECPF II).

The Responsible Entity 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.

ECPF I and ECPF II were registered as managed investment schemes on 18 October 2019. The units of ECPF I and the units of ECPF II are combined and issued as stapled securities in the Group. The Group's securities are traded on the Australian Securities Exchange (ASX: ECF). The units of each scheme cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between ECPF I and ECPF II, ECPF I is deemed to be the parent entity of the Group in accordance with the Australian Accounting Standards.

The Directors' report is a combined Directors' report that covers both schemes. 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 during the period and up to the date of this report:

- Paul Bedbrook (Chair)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Lim Kin Song (resigned 25 January 2021)
- Anthony Fehon

### 2. Principal activities

The principal activity of the Fund is the investment in Australian commercial properties, with a focus on high investment quality commercial properties, located in major metropolitan areas or established commercial precincts.

### 3. Distributions

Distributions relating to the half year ended 31 December 2020 comprise:

|                                                          | Cents per<br>stapled security | 31 December<br>2020<br>\$ |
|----------------------------------------------------------|-------------------------------|---------------------------|
| <b>Distributions</b>                                     |                               |                           |
| Distribution for the period 1 July - 30 September 2020   | 2.52                          | 5,156,342                 |
| Distribution for the period 1 October - 31 December 2020 | 2.55                          | 5,205,385                 |
| <b>Total distributions paid or payable</b>               | <b>5.07</b>                   | <b>10,361,727</b>         |

A provision for the quarter ended 31 December 2020 Distribution has not been recognised in the financial statements for the period as the distribution had not been declared at the reporting date.

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

### 4. Operating and financial review

#### OVERVIEW AND STRATEGY

The Fund is an externally managed real estate investment fund investing in Australian commercial property, focusing on high investment quality commercial office properties.

The Fund's objective is to provide above average risk adjusted returns through a combination of regular distributions and capital growth. To achieve this objective, the Fund's strategy is to:

- Invest in commercial office properties located in major metropolitan areas or established commercial precincts;
- Implement leasing and active asset management to grow the income and value of the properties;
- Acquire additional investment grade commercial properties that satisfy the Fund's investment criteria and enhance overall portfolio quality; and
- Maintain a conservative capital structure with a target Gearing range between 30% and 40%.

During the six months to 31 December 2020, the Fund completed and achieved the following key initiatives and results:

- Funds from Operations (FFO) for the period of \$13.0 million or 6.34 cents per security (19% above PDS forecasts);
- Distributions of \$10.4 million or 5.07 cents per security, at a payout ratio of 80% - being the low end of the Fund's target payout ratio range (80% – 100%);
- Performed strongly, having been negligibly impacted by the COVID-19 pandemic, with immaterial arrears across the Portfolio;
- Advanced negotiations over lease up of current vacant space; and
- Commenced asset enhancement initiatives at NEXUS Centre with the construction of end-of-trip facilities.

#### Impact of COVID-19 on the Fund

Government requirements and health related measures in response to the COVID-19 pandemic have continued since 30 June 2020. Certain restrictions have eased, however the pandemic continues to influence the operating and financial conditions across the Australian economy.

As detailed in the 30 June 2020 Annual Financial Report, the Fund's income is generated from a diversified portfolio of tenants that have showed insignificant adverse impact from the pandemic. A very small portion of the Fund's retail tenants have been affected by the challenging trading conditions and therefore required rent relief support. Since 30 June 2020, no further provisions in respect of COVID-19 impacts have been recognised.

During the period, an additional 4 agreements for COVID-19 related rent relief under the Code of Conduct were executed - at the Mt Gravatt, WorkZone, Limestone and 200 Adelaide Street properties, representing approximately \$0.17 million of rental income, or 1.1% of Net Operating Income (NOI). These amounts have been offset against the Fund's existing provisions.

The impacts of COVID-19 on the Fund have also been considered in the determination of the fair value of investment properties. Refer to Note 4 for the key estimates and significant judgements applied as a result of this.

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

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

#### INVESTMENT PORTFOLIO

The valuation of the Fund's portfolio of investment properties at 31 December 2020 has increased by \$5.1 million (1.4%), since 30 June 2020. This increase in portfolio valuation is primarily driven through tighter capitalisation rates applied to the independent valuations of the Fund's assets. The result reflects the strength of the Fund's tenancy profile.

Consistent with valuations completed at 30 June 2020, independent valuers of the Fund's properties have included a statement within their valuation reports noting that in their view, significant valuation uncertainty exists in the current market environment. The significant uncertainty declaration serves as a precaution and does not invalidate the valuation. The Fund will manage this increased uncertainty through active asset management of the investment portfolio, including ongoing detailed engagement with tenants across the portfolio in respect of their business operations and future leasing transactions.

The resilience of the Fund's property portfolio in the current uncertain environment is reflective of its tenant quality, its WALE of 4.0 years, weighted average capitalisation rate of 6.72%, and the properties' locations in established commercial precincts (without exposure to the currently challenged Sydney and Melbourne CBD markets).

The following table shows the Group's investment portfolio as at balance date:

| Property                           | Location           | Carrying Value<br>\$'m |
|------------------------------------|--------------------|------------------------|
| WorkZone West                      | Perth, WA          | 137.0                  |
| Garema Court                       | Canberra, ACT      | 71.5                   |
| 200 Adelaide St                    | Brisbane, QLD      | 44.2                   |
| Campus DXC                         | Felixstow, SA      | 37.5                   |
| Limestone Centre                   | Ipswich, QLD       | 36.3                   |
| NEXUS Centre                       | Mount Gravatt, QLD | 32.1                   |
| 34 Corporate Drive                 | Cannon Hill, QLD   | 20.0                   |
| <b>Total Investment properties</b> |                    | <b>378.6</b>           |

#### FINANCIAL RESULTS

The Fund recorded a statutory profit of \$15.67 million for the half year ended 31 December 2020.

Funds from Operations (FFO) were \$12.95 million or 6.34 cents per stapled security. FFO is the Directors' measure of the periodic amount available for distributions, and has been determined in accordance with the Property Council Guidelines.

A summary of the Fund's results is set out below:

|                                                                | Consolidated Group<br>31 December<br>2020 | ECPF II<br>31 December<br>2020 |
|----------------------------------------------------------------|-------------------------------------------|--------------------------------|
| <b>Key financial results</b>                                   |                                           |                                |
| Net profit (\$'000)                                            | 15,665                                    | 1,012                          |
| Funds from Operations (FFO) (\$'000)                           | 12,953                                    | 1,321                          |
| Distributions payable to securityholders (\$'000) <sup>1</sup> | 5,205                                     | 511                            |
| FFO per stapled security (cents)                               | 6.34                                      | 0.65                           |
| FFO per weighted average stapled security (cents)              | 6.34                                      | 0.65                           |
| Distributions (cents per stapled security)                     | 5.07                                      | 0.52                           |
| Net tangible assets (\$ per stapled security)                  | 1.18                                      | 0.13                           |
| Gearing (net debt / total assets less cash) (%)                | 34.82%                                    | 31.74%                         |

Note 1: The distribution for the quarter ended 31 December 2020 was not declared prior to 31 December 2020. The distribution was declared on 19 February 2021.

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

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

The table below provides a reconciliation from statutory net profit/(loss) to Funds from Operations:

|                                                                            | Consolidated Group<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 |
|----------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------|
| <b>Funds from Operations (FFO)</b>                                         |                                                     |                                          |
| <b>Statutory net (loss)/profit for the 6 months ended 31 December 2020</b> | <b>15,665</b>                                       | <b>1,012</b>                             |
| <i>Adjustments for items included in statutory profit / (loss):</i>        |                                                     |                                          |
| Transaction and establishment costs <sup>2</sup>                           | 25                                                  | -                                        |
| Fair value adjustments on investment property                              | (2,515)                                             | 1                                        |
| Straight lining of rental income <sup>3</sup>                              | (942)                                               | 52                                       |
| Amortisation expense <sup>4</sup>                                          | 720                                                 | 256                                      |
| <b>Funds from Operations (FFO)<sup>1</sup></b>                             | <b>12,953</b>                                       | <b>1,321</b>                             |

Note 1: Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and represents the Directors' view of underlying earnings from ongoing operating activities, being statutory profit / (loss) (under IFRS), adjusted for non cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/losses on sale of investment properties, straight-line rental adjustments, and other unrealised one-off items.

Note 2: Transaction and establishment costs incurred by the Group through profit and loss relate to the establishment and listing of the Group in December 2019.

Note 3: Straight lining of rental income is a non-cash accounting adjustment recognised in rental income in the Statement of Profit or Loss.

Note 4: Amortisation expense includes the amortisation of capitalised leasing costs and rental abatements, and debt establishment costs recognised in the Statement of Profit or Loss.

### SUMMARY AND OUTLOOK

The Fund's core strategy will remain focused on actively managing and growing earnings from its investment portfolio, realising value-add opportunities across the portfolio, and acquiring additional high investment quality commercial office properties.

The Fund is committed to growing the value of its investment portfolio and continues to evaluate high quality commercial office properties to enhance risk-adjusted returns and improve the diversification, WALE and overall quality of the Fund's portfolio.

Throughout the COVID-19 pandemic the Fund's assets have continued to prove their resilience with limited financial impact on the Fund to date. Risks to the Fund include potential earnings variability associated with uncertain economic and market conditions related to the COVID-19 pandemic. However, investment demand for quality assets has remained positive. Other risks include potential related movements in property valuations and possible weather-related events.

These risks to the Fund are mitigated through the active management of the Fund's portfolio. Regular engagement with tenants across the portfolio and ongoing assessments of tenant rental risks, including relevant scenario analysis, are key contributors to the strong performance of the Fund. Further risk mitigants include the broadening of the Fund's tenant mix, ensuring appropriate insurance arrangements are in place and actively managing the Fund's cash position and capital structure.

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

### 5. Value of assets

|                       | Consolidated Group<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 |
|-----------------------|-----------------------------------------------------|------------------------------------------|
| Value of total assets | 389,280                                             | 40,688                                   |
| Value of net assets   | 241,853                                             | 26,384                                   |

### 6. Interests in the Group

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

|                                                             | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 |
|-------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| Stapled securities on issue at the beginning of the period  | 204,400                                                | 204,400                                            |
| Movement in stapled securities during the period            | -                                                      | -                                                  |
| <b>Stapled securities on issue at the end of the period</b> | <b>204,400</b>                                         | <b>204,400</b>                                     |

### 7. 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.

### 8. Events occurring after reporting date

On 19 February 2021, a distribution of 2.55 cents per stapled security has been declared by the Board of Directors.

Other than the above, the Directors are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Fund, the result of those operations, or the state of the Fund's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

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

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

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity.

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, 19 February 2021



## *Auditor's Independence Declaration*

As lead auditor for the review of Elanor Commercial Property Fund I and Elanor Commercial Property Fund II for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elanor Commercial Property Fund I and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Buckman'.

Bianca Buckman  
Partner

Sydney  
19 February 2021

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# ELANOR COMMERCIAL PROPERTY FUND

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

|                                                                 |      | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>31 December<br>2019<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2019<br>\$'000 |
|-----------------------------------------------------------------|------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------------|------------------------------------------|
|                                                                 | Note |                                                        |                                                        |                                          |                                          |
| <b>Income</b>                                                   |      |                                                        |                                                        |                                          |                                          |
| Rental income                                                   | 2    | 17,678                                                 | 13,113                                                 | 1,579                                    | 1,569                                    |
| Other income                                                    |      | 298                                                    | 330                                                    | -                                        | 45                                       |
| Outgoings reimbursements                                        |      | 1,999                                                  | 1,839                                                  | 129                                      | 142                                      |
| Interest income                                                 |      | -                                                      | 313                                                    | -                                        | 1                                        |
| Net fair value movement of investment properties                |      | 2,515                                                  | (2,006)                                                | (1)                                      | (382)                                    |
| <b>Total income</b>                                             |      | <b>22,490</b>                                          | <b>13,589</b>                                          | <b>1,707</b>                             | <b>1,375</b>                             |
| <b>Expenses</b>                                                 |      |                                                        |                                                        |                                          |                                          |
| Rates, taxes and other outgoings                                |      | 3,509                                                  | 2,737                                                  | 348                                      | 377                                      |
| Borrowing costs                                                 | 5    | 1,567                                                  | 6,075                                                  | 157                                      | 321                                      |
| Other expenses                                                  |      | 469                                                    | 350                                                    | 70                                       | 29                                       |
| Investment management fees                                      |      | 1,255                                                  | 1,365                                                  | 120                                      | 210                                      |
| Transaction and establishment costs                             |      | 25                                                     | 4,000                                                  | -                                        | 424                                      |
| <b>Total expenses</b>                                           |      | <b>6,825</b>                                           | <b>14,527</b>                                          | <b>695</b>                               | <b>1,361</b>                             |
| <b>Net (loss)/profit for the period</b>                         |      | <b>15,665</b>                                          | <b>(938)</b>                                           | <b>1,012</b>                             | <b>14</b>                                |
| <b>Attributable to securityholders of:</b>                      |      |                                                        |                                                        |                                          |                                          |
| - Elanor Commercial Property Fund I                             |      | 14,653                                                 | (2,302)                                                | -                                        | -                                        |
| - Elanor Commercial Property Fund II (Non-controlling interest) |      | 1,012                                                  | 14                                                     | 1,012                                    | 14                                       |
| <b>Net (loss)/profit attributable to ECPF securityholders</b>   |      | <b>15,665</b>                                          | <b>(2,288)</b>                                         | <b>1,012</b>                             | <b>14</b>                                |
| <b>Attributable to securityholders of:</b>                      |      |                                                        |                                                        |                                          |                                          |
| - External Non-controlling interest (WorkZone West Syndicate)   |      | -                                                      | 1,350                                                  | -                                        | -                                        |
| <b>Net (loss)/profit for the period</b>                         |      | <b>15,665</b>                                          | <b>(938)</b>                                           | <b>1,012</b>                             | <b>14</b>                                |
| Basic (loss)/earnings per stapled security (cents)              |      | 0.08                                                   | (0.01)                                                 | 0.00                                     | 0.00                                     |
| Diluted (loss)/earnings per stapled security (cents)            |      | 0.08                                                   | (0.01)                                                 | 0.00                                     | 0.00                                     |

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|                                                                                       | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>31 December<br>2019<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2019<br>\$'000 |
|---------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Net (loss)/profit for the period</b>                                               | <b>15,665</b>                                          | <b>(938)</b>                                           | <b>1,012</b>                             | <b>14</b>                                |
| Other comprehensive income                                                            |                                                        |                                                        |                                          |                                          |
| <i>Items that may be reclassified to profit and loss</i>                              |                                                        |                                                        |                                          |                                          |
| Gain/(Loss) on revaluation of cash flow hedge                                         | (224)                                                  | 3,932                                                  | (22)                                     | 427                                      |
| Other comprehensive income/(loss) for the period                                      | (224)                                                  | 3,932                                                  | (22)                                     | 427                                      |
| <b>Total comprehensive income/(loss) for the period</b>                               | <b>15,441</b>                                          | <b>2,994</b>                                           | <b>990</b>                               | <b>441</b>                               |
| <b>Attributable to securityholders of:</b>                                            |                                                        |                                                        |                                          |                                          |
| - Elanor Commercial Property Fund I                                                   | 14,451                                                 | (195)                                                  | -                                        | -                                        |
| - Elanor Commercial Property Fund II (Non-controlling interest)                       | 990                                                    | 441                                                    | 990                                      | 441                                      |
| <b>Total comprehensive income for the period attributable to ECPF securityholders</b> | <b>15,441</b>                                          | <b>246</b>                                             | <b>990</b>                               | <b>441</b>                               |
| <b>Attributable to securityholders of:</b>                                            |                                                        |                                                        |                                          |                                          |
| - External Non-controlling interest (WorkZone West Syndicate)                         | -                                                      | 2,748                                                  | -                                        | -                                        |
| <b>Total comprehensive income/(loss) for the period</b>                               | <b>15,441</b>                                          | <b>2,994</b>                                           | <b>990</b>                               | <b>441</b>                               |

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|                                               |      | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>30 June<br>2020<br>\$'000 |
|-----------------------------------------------|------|--------------------------------------------------------|----------------------------------------------------|------------------------------------------|--------------------------------------|
|                                               | Note |                                                        |                                                    |                                          |                                      |
| <b>Assets</b>                                 |      |                                                        |                                                    |                                          |                                      |
| <b>Current assets</b>                         |      |                                                        |                                                    |                                          |                                      |
| Cash and cash equivalents                     |      | 8,933                                                  | 6,813                                              | 732                                      | 1,018                                |
| Receivables                                   |      | 404                                                    | 970                                                | 49                                       | 70                                   |
| Prepayments                                   |      | 919                                                    | 312                                                | 29                                       | 11                                   |
| Other current assets                          |      | 424                                                    | 425                                                | -                                        | -                                    |
| <b>Total current assets</b>                   |      | <b>10,680</b>                                          | <b>8,520</b>                                       | <b>810</b>                               | <b>1,099</b>                         |
| <b>Non-current assets</b>                     |      |                                                        |                                                    |                                          |                                      |
| Investment property                           | 4    | 378,600                                                | 373,500                                            | 36,300                                   | 36,300                               |
| Interest bearing cross staple loan receivable |      | -                                                      | -                                                  | 3,578                                    | 3,197                                |
| <b>Total non-current assets</b>               |      | <b>378,600</b>                                         | <b>373,500</b>                                     | <b>39,878</b>                            | <b>39,497</b>                        |
| <b>Total assets</b>                           |      | <b>389,280</b>                                         | <b>382,020</b>                                     | <b>40,688</b>                            | <b>40,596</b>                        |
| <b>Liabilities</b>                            |      |                                                        |                                                    |                                          |                                      |
| <b>Current liabilities</b>                    |      |                                                        |                                                    |                                          |                                      |
| Payables                                      |      | 3,049                                                  | 3,201                                              | 286                                      | 333                                  |
| Rent received in advance                      |      | 791                                                    | 837                                                | 391                                      | 284                                  |
| Derivative financial instruments              |      | 766                                                    | 593                                                | 66                                       | 57                                   |
| <b>Total current liabilities</b>              |      | <b>4,606</b>                                           | <b>4,631</b>                                       | <b>743</b>                               | <b>674</b>                           |
| <b>Non-current liabilities</b>                |      |                                                        |                                                    |                                          |                                      |
| Interest bearing liabilities                  | 5    | 141,373                                                | 139,572                                            | 13,414                                   | 13,415                               |
| Derivative financial instruments              |      | 1,448                                                  | 1,397                                              | 147                                      | 134                                  |
| <b>Total non-current liabilities</b>          |      | <b>142,821</b>                                         | <b>140,969</b>                                     | <b>13,561</b>                            | <b>13,549</b>                        |
| <b>Total liabilities</b>                      |      | <b>147,427</b>                                         | <b>145,600</b>                                     | <b>14,304</b>                            | <b>14,223</b>                        |
| <b>Net assets</b>                             |      | <b>241,853</b>                                         | <b>236,420</b>                                     | <b>26,384</b>                            | <b>26,373</b>                        |

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|                                                              | Consolidated<br>Group<br>31 December<br>2020<br>Note | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>30 June<br>2020<br>\$'000 |
|--------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>Equity</b>                                                |                                                      |                                                    |                                          |                                      |
| <i>Equity Holders of Parent Entity</i>                       |                                                      |                                                    |                                          |                                      |
| Contributed equity                                           | 224,996                                              | 224,996                                            | 25,978                                   | 25,978                               |
| Reserves                                                     | (2,253)                                              | (2,051)                                            | 39                                       | 61                                   |
| (Accumulated losses)/retained profits                        | (7,274)                                              | (12,898)                                           | 367                                      | 334                                  |
| <b>Parent entity interest</b>                                | <b>215,469</b>                                       | <b>210,047</b>                                     | <b>26,384</b>                            | <b>26,373</b>                        |
| <i>Equity Holders of Non-Controlling Interest</i>            |                                                      |                                                    |                                          |                                      |
| Contributed equity                                           | 25,978                                               | 25,978                                             | -                                        | -                                    |
| Reserves                                                     | 39                                                   | 61                                                 | -                                        | -                                    |
| Retained profits                                             | 367                                                  | 334                                                | -                                        | -                                    |
| <b>Non-controlling interest</b>                              | <b>26,384</b>                                        | <b>26,373</b>                                      | <b>-</b>                                 | <b>-</b>                             |
| <b>Total equity attributable to stapled securityholders:</b> |                                                      |                                                    |                                          |                                      |
| - Elanor Commercial Property Fund I                          | 215,469                                              | 210,047                                            | -                                        | -                                    |
| - Elanor Commercial Property Fund II                         | 26,384                                               | 26,373                                             | 26,384                                   | 26,373                               |
| <b>Total equity attributable to stapled securityholders:</b> | <b>241,853</b>                                       | <b>236,420</b>                                     | <b>26,384</b>                            | <b>26,373</b>                        |

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|                                                                                |      | Contributed<br>Equity | Cash Flow<br>Hedge<br>Reserves | Accumulated<br>profit/(losses) | Parent Entity<br>Total Equity | Non-<br>Controlling<br>Interests | Total ECPF<br>Equity | External Non-<br>Controlling<br>Interests | Total Equity   |
|--------------------------------------------------------------------------------|------|-----------------------|--------------------------------|--------------------------------|-------------------------------|----------------------------------|----------------------|-------------------------------------------|----------------|
|                                                                                | Note | \$'000                | \$'000                         | \$'000                         | \$'000                        | \$'000                           | \$'000               | \$'000                                    | \$'000         |
| <b>Consolidated Group</b>                                                      |      |                       |                                |                                |                               |                                  |                      |                                           |                |
| <b>Balance as at 1 July 2020</b>                                               |      | <b>224,996</b>        | <b>(2,051)</b>                 | <b>(12,898)</b>                | <b>210,047</b>                | <b>26,373</b>                    | <b>236,420</b>       | -                                         | <b>236,420</b> |
| Net (loss)/profit for the period                                               |      | -                     | -                              | 14,653                         | 14,653                        | 1,012                            | 15,665               | -                                         | 15,665         |
| Other comprehensive income for the period                                      |      | -                     | (202)                          | -                              | (202)                         | (22)                             | (224)                | -                                         | (224)          |
| <b>Total comprehensive income for the period</b>                               |      | <b>-</b>              | <b>(202)</b>                   | <b>14,653</b>                  | <b>14,451</b>                 | <b>990</b>                       | <b>15,441</b>        | -                                         | <b>15,441</b>  |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |      |                       |                                |                                |                               |                                  |                      |                                           |                |
| Distributions paid or payable                                                  | 3    | -                     | -                              | (9,029)                        | (9,029)                       | (979)                            | (10,008)             | -                                         | (10,008)       |
| <b>Total equity as at 31 December 2020</b>                                     |      | <b>224,996</b>        | <b>(2,253)</b>                 | <b>(7,274)</b>                 | <b>215,469</b>                | <b>26,384</b>                    | <b>241,853</b>       | -                                         | <b>241,853</b> |
| <b>Balance as at 1 July 2019</b>                                               |      |                       |                                |                                |                               |                                  |                      |                                           |                |
| <b>Balance as at 1 July 2019</b>                                               |      | <b>87,490</b>         | <b>(1,736)</b>                 | <b>156</b>                     | <b>85,910</b>                 | <b>10,436</b>                    | <b>96,346</b>        | <b>31,352</b>                             | <b>127,698</b> |
| Net (loss)/profit for the period                                               |      | -                     | -                              | (2,302)                        | (2,302)                       | 14                               | (2,288)              | 1,350                                     | (938)          |
| Other comprehensive income for the period                                      |      | -                     | 2,107                          | -                              | 2,107                         | 427                              | 2,534                | 1,398                                     | 3,932          |
| <b>Total comprehensive income for the period</b>                               |      | <b>-</b>              | <b>2,107</b>                   | <b>(2,302)</b>                 | <b>(195)</b>                  | <b>441</b>                       | <b>246</b>           | <b>2,748</b>                              | <b>2,994</b>   |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |      |                       |                                |                                |                               |                                  |                      |                                           |                |
| Contributions of equity, net of issue costs                                    |      | 151,686               | -                              | -                              | 151,686                       | 17,932                           | 169,618              | -                                         | 169,618        |
| Redemptions of equity                                                          |      | (14,697)              | -                              | -                              | (14,697)                      | (1,696)                          | (16,393)             | (32,670)                                  | (49,063)       |
| Distributions paid or payable                                                  | 3    | -                     | -                              | (3,391)                        | (3,391)                       | (745)                            | (4,136)              | (1,430)                                   | (5,566)        |
| <b>Total equity as at 31 December 2019</b>                                     |      | <b>224,479</b>        | <b>371</b>                     | <b>(5,537)</b>                 | <b>219,313</b>                | <b>26,368</b>                    | <b>245,681</b>       | -                                         | <b>245,681</b> |

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

|                                                                                |      | Contributed<br>Equity | Cash Flow<br>Hedge<br>Reserves | Accumulated<br>profit/(losses) | Total Equity  |
|--------------------------------------------------------------------------------|------|-----------------------|--------------------------------|--------------------------------|---------------|
| Elanor Commercial Property Fund II                                             | Note | \$'000                | \$'000                         | \$'000                         | \$'000        |
| <b>Balance as at 1 July 2020</b>                                               |      | <b>25,978</b>         | <b>61</b>                      | <b>334</b>                     | <b>26,373</b> |
| Net profit for the period                                                      |      | -                     | -                              | 1,012                          | 1,012         |
| Other comprehensive income for the period                                      |      | -                     | (22)                           | -                              | (22)          |
| <b>Total comprehensive income for the period</b>                               |      | <b>-</b>              | <b>(22)</b>                    | <b>1,012</b>                   | <b>990</b>    |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |      |                       |                                |                                |               |
| Distributions paid or payable                                                  | 3    | -                     | -                              | (979)                          | (979)         |
| <b>Total equity as at 31 December 2020</b>                                     |      | <b>25,978</b>         | <b>39</b>                      | <b>367</b>                     | <b>26,384</b> |
| <b>Balance as at 1 July 2019</b>                                               |      | <b>9,657</b>          | <b>(427)</b>                   | <b>1,206</b>                   | <b>10,436</b> |
| Net profit for the period                                                      |      | -                     | -                              | 14                             | 14            |
| Other comprehensive income for the period                                      |      | -                     | 427                            | -                              | 427           |
| <b>Total comprehensive income for the period</b>                               |      | <b>-</b>              | <b>427</b>                     | <b>14</b>                      | <b>441</b>    |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |      |                       |                                |                                |               |
| Contributions of equity, net of issue costs                                    |      | 17,932                | -                              | -                              | 17,932        |
| Redemptions of equity                                                          |      | (1,696)               | -                              | -                              | (1,696)       |
| Distributions paid or payable                                                  |      | -                     | -                              | (745)                          | (745)         |
| <b>Total equity as at 31 December 2019</b>                                     |      | <b>25,893</b>         | <b>-</b>                       | <b>475</b>                     | <b>26,368</b> |

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

# ELANOR COMMERCIAL PROPERTY FUND

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

|                                                                | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>31 December<br>2019<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2019<br>\$'000 |
|----------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Cash flows from operating activities</b>                    |                                                        |                                                        |                                          |                                          |
| Rental and other property income received                      | 20,395                                                 | 14,395                                                 | 2,088                                    | 2,099                                    |
| Interest income received                                       | -                                                      | 313                                                    | -                                        | 1                                        |
| Finance costs paid                                             | (1,555)                                                | (2,448)                                                | (149)                                    | (288)                                    |
| Payments to suppliers and the Responsible Entity               | (7,845)                                                | (3,167)                                                | (794)                                    | (92)                                     |
| <b>Net cash flows from in operating activities</b>             | <b>10,995</b>                                          | <b>9,093</b>                                           | <b>1,145</b>                             | <b>1,720</b>                             |
| <b>Cash flows from investing activities</b>                    |                                                        |                                                        |                                          |                                          |
| Net payments for additions to investment properties            | (630)                                                  | (47,705)                                               | (62)                                     | (295)                                    |
| Payments for transaction costs                                 | (25)                                                   | (4,000)                                                | -                                        | (424)                                    |
| <b>Net cash flows used in investing activities</b>             | <b>(655)</b>                                           | <b>(51,705)</b>                                        | <b>(62)</b>                              | <b>(719)</b>                             |
| <b>Cash flows from financing activities</b>                    |                                                        |                                                        |                                          |                                          |
| Proceeds from interest bearing liabilities                     | 1,788                                                  | -                                                      | -                                        | -                                        |
| Repayments of interest bearing liabilities and borrowing costs | -                                                      | (64,980)                                               | (9)                                      | (19,800)                                 |
| Proceeds from issue of shares                                  | -                                                      | 173,629                                                | -                                        | 18,328                                   |
| Transaction costs related to issue of shares                   | -                                                      | (4,011)                                                | -                                        | (397)                                    |
| Redemption of equity                                           | -                                                      | (49,063)                                               | -                                        | (1,696)                                  |
| Distributions paid                                             | (10,008)                                               | (8,815)                                                | (979)                                    | (1,180)                                  |
| Swap break costs                                               | -                                                      | (3,443)                                                | -                                        | -                                        |
| Proceeds from intertrust entities                              | -                                                      | -                                                      | (381)                                    | 3,948                                    |
| <b>Net cash flows from financing activities</b>                | <b>(8,220)</b>                                         | <b>43,317</b>                                          | <b>(1,369)</b>                           | <b>(797)</b>                             |
| Net increase in cash and cash equivalents                      | 2,120                                                  | 705                                                    | (286)                                    | 204                                      |
| Cash and cash equivalents at the beginning of the period       | 6,813                                                  | 6,830                                                  | 1,018                                    | 678                                      |
| <b>Cash at the end of the period</b>                           | <b>8,933</b>                                           | <b>7,535</b>                                           | <b>732</b>                               | <b>882</b>                               |

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

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### Notes to the Consolidated Financial Statements

#### About this Report

Elanor Commercial Property Fund (the Fund, Group or Consolidated Group) is a 'stapled' entity comprising Elanor Commercial Property Fund I (ECPF I) and its controlled entities, including Elanor Commercial Property Fund II (ECPF II). The units in ECPF I are stapled to units in ECPF II. The stapled securities cannot be traded or dealt with separately.

For the purposes of the consolidated financial report, ECPF I has been deemed the parent entity of ECPF II in the stapled structure. The Directors applied judgement in the determination of the parent entity of the Fund and considered various factors including asset size and capital structure. The financial report of the Fund comprises the consolidated financial report of Elanor Commercial Property Fund I and its controlled entities, and Elanor Commercial Property Fund II. As permitted by ASIC Instrument 2015/838 (Stapled Group Reports), this report is a combined report that presents the consolidated financial statements and accompanying notes of both the Fund and ECPF II.

The interim financial report is a general purpose report 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 interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Fund during the half year ended 31 December 2020 in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, and the adoption of new and amended standards as set out below

#### (a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### Basis of consolidation

The consolidated financial report of the Fund incorporates the assets and liabilities of ECPF I (the Parent) and all of its subsidiaries, including ECPF II as at 31 December 2020. ECPF I is the parent entity in relation to the stapling.

For the purpose of preparing the financial statements, the Fund is a for-profit entity. The financial report is presented in Australian Dollars.

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

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

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

The notes to the consolidated financial statements have been organised into the following four sections:

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# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## Results

This section focuses on the operating results and financial performance of the Fund. It includes disclosures of revenue and distributions.

## 1. Segment information

### OVERVIEW

The Fund only operates in one business segment, being the investment in commercial properties in Australia.

## 2. Revenue

### OVERVIEW

The Fund's main source of revenue is rental income from its investment in commercial properties.

#### (a) Rental income

|                                                | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>31 December<br>2019<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>31 December<br>2019<br>\$'000 |
|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|------------------------------------------|------------------------------------------|
| WorkZone West                                  | 6,739                                                  | 6,729                                                  | -                                        | -                                        |
| Garema Court                                   | 3,447                                                  | -                                                      | -                                        | -                                        |
| 200 Adelaide St                                | 1,710                                                  | 164                                                    | -                                        | -                                        |
| Campus DXC                                     | 1,559                                                  | 1,552                                                  | -                                        | -                                        |
| Limestone Centre                               | 1,579                                                  | 1,569                                                  | 1,579                                    | 1,569                                    |
| NEXUS Centre                                   | 1,717                                                  | 2,028                                                  | -                                        | -                                        |
| 34 Corporate Drive                             | 927                                                    | 1,071                                                  | -                                        | -                                        |
| <b>Total revenue from operating activities</b> | <b>17,678</b>                                          | <b>13,113</b>                                          | <b>1,579</b>                             | <b>1,569</b>                             |

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

### 3. Distributions

#### OVERVIEW

In accordance with the Fund's Constitutions, the Fund determines distributions based on a number of factors, including forecast earnings and expected economic conditions. The following distributions were declared by the Consolidated Group in respect of the period ended 31 December 2020:

|                                                          | Note | Distribution<br>cents per<br>stapled security | Total<br>amount<br>\$'000 |
|----------------------------------------------------------|------|-----------------------------------------------|---------------------------|
| Distribution for the period 1 July - 30 September 2020   |      | 2.52                                          | 5,156                     |
| Distribution for the period 1 October - 31 December 2020 | (i)  | 2.55                                          | 5,205                     |
| <b>Total</b>                                             |      | <b>5.07</b>                                   | <b>10,361</b>             |

(i) The distribution of 2.55 cents per stapled security for the quarter ended 31 December 2020 was not declared prior to 31 December 2020. The distribution was declared on 19 February 2021. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

|                                                       | Note | Distribution<br>cents per<br>stapled security | Total<br>amount<br>\$'000 |
|-------------------------------------------------------|------|-----------------------------------------------|---------------------------|
| Distribution for the period 1 July - 5 September 2019 | (i)  | 4.22                                          | 4,136                     |
| <b>Total</b>                                          |      | <b>4.22</b>                                   | <b>4,136</b>              |

(i) The distribution for the 1 July – 5 December 2019 period was paid on 5 December 2019. The period post IPO (6 December – 31 December 2019) was distributed as part of the March 2020 quarterly distribution.

#### ECPF II

The following distributions were declared and paid by the ECPF II in respect of the period ended 31 December 2020:

|                                                          | Note | Distribution<br>cents per<br>stapled security | Total<br>amount<br>\$'000 |
|----------------------------------------------------------|------|-----------------------------------------------|---------------------------|
| Distribution for the period 1 July - 30 September 2020   |      | 0.27                                          | 545                       |
| Distribution for the period 1 October - 31 December 2020 | (i)  | 0.25                                          | 511                       |
| <b>Total</b>                                             |      | <b>0.52</b>                                   | <b>1,056</b>              |

(i) The distribution of 0.25 cents per stapled security for the quarter ended 31 December 2020 was not declared prior to 31 December 2020. The distribution was declared on 19 February 2021. Please refer to the Director's Report for the calculation of Core Earnings and the Distribution.

|                                                       | Note | Distribution<br>cents per<br>stapled security | Total<br>amount<br>\$'000 |
|-------------------------------------------------------|------|-----------------------------------------------|---------------------------|
| Distribution for the period 1 July - 5 September 2019 | (i)  | 0.76                                          | 745                       |
| <b>Total</b>                                          |      | <b>0.76</b>                                   | <b>745</b>                |

(i) The distribution for the 1 July – 5 December 2019 period was paid on 5 December 2019. The period post IPO (6 December – 31 December 2019) was distributed as part of the March 2020 quarterly distribution.

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## Operating Assets

This section includes information about the assets used by the Fund to generate profits and revenue, specifically information relating to its investment properties.

## 4. Investment properties

### OVERVIEW

Investment Properties are held solely for the purpose of earning rental income and/or for capital appreciation. At balance date, the Fund's investment property portfolio comprised seven commercial properties in Australia. Both independent and internal valuations were performed as at 31 December 2020.

The Fund obtained both independent valuations and internal valuations at balance sheet date. Internal valuations were prepared on both discounted cash flow and income capitalisation valuation methodologies. The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams.

Refer to the 30 June 2020 Annual Financial Report for detailed accounting policies and the valuation techniques applied.

### (a) Carrying values of investment properties

|                                                       |             | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>30 June<br>2020<br>\$'000 |
|-------------------------------------------------------|-------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------------|--------------------------------------|
|                                                       | Valuation   |                                                        |                                                    |                                          |                                      |
| WorkZone West                                         | Independent | 137,000                                                | 133,300                                            | -                                        | -                                    |
| Garema Court                                          | Independent | 71,500                                                 | 71,500                                             | -                                        | -                                    |
| 200 Adelaide St                                       | Internal    | 44,200                                                 | 43,400                                             | -                                        | -                                    |
| Campus DXC                                            | Independent | 37,500                                                 | 35,900                                             | -                                        | -                                    |
| Limestone Centre                                      | Independent | 36,300                                                 | 36,300                                             | 36,300                                   | 36,300                               |
| NEXUS Centre                                          | Internal    | 32,100                                                 | 32,100                                             | -                                        | -                                    |
| 34 Corporate Drive                                    | Internal    | 20,000                                                 | 21,000                                             | -                                        | -                                    |
| <b>Total Investment properties held at fair value</b> |             | <b>378,600</b>                                         | <b>373,500</b>                                     | <b>36,300</b>                            | <b>36,300</b>                        |

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

### (b) Movement in investment properties

|                                                   | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>30 June<br>2020<br>\$'000 |
|---------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>Opening Balance</b>                            | <b>373,500</b>                                         | <b>258,951</b>                                     | <b>36,300</b>                            | <b>36,496</b>                        |
| Acquisitions                                      | -                                                      | 122,457                                            | -                                        | -                                    |
| Capital expenditure                               | 630                                                    | 3,087                                              | 62                                       | 417                                  |
| Straightlining of rental income                   | 796                                                    | 1,842                                              | (52)                                     | (133)                                |
| Movement in lease incentives and rental guarantee | 1,159                                                  | 861                                                | (9)                                      | 45                                   |
| Net fair value adjustments                        | 2,515                                                  | (13,698)                                           | (1)                                      | (525)                                |
| <b>Total investment properties</b>                | <b>378,600</b>                                         | <b>373,500</b>                                     | <b>36,300</b>                            | <b>36,300</b>                        |

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**4. Investment properties (continued)**

(c) Fair value measurement

*Highest and best use*

For all investment properties, the current use equates to the highest and best use.

*Fair value hierarchy and valuation techniques*

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the key inputs to the valuation techniques. Key valuation assumptions including capitalisation rates, terminal yields and discount rates were determined based on comparable market evidence and valuation parameters determined in external valuations completed for comparable properties.

Refer to the 30 June 2020 Annual Financial Report for detailed explanations of the significant unobservable inputs.

| Valuation Techniques                                                                                                                                                                                                                             | Significant unobservable inputs | Range         | Weighted average |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|------------------|
| <i>Discounted cash flows</i> – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. | Adopted discount rate           | 6.75% - 7.75% | 7.13%            |
|                                                                                                                                                                                                                                                  | Adopted terminal yield          | 6.75% - 7.75% | 7.03%            |
|                                                                                                                                                                                                                                                  | Net property income (per sqm)   | \$184 - \$795 | \$554            |
| <i>Capitalisation method</i> – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.                                      | Adopted capitalisation rate     | 6.50% - 7.25% | 6.72%            |

The COVID-19 pandemic continued to create uncertainty in the office real estate sector. Considering the continued uncertainty created by the pandemic, the Fund independently valued four assets representing 75% of the portfolio by value at 31 December 2020. The remaining three assets were valued internally. Across the independent and internal valuations, valuers adopted a range of adjustments to reflect the shorter-term impact of the pandemic. Property specific adjustments such as increases in vacancy periods, increases in operating costs, reductions in lease income to reflect the allowance for lease abatements under the Code of Conduct, reduction in renewal assumptions on expiry of existing leases and changes to growth rates were made. These assumptions were generally applied over a forward-looking period of between 6 months and 2 years by the external valuers.

All the external valuations obtained indicated that their valuation reports are subject to material uncertainty. The valuations have been certified as appropriate at the valuation date of 31 December 2020, however, due to current uncertainty in the market, valuations may change materially after the valuation date as new information comes to light.

All the relevant information available at 31 December 2020 has been incorporated in determining the fair value of the Group's investment properties, including relevant market information between 31 December 2020 and the date of approval of the Group's financial statements. No additional information after balance date had an impact on the fair value of the Group's investment properties reported at 31 December 2020.

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the investment property balance at 31 December to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable inputs such as discount and capitalisation rates, and terminal yields may be impacted by market movements after 31 December 2020. While it is unlikely that the significant assumptions would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual assumption has on fair value.

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**4. Investment properties (continued)**

Sensitivity Analysis

The key unobservable inputs to measure the fair value of investment properties are disclosed below.

|                         | Fair value measurement sensitivity |                   |                   |                   |
|-------------------------|------------------------------------|-------------------|-------------------|-------------------|
|                         | Increase by 0.25%                  | Decrease by 0.25% | Increase by 0.25% | Decrease by 0.25% |
|                         | \$'000                             | \$'000            | %                 | %                 |
| Discount rate (%)       | (6,704)                            | 6,210             | (1.8%)            | 1.6%              |
| Terminal yield (%)      | (8,049)                            | 7,965             | (2.1%)            | 2.1%              |
| Capitalisation rate (%) | (13,154)                           | 14,454            | (3.5%)            | 3.8%              |

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## Finance Structure

This section provides further information on the Fund's debt structure.

## 5. Interest bearing liabilities

### OVERVIEW

The Fund has access to a total of \$147.0 million of debt facilities. The total drawn amount at 31 December 2020 was \$141.8 million, with a weighted average debt facility maturity of 3.14 years and a weighted average interest rate of 2.08% p.a. At 31 December 2020, the interest rate risk of drawn facilities is hedged to 98.7%.

|                                                       | Consolidated<br>Group<br>31 December<br>2020<br>\$'000 | Consolidated<br>Group<br>30 June<br>2020<br>\$'000 | ECPF II<br>31 December<br>2020<br>\$'000 | ECPF II<br>30 June<br>2020<br>\$'000 |
|-------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>Non-current - secured</b>                          |                                                        |                                                    |                                          |                                      |
| Bank loan - term debt                                 | 141,788                                                | 140,000                                            | 13,456                                   | 13,456                               |
| Borrowing costs less amortisation                     | (415)                                                  | (428)                                              | (42)                                     | (41)                                 |
| <b>Total non-current interest bearing liabilities</b> | <b>141,373</b>                                         | <b>139,572</b>                                     | <b>13,414</b>                            | <b>13,415</b>                        |
| <b>Total interest bearing liabilities</b>             | <b>141,373</b>                                         | <b>139,572</b>                                     | <b>13,414</b>                            | <b>13,415</b>                        |

During the Half Year ended 31 December 2019, the total swap break costs incurred amounted to \$3.4 million as part of the Initial Public Offering (IPO) of the Fund on 6 December 2019. These costs were included in Transaction and establishment costs in the Consolidated Financial Statement for period ended 31 December 2019. These have been reclassified into Borrowing costs in the Consolidated Statement of Profit and Loss.

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## **Other Items**

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent liabilities and events after the end of the reporting period.

## **6. Related parties**

### **OVERVIEW**

Related parties are persons or entities that are related to the Fund as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the year.

#### **(a) Key management personnel**

##### *Responsible Entity*

Elanor Funds Management Limited is the Responsible Entity of the Fund, and is the key management personnel (KMP) of the Fund.

##### *Directors of the Responsible Entity*

The Directors of Elanor Funds Management Limited are:

Paul Bedbrook (Chair)  
Glenn Willis (Managing Director and Chief Executive Officer)  
Nigel Ampherlaw  
Lim Kin Song (resigned 25 January 2021)  
Anthony Fehon

##### *Key Management Personnel*

In addition to the directors, the following persons were Management Personnel of the Responsible Entity with the authority for the strategic direction of the Fund:

David Burgess – Fund Manager  
Symon Simmons – Chief Financial Officer  
Paul Siviour – Chief Operating Officer

##### *Remuneration of Management Personnel*

Compensation is paid to the Responsible Entity in the form of fees and is disclosed below. No other amounts are paid by the Fund directly or indirectly to the Management Personnel for services provided to the Fund.

The Directors of the Responsible Entity and other management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Consequently, no compensation as defined in AASB 124 Related Party Disclosures, is paid by the Fund to its Management Personnel, other than that paid to the Responsible Entity.

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

## 6. Related parties (continued)

### *Related party disclosure*

During the period, fees were incurred by the Fund to Elanor Investors Group and its controlled entities, in accordance with the Constitution of each Scheme, including management fees and cost recoveries.

|                                                                         | Consolidated<br>Group<br>31 December<br>2020 | Consolidated<br>Group<br>31 December<br>2019 | ECPF II<br>31 December<br>2020 | ECPF II<br>31 December<br>2019 |
|-------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------|--------------------------------|
| <b>Fees paid to Elanor Investors Group and its controlled entities:</b> |                                              |                                              |                                |                                |
| Management Fees                                                         | 1,255,160                                    | 1,364,546                                    | 120,198                        | 210,222                        |
| Other                                                                   | 302,466                                      | 207,137                                      | 43,209                         | 49,886                         |
| <b>Total</b>                                                            | <b>1,557,626</b>                             | <b>1,571,683</b>                             | <b>163,407</b>                 | <b>260,108</b>                 |

### *Related party holdings*

Key Management Personnel and other Management Personnel of the Responsible Entity and of its related entities may hold investments in the Fund. Such investments were purchased on normal commercial terms and were at arm's length. The number of securities held by Key Management Personnel and other Management Personnel are as follows:

|                                                             | 31 December<br>2020<br>No. of fully paid units | 31 December<br>2020<br>\$ |
|-------------------------------------------------------------|------------------------------------------------|---------------------------|
| Investment held by Elanor Investment Trust                  | 30,664,741                                     | 38,330,926                |
| Investment held by Directors and Other Management Personnel | 497,896                                        | 622,370                   |
| <b>Total</b>                                                | <b>31,162,637</b>                              | <b>38,953,296</b>         |

|                                                             | 30 June<br>2020<br>No. of fully paid units | 30 June<br>2020<br>\$ |
|-------------------------------------------------------------|--------------------------------------------|-----------------------|
| Investment held by Elanor Investment Trust                  | 30,664,741                                 | 38,330,926            |
| Investment held by Directors and Other Management Personnel | 360,784                                    | 450,980               |
| <b>Total</b>                                                | <b>31,025,525</b>                          | <b>38,781,906</b>     |

### *Cross-Staple Loan*

On 9 December 2019, as part of the internal funding structure on listing of the Fund, ECPF II entered into a 10 year interest-bearing loan with ECPF I at arm's length commercial terms. As at 31 December 2020, the outstanding loan balance payable to ECPF II was \$3.58 million.

## 7. Unrecognised items

### **OVERVIEW**

Items that have not been recognised on the Fund's balance sheet, including contractual commitments for future expenditure and contingent liabilities which are not sufficiently certain to qualify for recognition as a liability on the balance sheet, are defined as unrecognised items. This note provides details of any such items.

#### (a) Contingent liabilities

The Directors are not aware of any material contingent liabilities of the Fund as at 31 December 2020 (30 June 2020: nil).

#### (b) Commitments

The Fund has capital commitments of \$0.75 million as at 31 December 2020 (30 June 2020: nil) in respect of contracted capital expenditure including works at the NEXUS Centre to create an end-of-trip facility.

**ELANOR COMMERCIAL PROPERTY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. Subsequent events**

On 19 February 2021, a distribution of 2.55 cents per stapled security has been declared by the Board of Directors.

Other than the above, the Directors are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Fund, the result of those operations, or the state of the Fund's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

**9. Critical accounting estimates and judgements**

**OVERVIEW**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In preparing the consolidated financial statements for the half year ended 31 December 2020, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year.

**COVID-19 Pandemic**

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements. This uncertainty is associated with the extent and duration of the economic disruption to business arising from the response of government, businesses and consumers in response to the COVID-19 pandemic.

The impact of the COVID-19 pandemic has heightened uncertainty in applying accounting estimates and critical judgments for the period ended 31 December 2020. As a result, additional external expertise and information has been utilised in reviewing and assessing key areas of judgement, particularly in respect of the fair value measurement of investments and the impairment testing of assets.

In response to the recent market volatility, the appropriateness of the inputs to the valuation of the Fund's investment properties (including vacancy allowances, lease renewal probabilities, levels of leasing incentives and market rent growth assumptions), and the impact of any changes in these inputs have been considered in detail in both independent and internal property valuations (including relevant sensitivity analysis) with respect to the fair value hierarchies. The Fund's portfolio of investment properties has been appropriately valued at balance date. Refer to Note 4 for further information.

The recoverability of the Fund's rent receivables has been assessed in detail. This assessment has been completed by the Fund's asset management team in conjunction with the property manager for each asset through the review of expected or requested waivers and deferrals of rent, assessment of each tenants' financial situation and the outstanding debtor ageing balance. Regular tenant engagement continues, with information provided by tenants in response to requests for rental relief under the Code of Conduct (including financial information and JobKeeper eligibility information) utilised in recoverability assessments.

## **ELANOR COMMERCIAL PROPERTY FUND**

### **DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS**

In accordance with a resolution of the Directors of Elanor Funds Management Limited, the Responsible Entity for Elanor Commercial Property Fund, we declare that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 9 to 26 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 entity's financial position as at 31 December 2020 and of its performance for the half year ended 31 December 2020; and
- (b) there are reasonable grounds to believe that the Consolidated Group and the ECPF II 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 Board of Directors in accordance with Section 303(5) of the *Corporations Act 2001* (Cth).



Glenn Willis  
CEO and Managing Director

Sydney, 19 February 2021



## **Independent auditor's review report to the stapled security holders of Elanor Commercial Property Fund I and Elanor Commercial Property Fund II**

### ***Report on the half-year financial reports***

#### ***Conclusion***

We have reviewed the half-year financial report of:

- Elanor Commercial Property Fund I (the Registered Scheme) and the entities it controlled during the half-year (together the Consolidated Group), and
- Elanor Commercial Property Fund II (ECPF II)

which comprise the consolidated statements of financial position as at 31 December 2020, the consolidated statements of comprehensive income, consolidated statements of profit or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Consolidated Group and ECPF II does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the financial positions of the Consolidated Group and ECPF II as at 31 December 2020 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***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 Consolidated Group and ECPF II in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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.

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*Responsibility of the directors of the Responsible Entity for the half-year financial report*

The directors of the Responsible Entity of the Registered Scheme and ECPF II are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

*Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial positions of the Consolidated Group and ECPF II as at 31 December 2020 and of 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*.

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.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Buckman*

Bianca Buckman  
Partner

Sydney  
19 February 2021