

17 February 2020

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Attached is the Elanor Commercial Property Fund (ASX:ECF) Interim Financial Report for the half year ended 31 December 2019.

Yours sincerely,



Symon Simmons
Company Secretary
Elanor Funds Management Limited

Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Elanor Funds Management Limited

For further information regarding this announcement please contact:

Symon Simmons
Company Secretary
Elanor Funds Management Limited
Phone: (02) 9239 8400

Appendix 4D

Half year report for the period ended 31 December 2019

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 2019
Previous corresponding period	Six month period ended 31 December 2018

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 2019.

Results for announcement to the market

Financial Performance

A \$'000

Revenue from ordinary activities	Up 3.28% to	13,589
Profit/(loss) from ordinary activities attributable to securityholders	Down 123.87% to	(938)
Net profit/(loss) for the period attributable to securityholders	Down 123.87% to	(938)
Funds from Operations (FFO) ¹	N/A	1,460

Distribution

<i>Current Period</i>	<i>Amount per unit</i>	<i>Tax Deferred</i>
Interim Distribution ²	Nil	N/A
<i>Previous Corresponding Period:</i>		
Interim Distribution	Nil	N/A

Record date for determining entitlement to the Interim Distribution	N/A
Date the Interim Distribution is payable:	N/A
The components of the Interim Distribution comprise:	Trust Distribution: N/A

Net Tangible Assets

<i>Current Period</i>	<i>Current Period</i>
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 ASIC RG230.
- The distribution in respect of the post IPO period (6 December – 31 December 2019) will be distributed as part of the March 2020 quarterly distribution.

Control Gained over Entities during the Period

Name of entity (or group of entities) over which control was gained:	<ul style="list-style-type: none"> • Adelaide Street Property Trust • WorkZone West Syndicate • Garema Court Property Fund
Date control was gained	<ul style="list-style-type: none"> • Adelaide Street Property Trust – 15 July 2019 • WorkZone West Syndicate – 6 December 2019 • Garema Court Property Fund – 11 December 2019

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 2019.

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 2019

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)

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
Sydney NSW 2001
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 2019 (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), having issued a Product Disclosure Statement (PDS) on 6 November 2019 and listed on 6 December 2019 (IPO). 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
- William (Bill) Moss AO (resigned 17 September 2019)
- Lim Kin Song
- Anthony Fehon (appointed 20 August 2019)

2. Principal activities

The principal activities 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

A distribution was paid on 5 December 2019, for the period 1 July 2019 to 5 December 2019 in respect of the profits of the Fund prior to its listing on 6 December 2019. A provision for the Interim Distribution for the period from 6 December to 31 December 2019 has not been recognised in the financial statements for the period as the distribution had not been declared at reporting date. The next distribution for the Fund will be in respect of the period from 6 December 2019 to 31 March 2020.

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 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 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%.

INVESTMENT PORTFOLIO

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

Property	Location	Valuation \$'m
NEXUS Centre	Mount Gravatt, QLD	30.8
34 Corporate Drive	Cannon Hill, QLD	22.7
Campus DXC	Felixstow, SA	36.4
Limestone Centre	Ipswich, QLD	36.3
WorkZone West	Perth, WA	136.0
200 Adelaide St	Brisbane, QLD	43.4
Total Investment properties		305.6

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

4. Operating and financial review (continued)

FINANCIAL RESULTS

The Fund recorded a statutory loss of \$0.94 million for the half year ended 31 December 2019. The securities of the Fund were listed on the ASX on 6 December 2019. After transaction and establishment costs of \$7.44 million, the Group recorded a consolidated statutory loss of \$10.09 million for the period from 6 December 2019 to 31 December 2019.

Funds from Operations (FFO)¹ post IPO were \$1.46 million or 0.71 cents per stapled security. This financial result is consistent with the forecast for the period from listing to 31 December 2019 as reflected in the pro forma forecast from listing to 30 June 2020 set out in the PDS for the Group. FFO is the Directors' measure of the periodic amount available for distributions, and has been determined in accordance with ASIC Regulatory Guide 230.

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

	Consolidated Group 31 December 2019	ECPF II 31 December 2019
Key financial results		
Net (loss)/profit (\$'000) for the 6 months ending 31 December 2019	(938)	14
Key financial results post IPO (6 - 31 December 2019):		
Funds from Operations (FFO) (\$'000)	1,460	151
FFO per stapled security (cents)	0.71	0.07
FFO per weighted average stapled security (cents)	0.71	0.07
Net tangible assets (\$ per stapled security)	1.20	0.13
Gearing (net debt / total assets less cash) (%)	18.49%	0.00%

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

	Consolidated Group 31 December 2019 \$'000	ECPF II 31 December 2019 \$'000
Funds from Operations (FFO)		
Statutory net (loss)/profit for the 6 months ending 31 December 2019	(938)	14
Adjustment to remove pre IPO profit	(9,152)	(388)
Adjusted net loss post IPO (6 - 31 December 2019)	(10,090)	(374)
<i>Adjustments for items included in statutory profit / (loss):</i>		
Transaction and establishment costs ²	7,443	424
Fair value adjustments on investment property	4,105	65
Straight lining of rental income ³	(73)	3
Amortisation expense ⁴	75	33
Funds from Operations (FFO)¹	1,460	151

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 since listing on 6 December 2019, 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/loss on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits 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.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

SUMMARY AND OUTLOOK

During the half year ended 31 December 2019, the Fund has undertaken the following activities:

- On 6 December 2019, the Fund's securities were listed on the ASX. The Fund raised total equity of \$173.6 million, and used this funding to acquire the 200 Adelaide Street property and the remaining 48.5% interest in WorkZone West. As part of the listing, the Fund retired debt facilities of \$64.9 million.
- On 9 December 2019, the Fund acquired 200 Adelaide Street, Brisbane for \$44.2 million. 200 Adelaide Street is a high quality, heritage office building located in the Brisbane CBD with 5,957 sqm of net lettable area. The property benefits from recent capital works programs and is in a prime CBD location with direct access to Brisbane's Central Railway Station, and within a short walk to Brisbane's premier shopping strip – Queen St Mall.
- On 23 December 2019, the Fund announced the acquisition of Garema Court, 140-180 City Walk, Canberra, ACT for \$71.5 million. Garema Court is an A Grade office building with ground floor retail situated in a premium location in the Civic precinct of the Canberra CBD. The asset has a total net lettable area of 1,438 sqm and is located in a precinct benefiting from significant amenity and public transport, including the new light rail terminus. Settlement is expected to occur on 28 February 2020.
- The acquisition of Garema Court will be fully debt funded resulting in Fund gearing of approximately 36%. The opportunity to fund the acquisition with debt is strongly accretive to the Group's forecast FFO yield.

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

Risks to the Fund in the coming year primarily comprise potential earnings variability associated with general economic and market conditions, the availability of capital for acquisition opportunities, movement in property valuations and possible weather-related events. These risks are mitigated through actively managing the investment portfolio, continuing to broaden the Fund's tenant mix, insurance arrangements and active management of the Fund's capital structure.

5. Value of assets

	Consolidated Group 31 December 2019 \$'000	ECPF II 31 December 2019 \$'000
Value of total assets	315,698	37,362
Value of net assets	245,681	26,368

6. Auditor's independence declaration

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

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

7. Events occurring after reporting date

On 23 December 2019, the Fund announced the acquisition of Garema Court, 140-180 City Walk, Canberra, ACT for \$71.5 million. Settlement is expected to occur on 28 February 2020.

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.

8. 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, 14 February 2020

The Directors
Elanor Funds Management Limited
(as responsible entity for Elanor Commercial
Property Fund I and Elanor Commercial Property
Fund II)
Level 38, 259 George Street
Sydney NSW 2000

14 February 2020

Dear Directors,

**Auditor's Independence Declaration to
Elanor Commercial Property Fund I and Elanor Commercial Property Fund II**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Elanor Funds Management Limited in its capacity as responsible entity for Elanor Commercial Property Fund I and Elanor Commercial Property Fund II.

As lead audit partner for the review of the half year financial statements of Elanor Commercial Property Fund I and Elanor Commercial Property Fund II for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Delarey Nell
Partner
Chartered Accountants

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		Consolidated Group 31 December 2019 \$'000	Consolidated Group 31 December 2018 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 31 December 2018 \$'000
	Note				
Income					
Rental income	3	13,113	8,857	1,569	122
Other income		330	211	45	6
Outgoings reimbursements		1,839	1,318	142	11
Interest income		313	7	1	-
Net fair value movement of investment properties	2	(2,006)	2,765	(382)	-
Total income		13,589	13,158	1,375	139
Expenses					
Rates, taxes and other outgoings		2,737	1,992	377	31
Borrowing costs		2,632	2,130	321	28
Other expenses		350	200	29	1
Investment management fees		1,365	962	210	14
Transaction and establishment costs	2	7,443	8,293	424	65
Total expenses		14,527	13,577	1,361	139
Net (loss)/profit for the period		(938)	(419)	14	-
Attributable to securityholders of:					
- Elanor Commercial Property Fund I		(2,302)	2,136	-	-
- Elanor Commercial Property Fund II (Non-controlling interest)		14	-	14	-
Net (loss)/profit attributable to ECPF securityholders		(2,288)	2,136	14	-
Attributable to securityholders of:					
- External Non-controlling interest (WorkZone West Syndicate)		1,350	(2,555)	-	-
Net (loss)/profit for the period		(938)	(419)	14	-
Basic (loss)/earnings per stapled security (cents)		(0.01)	0.02	0.00	0.00
Diluted (loss)/earnings per stapled security (cents)		(0.01)	0.02	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 2019

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 31 December 2018 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 31 December 2018 \$'000
Net (loss)/profit for the period	(938)	(419)	14	-
Other comprehensive income				
<i>Items that may be reclassified to profit and loss</i>				
Gain/(Loss) on revaluation of cash flow hedge	3,932	(252)	427	(252)
Other comprehensive income/(loss) for the period	3,932	(252)	427	(252)
Total comprehensive income/(loss) for the period	2,994	(671)	441	(252)
Attributable to securityholders of:				
- Elanor Commercial Property Fund I	(195)	2,136	-	-
- Elanor Commercial Property Fund II (Non-controlling interest)	441	(252)	441	(252)
Total comprehensive income for the period attributable to ECPF securityholders	246	1,884	441	(252)
Attributable to securityholders of:				
- External Non-controlling interest (WorkZone West Syndicate)	2,748	(2,555)	-	-
Total comprehensive income/(loss) for the period	2,994	(671)	441	(252)

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 2019

		Consolidated Group 31 December 2019 \$'000	Consolidated Group 30 June 2019 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 30 June 2019 \$'000
	Note				
Assets					
Current assets					
Cash and cash equivalents		7,535	4,693	882	678
Restricted cash		-	1,077	-	-
Receivables		1,307	453	154	197
Prepayments		885	261	26	29
Derivative financial instruments		160	-	-	-
Total current assets		9,887	6,484	1,062	904
Non-current assets					
Investment property	5	305,600	258,951	36,300	36,496
Restricted cash		-	1,060	-	-
Derivative financial instruments		211	-	-	-
Total non-current assets		305,811	260,011	36,300	36,496
Total assets		315,698	266,495	37,362	37,400
Liabilities					
Current liabilities					
Interest bearing liabilities	6	934	25,360	-	-
Payables		5,258	2,292	267	219
Advance deposits		244	635	235	234
Distribution payable		-	3,249	-	435
Derivative financial instruments		-	1,374	-	309
Total current liabilities		6,436	32,910	502	1,197
Non-current liabilities					
Interest bearing liabilities	6	63,581	103,951	-	19,767
Interest bearing cross staple loan	6	-	-	10,492	5,882
Derivative financial instruments		-	1,936	-	118
Total non-current liabilities		63,581	105,887	10,492	25,767
Total liabilities		70,017	138,797	10,994	26,964
Net assets	7	245,681	127,698	26,368	10,436

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 2019

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 30 June 2019 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 30 June 2019 \$'000
Note				
Equity				
<i>Equity Holders of Parent Entity</i>				
Contributed equity	224,479	87,490	25,893	9,657
Reserves	371	(1,736)	-	(427)
(Accumulated losses)/retained profits	(5,537)	156	475	1,206
Parent entity interest	219,313	85,910	26,368	10,436
<i>Equity Holders of Non-Controlling Interest</i>				
Contributed equity	25,893	9,657	-	-
Reserves	-	(427)	-	-
Retained profits	475	1,206	-	-
Non-controlling interest	26,368	10,436	-	-
<i>Equity Holders of Non-Controlling Interest - External</i>				
Contributed equity	-	32,670	-	-
Reserves	-	(1,398)	-	-
Retained profits	-	80	-	-
Non-controlling interest - External	-	31,352	-	-
Total equity attributable to stapled securityholders:				
- Elanor Commercial Property Fund I	219,313	85,910	-	-
- Elanor Commercial Property Fund II	26,368	10,436	26,368	10,436
Total equity attributable to stapled securityholders:	245,681	96,346	26,368	10,436
- External Non-controlling interest (WorkZone West Syndicate)	-	31,352	-	-
Total equity	245,681	127,698	26,368	10,436

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 2019

		Contributed Equity	Cash Flow Hedge Reserves	Accumulated profit/ (losses)	Parent Entity Total Equity	Non- Controlling Interests	Total ECPF Equity	External Non- Controlling Interests	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group									
Balance as at 1 July 2019		87,490	(1,736)	156	85,910	10,436	96,346	31,352	127,698
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
Total comprehensive income for the period		-	2,107	(2,302)	(195)	441	246	2,748	2,994
Transactions with securityholders in their capacity as securityholders:									
Contributions of equity, net of issue costs	2	151,686	-	-	151,686	17,932	169,618	-	169,618
Redemptions of equity	2	(14,697)	-	-	(14,697)	(1,696)	(16,393)	(32,670)	(49,063)
Distributions paid or payable	4	-	-	(3,391)	(3,391)	(745)	(4,136)	(1,430)	(5,566)
Total equity as at 31 December 2019		224,479	371	(5,537)	219,313	26,368	245,681	-	245,681
Balance as at 1 July 2018									
		46,627	-	(2,192)	44,435	-	44,435	-	44,435
Net (loss)/profit for the period		-	-	2,136	2,136	-	2,136	(2,555)	(419)
Other comprehensive income for the period		-	-	-	-	(252)	(252)	-	(252)
Total comprehensive income for the period		-	-	2,136	2,136	(252)	1,884	(2,555)	(671)
Transactions with securityholders in their capacity as securityholders:									
Contributions of equity, net of issue costs		40,863	-	-	40,863	9,729	50,592	32,670	83,262
Distributions paid or payable		-	-	(1,561)	(1,561)	-	(1,561)	(870)	(2,431)
Acquisition from business combination		-	-	-	-	502	502	-	502
Total equity as at 31 December 2018		87,490	-	(1,617)	85,873	9,979	95,852	29,245	125,097

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 2019

	Contributed Equity	Cash Flow Hedge Reserves	Accumulated profit/(losses)	Total Equity	
Elanor Commercial Property Fund II	Note	\$'000	\$'000	\$'000	
Balance as at 1 July 2019		9,657	(427)	1,206	10,436
Net profit for the period		-	-	14	14
Other comprehensive income for the period		-	427	-	427
Total comprehensive income for the period		-	427	14	441
Transactions with securityholders in their capacity as securityholders:					
Contributions of equity, net of issue costs		17,932	-	-	17,932
Redemptions of equity		(1,696)	-	-	(1,696)
Distributions paid or payable		-	-	(745)	(745)
Total equity as at 31 December 2019		25,893	-	475	26,368
Balance as at 1 July 2018					
Net profit for the period		-	-	-	-
Other comprehensive income for the period		-	(252)	-	(252)
Total comprehensive income for the period		-	(252)	-	(252)
Transactions with securityholders in their capacity as securityholders:					
Contributions of equity, net of issue costs		9,729	-	-	9,729
Acquisition from business combination		-	-	502	502
Total equity as at 31 December 2018		9,729	(252)	502	9,979

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 2019

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 31 December 2018 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 31 December 2018 \$'000
Cash flows from operating activities				
Rental and other property income received	14,395	12,881	2,099	1,073
Interest income received	313	7	1	-
Finance costs paid	(2,448)	(2,036)	(288)	(27)
Payments to suppliers and the Responsible Entity	(3,167)	(521)	(92)	1,672
Net cash flows from in operating activities	9,093	10,331	1,720	2,718
Cash flows from investing activities				
Payments for additions to investment properties	(47,705)	(164,028)	(295)	(36,000)
Payments for transaction costs	(7,443)	(8,293)	(424)	(65)
Net cash flows used in investing activities	(55,148)	(172,321)	(719)	(36,065)
Cash flows from financing activities				
Proceeds from interest bearing liabilities	-	83,226	-	17,556
Repayments of interest bearing liabilities	(64,980)	(250)	(19,800)	-
Proceeds from issue of shares	173,629	84,616	18,328	9,906
Transaction costs related to issue of shares	(4,011)	(858)	(397)	(177)
Redemption of equity	(49,063)	-	(1,696)	-
Distributions paid	(8,815)	(3,069)	(1,180)	-
Proceeds from intertrust entities	-	-	3,948	6,544
Net cash flows from financing activities	46,760	163,665	(797)	33,829
Net increase in cash and cash equivalents	705	1,675	204	482
Cash and cash equivalents at the beginning of the period	6,830	4,210	678	-
Cash at the end of the period	7,535	5,885	882	482

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 2019

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 notes of the type normally included in an annual financial report.

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 2019 and any public announcements made by the Fund during the half year ended 31 December 2019 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.

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 2019. ECPF I is the parent entity in relation to the stapling. The portion of results and equity of WorkZone West Equity Syndicate not directly owned by ECPF I, has been treated and disclosed as an external non-controlling interest. On 6 December 2019, the Group acquired all remaining units in WorkZone West Syndicate, eliminating the external non-controlling interest.

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

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

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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. IPO transaction

The Fund listed on the Australian Securities Exchange ("ASX") on 6 December 2019 (IPO). The Group raised total equity of \$173.6 million through its listing on the ASX, and used this funding to acquire 200 Adelaide Street (refer to Note 5 – Investment properties) and the remaining share in WorkZone West in addition to retiring debt. The details of the IPO are detailed below.

(a) Net equity raised

	Consolidated Group \$'000	ECPF II \$'000
Proceeds from issue of shares	173,629	18,328
Transaction costs related to issue of shares	(4,011)	(396)
Redemption of equity	(49,063)	(1,696)
Total net equity raised	120,555	16,236

(b) Net fair value decrement and transaction costs related to the IPO

	Consolidated Group \$'000	ECPF II \$'000
Acquisition costs (capital raising, advisors, consultants and bank charges)	7,443	424
Net fair value decrement post the IPO and transaction costs ¹	4,105	65
Total fair value decrement and transaction costs related to the IPO	11,548	489
Net fair value (increments)/decrements prior to IPO ²	(2,099)	315
Total net fair value decrement and transaction costs	9,449	804

Note 1: A revaluation decrement of \$3.3 million related to stamp duty and other transaction costs capitalised into 200 Adelaide Street. The remaining \$0.8 million decrement occurred across the other properties.

Note 2: A revaluation increment of \$3.2 million was recognised for WorkZone West, offset by a decrement of \$1.1 million across the other properties.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

3. Revenue

OVERVIEW

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

(a) Rental income

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 31 December 2018 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 31 December 2018 \$'000
NEXUS Centre	2,028	1,762	-	-
34 Corporate Drive	1,071	1,037	-	-
Campus DXC	1,552	1,398	-	-
Limestone Centre	1,569	122	1,569	122
WorkZone West	6,729	4,538	-	-
200 Adelaide St ¹	164	-	-	-
Total revenue from operating activities	13,113	8,857	1,569	122

Note 1: Represents revenue from date of acquisition, 9 December 2019 to period end 31 December 2019.

4. 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 and paid by the Consolidated Group during the period ended 31 December 2019:

	Note	Distribution cents per stapled security	Total amount \$'000
Distributions paid: 1 July - 5 December 2019	(i)	4.22	4,136
Total distributions paid		4.22	4,136

(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) will be distributed as part of the March 2020 quarterly distribution.

ECPF II Group

The following distributions were declared and paid by the ECPF II Group in respect of the period ended 31 December 2019:

	Note	Distribution cents per stapled security	Total amount \$'000
Distributions paid: 1 July - 5 December 2019	(i)	0.76	745
Total distributions paid		0.76	745

(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) will be 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 2019

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.

5. 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 6 commercial properties in Australia. External valuations were obtained in October 2019 as part of the IPO transaction. Refer to Note 2 – IPO Transaction for more detail.

(a) Carrying values of investment properties

	Valuation	Date	Consolidated	Consolidated	ECPF II	ECPF II
			Group	Group	31 December	30 June
			31 December	30 June	2019	2019
			2019	2019	2019	2019
			\$'000	\$'000	\$'000	\$'000
NEXUS Centre	Independent	Dec 19	30,800	30,953	-	-
34 Corporate Drive	Independent	Dec 19	22,700	22,695	-	-
Campus DXC	Independent	Dec 19	36,400	36,407	-	-
Limestone Centre	Independent	Dec 19	36,300	36,496	36,300	36,496
WorkZone West	Independent	Dec 19	136,000	132,400	-	-
200 Adelaide St ¹	Independent	Dec 19	43,400	-	-	-
Total Investment properties held at fair value			305,600	258,951	36,300	36,496

Note 1: The carrying value of 200 Adelaide Street represents the independent valuation of \$44.2 million, less \$0.8m income guarantee.

Investment properties are categorised as level 3 in the fair value hierarchy. There were no transfers between hierarchies during the period.

ELANOR COMMERCIAL PROPERTY FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Finance Structure

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

6. Interest bearing liabilities

OVERVIEW

The Fund has access to a total of \$64.7 million of debt facilities. The total drawn amount at 31 December 2019 is \$64.7 million. During the period, the Fund repaid debt facilities of \$64.9 million. The weighted average debt facility maturity at year end is 2.59 years. At 31 December 2019, the interest rate risk of drawn facilities is hedged to 100%.

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 30 June 2019 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 30 June 2019 \$'000
Current - secured				
Bank loan - term debt	1,000	25,430	-	-
Borrowing costs less amortisation	(66)	(70)	-	-
Total non-current interest bearing liabilities	934	25,360	-	-
Non-current - secured				
Bank loan - term debt	63,665	104,215	-	19,800
Borrowing costs less amortisation	(84)	(264)	-	(33)
Total non-current interest bearing liabilities	63,581	103,951	-	19,767
Cross-staple loan	-	-	10,492	5,882
Total interest bearing liabilities	64,515	129,311	10,492	25,649

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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.

7. Net tangible assets

OVERVIEW

This note sets out the net tangible assets of the Fund.

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 30 June 2019 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 30 June 2019 \$'000
Net tangible assets are calculated as follows:				
Total assets	315,698	266,495	37,362	37,400
Less: total liabilities	(70,017)	(138,797)	(10,994)	(26,968)
Net tangible assets	245,681	127,698	26,368	10,432
Total number of stapled securities on issue	204,400,000	97,934,000	204,400,000	97,934,000
Net tangible asset backing per stapled security (\$)	1.20	1.30	0.13	0.11

8. 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
William (Bill) Moss AO (resigned 17 September 2019)
Lim Kin Song
Anthony Fehon (appointed 20 August 2019)

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

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

8. Related parties (continued)

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.

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, accrued performance fee and cost recoveries.

	Consolidated Group 31 December 2019 \$'000	Consolidated Group 31 December 2018 \$'000	ECPF II 31 December 2019 \$'000	ECPF II 31 December 2018 \$'000
Fees paid to Elanor Investors Group and its controlled entities:				
Management Fees	1,365	962	210	14
Other	207	148	50	50
Total	1,572	1,110	260	64

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 2019 No. of fully paid units	31 December 2019 \$
Investment held by Elanor Investment Trust	30,664,741	38,330,926
Investment held by Directors and Other Management Personnel	318,088	397,610
Total	30,982,829	38,728,536

	30 June 2019 No. of fully paid units	30 June 2019 \$
Investment held by Elanor Investment Trust	12,997,180	12,670,551
Investment held by Directors and Other Management Personnel	51,546	50,000
Total	13,048,726	12,720,551

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 2019, the outstanding loan balance payable to ECPF II was \$10.5 million.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

9. 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 2019 (30 June 2019: nil).

(b) Commitments

The Fund has no commitments as at 31 December 2019 (30 June 2019: nil).

10. Subsequent events

On 23 December 2019, the Fund announced the acquisition of Garema Court, 140-180 City Walk, Canberra, ACT for \$71.5 million. Settlement is expected to occur on 28 February 2020.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in financial periods subsequent to 31 December 2019.

11. 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 2019, 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.

The Fund has adopted AASB 16 *Leases* in the current financial year beginning 1 July 2019. Given that the Fund is not a party to any significant lease agreements as lessee, and on the basis that this remains the same, the new standard does not have a material impact on the recognition and measurement of lease-related revenues, assets or liabilities.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS

In accordance with a resolution of the Directors of Elanor Funds Management Limited, the Trustee 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 24 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 2019 and of its performance for the half year ended 31 December 2019; and
- (b) there are reasonable grounds to believe that the Consolidated Group and the ECPF II Group 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, 14 February 2020

Independent Auditor's Declaration

Independent Auditor's Review Report to the Stapled Securityholders of Elanor Commercial Property Fund and the Securityholders of Elanor Commercial Property Fund II

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

- The consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Elanor Commercial Property Fund, being the consolidated stapled entity ("Elanor Commercial Property Fund") as set out on pages 9 to 25. The consolidated stapled entity, as disclosed in the Basis of Consolidation to the financial report, comprises Elanor Commercial Property Fund I ("ECPF I") and the entities it controlled at the half-year's end or from time to time during the half-year, including Elanor Commercial Property Fund II ("ECPF II"); and
- The statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity ECPF II.

Directors' Responsibility for the Half-Year Financial Report

The directors of Elanor Funds Management Limited, as responsible entity of ECPF I and ECPF II, are responsible for the preparation of the half-year financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial reports that give a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entities' financial positions as at 31 December 2019 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ECPF I and ECPF II, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elanor Funds Management Limited, as responsible entity of ECPF I and ECPF II, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of Elanor Commercial Property Fund and ECPF II's financial positions as at 31 December 2019 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



D Nell
Partner
Chartered Accountants
Sydney, 14 February 2020