

Appendix 4D

Half year report for the period ended 31 December 2023

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 2023
Previous corresponding period	Six month period ended 31 December 2022

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 2023.

Results for announcement to the market

Financial Performance

		A \$'000
Revenue from ordinary activities	Up 5.7% to	21,849
(Loss)/ profit from ordinary activities attributable to securityholders	Up 29.6% to	(5,768)
Net (loss)/ profit for the period attributable to securityholders	Up 29.6% to	(5,768)
Funds from Operations (FFO) ¹	Down 9.5% to	16,659

Distribution

<i>Current Period</i>	<i>Amount per unit</i>
Quarterly Distribution (1 July 2023 to 30 September 2023)	2.13 cents
Record date for determining entitlement to the December Quarterly Distribution	31 December 2023
Date the Interim Distribution is payable	29 February 2024
Quarterly Distribution (1 October 2023 to 31 December 2023)	2.13 cents

Note: Further information on tax components of the distribution will be provided to securityholders with their quarterly distribution statement for the period ending 31 December 2023.

Net Tangible Assets

<i>Current Period</i>	<i>Current Period</i>
Net tangible asset backing per security	\$0.94
<i>Previous Corresponding Period</i>	
Net tangible asset backing per security	\$1.13

Notes:

- 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.
- The Distributions for the period ended 31 December 2023 are based on a payout ratio of 81% 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:

- 49.9% equity investment in Harris Property Trust

Accounting standards used by foreign entities

International Financial Reporting Standards.

Audit

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

Distribution Reinvestment Plan (DRP)

There is no DRP in operation for the interim distribution for the half year ended 31 December 2023.

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 2023

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
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ELANOR COMMERCIAL PROPERTY FUND

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ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

The Directors of Elanor Funds Management Limited (Responsible Entity or Manager), as responsible entity of the Elanor Commercial Property Fund, present their report together with the consolidated interim financial report of Elanor Commercial Property Fund (Group, Consolidated Group or Fund) and the interim financial report of the Elanor Commercial Property Fund II (ECPF II) for the half year ended 31 December 2023 (period).

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

Elanor Asset Services Pty Limited (ABN 83 614 679 622), a wholly owned subsidiary of Elanor Investors Group, is the Manager of the Fund, providing services in accordance with the Investment Management Agreement. The Trust Company (Australia) Limited is the Custodian of the Fund, pursuant to the Custody Deed.

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:

- Ian Mackie (Appointed as Chair from 1 January 2024, appointed as Director on 25 August 2023)
- Paul Bedbrook (Resigned as Chair and Director on 31 December 2023)
- Glenn Willis (Managing Director and Chief Executive Officer of Elanor Investors Group)
- Nigel Ampherlaw
- Su Kiat Lim
- Anthony Fehon
- Karyn Baylis
- Victor Rodriguez (appointed on 7 July 2023)
- Kathy Ostin (appointed on 1 January 2024)

2. Principal activities

ECF's principal activity is to invest in Australian commercial office properties, located in major metropolitan areas or established commercial precincts, to deliver superior risk-adjusted returns for Fund investors.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

3. Distributions

Distributions relating to the half year ended 31 December 2023 comprise:

Consolidated Group	Distribution Cents per stapled security	31 December 2023 \$'000
Distribution paid: 1 July - 30 September 2023	2.125	6,727
Distribution payable: 1 October - 31 December 2023	2.125	6,727
Total distributions paid or payable	4.25	13,454

4. Operating and financial review

OVERVIEW AND STRATEGY

The Elanor Commercial Property Fund is an externally managed real estate investment fund that invests in high investment quality commercial office properties.

The Fund's objective is to provide strong, 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 with differentiated competitive market positions, 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 high investment quality commercial office properties that satisfy the Fund's investment criteria; and
- Maintain a conservative capital structure with a target gearing range between 30% and 40%.

During the six months to 31 December 2023, the Fund completed and achieved the following key initiatives and results:

- Funds from Operations (FFO) for the period of \$16.7 million or 5.26 cents per security;
- Distributions of \$13.5 million or 4.25 cents per security, at a payout ratio of 81%, the low end of the Fund's target payout ratio range (80% – 100%);
- Successfully executed twelve new leases or renewals over 3,800 m², maintaining the Fund's income security and tenant quality, with FY24 lease expiries reflecting only 2% of gross income. Key leasing initiatives included:
 - Executing two leases over 1,206.5m² at the Harris Street asset to secure high quality tenants CIP Constructions and Bluepost Productions, and increasing the property's occupancy to 95%
 - Signing heads of agreement for 509m² at the Cannon Hill asset, adding a high quality tenant in NIB's Thrive, and increasing the property's occupancy to 100%
 - Renewing leases with key tenants Optus and CBRE at the Fund's Cannon Hill and Cavill Avenue properties respectively;
- Maintained strong portfolio occupancy levels at 97.3%, consistent with 30 June 2023 and significantly above national office occupancy levels of 84.5%;
- Extended \$90m of the Fund's debt by two years to 31 August 2026, bring the weighted average debt maturity to 2.1 years; and

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

4. Operating and financial review

OVERVIEW AND STRATEGY (CONTINUED)

- Achieved a 5.5 NABERS rating for the heritage listed 200 Adelaide Street property in Brisbane.

The Fund's portfolio of commercial office assets:

- Comprises nine properties located in established commercial office precincts in Brisbane, Gold Coast, Perth, Canberra, Adelaide and Sydney, with a combined value of \$492.6 million (including 19 Harris Street);
- Generates approximately 71% of its income from Federal and State Governments (16%), Multinationals (44%, including CIMIC, DXC Technology, ITV Studios, Accor, Thomson Reuters and Hub Australia) and ASX-listed tenants (12%, including NAB, NIB, Coles and Wesfarmers).
- Had a gearing ratio of 36.9% at balance date (42.6% on a look through basis).

INVESTMENT PORTFOLIO

The valuation of the Fund's portfolio of investment properties at 31 December 2023 has decreased by \$13.2 million (2.8%) since 30 June 2023. The valuation of the equity accounted investment in Harris Property Trust at 31 December 2023 decreased by \$1.5 million (4.7%) since 30 June 2023.

The 2.8% decrease in portfolio valuation reflects the high investment quality of the Fund's properties and is significantly less than the reported percentage reductions in Australia's overall commercial office market, which has seen capitalisation rates increase as the cost of debt has risen and the global economic outlook has deteriorated.

The resilience of the Fund's property portfolio is a result of its tenant quality, occupancy of 97.3%, and WALE by income of 3.3 years. Strong tenant demand has driven 6.7% positive leasing spreads and 5.5% like-for-like income growth, reflecting the strength of the leasing outcomes achieved during the period. This is a direct result of the Fund's strategy to invest in commercial office properties with differentiated competitive market positions.

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

Property	Location	Carrying Value	Carrying Value
		31 December 2023	30 June 2023
		\$'m	\$'m
50 Cavill Avenue	Surfers Paradise QLD	114.0	120.0
WorkZone West	Perth, WA	115.5	118.0
Garema Court	Canberra, ACT	62.4	66.0
200 Adelaide St	Brisbane, QLD	46.3	50.0
NEXUS Centre	Mount Gravatt, QLD	35.0	35.0
Campus DXC	Felixstow, SA	28.0	28.5
Limestone Centre	Ipswich, QLD	30.5	29.6
34 Corporate Drive	Cannon Hill, QLD	30.8	28.5
Total Investment Properties		462.5	475.6

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

4. Operating and financial review

INVESTMENT PORTFOLIO (CONTINUED)

Equity Investment	Location	Ownership %	Equity	Equity
			Accounted Value	Accounted Value
			31 December 2023	30 June 2023
			\$'m	\$'m
19 Harris Street	Pymont, NSW	49.9	30.1	31.6
Total Equity Investment			30.1	31.6
Total Investment Portfolio			492.6	507.2

FINANCIAL RESULTS

The Fund recorded a statutory loss after tax of \$5.8 million for the half year ended 31 December 2023 (December 2022: statutory loss after tax of \$8.2 million).

Funds from Operations (FFO) were \$16.7 million or 5.26 cents per weighted average security. FFO is the Directors' measure of the periodic amount available for distributions and has been determined in accordance with the Property Council Guidelines and adjusted for amortisation of borrowing cost and contribution from manager.

The Fund's balance sheet remains strong at 31 December 2023, with Net Assets of \$298.6 million, and cash on hand of \$8.0 million. The Fund also has \$7.1 million in undrawn debt facilities.

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

Key financial results	Consolidated	ECPF II
	Group	
	31 December	31 December
	2023	2023
Net statutory (loss)/profit after tax (\$'000)	(5,768)	765
Funds from Operations (FFO) (\$'000)	16,659	1,270
Distributions payable to security holders (\$'000)	6,727	439
FFO per stapled security (cents)	5.26	0.40
FFO per weighted average stapled security (cents)	5.26	0.40
Distributions (cents per stapled security)	4.25	0.29
Net tangible assets (\$ per stapled security)	0.94	0.06
Gearing (net debt / total assets less cash) (%)	36.85%	42.64%
Gearing (look-through) ¹ (%)	42.63%	42.64%

¹ Adjusted for equity accounted investment of 19 Harris Street, Pymont, NSW.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

4. Operating and financial review

FINANCIAL RESULTS (CONTINUED)

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

	Consolidated Group	ECPF II
	31 December 2023	31 December 2023
	\$'000	\$'000
Funds from Operations (FFO)		
Statutory net (loss)/profit for the 6 months ending 31 December 2023	(5,768)	765
<i>Adjustments for items included in statutory profit:</i>		
Fair value (gain)/loss in share of profit from equity accounted investment ²	836	–
Fair value (gain)/loss on investment property	14,496	(446)
Fair value (gain)/loss on derivatives	3,095	198
Straight lining of rental income ³	(123)	25
Amortisation expense ⁴	3,090	603
Transaction costs	290	125
<i>Adjustments for non profit / (loss) item:</i>		
Share of FFO from equity accounted investments	743	–
Funds from Operations (FFO)¹	16,659	1,270

Note 1: Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and adjusted for amortisation of borrowing cost and manager contribution which is excluded from FFO 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, non-FFO tax expenses/benefits and other unrealised one-off items. This includes the group's proportional ownership of 19 Harris Street's FFO, which is held as an equity accounted investment.

Note 2: Fair value (gain)/loss included in share of profit from equity accounted investment includes amortisation of the manager contribution of \$0.47m.

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 key strategic objective is to deliver superior risk-adjusted returns through a combination of regular distributions and capital growth. Fundamental to achieving this objective is the active management of the Fund's assets to grow earnings and realise value-add opportunities across the portfolio.

The resilience of the Fund's property portfolio in the current economic environment is evidenced by its tenant quality, its occupancy (97.3%) and its WALE (3.3 years). Strong tenant demand has driven a 6.7% positive leasing spread across the portfolio and 5.5% like-for-like income growth – reflecting the strength of the leasing outcomes achieved during the year. This is a direct result of the Fund's strategy to invest in commercial office properties with differentiated, competitive market positions.

Looking ahead, risks to the Fund in the coming year include demand variability associated with uncertain global economic market conditions, including the impact of interest rates on property values. These risks have been successfully mitigated to date by renewing and extending leasing agreements with existing tenants and actively marketing any remaining vacant space, to secure the portfolio's future income.

The active asset management of the Fund's portfolio continues to generate improved operational performance. The Fund is well positioned to grow value for Securityholders.

The Manager continues to progress strategic initiatives to grow Securityholder value.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

5. Interests in the Group

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

	Consolidated Group 31 December 2023 '000	Consolidated Group 30 June 2023 '000
Stapled securities on issue at the beginning of the period	316,556	316,556
Stapled securities issued during the period	–	–
Stapled securities on issue at the end of the period	316,556	316,556

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.

7. Events occurring after reporting date

The Directors of the Responsible Entity 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. Going concern

As at 31 December 2023, the Fund has a net current asset deficiency of \$2.8 million and net assets of \$298.6 million. ECPF II has a net current asset deficiency of \$0.3 million and net assets of \$17.5 million.

The net current asset deficiency is attributable to the quarterly distribution payable of \$6.7 million. At balance date, the Fund has cash on hand of \$8.0 million and additional available undrawn debt facilities of \$7.1 million to meet its ongoing obligations.

Accordingly, as of the date of this report, the Directors believe the Fund will be able to continue to successfully meet its covenant obligations and to continuously generate positive cashflow to ensure the Fund's ability to realise its assets and discharge its liabilities in the ordinary course of business.

These consolidated financial statements have been prepared on a going concern basis.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' REPORT

9. Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, 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. The Financial Statements were authorised for issue by the Directors on 22 February 2024.

Signed in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001 (Cth)*. The Directors have the power to amend and re-issue the Financial Statements.



Ian Mackie
Chairman



Glenn Willis
CEO and Managing Director

Sydney, 22 February 2024



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 2023, 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 black ink, appearing to read 'CJ Cummins', with a horizontal line extending to the right.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
22 February 2024

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		Consolidated Group	Consolidated Group	ECPF II	ECPF II
	31 December	31 December	31 December	31 December	31 December
	2023	2022	2023	2022	2022
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Rental income	2	21,849	20,662	1,507	1,194
Outgoings reimbursements		4,015	4,128	88	117
Share of profit from equity accounted investments	5	–	1,367	–	–
Net fair value movement of investment properties	4(b)	–	–	446	–
Other income		52	30	26	36
Total income		25,916	26,187	2,067	1,347
Expenses					
Rates, taxes and other outgoings		5,358	5,322	334	347
Share of loss from equity accounted investments	5	836	–	–	–
Borrowing costs		4,161	2,265	339	158
Other expenses		2,127	1,304	330	189
Investment management fees		1,611	1,753	101	122
Net fair value movement of investment properties	4(b)	14,496	22,991	–	3,664
Net fair value movement of derivatives		3,095	746	198	65
Total expenses		31,684	34,381	1,302	4,545
Net (loss) / profit for the period		(5,768)	(8,194)	765	(3,198)
Attributable to security holders of:					
- Elanor Commercial Property Fund I		(6,533)	(4,996)	–	–
- Elanor Commercial Property Fund II (Non-controlling interest)		765	(3,198)	765	(3,198)
Net (loss) / profit attributable to security holders for the period		(5,768)	(8,194)	765	(3,198)
Basic earnings / (loss) per stapled security (cents)		(1.82)	(2.59)	0.24	(1.01)
Diluted earnings / (loss) per stapled security (cents)		(1.82)	(2.59)	0.24	(1.01)

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 2023

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000	ECPF II 31 December 2023 \$'000	ECPF II 31 December 2022 \$'000
Net (loss) / profit for the period	(5,768)	(8,194)	765	(3,198)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss</i>	-	-	-	-
Total comprehensive (loss) / income for the period	(5,768)	(8,194)	765	(3,198)
Attributable to security holders of:				
- Elanor Commercial Property Fund I	(6,533)	(4,996)	-	-
- Elanor Commercial Property Fund II (Non-controlling interest)	765	(3,198)	765	(3,198)
Total comprehensive (loss) / income for the period	(5,768)	(8,194)	765	(3,198)

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 AS AT 31 DECEMBER 2023

		Consolidated Group	Consolidated Group	ECPF II	ECPF II
	Note	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Current assets					
Cash and cash equivalents		8,022	7,988	397	590
Receivables		943	647	219	68
Prepayments		1,057	306	2	19
Other current assets		5	39	–	5
Derivative financial instruments		2,048	3,984	87	257
Total current assets		12,075	12,964	705	939
Non-current assets					
Investment property	4	462,450	475,617	30,501	29,595
Equity accounted investments	5	30,083	31,614	–	–
Interest bearing cross staple loan receivable		–	–	1,241	1,737
Derivative financial instruments		3,403	4,562	144	172
Total non-current assets		495,936	511,793	31,886	31,504
Total assets		508,011	524,757	32,591	32,443
Current liabilities					
Trade and other payables		4,956	5,000	349	164
Interest bearing liabilities	6	–	80,159	–	7,402
Manager contribution		929	929	–	–
Rent received in advance		2,307	1,468	227	102
Distribution payable	3	6,727	7,439	439	453
Total current liabilities		14,919	94,995	1,015	8,121
Non-current liabilities					
Interest bearing liabilities	6	192,291	109,274	14,123	6,710
Manager contribution		2,222	2,689	–	–
Total non-current liabilities		194,513	111,963	14,123	6,710
Total liabilities		209,432	206,958	15,138	14,831
Net assets		298,579	317,799	17,453	17,612
Equity					
<i>Equity Holders of Parent Entity</i>					
Contributed equity		343,515	343,515	25,978	25,978
Retained accumulated (losses) / profits		(62,389)	(43,328)	(8,525)	(8,366)
Parent entity interest		281,126	300,187	17,453	17,612
<i>Equity Holders of Non-Controlling Interest</i>					
Contributed equity		25,978	25,978	–	–
Retained accumulated (losses) / profits		(8,525)	(8,366)	–	–
Non-controlling interest		17,453	17,612	–	–
Total equity attributable to stapled security holders:					
- Elanor Commercial Property Fund I		281,126	300,187	–	–
- Elanor Commercial Property Fund II		17,453	17,612	17,453	17,612
Total equity attributable to stapled security holders		298,579	317,799	17,453	17,612

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 2023

	Contributed equity	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest	Total Equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group					
Balance as at 1 July 2023	343,515	(43,328)	300,187	17,612	317,799
Net (loss)/ profit for the period	–	(6,533)	(6,533)	765	(5,768)
Total comprehensive income/ (expense) for the period	–	(6,533)	(6,533)	765	(5,768)
Transactions with securityholders in their capacity as securityholders:					
Distributions paid and payable	3	–	(12,528)	(924)	(13,452)
Total equity as at 31 December 2023	343,515	(62,389)	281,126	17,453	298,579

	Contributed equity	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest	Total Equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group					
Balance as at 1 July 2022	343,518	10,006	353,524	26,210	379,734
Net (loss) for the period	–	(4,996)	(4,996)	(3,198)	(8,194)
Total comprehensive income / (expense) for the period	–	(4,996)	(4,996)	(3,198)	(8,194)
Transactions with securityholders in their capacity as securityholders:					
Contributions of equity, net of issue costs	(3)	–	(3)	–	(3)
Distributions paid and payable	3	–	(14,162)	(716)	(14,878)
Total equity as at 31 December 2022	343,515	(9,152)	334,363	22,296	356,659

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 2023

	Note	Contributed equity \$'000	Retained profits/ (accumulated losses) \$'000	Total Equity \$'000
Elanor Commercial Property Fund II				
Balance as at 1 July 2023		25,978	(8,366)	17,612
Net profit for the period		–	765	765
Total comprehensive income for the period		–	765	765
Transactions with securityholders in their capacity as securityholders:				
Distributions paid and payable	3	–	(924)	(924)
Total equity as at 31 December 2023		25,978	(8,525)	17,453

	Note	Contributed equity \$'000	Retained profits/ (accumulated losses) \$'000	Total Equity \$'000
Elanor Commercial Property Fund II				
Balance as at 1 July 2022		25,978	232	26,210
Net (loss) for the period		–	(3,198)	(3,198)
Total comprehensive income / (expense) for the period		–	(3,198)	(3,198)
Transactions with securityholders in their capacity as securityholders:				
Distributions paid and payable	3	–	(716)	(716)
Total equity as at 31 December 2022		25,978	(3,682)	22,296

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 2023

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000	ECPF II 31 December 2023 \$'000	ECPF II 31 December 2022 \$'000
Cash flows from operating activities				
Rental and other property income received	28,755	27,543	1,782	1,503
Finance costs paid	(3,876)	(2,158)	(327)	(150)
Payments to suppliers and the Responsible Entity	(11,446)	(9,910)	(638)	(792)
Net cash flows from operating activities	13,433	15,475	817	561
Cash flows from investing activities				
Payments for additions to investment properties	(2,238)	(3,106)	(569)	(361)
Distributions received from equity accounted investments	228	504	–	–
Net cash flows from investing activities	(2,010)	(2,602)	(569)	(361)
Cash flows from financing activities				
Proceeds from borrowings	2,777	2,484	–	–
Transaction costs related to issue of shares	–	(3)	–	–
Distributions paid	(14,166)	(14,877)	(937)	(815)
Proceeds from interest bearing - cross staple loan	–	–	496	1,118
Net cash flows from financing activities	(11,389)	(12,396)	(441)	303
Net increase / (decrease) in cash and cash equivalents	34	477	(193)	503
Cash and cash equivalents at the beginning of the period	7,988	8,189	590	434
Cash at the end of the period	8,022	8,666	397	937

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 2023

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 Fund's 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 2023 and any public announcements made by the Fund during the half year ended 31 December 2023 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.

New accounting standards and interpretations

(a) New and amended accounting standards and interpretations commencing 1 July 2023

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that are applicable to the Fund.

(b) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been adopted early in preparing these financial statements. None of these are expected to have a material effect on the financial statements to the Fund.

Comparative Amounts

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the 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 2023. 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 Dollar.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

About this report (continued)

Going concern

As at 31 December 2023, the Fund has a net current asset deficiency of \$2.8 million and net assets of \$298.6 million. ECPF II has a net current asset deficiency of \$0.3 million and net assets of \$17.5 million.

The net current asset deficiency is attributable to the quarterly distribution payable of \$6.7 million. At balance date, the Fund had \$8.0 million in cash on hand and additional available undrawn debt facilities of \$7.1 million to meet its ongoing obligations.

Accordingly, as of the date of this report, the Directors believe the Fund will be able to continue to successfully meet its covenant obligations and to continuously generate positive cashflow to ensure the Fund's ability to realise its assets and discharge its liabilities in the ordinary course of business.

These consolidated financial statements have been prepared on a going concern basis.

Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Critical accounting estimates and judgements

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 period ended 31 December 2023, 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.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

About this report (continued)

The notes to the consolidated Financial Statements have been organised into the following sections:

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ELANOR PROPERTY INCOME FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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.

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 31 December 2022 \$'000	ECPF II 31 December 2023 \$'000	ECPF II 31 December 2022 \$'000
WorkZone West	6,901	6,864	–	–
50 Cavill Avenue	3,896	4,128	–	–
Garema Court	3,974	3,039	–	–
Campus DXC	1,584	1,580	–	–
NEXUS Centre	1,701	1,415	–	–
200 Adelaide St	1,469	1,408	–	–
Limestone Centre	1,507	1,194	1,507	1,194
34 Corporate Drive	817	1,034	–	–
Total revenue from operating activities	21,849	20,662	1,507	1,194

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 2023:

	Distribution 31 December 2023 cents per stapled security	Total 31 December 2023 amount \$'000
Consolidated Group		
Distribution paid: 1 July - 30 September 2023	2.125	6,727
Distribution payable: 1 October - 31 December 2023 ¹	2.125	6,727
Total	4.25	13,454

¹ The distribution of 2.125 cents per stapled security for the quarter ended 31 December 2023 will be paid on 29 February 2024. Please refer to the Director's Report for the calculation of FFO and the Distribution.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

3. Distributions (continued)

	Distribution 31 December 2022 cents per stapled security	Total 31 December 2022 amount \$'000
Consolidated Group		
Distribution paid: 1 July - 30 September 2022	2.35	7,439
Distribution payable: 1 October - 31 December 2022	2.35	7,439
Total	4.70	14,878

ECPF II

The following distributions were declared and paid by the ECPF II in respect of the period ended 31 December 2023:

	Distribution 31 December 2023 cents per stapled security	Total 31 December 2023 amount \$'000
Distribution paid: 1 July - 30 September 2023	0.15	485
Distribution payable: 1 October - 31 December 2023 ¹	0.14	439
Total	0.29	924

¹ The distribution of 0.14 cents per stapled security for the quarter ended 31 December 2023 will be paid on 29 February 2024. Please refer to the Director's Report for the calculation of FFO and the Distribution.

	Distribution 31 December 2022 cents per stapled security	Total 31 December 2022 amount \$'000
Distribution paid: 1 July - 30 September 2022	0.10	330
Distribution payable: 1 October - 31 December 2022	0.12	386
Total	0.22	716

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 eight commercial properties in Australia. A range of independent and internal valuations were performed for all properties as at 31 December 2023.

The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams.

Refer to the 30 June 2023 Annual Financial Report for detailed accounting policies and the valuation techniques applied.

(a) Carrying values of investment properties

Property	Valuation	Consolidated Group	Consolidated Group	ECPFII	ECPFII
		31 December 2023	30 June 2023	31 December 2023	30 June 2023
		\$'000	\$'000	\$'000	\$'000
50 Cavill Avenue	Independent	114,000	120,000	–	–
WorkZone West	Independent	115,500	118,000	–	–
Garema Court	Independent	62,400	66,000	–	–
200 Adelaide St	Independent	46,300	50,000	–	–
NEXUS Centre	Internal	35,000	35,022	–	–
Campus DXC	Independent	28,000	28,500	–	–
Limestone Centre	Independent	30,500	29,595	30,500	29,595
34 Corporate Drive	Independent	30,750	28,500	–	–
Total		462,450	475,617	30,500	29,595

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 Group	Consolidated Group	ECPFII	ECPFII
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Opening Balance	475,617	516,700	29,595	37,000
Acquisitions	–	3	–	–
Capital expenditure	2,238	8,069	939	835
Straightlining of rental income	123	245	(25)	(31)
Amortisation	(3,264)	(5,504)	(913)	(744)
Movement in lease incentives and rental guarantee	2,232	4,306	458	528
Net fair value adjustments	(14,496)	(48,202)	446	(7,993)
Total investment properties	462,450	475,617	30,500	29,595

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023 Annual Financial Report for detailed explanations of the significant unobservable inputs.

Valuation Techniques	Significant unobservable inputs	Range 31 December 2023	Range 30 June 2023	Weighted average 31 December 2023	Weighted average 30 June 2023
<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	7.25% - 8.00%	6.25% - 8.25%	7.66%	7.23%
	Adopted terminal yield	7.00% - 9.25%	6.50% - 8.00%	7.74%	7.22%
	Net property income (per sqm)	\$429 - \$935	\$434 - \$860	\$653	\$629
<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	6.75% - 8.75%	5.75% - 7.75%	7.45%	6.90%

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the investment property balance at 31 December 2023 to changes in the key drivers most impacted by the current market uncertainty. Significant unobservable assumptions such as discount and capitalisation rates, and terminal yields may be impacted by market movement after 31 December 2023. 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.

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% \$'000	Decrease by 0.25% \$'000	Increase by 0.25% %	Decrease by 0.25% %
Discount rate (%)	(8,133)	8,509	(1.7)	1.8
Terminal yield (%)	(9,252)	9,878	(2.0)	2.1
Capitalisation rate (%)	(16,036)	17,178	(3.5)	3.7

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

5. Equity accounted investments

OVERVIEW

This note provides an overview and detailed financial information of the Group's investments that are accounted for using the equity method of accounting.

(a) Interest in associate

	Principal activity	Percentage Ownership	Consolidated Group 31 December 2023 \$'000
Harris Property Trust	Commercial office building	49.90%	30,083
Total equity accounted investment			30,083

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2023 \$'000
Harris Property Trust	Commercial office building	49.90%	31,614
Total equity accounted investment			31,614

The carrying amount of equity investments reconciling the movements between beginning of the period and end of the current period is set out below:

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000
Carrying amount at the beginning of the period	31,614	44,014
Share of loss from equity accounted investment ¹	(1,303)	(10,958)
Distribution received	(228)	(1,442)
Total carrying value at the end of the period	30,083	31,614

¹ Share of profit from equity accounted investment of nil on the face of the Consolidated Statement of Profit or Loss includes amortisation from the Manager Contribution of \$0.47 million in addition to the figure above.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

5. Equity accounted investments (continued)

(b) Summarised financial information for individually material associate

	Harris Property Trust	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Financial position		
Current assets	4,272	6,634
Non-current assets	163,417	165,606
Total Assets	167,689	172,240
Current liabilities	2,536	4,824
Non-current liabilities	104,866	104,060
Total Liabilities	107,402	108,884
Contributed equity	87,100	87,100
Retained profits	(26,813)	(23,744)
Total Equity	60,287	63,356

	Harris Property Trust	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Financial performance		
Revenue	5,384	4,591
(Loss)/ profit for the period	(2,611)	1,802
Other comprehensive income for the period	–	–
Total comprehensive income for the period	(2,611)	1,802

There are capital commitments of \$0.6 million (30 June 2023: nil) at 31 December 2023 for Harris Property Trust.

There are no contingent liabilities at 31 December 2023 for Harris Property Trust.

Reconciliation of the above summarised financial information to carrying amount of the interest in the material associate recognised in the consolidated financial statements:

	Harris Property Trust	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Net assets of the associate	60,287	63,356
Proportion of the Group's ownership interest	49.90%	49.90%
Group's share of net assets of the associates	30,083	31,614
Carrying amount of the Group's interest	30,083	31,614

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 \$199.7 million of debt facilities. The total drawn amount at 31 December 2023 was \$192.7 million, with a weighted average debt facility maturity of 2.12 years and a weighted average interest rate of 4.48% p.a. at 31 December 2023. The interest rate risk of drawn facilities is hedged to 77.7%.

In December 2023, the Fund has extended two existing debt facilities from 28 February 2024 to 31 August 2026.

	Consolidated Group 31 December 2023 \$'000	Consolidated Group 30 June 2023 \$'000	ECPF II 31 December 2023 \$'000	ECPF II 30 June 2023 \$'000
Bank loan - term debt	–	80,159	–	7,402
Total current	–	80,159	–	7,402
Non-current				
Bank loan - term debt	192,661	109,725	14,131	6,729
Bank loan - borrowing costs less amortisation	(370)	(451)	(8)	(19)
Total non-current	192,291	109,274	14,123	6,710
Total interest bearing liabilities	192,291	189,433	14,123	14,112

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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. 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 period.

(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:

- Ian Mackie (Appointed as Chair from 1 January 2024, appointed as Director on 25 August 2023)
- Paul Bedbrook (Resigned as Chair and Director on 31 December 2023)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Su Kiat Lim
- Anthony Fehon
- Karyn Baylis
- Victor Rodriguez (appointed on 7 July 2023)

Key Management Personnel

In addition to the Directors, the following persons were Key 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 2023

7. 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 Group 31 December 2023	Consolidated Group 31 December 2022	ECPF II 31 December 2023	ECPF II 31 December 2022
	\$	\$	\$	\$
Fees paid to Elanor Investors Group and its controlled entities:				
Management fees	1,858,278	2,000,113	100,652	121,567
Cost recoveries	410,719	391,693	51,340	48,962
Leasing fees	477,972	–	134,457	–
Other	100,746	130,625	–	4,624
Total	2,847,715	2,522,431	286,449	175,153

Outstanding balances arising from Fees paid to Elanor Investors Group and its controlled entities:

Accounts payable	855,778	451,574	80,254	32,280
Total	855,778	451,574	80,254	32,280

Related party holdings

Directors and other Key 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 Directors and other Key Management Personnel are as follows:

	31 December 2023 No. of fully paid units
Investment held by Elanor Investment Trust	39,755,650
Investment held by Directors and Other Management Personnel	405,711
Total	40,161,361

	30 June 2023 No. of fully paid units
Investment held by Elanor Investment Trust	39,755,650
Investment held by Directors and Other Management Personnel	605,711
Total	40,361,361

Cross-Stamp Loan

The Fund has applied the ECL model under AASB 9 *Financial Instruments* to its unsecured intercompany loan receivable with ECPF II. An impairment provision as the 12-month ECL has been assessed at balance date. Despite the current economic environment, there has been no history of defaults and management has determined that there has not been a significant increase in credit risk on the intercompany loan since its inception as ECPF I. ECPF I maintains a strong capital position and forecasts sufficient cash flows to repay the loan to ECPF II on expiry. There is no impact on the Fund as this loan eliminates on consolidation.

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8. 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 2023 (30 June 2023: nil).

(b) Commitments

The Fund has capital commitments of \$3.45 million (30 June 2023: nil) in respect of capital expenditures contracted as of 31 December 2023.

9. Subsequent events

The Directors of Responsible Entity 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.

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 27 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 2023 and of its performance, for the half year ended 31 December 2023; 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 Boards of Directors in accordance with Section 303(5) of the *Corporations Act 2001* (Cth).



Glenn Willis
CEO and Managing Director

Sydney
22 February 2024



Independent auditor's review report to the stapled security holders of Elanor Commercial Property Fund

Report on the interim financial reports

Conclusion

We have reviewed the interim financial reports of:

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

which comprise the consolidated statements of financial position as at 31 December 2023, 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, selected 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 interim financial reports of the Group and ECPF II Group do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's and ECPF II Group's financial position as at 31 December 2023 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 interim financial report* section of our report.

We are independent of the Group and ECPF II Group 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 the 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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Responsibilities of the directors of the Responsible Entity for the interim financial reports

The directors of Elanor Funds Management Limited, the Responsible Entity of the Group and ECPF II Group are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial reports

Our responsibility is to express a conclusion on the interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group and ECPF II Group's financial position as at 31 December 2023 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 an interim 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.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers', written in black ink.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'CJ Cummins', written in black ink.

CJ Cummins
Partner

Sydney
22 February 2024