

## Appendix 4D

### Half year report for the period ended 31 December 2022

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 2022
Previous corresponding period	Six month period ended 31 December 2021

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 2022.

#### Results for announcement to the market

##### Financial Performance

		A \$'000
Revenue from ordinary activities	Up 9.6% to	20,662
Profit/(loss) from ordinary activities attributable to securityholders	Down 144.1% to	(8,193)
Net profit/(loss) for the period attributable to securityholders	Down 144.1% to	(8,193)
Funds from Operations (FFO) <sup>1</sup>	Up 28.5% to	18,413

##### Distribution

Current Period	Amount per unit
Quarterly Distribution - (1 October 2022 to 31 December 2022) <sup>2</sup>	2.35 cents
Quarterly Distribution - (1 July 2022 to 30 September 2022)	2.35 cents
Previous Corresponding Period	
Quarterly Distribution - (1 October 2021 to 31 December 2021)	2.35 cents
Quarterly Distribution - (1 July 2021 to 30 September 2021)	2.35 cents

Record date for determining entitlement to the December Quarterly Distribution:	31 December 2022
Date the Interim Distribution is payable:	28 February 2023
The components of the Interim Distribution comprise <sup>2</sup> :	Trust Distribution: 2.35 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 2022.

##### Net Tangible Assets

Current Period	Current Period
Net tangible asset backing per security	\$1.13
Previous Corresponding Period	
Net tangible asset backing per security	\$1.20

##### Notes:

- Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines with the exception of amortisation of borrowing costs 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 and contribution from manager, gains/loss 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.
- The distribution for the quarter ended 31 December 2022 is based on a payout ratio of 85% 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 opinion.

**Distribution Reinvestment Plan (DRP)**

There is no DRP in operation for the interim distribution for the half year ended 31 December 2022.

**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 2022

## **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  
[www.elanorinvestors.com/ECF](http://www.elanorinvestors.com/ECF)

# 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 2022 (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:

- Paul Bedbrook (Chairman)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim
- Karyn Baylis

### 2. Principal activities

The principal activity of the Fund is the investment in Australian commercial office properties, located in major metropolitan areas or established commercial precincts.

### 3. Distributions

Distributions relating to the half year ended 31 December 2022 comprise:

	Distribution Cents per stapled security	31 December 2022 \$'000
<b>Consolidated Group</b>		
Distribution paid: 1 July - 30 September 2022	2.35	7,439
Distribution payable: 1 October - 31 December 2022	2.35	7,439
<b>Total distributions paid or payable</b>	<b>4.70</b>	<b>14,878</b>

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

### 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 2022, the Fund completed and achieved the following key initiatives and results:

- Funds from Operations (FFO) for the period of \$18.4 million or 5.82 cents per security
- Distributions of \$14.9 million or 4.70 cents per security, at a payout ratio of 81%, the low end of the Fund's target payout ratio range (80% – 100%);
- Successfully negotiated and executed a range of new leases and renewals over 4,564 m<sup>2</sup>, further enhancing the Fund's income security and tenant quality;
- Maintained strong occupancy levels at 96%, consistent with 30 June 2022 and significantly above national office occupancy levels.

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 \$540.2 million;
- Generates approximately 72% of its income from high credit quality tenants including Federal and State Governments (16%), Multinationals (45%, including ITV, Abacus dx, Accor) and ASX-listed tenants (12%, including CIMIC, NAB, Coles and Wesfarmers).

# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

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

#### INVESTMENT PORTFOLIO

The valuation of the Fund's portfolio of investment properties at 31 December 2022 has decreased by \$20.5 million (3.96%) since 30 June 2022. The valuation of the equity accounted investment in Harris Property Trust at 31 December 2022 decreased by \$0.1 million (0.25%) since 30 June 2022.

This decrease in portfolio valuation is primarily due to rising capitalisation rates and discount rates as a result of the prevailing interest rate environment and market conditions. These impacts have been partially offset by increasing portfolio rents for the Fund.

Notwithstanding valuation movements, the resilience of the Fund's property portfolio in the current uncertain economic environment is reflective of its tenant quality, occupancy of 96%, WALE of 3.0 years, weighted average capitalisation rate of 6.56% - 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	
		31 December 2022	30 June 2022
		\$'m	\$'m
50 Cavill Avenue	Surfers Paradise QLD	119.0	119.0
WorkZone West	Perth, WA	115.0	125.0
Garema Court	Canberra, ACT	67.8	72.0
200 Adelaide St	Brisbane, QLD	56.5	55.5
NEXUS Centre	Mount Gravatt, QLD	38.5	39.2
Campus DXC	Felixstow, SA	34.0	36.0
Limestone Centre	Ipswich, QLD	33.5	37.0
34 Corporate Drive	Cannon Hill, QLD	32.0	33.0
<b>Total Investment Properties</b>		<b>496.3</b>	<b>516.7</b>

  

Equity Investment	Location	Ownership %	Equity Accounted Value	
			31 December 2022	30 June 2022
			\$'m	\$'m
19 Harris Street	Pymont, NSW	49.9	43.9	44.0
<b>Total Equity Investment</b>			<b>43.9</b>	<b>44.0</b>

  

<b>Total Investment Portfolio</b>			<b>540.2</b>	<b>560.7</b>
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# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

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

#### FINANCIAL RESULTS

The Fund recorded a statutory loss after tax of \$8.2 million for the half year ended 31 December 2022 (December 2021: profit after tax of \$18.6 million).

Funds from Operations (FFO) were \$18.4 million or 5.82 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 2022, with Net Assets of \$356.7 million, and cash on hand of \$8.7 million. The Fund also has \$2.4 million in undrawn debt facilities.

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

	Consolidated Group 31 December 2022	ECPF II 31 December 2022
<b>Key financial results</b>		
Net statutory loss after tax (\$'000)	(8,194)	(3,198)
Funds from Operations (FFO) (\$'000)	18,412	882
Distributions payable to security holders (\$'000)	7,439	386
FFO per stapled security (cents)	5.82	0.28
FFO per weighted average stapled security (cents)	5.82	0.28
Distributions (cents per stapled security)	4.70	0.22
Net tangible assets (\$ per stapled security)	1.13	0.07
Gearing (net debt / total assets less cash) (%)	32.27%	35.16%
Gearing (look-through) <sup>1</sup> (%)	37.69%	35.16%

<sup>1</sup> Adjusted for equity accounted investment of 19 Harris Street, Pyrmont, NSW.

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

	Consolidated Group 31 December 2022 \$'000	ECPF II 31 December 2022 \$'000
<b>Funds from Operations (FFO)</b>		
<b>Statutory net loss for the 6 months ending 31 December 2022</b>	<b>(8,194)</b>	<b>(3,198)</b>
<i>Adjustments for items included in statutory profit:</i>		
Fair value (gain)/loss included in share of profit from equity accounted investment <sup>2</sup>	(1,367)	—
Fair value (gain)/loss on investment property	22,991	3,664
Fair value (gain)/loss on derivatives	746	65
Straight lining of rental income <sup>3</sup>	303	12
Amortisation expense <sup>4</sup>	2,325	339
<i>Adjustments for non profit / (loss) item:</i>		
Share of FFO from equity accounted investments	1,608	—
<b>Funds from Operations (FFO)<sup>1</sup></b>	<b>18,412</b>	<b>882</b>

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.



# ELANOR COMMERCIAL PROPERTY FUND

## DIRECTORS' REPORT

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

#### SUSTAINABILITY

Sustainability is a key focus of the Group when managing assets or assessing acquisition opportunities. This includes consideration of the asset's energy efficiency, water efficiency, waste management, carbon impact, indoor environment, and proximity to public transport.

The Fund's 19 Harris Street and WorkZone West properties hold the NABERS Climate Active Carbon Neutral certification. The Fund's weighted average NABERS Energy rating is 5.2 stars and is 35% Carbon Neutral (weighted by asset value).

The Fund continues to pursue initiatives to mitigate the environmental impact of its investments including further investments in renewable energy generation and energy efficiency initiatives across the portfolio. Furthermore, a key focus is on improving the measurement of the Fund's environmental impact to better inform decision making.

Further information on the Fund's approach to Environmental, Social and Governance (ESG) is provided in the Elanor Investors Group's ESG Annual Report.

#### RISK MANAGEMENT

The risks to the Fund in the coming period primarily comprise earnings variability and potential capital value impacts due to the prevailing interest rate environment and economic conditions. Potential capital value movements are related to higher return hurdles for real estate investments as interest rates rise, driven by volatility and uncertainty in respect of short- and long-term interest rates.

Further, risks may also relate to increased operating expenses, a softening of rental growth, an increase in required incentives or longer letting up periods and possible weather-related events. While general market uncertainty may impact the availability of capital for acquisition opportunities, demand for quality assets is expected to remain positive.

These risks to the Fund are mitigated through hedging of the interest rate risks (currently the Fund debt is 96% hedged) and active management of the Fund's portfolio. Regular engagement with tenants across the portfolio and ongoing assessments of tenant rental risks, are key contributors to the strong performance of the Fund. Further risk mitigants include the broadening of the Fund's tenant mix and actively managing the Fund's cash position and capital structure.

In regard to climate related risks, the Fund is progressing its alignment with the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. This initiative is a key focus of the Fund's ESG Committee.

#### SUMMARY AND OUTLOOK

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

The Fund's assets continued to perform strongly over the period with strong occupancy and growth in face rents.

The Fund is well positioned for continued earnings growth.

# 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 2022 '000	Consolidated Group 30 June 2022 '000
Stapled securities on issue at the beginning of the period	316,556	316,556
Stapled securities issued during the period	—	—
<b>Stapled securities on issue at the end of the period</b>	<b>316,556</b>	<b>316,556</b>

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

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2022/519*, 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 24 February 2023.

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.



Paul Bedbrook  
Chairman



Glenn Willis  
CEO and Managing Director

Sydney, 24 February 2023



## Auditor's Independence Declaration

As lead auditor for the review of Elanor Commercial Property Fund II and Elanor Commercial Property Fund I for the half-year ended 31 December 2022, 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 II and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'N R McConnell'.

N R McConnell  
Partner  
PricewaterhouseCoopers

Sydney  
24 February 2023

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

		Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 31 December 2021 \$'000
	Note				
<b>Income</b>					
Rental income	2	20,662	18,860	1,194	1,488
Outgoings reimbursements		4,128	2,648	117	98
Share of profit from equity accounted investments	5	1,367	—	—	—
Net fair value movement of investment properties	4	—	5,555	—	2,857
Other income		30	357	36	44
<b>Total income</b>		<b>26,187</b>	<b>27,420</b>	<b>1,347</b>	<b>4,487</b>
<b>Expenses</b>					
Rates, taxes and other outgoings		5,322	4,175	347	348
Borrowing costs		2,265	1,949	158	154
Other expenses		1,304	1,133	189	73
Investment management fees		1,753	1,564	122	114
Net fair value movement of investment properties	4	22,991	—	3,664	—
Net fair value movement of derivatives		746	—	65	—
Transaction and establishment costs		—	1	—	—
<b>Total expenses</b>		<b>34,381</b>	<b>8,822</b>	<b>4,545</b>	<b>689</b>
<b>Net (loss) / profit for the period</b>		<b>(8,194)</b>	<b>18,598</b>	<b>(3,198)</b>	<b>3,798</b>
<b>Attributable to security holders of:</b>					
- Elanor Commercial Property Fund I		(4,996)	14,800	—	—
- Elanor Commercial Property Fund II (Non-controlling interest)		(3,198)	3,798	(3,198)	3,798
<b>Net (loss) / profit attributable to security holders for the period</b>		<b>(8,194)</b>	<b>18,598</b>	<b>(3,198)</b>	<b>3,798</b>
Basic earnings / (loss) per stapled security (cents)		(2.59)	7.13	(1.01)	1.46
Diluted earnings / (loss) per stapled security (cents)		(2.59)	7.13	(1.01)	1.46

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 2022

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 31 December 2021 \$'000
<b>Net (loss) / profit for the period</b>	<b>(8,194)</b>	<b>18,598</b>	<b>(3,198)</b>	<b>3,798</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Profit on revaluation of cash flow hedge	–	3,180	–	185
Other comprehensive income for the period	–	<b>3,180</b>	–	<b>185</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(8,194)</b>	<b>21,778</b>	<b>(3,198)</b>	<b>3,983</b>
<b>Attributable to security holders of:</b>				
- Elanor Commercial Property Fund I	(4,996)	17,795	–	–
- Elanor Commercial Property Fund II (Non-controlling interest)	(3,198)	3,983	(3,198)	3,983
<b>Total comprehensive (loss) / income for the period</b>	<b>(8,194)</b>	<b>21,778</b>	<b>(3,198)</b>	<b>3,983</b>

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 30 June 2022 \$'000
	Note				
<b>Current assets</b>					
Cash and cash equivalents		8,666	8,189	937	434
Receivables		1,692	654	161	57
Prepayments		806	325	2	18
Other current assets		5	60	5	39
Derivative financial instruments		3,897	3,908	260	274
<b>Total current assets</b>		<b>15,066</b>	<b>13,136</b>	<b>1,365</b>	<b>822</b>
<b>Non-current assets</b>					
Investment property	4	496,250	516,700	33,500	37,000
Equity accounted investments	5	43,904	44,014	–	–
Interest bearing cross staple loan receivable		–	–	1,393	2,511
Derivative financial instruments		5,744	6,480	254	306
<b>Total non-current assets</b>		<b>545,898</b>	<b>567,194</b>	<b>35,147</b>	<b>39,817</b>
<b>Total assets</b>		<b>560,964</b>	<b>580,330</b>	<b>36,512</b>	<b>40,639</b>
<b>Current liabilities</b>					
Trade and other payables		4,314	3,786	251	357
Rent received in advance		1,559	503	135	151
Distribution payable	3	7,439	7,438	386	485
<b>Total current liabilities</b>		<b>13,312</b>	<b>11,727</b>	<b>772</b>	<b>993</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	6	186,915	184,324	13,444	13,436
Manager contribution		4,078	4,545	–	–
<b>Total non-current liabilities</b>		<b>190,993</b>	<b>188,869</b>	<b>13,444</b>	<b>13,436</b>
<b>Total liabilities</b>		<b>204,305</b>	<b>200,596</b>	<b>14,216</b>	<b>14,429</b>
<b>Net assets</b>		<b>356,659</b>	<b>379,734</b>	<b>22,296</b>	<b>26,210</b>
<b>Equity</b>					
<i>Equity Holders of Parent Entity</i>					
Contributed equity		343,515	343,518	25,978	25,978
Retained accumulated (losses) / profits		(9,152)	10,006	(3,682)	232
<b>Parent entity interest</b>		<b>334,363</b>	<b>353,524</b>	<b>22,296</b>	<b>26,210</b>
<i>Equity Holders of Non-Controlling Interest</i>					
Contributed equity		25,978	25,978	–	–
Retained accumulated (losses) / profits		(3,682)	232	–	–
<b>Non-controlling interest</b>		<b>22,296</b>	<b>26,210</b>	<b>–</b>	<b>–</b>
<b>Total equity attributable to stapled security holders:</b>					
- Elanor Commercial Property Fund I		334,363	353,524	–	–
- Elanor Commercial Property Fund II		22,296	26,210	22,296	26,210
<b>Total equity attributable to stapled security holders</b>		<b>356,659</b>	<b>379,734</b>	<b>22,296</b>	<b>26,210</b>

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Contributed equity	Cash flow Hedge Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest	Total Equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>						
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)
<b>Total comprehensive (expense) for the period</b>	<b>–</b>	<b>–</b>	<b>(4,996)</b>	<b>(4,996)</b>	<b>(3,198)</b>	<b>(8,194)</b>
<b>Transactions with securityholders in their capacity as securityholders:</b>						
Contributions of equity, net of issue costs	(3)	–	–	(3)	–	(3)
Distributions paid and payable	3	–	(14,162)	(14,162)	(716)	(14,878)
<b>Total equity as at 31 December 2022</b>	<b>343,515</b>	<b>–</b>	<b>(9,152)</b>	<b>334,363</b>	<b>22,296</b>	<b>356,659</b>

	Contributed equity	Cash flow Hedge Reserve	Retained profits/ (accumulated losses)	Parent Entity Total Equity	Non- controlling interest	Total Equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated Group</b>						
Balance as at 1 July 2021	224,996	(996)	(3,973)	220,027	23,436	243,463
Net profit for the period	–	–	14,800	14,800	3,798	18,598
Other comprehensive income / (expense) for the period	–	2,995	–	2,995	185	3,180
<b>Total comprehensive income / (expense) for the period</b>	<b>–</b>	<b>2,995</b>	<b>14,800</b>	<b>17,795</b>	<b>3,983</b>	<b>21,778</b>
<b>Transactions with securityholders in their capacity as securityholders:</b>						
Contributions of equity, net of issue costs	82,194	–	–	82,194	–	82,194
Distributions paid and payable	3	–	(12,216)	(12,216)	(1,009)	(13,225)
<b>Total equity as at 31 December 2021</b>	<b>307,190</b>	<b>1,999</b>	<b>(1,389)</b>	<b>307,800</b>	<b>26,410</b>	<b>334,210</b>

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

# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

	Contributed equity	Cash flow Hedge Reserve	Retained profits/ (accumulated losses)	Total Equity
Note	\$'000	\$'000	\$'000	\$'000
<b>Elanor Commercial Property Fund II</b>				
Balance as at 1 July 2021	25,978	173	(2,715)	23,436
Net profit / (loss) for the period	–	–	3,798	3,798
Other comprehensive income / (expense) for the period	–	185	–	185
<b>Total comprehensive income / (expense) for the period</b>	<b>–</b>	<b>185</b>	<b>3,798</b>	<b>3,983</b>
<b>Transactions with securityholders in their capacity as securityholders:</b>				
Distributions paid and payable	3	–	(1,009)	(1,009)
<b>Total equity as at 31 December 2021</b>	<b>25,978</b>	<b>358</b>	<b>74</b>	<b>26,410</b>

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



# ELANOR COMMERCIAL PROPERTY FUND

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 31 December 2021 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 31 December 2021 \$'000
<b>Cash flows from operating activities</b>				
Rental and other property income received	27,543	23,472	1,503	1,639
Finance costs paid	(2,158)	(1,856)	(150)	(146)
Payments to suppliers and the Responsible Entity	(9,910)	(7,384)	(792)	(828)
<b>Net cash flows from operating activities</b>	<b>15,475</b>	<b>14,232</b>	<b>561</b>	<b>665</b>
<b>Cash flows from investing activities</b>				
Payments for additions to investment properties	(3,106)	(121,372)	(361)	(48)
Payments for transaction costs	–	(1)	–	–
<b>Net cash flows from investing activities</b>	<b>(3,106)</b>	<b>(121,373)</b>	<b>(361)</b>	<b>(48)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest bearing liabilities	2,484	42,689	–	–
Proceeds from issue of shares	–	84,682	–	–
Transaction costs related to issue of shares	(3)	(2,488)	–	–
Distributions paid	(14,877)	(11,704)	(815)	(1,111)
Distributions received from equity accounted investments	504	–	–	–
Proceeds from interest bearing - cross staple loan	–	–	1,118	1,269
<b>Net cash flows from financing activities</b>	<b>(11,892)</b>	<b>113,179</b>	<b>303</b>	<b>158</b>
Net increase / (decrease) in cash and cash equivalents	477	6,038	503	775
Cash and cash equivalents at the beginning of the period	8,189	8,409	434	473
<b>Cash at the end of the period</b>	<b>8,666</b>	<b>14,447</b>	<b>937</b>	<b>1,248</b>

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

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### About this Report

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

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

The interim financial report is a general purpose report prepared in accordance with the *Corporations Act 2001*, the Trust Constitution and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The interim financial report does not include all notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Fund during the half year ended 31 December 2022 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 2022

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 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 31 December 2022 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.

### 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 2022. ECPF I is the parent entity in relation to the stapling.

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

### Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2022/519*, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### Critical accounting estimates and judgments

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 2022, 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.

Changing market conditions (high inflation pressure and expected further cash rate increases by the Reserve Bank of Australia) can result in continued elevated levels of uncertainty in the preparation of the financial statements. Where changing market conditions have heightened uncertainty in applying these accounting estimates and critical judgements for the period ended 31 December 2022, enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgements utilised. The estimates or assumptions which are material to the financial statements are discussed in the following:

#### a) Investment Properties

Assumptions underlying fair value – Note 4

#### b) Derivative Financial Instruments

The Fund's derivative financial instruments consist of interest rate swap contracts to hedge its exposure to movements in variable interest rates. The interest rate swap agreements allow the Fund to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2). The interest rate swap hedges interest rate risk on the Fund's debt facilities.

All of the resulting fair value estimates are included in Level 2. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates fixed rate and forward interest rate curves.

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

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# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 \$'000	Consolidated Group 31 December 2021 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 31 December 2021 \$'000
WorkZone West	6,864	6,768	—	—
50 Cavill Avenue	4,128	2,298	—	—
Garema Court	3,039	3,400	—	—
Campus DXC	1,580	1,571	—	—
NEXUS Centre	1,415	1,749	—	—
200 Adelaide St	1,408	1,447	—	—
Limestone Centre	1,194	1,488	1,194	1,488
34 Corporate Drive	1,034	139	—	—
<b>Total revenue from operating activities</b>	<b>20,662</b>	<b>18,860</b>	<b>1,194</b>	<b>1,488</b>

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022:

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

<sup>1</sup> The distribution of 2.35 cents per stapled security for the quarter ended 31 December 2022 will be paid on 28 February 2023. Please refer to the Director's Report for the calculation of FFO and the Distribution.

	Distribution 31 December 2021 cents per stapled security	Total 31 December 2021 amount \$'000
<b>Consolidated Group</b>		
Distribution paid: 1 July - 30 September 2021	2.35	6,612
Distribution payable: 1 October - 31 December 2021	2.35	6,613
<b>Total</b>	<b>4.70</b>	<b>13,225</b>

#### ECPF II

The following distributions were declared and paid by the ECPF II in respect of the period ended 31 December 2022:

	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 <sup>1</sup>	0.12	386
<b>Total</b>	<b>0.22</b>	<b>716</b>

<sup>1</sup> The distribution of 0.12 cents per stapled security for the quarter ended 31 December 2022 will be paid on 28 February 2023. Please refer to the Director's Report for the calculation of FFO and the Distribution.

	Distribution 31 December 2021 cents per stapled security	Total 31 December 2021 amount \$'000
Distribution paid: 1 July - 30 September 2021	0.21	582
Distribution payable: 1 October - 31 December 2021	0.15	427
<b>Total</b>	<b>0.36</b>	<b>1,009</b>

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022.

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

Refer to the 30 June 2022 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 2022	30 June 2022	31 December 2022	30 June 2022
		\$'000	\$'000	\$'000	\$'000
50 Cavill Avenue	External	119,000	119,000	–	–
WorkZone West	External	115,000	125,000	–	–
Garema Court	External	67,750	72,000	–	–
200 Adelaide St	External	56,500	55,500	–	–
NEXUS Centre	External	38,500	39,200	–	–
Campus DXC	External	34,000	36,000	–	–
Limestone Centre	External	33,500	37,000	33,500	37,000
34 Corporate Drive	External	32,000	33,000	–	–
<b>Total</b>		<b>496,250</b>	<b>516,700</b>	<b>33,500</b>	<b>37,000</b>

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

#### (b) Movement in investment properties

	Consolidated Group	Consolidated Group	ECPFII	ECPFII
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Opening Balance	516,700	384,500	37,000	34,000
Acquisitions	3	118,298	–	–
Capital expenditure	3,103	8,915	361	582
Straightlining of rental income	(303)	1,484	(12)	35
Amortisation	(2,469)	(864)	(366)	–
Movement in lease incentives and rental guarantee	2,207	1,251	181	91
Net fair value adjustments	(22,991)	3,116	(3,664)	2,292
<b>Total investment properties</b>	<b>496,250</b>	<b>516,700</b>	<b>33,500</b>	<b>37,000</b>

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 Annual Financial Report for detailed explanations of the significant unobservable inputs.

Valuation Techniques	Significant unobservable inputs	Range 31 December 2022	Range 30 June 2022	Weighted average 31 December 2022	Weighted average 30 June 2022
<i>Discounted cash flows</i> – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate	6.00% - 7.50%	5.75% - 7.00%	6.80%	6.75%
	Adopted terminal yield	5.75% - 7.63%	5.63% - 7.25%	6.81%	6.58%
	Net property income (per sqm)	\$367 - \$899	\$360 - \$865	\$588	\$580
<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	5.50% - 7.50%	5.13% - 7.00%	6.56%	6.24%

The following sensitivity analysis has been prepared to illustrate the exposure of the fair value of the investment property balance at 31 December 2022 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 2022. 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 (%)	(8,700)	9,100	(1.8)	1.8
Terminal yield (%)	(11,300)	12,400	(2.3)	2.5
Capitalisation rate (%)	(20,300)	21,200	(4.1)	4.3



# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 \$'000
Harris Property Trust	Commercial office building	49.90%	43,904
<b>Total equity accounted investment</b>			<b>43,904</b>

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2022 \$'000
Harris Property Trust	Commercial office building	49.90%	44,014
<b>Total equity accounted investment</b>			<b>44,014</b>

The carrying amount of equity investments at the beginning and end of the current year is set out below:

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000
Carrying amount at the beginning of the period	44,014	–
Initial investment in equity accounted investment	–	43,463
Share of profit from equity accounted investment <sup>1</sup>	899	778
Distribution received	(504)	–
Distribution receivable	(505)	(227)
<b>Total carrying value at the end of the period</b>	<b>43,904</b>	<b>44,014</b>

<sup>1</sup> Share of profit from equity accounted investment of \$1.37 million 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 2022

### 5. Equity accounted investments (continued)

(b) Summarised financial information for individually material associate

	Harris Property Trust	
	31 December	30 June
	2022	2022
	\$'000	\$'000
<b>Financial position</b>		
Current assets	3,900	2,981
Non-current assets	187,951	185,000
<b>Total Assets</b>	<b>191,851</b>	<b>187,981</b>
Current liabilities	2,551	1,478
Non-current liabilities	101,316	98,300
<b>Total Liabilities</b>	<b>103,867</b>	<b>99,778</b>
Contributed equity	87,100	87,100
Retained profits	884	1,103
<b>Total Equity</b>	<b>87,984</b>	<b>88,203</b>

	Harris Property Trust	
	31 December	30 June
	2022	2022
	\$'000	\$'000
<b>Financial performance</b>		
Revenue	4,591	951
Profit for the period	1,802	1,559
Other comprehensive income for the period	–	–
<b>Total comprehensive income for the period</b>	<b>1,802</b>	<b>1,559</b>

There are capital commitments of \$1.46 million (30 June 2022: nil) at 31 December 2022 for Harris Property Trust.

There are no contingent liabilities at 31 December 2022 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
	2022	2022
	\$'000	\$'000
Net assets of the associate	87,984	88,203
Proportion of the Group's ownership interest	49.90%	49.90%
Group's share of net assets of the associates	43,904	44,014
<b>Carrying amount of the Group's interest</b>	<b>43,904</b>	<b>44,014</b>

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 \$189.7 million of debt facilities. The total drawn amount at 31 December 2022 was \$187.3 million, with a weighted average debt facility maturity of 2.07 years and a weighted average interest rate of 2.26% p.a. at 31 December 2022. The interest rate risk of drawn facilities is hedged to 96.0%.

The Fund has access to three secured debt facilities of \$70.0 million, \$70.0 million and 39.7 million which will mature on 28 February 2024, 28 February 2025 and 31 August 2026 respectively. The Fund also has access to a \$10.0 million capex facility which will mature on 28 February 2024.

	Consolidated Group 31 December 2022 \$'000	Consolidated Group 30 June 2022 \$'000	ECPF II 31 December 2022 \$'000	ECPF II 30 June 2022 \$'000
<b>Non-current</b>				
Bank loan - term debt	187,277	184,780	13,456	13,456
Bank loan - borrowing costs less amortisation	(362)	(456)	(12)	(20)
<b>Total non-current</b>	<b>186,915</b>	<b>184,324</b>	<b>13,444</b>	<b>13,436</b>
<b>Total interest bearing liabilities</b>	<b>186,915</b>	<b>184,324</b>	<b>13,444</b>	<b>13,436</b>

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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:

- Paul Bedbrook (Chair)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Anthony Fehon
- Su Kiat Lim
- Karyn Baylis

##### *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 2022

### 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 2022	Consolidated Group 31 December 2021	ECPF II 31 December 2022	ECPF II 31 December 2021
	\$	\$	\$	\$
<b>Fees paid to Elanor Investors Group and its controlled entities:</b>				
Group management fees	2,000,113	1,811,309	121,567	114,337
Cost recoveries	391,693	312,466	48,962	40,819
Other	130,625	–	4,624	–
<b>Total</b>	<b>2,522,431</b>	<b>2,123,775</b>	<b>175,153</b>	<b>155,156</b>

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

Accounts payable	451,574	–	32,280	–
<b>Total</b>	<b>451,574</b>	<b>–</b>	<b>32,280</b>	<b>–</b>

#### 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 2022 No. of fully paid units
Investment held by Elanor Investment Trust	39,755,650
Investment held by Directors and Other Management Personnel	580,711
<b>Total</b>	<b>40,336,361</b>

	30 June 2022 No. of fully paid units
Investment held by Elanor Investment Trust	39,755,650
Investment held by Directors and Other Management Personnel	570,711
<b>Total</b>	<b>40,326,361</b>

#### Cross-Staple Loan

On 9 December 2019, as part of the internal funding structure on listing of the Fund, ECPF II entered into a 10 year interest-bearing loan with ECPF I at arm's length commercial terms. As at 31 December 2022, the outstanding loan balance payable to ECPF II was \$1.39 million (30 June 2022: \$2.51 million).

# ELANOR COMMERCIAL PROPERTY FUND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 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 2022 (30 June 2022: nil).

#### (b) Commitments

The Fund has capital commitments of \$2.25 million (30 June 2022: nil) in respect of capital expenditures contracted as of 31 December 2022.

### 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 8 to 26 are in accordance with the *Corporations Act 2001* (Cth) including:
  - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance, for the half year ended 31 December 2022; 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  
24 February 2023



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

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

### **Conclusion**

We have reviewed the half-year financial reports of:

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

which comprises the consolidated statements of financial position as at 31 December 2022, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration to the stapled security holders.

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

1. giving a true and fair view of the Group's and ECPF II's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial reports* section of our report.

We are independent of the Group and ECPF II in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to 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 half-year financial reports***

The directors of Elanor Funds Management Limited, the Responsible Entity of the Group 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 of the Responsible Entity 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 responsibilities for the review of the half-year financial reports***

Our responsibility is to express a conclusion on the half-year financial reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group and ECPF II's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'N R McConnell'.

N R McConnell  
Partner

Sydney  
24 February 2023