Elanor Investors Group

Elanor Commercial Property Fund

(ABN 87 535 962 576)

Special Purpose Consolidated Financial Report
for the financial year ended 30 June 2018

Elanor Commercial Property Fund
ABN 87 535 962 576

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DIRECTORS' REPORT

The Directors of Elanor Funds Management Limited, the Trustee for Elanor Commercial Property Fund (the Fund), submit herewith the annual report of the Fund for the financial year ended 30 June 2018. In order to comply with the Debt Facility requirements, and the Directors' reporting requirements under the Fund Constitution, the Directors present their report as follows:

The names of the Directors of the Trustee since it became the Trustee of the Fund are:

Paul Bedbrook
Glenn Willis
William Moss AO
Nigel Ampherlaw

The above named Directors held office during the financial period and since the end of the financial period, unless otherwise stated.

Principal activities

The Elanor Commercial Property Fund is an unregistered managed investment scheme domiciled in Australia. The Fund was established on 4 June 2016 and operations of the Fund commenced on 1 December 2016.

The principal activity of Elanor Commercial Property Fund is its investment in commercial real estate.

Distributions

Total distributions paid or payable for the financial year ended 30 June 2018 amounted to $3,027,725 representing $0.0943 per unit. The distribution declared but not paid for the June 2018 quarter is $646,810 ($0.0138 per unit), refer to Note 2.

Review of operations
The net profit for the financial year ended 30 June 2018 was $4,697,067 for the financial year ended 30 June 2018.

	For the year ended 30 June 2018 $'000
Total revenue and other income	7,993
Net profit for the period attributable to unitholders	4,697
Distributions/distributions payable	3,028
Distributions payable at 30 June 2018	647
Value of Fund's total assets	90,716
Net tangible asset backing per unit ($)	0.95

On 10 May 2018, the Fund acquired the Campus DXC office property, located at 196 OG Road, Felxistow, Adelaide for $35 million.

Changes in state of affairs
In the opinion of the Directors, there were no other significant changes in the state of the affairs of the Fund that occurred during the period other than those matters stated in this report.

Subsequent events
On 15 August 2018 the Fund acquired an equity interest of approximately 51.5% in the Workzone West Syndicate for $35.0 million, which has acquired the WorkZone West commercial property located at 202 Pier Street, Perth, Western Australia for $125.3 million.

Other than above, there has not been any matter or circumstance occurring subsequent to the end of the period that has significantly, or may significantly, affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Environmental regulations
The activities of the Fund are not significantly affected by any environmental regulations.

Indemnifications of officers and auditors
No insurance premiums were paid out of the assets of the Fund for insurance cover provided to either the officers of the Trustee or the auditors of the Fund. Where the officers of the Trustee act in accordance with the Fund’s Constitution, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is not indemnified out of the assets of the Fund.

Rounding of amounts
The Fund has rounded off amounts to the nearest thousand dollars, unless stated otherwise.

Auditor
Deloitte Touche Tohmatsu is the auditor of the Fund.

Proceedings on behalf of the Fund
No proceedings have been brought, or intervened in, on behalf of the Fund.

Signed in accordance with a resolution of Directors of the Trustee dated 26 September 2018.

Glenn Willis
CEO and Managing Director

Sydney, 26 September 2018

Elanor Commercial Property Fund
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	4 June 2016 to 30 June 2017 $'000
Income			
Rental income		4,596	2,005
Other income		501	196
Outgoings reimbursements		377	92
Interest income		114	34
Net fair value increment of investment properties	3	2,405	-
Total income		**7,993**	**2,327**
Expenses			
Rates, taxes and other outgoings		1,269	486
Borrowing costs		1,243	533
Administration and general costs		180	94
Professional fees		33	12
Management fees		571	282
Net fair value decrement of investment properties		-	3,539
Total expenses		**3,296**	**4,946**
Net profit/(loss) for the period		**4,697**	**(2,619)**
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		**4,697**	**(2,619)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Elanor Commercial Property Fund
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		806	1,075
Restricted cash		1,497	1,388
Receivables		314	194
Prepayments		59	15
Total current assets		**2,676**	**2,672**
Non-current assets			
Investment property	3	86,133	46,104
Restricted cash		1,907	2,785
Total non-current assets		**88,040**	**48,889**
Total assets		**90,716**	**51,561**
Liabilities			
Current liabilities			
Payables		845	641
Rent received in advance		340	-
Distribution payable	2	647	691
Total current liabilities		**1,832**	**1,332**
Non-current liabilities			
Interest bearing liabilities	4	44,449	24,810
Total non-current liabilities		**44,449**	**24,810**
Total liabilities		**46,281**	**26,143**
Net assets		**44,435**	**25,418**
Equity			
Contributed equity	5	46,627	29,279
Retained profits / (accumulated losses)		(2,192)	(3,861)
Total equity		**44,435**	**25,418**

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

Elanor Commercial Property Fund
ABN 87 535 962 576

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Attributable to the unitholders

	Note	Contributed Equity	Accumulated profit/(losses)	Total Equity
		$'000	$'000	$'000
Balance as at 30 June 2017		**29,279**	**(3,861)**	**25,418**
Net profit for the period		-	4,697	4,697
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**4,697**	**4,697**
Transactions with unitholders in their capacity as unitholders:				
Contributions of equity, net of issue costs	5	17,348	-	17,348
Distributions paid or payable	2	-	(3,028)	(3,028)
Total equity as at 30 June 2018		**46,627**	**(2,192)**	**44,435**
Balance as at 4 June 2016		**-**	**-**	**-**
Net loss for the period		-	(2,619)	(2,619)
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(2,619)**	**(2,619)**
Transactions with unitholders in their capacity as unitholders:				
Contributions of equity, net of issue costs	5	29,279	-	29,279
Distributions paid or payable	2	-	(1,242)	(1,242)
Total equity as at 30 June 2017		**29,279**	**(3,861)**	**25,418**

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

Elanor Commercial Property Fund
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	4 June 2016 to 30 June 2017 $'000
Cash flows from operating activities			
Rental and other property income received		7,128	2,637
Interest income received		114	34
Finance costs paid		(1,142)	(485)
Payments to suppliers		(2,541)	(488)
Net cash flows from operating activities	10	**3,559**	**1,698**
Cash flows from investing activities			
Payments for additions to investment properties		(36,909)	(46,104)
Payments for transaction costs		(1,501)	(3,837)
Net cash flows used in investing activities		**(38,410)**	**(49,941)**
Cash flows from financing activities			
Net proceeds from interest bearing liabilities		19,537	24,762
Net proceeds from equity raising		17,348	29,280
Distributions paid		(3,072)	(551)
Net cash flows from financing activities		**33,813**	**53,491**
Net increase in cash and cash equivalents		(1,038)	5,248
Cash and cash equivalents at the beginning of the period		5,248	-
for the financial year ended 30 June 2018		**4,210**	**5,248**

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

1. Significant Accounting Policies

1.1 Financial reporting framework

The Fund is not a reporting entity because there are no users dependent upon general purpose financial reports. This is a special purpose financial report that has been provided for the sole purpose of complying with the debt facility and Fund constitution requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The consolidated financial statements were approved by the Directors on 26 September 2018.

1.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the Fund Constitution, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Error and AASB 1054 Australian Additional Disclosures.

1.3. Basis of preparation

The financial report has been prepared on the basis of historical cost, except for certain financial instruments and investment properties that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

1.4. Basis of consolidation

The consolidated financial report of the Fund incorporates the assets and liabilities of ECPF (the Parent) and all of its subsidiaries as at 30 June 2018. The Fund is a for-profit entity for the purposes of preparing this financial report.

1.5 Application of new and revised Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the Fund in the period of initial application. They are available for early adoption at 30 June 2018 but have not been applied preparing these consolidated financial statements:

Reference	Description	Impact on the Funds
AASB 9 Financial Instruments (Applicable 1 January 2018)	AASB 9 addresses the classification, measurement and de-recognition of financial assets and liabilities and introduces new rules for hedge accounting and impairment of financial assets.	Adoption of the new standard is not expected to have a material impact on the Fund's consolidated financial statements. The Fund will adopt the standard in the financial year beginning 1 July 2018.
AASB 15 Revenue from Contracts with Customers (Applicable 1 January 2018)	AASB 15 introduces a five-step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	The Fund's main sources of income are rental income, fair value gains on investment properties and fair value gains on financial instruments. These sources of income are outside the scope of the new revenue standard. An assessment has been performed on the Fund's lease contracts. It was noted that there are no non-lease services included in these contracts that would otherwise be in scope of AASB 15. Based upon the assessment, it is expected that AASB 15 will not have a material impact to the Funds consolidated financial statements. The Fund will adopt the standard in the financial year beginning 1 July 2018.

1. Significant Accounting Policies (continued)

1.5 Application of new and revised Standards and Interpretations (continued)

AASB 16 Leases (Applicable 1 January 2019 – early adoption allowed if AASB 15 is adopted at the same time)	AASB 16 introduces new requirements in relation to lease classification and recognition, measurement and presentation and disclosure of leases for lessees and lessors. For lessees a (right-of-use) asset and a lease liability will be recognised on the balance sheet in respect of all leases subject to limited exceptions. The accounting for lessors will not significantly change.	Given that the Fund is not a party to any significant lease agreements as lessee, and on the basis that this remains the same, the new standard is not expected to have a material impact on the recognition and measurement of lease-related revenues, assets or liabilities. The Fund will adopt the standard in the financial year beginning 1 July 2019.

1.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised. Where amounts do not meet the recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of goods and services tax, rebates and discounts.

1.6.1 Rental Revenue

Rental income is the income from leasing office space within the Fund's commercial real estate premises. Rental income is recognised as revenue on a straight-line basis over the lease term.

1.6.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Fund and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

1.7 Expenditure

All expenses are recognised in the consolidated statement of profit or loss and other comprehensive income on an accruals basis.

1.8 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or
b) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

1. Significant Accounting Policies (continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and restricted cash.

1.10 Receivables

Debtors are recognised at amortised cost, which in the case of the Fund is the original invoice amount less a provision for any uncollected debts. Collectability of debtors is reviewed on an ongoing basis and bad debts are written off when identified by reducing the amount of the receivable in the consolidated statement of financial position. A specific provision is made for any doubtful debts where objective evidence exists that the Fund will not be able to collect the amounts due according to the original terms of the receivables.

Indicators that debts may be uncollectible include default in payment (more than 30 days overdue), significant financial difficulties of the debtor and the probability that the debtor will be placed in administration. The debtor's circumstances relating to the default in payment are considered and in some cases alternative payment arrangements may apply. If the debtor defaults on the terms of these arrangements, the debt will be recognised as doubtful.

The amount of the doubtful debt provision is calculated as the difference between the original debt amount and the present value of the estimated future cash flows. The amount of the provision is recognised in the consolidated statement of profit or loss and other comprehensive income as a bad and doubtful debts expense.

Where a debtor for which a provision for doubtful debt had been recognised becomes uncollectible in a subsequent period, it is written off against the doubtful debt provision. Subsequent recoveries of amounts previously written off are credited against the bad and doubtful debts expense in the consolidated statement of profit or loss and other comprehensive income.

Normal commercial terms and conditions apply to receivables.

All receivables with maturities greater than 12 months after reporting date are classified as non-current assets.

1.11 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1. Significant Accounting Policies (continued)

1.12 Financial liabilities and equity instruments issued by the Fund

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the net assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.13 Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or other objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.14 Payables

Payables represent liabilities and accrued expenses owing by the Fund at period end which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost and normal commercial terms and conditions apply to payables.

A distribution payable to unitholders of the Fund is recognised for the amount of any distribution approved on or before reporting date but not distributed at reporting date. In accordance with the Fund Constitution, the Fund distributes income to unitholders on a quarterly basis.

All payables with maturities greater than 12 months after the reporting date are classified as non-current liabilities.

1.15 Interest bearing liabilities

Interest bearing liabilities are recognised initially at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost using the effective interest method. Under the effective interest method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the consolidated statement of profit or loss and other comprehensive over the expected life of the borrowings.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financial facilities which expire after one year are classified as non-current.

1.16 Distributions

In accordance with the Fund Constitution, the Fund distributes income adjusted for unrealised and other amounts as determined by the Directors, to unitholders on a quarterly basis. Refer to note 1.14 for the accounting policy for the distribution payable to unitholders at reporting date.

1.17 Rounding of amounts

The Fund has rounded amounts in the financial report to the nearest thousand dollars, unless stated otherwise.

1. Significant Accounting Policies (continued)

1.18 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported in the consolidated financial statements. The Trustee bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which form the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

The areas where a higher degree of judgment or complexity arise, or areas where assumptions and estimates are significant to the Fund's financial statements, are detailed below:

(i) Fair value of investment properties

Investment properties are carried at fair value with changes in fair value recognised in the consolidated statement of profit or loss and comprehensive income. Fair value is defined as the price at which an asset or liability could be exchanged in an arm's length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale.

In reaching estimates of fair value, management judgment needs to be exercised. The level of management judgment required in establishing fair value of the investments for which there is no quoted price in an active market is reduced through the use of external valuations.

2. Unitholders' distribution for the financial year ended 30 June 2018

Distributions paid and payable by the Fund during the period are:

	Note	30 June 2018 $	30 June 2018 $/unit
Distributions paid - September 2017 quarter	(i)	698,662	0.0236
Distributions paid - December 2017 quarter	(ii)	698,812	0.0236
Distributions paid - period 1 Jan - 9 May 2018	(iii)	983,441	0.0333
Distributions payable - period 10 May - 30 June 2018	(iv)	646,810	0.0136
Total distributions paid or payable		**3,027,725**	**0.0941**

(i) The distribution for the September 2017 quarter was paid on 10/11/2017
(ii) The distribution for the December 2017 quarter was paid on 14/02//2018
(iii) The distribution for the period from 1 Jan 2018 to 9 May 2018 quarter was paid on 1/06/2018
(iv) The distribution for the period from 10 May to 30 June 2018 quarter was paid on 16/08/2018

Distributions paid and payable by the Fund for prior period are:

	Note	30 June 2017 $	30 June 2017 $/unit
Distributions paid - March 2017 quarter	(v)	551,118	0.0186
Distributions payable - June 2017 quarter	(vi)	691,017	0.0234
Total distributions paid or payable		**1,242,135**	**0.0420**

(v) The distribution for the September 2015 quarter was paid on 18/11/2015
(vi) The distribution for the December 2015 quarter was paid on 19/02/2016

3. Investment properties

	30 June 2018 $'000	4 June 2016 to 30 June 2017 $'000
Mount Gravatt	32,300	29,806
Cannon Hill	20,485	20,453
Campus DXC	36,001	-
Net of lease incentives and rental guarantee liabilities	(2,653)	(4,155)
Total Investment properties held at fair value	**86,133**	**46,104**

		30 June 2018 $'000	4 June 2016 to 30 June 2017 $'000
Balance at the beginning of the period		46,104	-
Investment properties on acquisition	(1)	35,000	50,150
Transaction costs on acquisition	(1)	1,501	3,837
Net of lease incentives and rental guarantee liabilities on acquisition	(1)	-	(4,750)
Movement in lease incentives and rental guarantee liabilities		1,503	595
Impact of discounting of lease incentive liabilities		(65)	-
Capital expenditure		472	109
Impact of straight-lining of rental income		(787)	(298)
Net fair value increment of investment properties		2,405	-
Net fair value decrement of investment properties		-	(3,539)
Total Investment properties		**86,133**	**46,104**

(1) The sum of these amounts represent the net acquisition cost of investment properties during the period

4. Interest bearing liabilities

	30 June 2018 $'000	30 June 2017 $'000
Non-current - secured		
Bank loan - term debt	44,680	25,075
Borrowing costs less amortisation	(231)	(265)
Total non-current interest bearing liabilities	**44,449**	**24,810**

Financial facilities

The Fund has the following facilities available:

		30 June 2018 $'000		
Facility	**Expiry**	**Drawn**	**Facility Limit**	**Undrawn Amount**
ING debt facility due 2019	01-Dec-19	25,430	27,580	2,150
ING debt facility due 2021	10-May-21	19,250	19,250	-
		44,680	**46,830**	**2,150**

5. Contributed equity

	30 June 2018 No. of units '000	30 June 2018 $'000	4 June 2016 to 30 June 2017 No. of units '000	4 June 2016 to 30 June 2017 $'000
Opening balance	29,575	29,279	-	-
New units issued	17,347	17,523	29,575	29,575
Equity raising costs	-	(175)	-	(296)
Total contributed equity	**46,922**	**46,627**	**29,575**	**29,279**

6. Related parties

6.1 Trustee and Manager

Elanor Funds Management Limited is the Trustee and is considered to be a related party of the Fund.
Elanor Funds Management Limited is considered to be the Key Management Personnel.

6.2 Director of the Trustee

The Directors of the Trustee are:

Paul Bedbrook
Glenn Willis
William Moss AO
Nigel Ampherlaw

6.3 Other Key Management Personnel

The following persons were Key Management Personnel of the Trustee with the authority for the strategic direction and management of the Fund.

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

6.4 Remuneration of Key Management Personnel

Compensation is paid to the Trustee in the form of fees and is disclosed in Note 6.5. No other amounts are paid by the Fund directly or indirectly to the Key Management Personnel for services provided to the Fund.

6.5 Trustee fees

(i) Base fees
Over the financial year ended 30 June 2018, the total amounts paid and payable in relation to base fees were $570,844

(ii) Cost recoveries
Over the financial year ended 30 June 2018, the total amounts paid and payable in relation to cost recoveries were $132,000

(iii) Acquisition costs
Over the financial year ended 30 June 2018, the total amounts paid and payable in relation to acquisition costs were $500,000

(iv) Equity raising costs
Over the financial year ended 30 June 2018, the total amounts paid and payable in relation to equity raising costs were $175,202

6.6 Related party unitholdings

Directors, employees and associates of Elanor Funds Management Limited and entities controlled by the Trustee may hold investments in the Fund. Such investments were purchased on normal commercial terms and were at arm’s length. The number of units held by Directors of Elanor Funds Management Limited (including entities controlled, jointly controlled or significantly influenced by them), employees and associates are as follows:

	30 June 2018 No. of fully paid units	30 June 2018 $	30 June 2017 No. of fully paid units	30 June 2017 $
Investment held by Elanor Investment Trust	762,120	721,723	584,000	584,000
Total investment held by Elanor Investment Trust	**762,120**	**721,723**	**584,000**	**584,000**

7. Auditor's remuneration

Deloitte Touche Tohmatsu is the auditor of the Fund. Amounts paid or payable to the auditor of the Fund are as follows:

	30 June 2018 $	4 June 2016 to 30 June 2017 $
Audit and other assurance services		
Audit of financial report	22,550	22,000
Taxation services		
Tax compliance services	14,400	10,800
Total auditor's remuneration	**36,950**	**32,800**

8. Events occurring after the reporting date

On 15 August 2018 the Fund acquired an equity interest of approximately 51.5% in the Workzone West Syndicate for $35.0 million, which has acquired the WorkZone West commercial asset located at 202 Pier Street, Perth, Western Australia for $125.3 million.

Other than above, there has not been any matter or circumstance occurring subsequent to the end of the period that has significantly, or may significantly, affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

9. Commitments and contingencies

(a) Contingent liabilities
The Fund has no contingent liabilities as at 30 June 2018.

(b) Contingent assets
The Fund has no contingent assets as at 30 June 2018.

(c) Commitments
The Fund has no commitments as at 30 June 2018.

10. Reconciliation of profit for the period to net cash flows from operating activities

	30 June 2018 $'000	4 June 2016 to 30 June 2017 $'000
Profit /(loss) for the period	4,697	(2,619)
Rental income straight-lining	787	298
Net fair value increment and transaction costs	(2,405)	3,539
Amortisation	101	48
	3,180	**1,266**
Movement in working capital		
Decrease/ (Increase) in trade and other receivables	(120)	(194)
Increase in prepayments	(45)	(15)
Increase in trade and other payables	204	641
Increase in rent received in advance	340	-
	379	**432**
Net cash generated by operating activities	**3,559**	**1,698**

Elanor Commercial Property Fund
ABN 87 535 962 576

DIRECTORS' DECLARATION

As stated in Note 1.1 to the consolidated financial statements, in the Directors' opinion, the Fund is not a reporting entity because there are no users dependent upon general purpose financial reports. This is a special purpose financial report that has been provided for the sole purpose of complying with the debt facility and Fund constitution requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with Australian Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

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

(a) The consolidated financial statements and notes set out on pages 5 to 17 are in accordance with the Fund Constitution and the Debt Facility Agreement, including:

  (i) complying with Australian Accounting Standards and other mandatory professional reporting requirements as detailed above; and

  (ii) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the financial year ended 30 June 2018; and

(b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Trustee, Elanor Funds Management Limited, dated 26 September 2018.

On behalf of the Directors

for the financial year ended 30 June 2018

Glenn Willis
CEO and Managing Director

Sydney
26 September 2018

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the Unitholders of Elanor Commercial Property Fund

Opinion

We have audited the financial report, being a special purpose financial report, of Elanor Commercial Property Fund (the "Fund") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Fund's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements of the Fund Constitution as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Fund to meet the financial reporting requirements of the Fund Constitution. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Unitholders and should not be distributed or used by parties other than the Unitholders. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of Elanor Funds Management Limited, as Trustee for Elanor Commerical Property Fund are responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Fund Constitution and is appropriate to meet the needs of the Unitholders. The directors' responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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AG Collinson
Partner
Chartered Accountants
Sydney, 26 September 2018