Elanor Investors Group

Limestone Street Centre Syndicate

(ABN 93 867 646 398)

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

Limestone Street Centre Syndicate
ABN 93 867 646 398

TABLE OF CONTENTS

Limestone Street Centre Syndicate
ABN 93 867 646 398

DIRECTORS' REPORT

The Directors of Elanor Funds Management Limited, the Trustee for Limestone Street Centre Syndicate (the Syndicate), submit herewith the annual report of the Syndicate, for the financial year ended 30 June 2018. In order to comply with the Debt Facility requirements, the Directors present their report as follows:

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

Paul Bedbrook
Glenn Willis
William Moss AO
Nigel Ampherlaw

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

Principal activities

The Limestone Street Centre Syndicate is an unregistered managed investment scheme domiciled in Australia and has its principal place of business at 38 Limestone Street, Ipswich, QLD.

Elanor Funds Management Limited, the Trustee of Limestone Street Centre Syndicate, was incorporated on 19 June 2007 and is domiciled in Australia and has its registered office at Level 38, 259 George Street, Sydney, NSW, 2000.

The principal activity of Limestone Street Centre Syndicate is its investment in real estate property. It acquired the property Limestone Street Centre on 18 December 2015.

Limestone Street Centre Syndicate engaged K2 Private Pty Limited as Manager / Operator of the property under a Property Management Agreement.

Distributions

Total distributions paid or payable for the year ended 30 June 2018 amounted to $1,891,419 representing $0.1106 per unit. The distribution declared but not paid for the June 2018 quarter is $488.568 ($0.0286 per unit), refer Note 2.

The net profit for the year ended 30 June 2018 was $2,162,519 see page 7.

	For the year ended 30 June 2018 $'000
Total revenue and other income	4,215
Net profit for the year attributable to unitholders	2,163
Distributable income	1,891
Distributions payable at balance date	489
Value of Syndicate's total assets	36,865
Net tangible asset backing per unit ($)	1.01

Limestone Street Centre Syndicate
ABN 93 867 646 398

DIRECTORS' REPORT

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 Syndicate that occurred during the year other than those matters stated in this report.

Subsequent events
There has not been any matter or circumstance occurring subsequent to the end of the year that has significantly, or may significantly, affect the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

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

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

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

Auditor
KPMG is the auditor of the Syndicate.

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

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

Limestone Street Centre Syndicate
ABN 93 867 646 398

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	30 June 2018 $'000	30 June 2017 $'000
Revenue		
Rental income	3,557	3,364
Other income	326	322
Outgoings reimbursements	319	238
Interest income	13	23
Total revenue	**4,215**	**3,948**
Expenses		
Rates, taxes and other outgoings	824	791
Borrowing costs	792	784
Administration and general costs	61	43
Professional fees	16	15
Management fees	359	367
Total expenses	**2,052**	**2,000**
Net profit for the year	**2,163**	**1,948**
Other comprehensive income for the period		
Items that may be reclassified to profit and loss		
Gain on revaluation of cash flow hedge	41	250
Total comprehensive income for the year	**2,204**	**2,198**

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

Limestone Street Centre Syndicate
ABN 93 867 646 398

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		1,094	1,464
Receivables	3	127	60
Prepayments		28	31
Total current assets		**1,249**	**1,555**
Non-current assets			
Investment property	4	35,616	35,104
Total non-current assets		**35,616**	**35,104**
Total assets		**36,865**	**36,659**
Liabilities			
Current liabilities			
Payables		442	439
Amounts received in advance		238	181
Distribution payable	2	489	459
Financial derivatives		107	94
Total current liabilities		**1,277**	**1,173**
Non-current liabilities			
Payables		628	806
Interest bearing liabilities	5	17,546	17,524
Financial derivatives		132	187
Total non-current liabilities		**18,305**	**18,517**
Total liabilities		**19,582**	**19,690**
Net assets		**17,283**	**16,970**
Equity			
Unitholder equity	6	16,925	16,925
Reserves		(241)	(281)
Retained earnings		599	327
Total equity		**17,283**	**16,970**

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

Limestone Street Centre Syndicate
ABN 93 867 646 398

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

Attributable to the unitholders

	Note	Contributed Equity	Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000
Balance as at 1 July 2017	6	**16,925**	**(282)**	**327**	**16,970**
Net profit for the year		-	-	2,163	2,163
Other comprehensive income for the periods					
Unrealised gain on revaluation of interest rate swap		-	41	-	41
Total comprehensive income for the year		**-**	**41**	**2,163**	**2,204**
Transactions with unitholders in their capacity as unitholders:					
Distributions paid or payable	2	-	-	(1,891)	(1,891)
Total equity as at 30 June 2018		**16,925**	**(241)**	**599**	**17,283**
Opening balance		**16,925**	**(532)**	**130**	**16,523**
Net profit for the period		-	-	1,948	1,948
Other comprehensive income for the periods					
Unrealised gain on revaluation of interest rate swap		-	250	-	250
Total comprehensive income		**-**	**250**	**1,948**	**2,198**
Transactions with unitholders in their capacity as unitholders:					
Distributions paid or payable		-	-	(1,751)	(1,751)
Total equity as at 30 June 2017		**16,925**	**(282)**	**327**	**16,970**

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

Limestone Street Centre Syndicate
ABN 93 867 646 398

STATEMENT OF CASHFLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
Cash flows from operating activities			
Rental and other property income received		4,415	4,232
Interest income received		13	23
Interest paid		(770)	(762)
Payments to suppliers and employees		(1,833)	(1,947)
Net cash flows from operating activities	11	**1,825**	**1,546**
Cash flows from investing activities			
Payments for capital expenditure and acquistions		(334)	(358)
Net cash flows used in investing activities		**(334)**	**(358)**
Cash flows from financing activities			
Distributions paid		(1,861)	(1,722)
Net cash flows (used in)/from financing activities		**(1,861)**	**(1,722)**
Net (decrease)/increase in cash and cash equivalents		(370)	(534)
Cash and cash equivalents at the beginning of the year		1,464	1,998
Cash and cash equivalents at the end of the year		**1,094**	**1,464**

The above Statement of Cashflow should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. Significant Accounting Policies

1.1 Financial reporting framework

The Syndicate 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 must not be used for any other purpose.

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

1.2 Statement of compliance

These financial statements have been prepared in accordance with the Syndicate 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. The Syndicate is a for-profit entity for the purposes of preparing this financial report.

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 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 Syndicate in the period of initial application. They are available for early adoption at 30 June 2018 but have not been applied preparing these financial statements:

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 Syndicate's financial statements. The Syndicate 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 Syndicate's main sources of income are rental income and fair value gains on investment properties. These sources of income are outside the scope of the new revenue standard. An assessment has been performed on the Syndicate'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 Syndicates financial statements. The Syndicate will adopt the standard in the financial year beginning 1 July 2018.

NOTES TO THE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. Significant Accounting Policies (continued)

1.4 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 Syndicate 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 Syndicate will adopt the standard in the financial year beginning 1 July 2019.

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Syndicate 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.

1.5.1 Rental Revenue

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

1.5.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Syndicate 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.

1.6 Expenditure

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

Borrowing costs incurred on interest bearing liabilities are included in Note 1.8.

1.7 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 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)

1.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank.

1.10 Receivables

Debtors are recognised at amortised cost, which in the case of the Syndicate 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 statement of financial position. A specific provision is made for any doubtful debts where objective evidence exists that the Syndicate 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 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 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 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 Syndicate

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 Syndicate 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 Derivatives

The Syndicate enters into derivative financial instruments to manage its exposure to interest rate risk.

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 unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Syndicate designates its hedging instruments, which include derivatives, as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Syndicate documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Syndicate revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss and other comprehensive income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit or loss and other comprehensive income.

1.14 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 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. Significant Accounting Policies (continued)

1.15 Payables

Payables represent liabilities and accrued expenses owing by the Syndicate 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 Syndicate is recognised for the amount of any distribution approved on or before reporting date but not distributed at reporting date. In accordance with the Syndicate Constitution, the Syndicate 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.

1.16 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 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.

1.17 Distributions

In accordance with the Syndicate Constitution, the Syndicate distributes income adjusted for unrealised and other amounts as determined by the Directors, to unitholders on a quarterly basis. Refer to note 1.16 for the accounting policy for the distribution payable to unitholders at reporting date.

1.18 Rounding of amounts

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

1.19 Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported in the 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 Syndicate'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 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.

Limestone Street Centre Syndicate
ABN 93 867 646 398

NOTES TO THE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2. Unitholders' distribution

Distributions paid and payable by the Syndicate during the year are:

	Note	30 June 2018 $	30 June 2018 $/unit
Distributions paid - September quarter	(i)	459,109	0.0268
Distributions paid - December quarter	(ii)	459,194	0.0269
Distributions paid - March quarter	(iii)	484,548	0.0283
Distributions payable - June quarter	(iv)	488,568	0.0286
Total distributions paid or payable		**1,891,419**	**0.1106**

(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 March 2018 quarter was paid on 18/05/2018
(iv) The distribution for the June 2018 quarter was paid on 16/08/2018

3. Receivables

	30 June 2018 $'000	30 June 2017 $'000
Current		
Trade debtors	127	60
Total receivables	**127**	**60**

4. Investment Properties

	30 June 2018 $'000	30 June 2017 $'000
Non-current		
Investment properties held at fair value	35,616	35,104
Total Investment properties held at fair value	**35,616**	**35,104**

	30 June 2018 $'000	30 June 2017 $'000
Non-current		
Balance at the beginning of the period	35,104	34,538
Capital expenditure	512	566
Total Investment properties	**35,616**	**35,104**

5. Interest bearing liabilities

	30 June 2018 $'000	30 June 2017 $'000
Non-current - secured		
Debt facility	17,600	17,600
Unamortised costs	(54)	(76)
Total interest bearing liabilities	**17,546**	**17,524**

Financial facilities

The Syndicate has the following facility available:

		30 June 2018 $'000		
Facility	**Expiry**	**Drawn**	**Facility Limit**	**Undrawn Amount**
Bankwest debt facility	18-Dec-20	17,600	18,850	1,250
		17,600	**18,850**	**1,250**

6. Contributed equity

	No. of units 30 June 2018 '000	No. of units 30 June 2017 '000	30 June 2018 $'000	30 June 2017 $'000
Opening balance	17,100	17,100	16,925	16,925
New units issued	-	-	-	-
Equity raising costs	-	-	-	-
Total contributed equity	**17,100**	**17,100**	**16,925**	**16,925**

7. Related parties

7.1 Trustee and Manager

Elanor Funds Management Limited, the Trustee, has appointed K2 Private Pty Limited as the Manager / Operator of the Property. Elanor Funds Management Limited is the Trustee and is considered to be a related party of the Syndicate. Elanor Funds Management Limited is considered to be the Key Management Personnel.

7.2 Director of the Trustee

The Directors of the Trustee are:

Paul Bedbrook
Glenn Willis
William Moss AO
Nigel Ampherlaw

7.3 Other Key Management Personnel

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

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

7.4 Remuneration of Key Management Personnel

Compensation is paid to the Trustee in the form of fees and is disclosed in Note 7.5. No other amounts are paid by the Syndicate directly or indirectly to the Key Management Personnel for services provided to the Syndicate.

The Directors of the Trustee receive remuneration in their capacity as Directors of the Trustee. The Directors are employed as executives of Elanor Operations Pty Limited, and in that capacity, part of their role is to act as a Director of the Trustee. Other Key Management Personnel are employed and paid by Elanor Operations Pty Limited.

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

7.5 Trustee fees

(i) Base fees
Over the period ended 30 June 2018, the total amounts paid and payable in relation to base fees were $358,854.

(ii) Cost recoveries
Over the period ended 30 June 2018, the total amounts paid and payable in relation to cost recoveries were $99,142.

7.6 Related party unitholdings

Directors, employees and associates of Elanor Funds Management Limited and entities controlled by the Trustee may hold investments in the Syndicate. 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 $**
Investment held by Elanor Investment Trust	1,400,000	1,385,673
Investment held by Directors and employees	1,050,000	1,039,254
Total investment held by Directors and employees	**2,450,000**	**2,424,927**

8. Auditor's remuneration

KPMG (2017: YCG Audit Services Pty Ltd) is the auditor of the Syndicate. Amounts paid or payable to the auditors of the Syndicate are as follows:

	30 June 2018 $	30 June 2017 $
Audit services		
Audit of financial report	15,000	13,000
Total auditor's remuneration	**15,000**	**13,000**

9. Events occuring after the reporting date

There has not been any matter or circumstance occurring subsequent to the end of the year that has significantly, or may significantly, affect the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

10. Commitments and contingencies

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

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

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

11. Reconciliation of profit for the year to net cash flows from operating activities

	30 June 2018 $'000	30 June 2017 $'000
Profit for the year	2,163	1,948
Rental income straight-lining	(178)	(209)
Amortisation of borrowing costs	22	22
	2,007	**1,761**
Movement in working capital		
(Increase)/decrease in trade and other receivables	(67)	36
Decrease in prepayments	3	4
Drecrease in trade and other payables	(175)	(351)
Increase in amounts received in advance	57	95
	(183)	**(216)**
Net cash generated by operating activities	**1,825**	**1,546**

Limestone Street Centre Syndicate
ABN 93 867 646 398

DIRECTORS' DECLARATION

As stated in Note 1.1 to the financial statements, in the Directors' opinion, the Syndicate 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 Limestone Street Centre Syndicate, we declare that in the opinion of the Directors:

(a) The financial statements and notes set out on pages 5 to 17 are in accordance with the Syndicate 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 year ended on that date; and

(b) There are reasonable grounds to believe that the Syndicate 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

CEO and Managing Director

Sydney
26 September 2018

Independent Auditor's Report

To the Trustee of Limestone Street Centre Syndicate

Opinion

We have audited the ***Financial Report*** of Limestone Street Centre Syndicate (the Syndicate)

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Limestone Street Centre Syndicate as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Note 1 to the financial statements.

The ***Financial Report*** comprise:

- Statement of financial position as at 30 June 2018
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Syndicate 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 fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Trustee of Limestone Street Centre Syndicate to meet the requirements of complying with the debt facility agreement.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Trustee of Limestone Street Centre Syndicate and should not be used by or distributed to parties other than the Trustee of Limestone Street Centre Syndicate. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Trustee of Limestone Street Centre Syndicate or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Limestone Street Centre Syndicate's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustee is responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Trustee Report and Trustee Declaration.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management are responsible for:

- the preparation and fair presentation of the Financial Report and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the needs of the Trustee for the purpose of meeting the requirements of complying with the debt facility agreement
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Syndicate's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Syndicate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Jonathan Rudman

Partner

Sydney

26 September 2018