Appendix 4E

Preliminary final report
for the year ended 30 June 2020

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	Year ended 30 June 2020
Previous corresponding period	Year ended 30 June 2019

This Preliminary Final Report is given to the ASX in accordance with Listing Rule 4.3A. The Report should be read in conjunction with the attached Annual Financial Report for the year ended 30 June 2020.

Results for announcement to the market

Financial Performance

		A $'000
Revenue from ordinary activities	Up 31.6% to	34,456
Profit/(loss) from ordinary activities attributable to security holders	Down 116.4% to	(2,301)
Net profit/(loss) for the period attributable to security holders	Down 116.4% to	(2,301)
Funds from Operations [1]	N/A	13,425

Distribution

Current Period	***Amount per unit***
Interim Distribution [2] – 6 December 2019 to 31 March 2020	2.88 cents
Final Distribution [2] – 1 April 2020 – 30 June 2020	2.37 cents

Record date for determining entitlement to the Final Distribution:		30 June 2020
Date the Final Distribution is payable:		31 August 2020
The components of the Final Distribution comprise:	Trust Distribution:	2.37 cents

Note: Further information on tax components of the distribution will be provided to securityholders with their distribution statement for the year ending 30 June 2020.

Net Tangible Assets

Current Period	***Current Period***
Net tangible asset backing per security	$1.16
Previous Corresponding Period	
Net tangible asset backing per security	$1.30

Notes:

1. Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and represents the Directors' view of underlying earnings from ongoing operating activities since listing on 6 December 2019, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/loss on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items, determined in accordance with ASIC RG230.

2. The Interim and Final Distributions are based on a payout ratio of 80% of Funds from Operations.

Control Gained over Entities during the Period

Name of entity (or group of entities) over which control was gained:	• Adelaide Street Property Trust • WorkZone West Syndicate • Garema Court Property Fund
Date control was gained	• Adelaide Street Property Trust – 15 July 2019 • WorkZone West Syndicate – 6 December 2019 • Garema Court Property Fund – 11 December 2019

Control Lost over Entities during the Period.
None.

Details of any associates and Joint Venture entities required to be disclosed:
None.

Accounting standards used by foreign entities
International Financial Reporting Standards.

Audit
The accounts have been subject to an audit, with an unqualified opinion.

Distribution Reinvestment Plan (DRP)
There is no DRP in operation for the final distribution for the year ended 30 June 2020.

For all other information required by Appendix 4E, please refer to the following attached documents:

- Directors' Report
- Annual Financial Report

Elanor COMMERCIAL PROPERTY FUND

Annual Financial Report

For the year ended 30 June 2020

Elanor Commercial Property Fund
Comprising the stapling of units in Elanor Commercial Property Fund I (ARSN 636 623 099) and units in Elanor Commercial Property Fund II (ARSN 636 623 517)

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
Sydney NSW 2001
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ELANOR COMMERCIAL PROPERTY FUND

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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 financial report of Elanor Commercial Property Fund (Group, Consolidated Group or Fund) and the consolidated financial report of the Elanor Commercial Property Fund II (ECPF II) for the year ended 30 June 2020.

The annual 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), having issued a Product Disclosure Statement (PDS) on 6 November 2019 and listed on 6 December 2019 (IPO). The units of each scheme cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between ECPF I and ECPF II, ECPF I is deemed to be the parent entity of the Group in accordance with the Australian Accounting Standards.

The Directors' report is a combined Directors' report that covers both schemes. The financial information for the Group is taken from the consolidated financial reports and notes.

1. Directors

The following persons have held office as Directors of the Responsible Entity during the period and up to the date of this report:

- Paul Bedbrook (Chair)
- Glenn Willis (Managing Director and Chief Executive Officer)
- Nigel Ampherlaw
- Lim Kin Song
- Anthony Fehon (appointed 20 August 2019)
- William (Bill) Moss AO (resigned 17 September 2019)

2. Principal activities

The principal activities of the Fund are the investment in Australian commercial properties, with a focus on high investment quality commercial properties, located in major metropolitan areas or established commercial precincts.

3. Distributions

Distributions relating to the year ended 30 June 2020 comprise:

	Distribution cents per stapled security	Total amount $'000
Pre IPO:		
Distributions paid: 1 July - 5 December 2019	4.22	4,136
Post IPO:		
Distributions paid: 6 December 2019 - 31 March 2020	2.88	5,888
Distributions payable: 1 April - 30 June 2020	2.37	4,852
Total distributions paid and payable	**9.47**	**14,876**

A provision for the Final Distribution has not been recognised in the financial statements for the period as the distribution had not been declared at the reporting date.

4. Operating and financial review

OVERVIEW AND STRATEGY

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 properties located in major metropolitan areas or established commercial precincts;
- Implement leasing and active asset management to grow the income and value of the properties;
- Acquire additional investment grade commercial properties that satisfy the fund's investment criteria and enhance overall portfolio quality; and
- Maintain a conservative capital structure with a target Gearing range between 30% and 40%.

During the Period from IPO in December 2019 to 30 June 2020, the Fund completed and achieved the following key initiatives and results:

- Funds from Operations (FFO) for the Period of $13.4 million or 6.57 cents per security, significantly ahead of PDS forecast FFO of $12.3 million or 6.04 cents per security;
- Distributions of $10.7 million or 5.25 cents per security, at a payout ratio of 80% - at the lower end of the Fund's target payout ratio range (80% – 100%);
- Completion of the acquisition of Garema Court, Canberra, for $71.5 million in February 2020;
- Lease renewal of Bunnings at NEXUS Centre, Upper Mount Gravatt, for an additional four years, thereby extending the WALE of the Fund's portfolio to 4.3 years; and
- Implementation of a new debt facility with an average tenor of 4 years, resetting the Fund's debt at an all-in rate of 2.1% p.a. (significantly below PDS forecast of 3.0% p.a.)

The Fund's portfolio of commercial properties:

- Comprises seven commercial properties located in established commercial precincts in Brisbane, Perth, Canberra and Adelaide, with a combined value of $373.5 million;
- Has occupancy of 96.6% at balance date;
- Generates approximately 88% of its income from Government (22.6%), Multinational (19.6% - including DXC Technology, Optus, Clemenger and Panasonic) and ASX Listed tenants (45.4% - including CIMIC, Bunnings (Wesfarmers), Coles and NAB); and
- Is geared at approximately 35%.

Impact of COVID-19 on the Fund

There has been a significant change to operating and financial conditions across the Australian economy due to the disruption caused by the COVID-19 pandemic. As a result, the Australian Government has taken steps to support jobs, incomes and businesses by providing multiple economic stimulus packages, including wage subsidies, income support to households and cash flow support to businesses. The recovery of the Australian economy is dependent on the successful and ongoing management of COVID-19 related health outcomes. Given the prevailing market conditions as a result of the COVID-19 pandemic, active communication is being maintained with all tenants across the Fund's portfolio.

Social distancing requirements and other related measures implemented by government in response to the COVID-19 pandemic have been monitored closely and implemented at each of the Fund's properties in accordance with the various state government regulations and recommendations, and in accordance with various industry body recommendations. Operational procedures have been modified as required, to ensure the health, safety and wellbeing of our staff, tenants and visitors to the Fund's properties.

4. Operating and financial review (continued)

OVERVIEW AND STRATEGY (continued)

Approximately 88% of the Fund's income is currently generated from a diversified portfolio of Government, Multinational and ASX listed tenants. Furthermore, 76% of the Fund's income is generated from Government (23%), Engineering and Construction (38%) and IT, Computing and Telecommunications (15%) - sectors that have not been as significantly impacted by the COVID-19 pandemic as other sectors. A very small proportion of the Fund's tenants are in the retail industry (such as cafes in the ground floor of certain properties). These tenants have been impacted the most by the challenging trading conditions brought on by the COVID-19 pandemic. Therefore, impacts of the COVID-19 pandemic on the Fund, to date, have been limited.

The National Cabinet announced the Mandatory Code of Conduct (National Cabinet Mandatory Code of Conduct SME Commercial Leasing Principles During COVID-19) for COVID-19 impacted small and medium sized commercial tenants in early April 2020. Subsequently, States and Territories have been preparing legislation to implement the National Code within their own jurisdictions. As the Fund owns properties in multiple states, the legislation will be referred to generically as the 'Code of Conduct'.

The Fund has reviewed and adhered to the Leasing Principles of the Code of Conduct when negotiating rent concessions with tenants. The code requires that the COVID-19 rent concessions must include proportionate reductions in rent payable in the form of waivers and deferrals based on the reduction in the tenant's trade during the COVID-19 pandemic period and a subsequent reasonable recovery period. Rental waivers must constitute no less than 50% of the total reduction in rent payable, unless tenants waive the requirement by agreement. Payment of rental deferrals by the tenant must be amortised over the balance of the lease term, and for a period of not less than 24 months, whichever is greater, unless otherwise agreed by the parties (please see Note 3 to the financial statements for further information).

At balance date, only eight agreements for COVID-19 related rent relief under the Code of Conduct have been executed - at the Mt Gravatt, 200 Adelaide Street and Garema Court properties (further information in this regard is provided below in the Financial Results section of the Directors' Report).

INVESTMENT PORTFOLIO

During the financial year, the Fund acquired two further high investment quality properties, the 200 Adelaide Street property in Brisbane, QLD, and the Garema Court property, Canberra, in the ACT. The fair value adjustment of Investment Properties in the Consolidated Profit or Loss ($13.7 million) is mainly attributed to the write off of stamp duty and other transactions costs resulting from the acquisition of the two properties and fair value adjustments across the portfolio. The overall decline in the carrying value of the Funds' investment properties held since 30 June 2019 (prior to the IPO of the Fund) is $0.4 million (0.2%).

The valuation of the Fund's portfolio of investment properties at 30 June 2020 has declined by only 1.2%, compared to the portfolio valuation at 31 December 2019 (excluding the Garema Court property acquired post 31 December 2019). This minor reduction in portfolio valuation is primarily driven by conservative valuation assumptions relating to rental growth, and re-leasing downtime and incentives over the next twelve months. The result reflects the strength of the Fund's tenancy profile.

Independent valuers of the Fund's properties have included a statement within their valuation reports noting that in their view, significant valuation uncertainty exists in the current market environment. The significant uncertainty declaration is to serve as a precaution and does not invalidate the valuation. Rather, the statement is to ensure transparency of the fact that in the current extraordinary market circumstances as a result of the COVID-19 pandemic, less certainty can be attached to the valuations and continued periodic assessment should be performed subsequent to the date of the valuation assessment. The Fund will manage this increased uncertainty through active management of the investment portfolio, including ongoing detailed engagement with tenants across the portfolio in respect of their business operations and future leasing transactions.

The resilience of the Fund's property portfolio in the current uncertain environment is reflective of its tenant quality, its WALE of 4.3 years, and the properties' locations being in established commercial precincts (without exposure to the currently challenged Sydney and Melbourne CBD markets).

4. Operating and financial review (continued)

INVESTMENT PORTFOLIO (continued)

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

Property	Location	Valuation $'m
NEXUS Centre	Mount Gravatt, QLD	32.1
34 Corporate Drive	Cannon Hill, QLD	21.0
Campus DXC	Felixstow, SA	35.9
Limestone Centre	Ipswich, QLD	36.3
WorkZone West	Perth, WA	133.3
200 Adelaide St	Brisbane, QLD	43.4
Garema Court	Canberra, ACT	71.5
Total Investment properties		**373.5**

Further detailed discussion in respect of the increased uncertainty in future asset performance and valuation of investment properties is disclosed in both the Critical accounting judgments and key sources of estimation uncertainty (Page 23) and the Investment Properties note (Note 7) in the consolidated financial statements.

FINANCIAL RESULTS

The Fund recorded a statutory loss of $2.3 million for the year ended 30 June 2020, including the Fund's trading performance for the period from 1 July 2019 to the IPO. The securities of the Fund were listed on the ASX on 6 December 2019. After transaction and establishment costs of $8.8 million, the Group recorded a consolidated statutory loss of $11.2 million for the period from listing on 6 December 2019 to 30 June 2020.

Funds from Operations (FFO) post IPO were $13.4 million or 6.57 cents per stapled security. This financial result is 9% above the forecast for the period from listing to 30 June 2020 as reflected in the pro forma forecast from listing to 30 June 2020 set out in the PDS for the Group. FFO is the Directors' measure of the periodic amount available for distributions and has been determined in accordance with ASIC Regulatory Guide 230.

As discussed above, at balance date, eight agreements for COVID-19 related rent relief under the relevant state Government Codes of Conduct have been executed, at the Mt Gravatt, 200 Adelaide Street and Garema Court properties. These agreements are in respect of approximately $0.21 million of rental income, representing only 1.3% of Net Operating Income (NOI) for the financial year or 2.8% of NOI for the calendar quarter ended 30 June 2020 (being the period most impacted by COVID-19). Discussions with tenants in respect of requested rental relief are being conducted in accordance with the Code of Conduct principles, incorporating a component of rent abatement and rent deferment, with the rent deferment to be typically repaid over a 24-month period. In many circumstances, rental relief negotiations also include discussions with the tenant in respect of an increased lease term in consideration of any relief granted.

At balance date, the Fund's results have been impacted by a total of $0.5 million for COVID-19 related rental relief requests (including the eight agreed arrangements noted above), representing 3.2% of NOI for the period from IPO to 30 June 2020 or 7.1% of NOI for the calendar quarter ended 30 June 2020. Of this amount, $0.1 million is in respect of rent waivers relating to rent during the financial year that has been expensed immediately. This year end provision of $0.4 million reflects an allowance against rental income, after careful consideration of agreed tenant deferrals and tenant rental arrears at balance date. As at 31 July 2020, 98% of tenant rent across the Fund's portfolio for the months of April, May and June 2020 has been collected.

The Fund has received limited Government support during the COVID-19 pandemic, including deferral and abatement of certain land tax obligations across the portfolio. The amount is not material to the Fund's results.

The Fund's balance sheet remains strong at 30 June 2020, with Net Assets of $236.4 million, and cash on hand of approximately $6.8 million. The Fund also has $7.0 million in undrawn debt facilities.

4. Operating and financial review (continued)

FINANCIAL RESULTS (continued)

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

Key financial results	Consolidated Group 30 June 2020	ECPF II 30 June 2020
Net (loss) / profit for the twelve months ending 30 June 2020 ($'000)	(2,301)	786
Key financial results post IPO (6 December 2019 - 30 June 2020):		
Funds from Operations (FFO) ($'000)	13,425	1,369
FFO per stapled security (cents)	6.57	0.67
FFO per weighted average stapled security (cents)	6.57	0.67
Net tangible assets ($ per stapled security)	1.16	0.13
Gearing (net debt / total assets less cash) (%)	35.38%	31.32%

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

Funds from Operations (FFO)	Consolidated Group 30 June 2020 $'000	ECPF II 30 June 2020 $'000
Statutory net (loss) / profit for the 12 months ending 30 June 2020	**(2,301)**	**786**
Adjustment to remove pre IPO profit	(8,906)	(388)
Adjusted net (loss) / profit post IPO (6 December 2019 - 30 June 2020)	**(11,207)**	**398**
Adjustments for items included in statutory profit / (loss):		
Transaction and establishment costs[2]	8,834	426
Fair value adjustments on investment property[3]	15,797	210
Straight lining of rental income[4]	(963)	27
Amortisation expense[5]	964	308
Funds from Operations (FFO)[1]	**13,425**	**1,369**

Note 1: Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and represents the Directors' view of underlying earnings from ongoing operating activities since listing on 6 December 2019, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/loss on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items.

Note 2: Transaction and establishment costs incurred by the Group through profit and loss relate to the establishment and listing of the Group in December 2019.

Note 3: The post IPO fair value adjustments on investment property includes the write off of $3.3 million of stamp duty and other transaction costs related to the acquisition of the 200 Adelaide Street property and a further $3.9 million decrement related to stamp duty and other transaction costs written off following the acquisition of the Garema Court property. The remaining $8.6 million relates to fair value adjustments across the other properties on revaluation ($0.8 million for 6 months ended 31 December 2019). The total fair value adjustments on investment property for the financial year ending 30 June 2020 of $13.7 million includes a $2.1m fair value increment prior to IPO. Refer to Note 2 and Note 7.

Note 4: Straight-lining of rental income is a non-cash accounting adjustment recognised in rental income in the Statement of Profit or Loss.

Note 5: Amortisation expense includes the amortisation of capitalised leasing costs and rental abatements, and debt establishment costs recognised in the Statement of Profit or Loss.

4. Operating and financial review (continued)

SUMMARY AND OUTLOOK

During the year ended 30 June 2020, the Fund has undertaken the following activities:

- On 6 December 2019, the Fund's securities were listed on the ASX. The Fund raised total equity of $173.6 million and used these proceeds to acquire the 200 Adelaide Street property and the remaining 48.5% interest in WorkZone West. As part of the listing, the Fund retired debt facilities of $64.9 million.
- On 9 December 2019, the Fund acquired 200 Adelaide Street, Brisbane for $44.2 million. 200 Adelaide Street is a high investment quality office building with a heritage facade located in the Brisbane CBD with 5,957 sqm of net lettable area. The property benefits from recent capital works programs and is in a prime CBD location with direct access to Brisbane's Central Railway Station, a short walk to Brisbane's premier shopping strip – Queen St Mall.
- On 28 February 2020, the Fund acquired Garema Court, 140-180 City Walk, Canberra, ACT for $71.5 million. Garema Court is an A Grade office building with ground floor retail situated in a premium location in the Civic precinct of the Canberra CBD. The asset has a total net lettable area of 11,438 sqm and benefits from significant amenity and public transport, including the new light rail terminus.

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

Prior to the onset of the COVID-19 pandemic the Fund's portfolio of assets were in a strong position, with high occupancy levels and a diversified tenant profile reflecting approximately 88% of the Fund's income generated from Government, Multinational and ASX listed tenants. Throughout the COVID-19 pandemic the Fund's assets have continued to prove their resilience with the limited financial impact on the Fund to date, and with the successful execution of key lease renewal initiatives such as the Bunnings lease at the Mt Gravatt property.

Looking ahead, risks to the Fund in the coming year primarily comprise potential earnings variability associated with uncertain economic and market conditions related to the COVID-19 pandemic. These risks may relate to a softening of rental growth, an increase in required incentives or longer letting up periods. While general market uncertainty may impact the availability of capital for acquisition opportunities, investment demand for quality assets is expected to remain positive. Other risks include potential related movements in property valuations and possible weather-related events.

These risks to the Fund are primarily mitigated through the active management of the Fund's portfolio, including ongoing detailed engagement with tenants across the portfolio in respect of their business operations and any potential rental arrears risks. This tenant level risk assessment, including relevant scenario analysis, is ongoing. Risk mitigation includes broadening the Fund's tenant mix, implementing appropriate insurance arrangements and the actively managing the Fund's cash position and capital structure.

5. Value of assets

	Consolidated Group 30 June 2020 $'000	ECPF II 30 June 2020 $'000
Value of total assets	382,020	40,596
Value of net assets	236,420	26,373

6. Directors

The following persons have held office as Directors of the Responsible Entity during the period and up to the date of this report:

Name	Particulars
Paul Bedbrook	Independent Non-Executive Chairman Chairman, Remuneration and Nominations Committee Paul was appointed a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in June 2014. Paul has had a career of over 30 years in financial services, originally as an analyst, fund manager and then the GM & Chief Investment Officer for Mercantile Mutual Investment Management Ltd (ING owned) from 1987 to 1995. Paul was an executive for 26 years with the Dutch global banking, insurance and investment group, ING, retiring in 2010. Paul's career included the roles of: President and CEO of ING Direct Bank, Canada (2000 – 2003), CEO of the ING Australia/ANZ Bank Wealth JV (2003-2008) and Regional CEO, ING Asia Pacific, Hong Kong (2008 – 2010). Paul is currently the Chairman of Zurich Financial Services Australia and its Life, General and Investment Companies, and a non-executive director of Credit Union Australia and the National Blood Authority. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: B.Sc, F FIN, FAICD
Glenn Willis	Managing Director and Chief Executive Officer Glenn has over 30 years' experience in the Australian and international capital markets. Glenn was the co-founder and Chief Executive Officer of Moss Capital, prior to its ASX listing as Elanor Investors Group in July 2014. Prior to Elanor, Glenn co-founded Grange Securities and led the team in his role as Managing Director and CEO. After 12 years of growth, Grange Securities was acquired by Lehman Brothers International in 2007 as the platform for Lehman's Australian investment banking and funds management operations. Glenn was appointed Managing Director and Country Head in March 2007. In 2008, Glenn was appointed executive Vice Chairman of Lehman Brothers Australia. Glenn is a Director of FSHD Global Research Foundation. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: B.Bus (Econ & Fin)

6. Directors (continued)

Name	Particulars
Nigel Ampherlaw	Independent Non-Executive Director Chairman, Audit and Risk Committee Nigel was appointed a Director of the Responsible Entity and Elanor Investors Limited in June 2014. Nigel was a Partner of PricewaterhouseCoopers for 22 years where he held a number of leadership positions, including heading the financial services audit, business advisory services and consulting businesses. He also held a number of senior client Lead Partner roles. Nigel has extensive experience in risk management, technology, consulting and auditing in Australia and the Asia-Pacific region. Nigel's current Directorships include Chairman of Credit Union Australia and non-executive Director of the Australia Red Cross Blood Service, where he is a member of the Finance and Audit Committee and a member of the Risk Committee. Former listed directorships in the last three years: Quickstep Holdings Ltd Interest in stapled securities: None Qualifications: B.Com, FCA, MAICD
Lim Kin Song	Non-Executive Director Kin Song was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in May 2019. Kin Song is the CEO of Rockworth Capital Partners (which holds a 15% ownership interest in the Group) and is responsible for all aspects of Rockworth's business with a focus on strategy, transactions, business development and investor relations. With over 20 years of experience in the real estate sector, Kin Song specialises in acquisitions, asset management, business development and leasing. He has extensive experience across multi-core real estate sectors in Australia and South East Asia. Kin Song has been the key driver of Rockworth's rapid growth in its assets under management since its inception in 2011, and provided leadership and strategic direction in transactions, corporate development, capital allocation and asset management. Prior to founding Rockworth in 2011, Kin Song held various positions in leading property groups in Asia, including Frasers Centrepoint Ltd, Ascendas-MGM Funds Management and the CapitaLand Group. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: MBA, B.Sci, SISV, RICS

6. Directors (continued)

Name	Particulars
Anthony (Tony) Fehon	Independent Non-Executive Director Tony was appointed as a Director of both the Company and the Responsible Entity (also the Responsible Entity of ERF and ECF) in August 2019. Tony has more than 30 years' experience working in senior roles with some of Australia's leading financial services and funds management businesses. He has broad experience in operational and leadership roles across many industries. Tony is an Executive Director of Volt Bank Limited and has primary responsibility for capital management. He is also director of enLighten Australia Pty Limited, Global Bioprotect Pty Limited, Maker Films and Team Mates Pty Limited. Previously Tony was an Executive Director of Macquarie Bank Limited where he was involved in the formation and listing of several of Macquarie's listed property trusts including being a director of the listed leisure trust. Tony continues to be involved in developing and completing investment structures for real estate investment and development, financial assets and leisure assets. Former listed directorships in the last three years: None Interest in stapled securities: 8,888 Qualifications: B. Com, FCA Appointed: 20 August 2019
William (Bill) Moss AO	Non-Executive Director Bill was appointed a Director of the Responsible Entity and Elanor Investors Limited in June 2014. Bill is an Australian businessman and philanthropist with expertise in real estate, banking, funds and asset management. Bill spent 23 years as a senior executive and Executive Director with Macquarie Group, the pre-eminent Australian investment bank, where Bill managed the Global Banking and Real Estate businesses. Bill founded, grew and led Macquarie Real Estate Group to a point where it managed over $23 billion worth of investments around the world. Bill is Chairman of Moss Capital and Chairman and Founder of The FSHD Global Research Foundation. Bill is a commentator on the Australian finance and banking sectors, the global economy and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged. In 2015, Bill was awarded one of Australia's highest honours, Office of the Order of Australia (AO), for services to the banking, charity, and finance sectors. Former listed directorships in the last three years: None Interest in stapled securities: None Qualifications: B.Ec Resigned: 17 September 2019

7. Directors' relevant interests

	Securities at the date of this report
Paul Bedbrook	-
Glenn Willis	-
Nigel Ampherlaw	-
Lim Kin Song	-
Anthony Fehon (appointed 20 August 2019)	8,888
William (Bill) Moss (resigned 17 September 2019)	-

Other than as disclosed in Note 14, no contracts exist where a director is entitled to a benefit.

8. Directors' remuneration

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.

9. Meetings of Directors

The attendance at meetings of Directors of the Responsible Entity and the Audit and Risk Committee of the Group during the year is set out in the following table:

	Elanor Board (Responsible Entity)		Audit and Risk Committee	
	Held	Attended	Held	Attended
Paul Bedbrook	7	7	2	2
Glenn Willis	7	7	2	2
Nigel Ampherlaw	7	7	2	2
Lim Kin Song	7	7	-	-
Anthony Fehon	7	7	-	-

10. Company Secretary

Symon Simmons held the position of Company Secretary of the Responsible Entity during the period. Symon is the Chief Financial Officer of the Group, and holds a Bachelor of Economics with majors in Economics and Accounting, and has extensive experience as a company secretary, is a Justice of the Peace in NSW and is a Responsible Manager on the Australian Financial Services Licence held by the Responsible Entity.

11. Indemnification and insurance of officers and auditors

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the Directors of the Responsible Entity (as named above), the company secretary, and all executive officers of the Responsible Entity and of any related body corporate against a liability incurred in their capacity as Directors and officers of the Responsible Entity to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Responsible Entity or of any related body corporate against a liability incurred in their capacity as an officer.

The auditor of the Fund is not indemnified out of the assets of the Fund.

12. Environmental regulation

To the best of their knowledge and belief after making due enquiry, the Directors have determined that the Fund has complied with all significant environmental regulations applicable to its operations in the jurisdictions in which it operates.

13. Significant changes in state of affairs

There was no significant change in the state of affairs of the Fund during the year.

14. 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.

15. Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 18 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services as disclosed in Note 18 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

16. Likely developments and expected results of operations

The consolidated financial statements have been prepared on the basis of the current known market conditions. The extent of any potential deterioration in either the capital or physical property markets on the future results of the Fund is unknown. Such results could include property market valuations, the ability of the Fund to raise or refinance debt, and the cost of such debt and the ability to raise equity.

The ongoing economic and market impacts of the COVID-19 pandemic are difficult to forecast. The Fund will continue to engage regularly with all tenants across the Fund's portfolio. As at balance date, the Fund has recognised a COVID-19 related provision in respect of potential impacts to rental income as a result of tenant rent relief requests and any risk in respect of rental arrears, following a detailed review across the portfolio.

At the date of this report and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Fund which would have a material impact on the future results of the Fund.

17. Going concern

The Fund has a net current asset position of $3.9 million and net assets of $236.4 million as at 30 June 2020. Despite the challenging situation and increased variability created by the COVID-19 pandemic, the Fund is not expected to be materially impacted based on the observed results to date and the tenancy mix in the Fund's portfolio. The Fund has access to $7.0 million of undrawn debt facilities and holds $6.8 million in cash at balance date.

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

18. Events occurring after reporting date

Subsequent to the period end, a distribution of 2.37 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $4.9 million will be paid on or before 31 August 2020 in respect of the three months ended 30 June 2020.

Other than the events disclosed above, the Directors are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Fund, the result of those operations, or the state of the Fund's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

19. Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity.

Signed in accordance with a resolution of the Directors pursuant to section 298(2) of the Corporations Act 2001 (Cth).

Paul Bedbrook
Chairman

Glenn Willis
CEO and Managing Director

Sydney, 19 August 2020

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

19 August 2020

Dear Board Members

Elanor Commercial Property Fund I and Elanor Commercial Property Fund II

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

As lead audit partner for the audit of the financial statements of Elanor Commercial Property Fund I and Elanor Commercial Property Fund II for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Nell
Partner
Chartered Accountants

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Income					
Rental income	3	29,723	22,161	3,140	1,831
Outgoings reimbursements		4,026	3,107	253	170
Net fair value movement of investment properties	7	(13,698)	298	(525)	471
Other income		707	920	45	96
Total income		**20,758**	**26,486**	**2,913**	**2,568**
Expenses					
Rates, taxes and other outgoings		6,161	4,752	825	461
Borrowing costs		3,977	4,993	419	451
Other expenses		1,514	438	120	18
Investment management fees	14	2,573	2,309	337	213
Transaction and establishment costs	2	8,834	-	426	-
Total expenses		**23,059**	**12,492**	**2,127**	**1,143**
Net (loss)/profit for the period		**(2,301)**	**13,994**	**786**	**1,425**
Attributable to securityholders of:					
- Elanor Commercial Property Fund I		(4,437)	9,680	-	-
- Elanor Commercial Property Fund II (Non-controlling interest)		786	1,425	786	1,425
Net (loss)/profit attributable to ECPF securityholders		**(3,651)**	**11,105**	**786**	**1,425**
Attributable to securityholders of:					
- External Non-controlling interest (WorkZone West Syndicate)		1,350	2,889	-	-
Net (loss)/profit for the period		**(2,301)**	**13,994**	**786**	**1,425**
Basic earnings per stapled security (cents)		(0.02)	0.11	0.00	0.01
Diluted earnings per stapled securty (cents)		(0.02)	0.11	0.00	0.01

The above Consolidated Statements of Profit or Loss should be read in conjunction with the accompanying notes

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Net (loss)/profit for the period	**(2,301)**	**13,994**	**786**	**1,425**
Other comprehensive income				
Items that may be reclassified to profit and loss				
Gain/(Loss) on revaluation of cash flow hedge	1,319	(3,309)	236	(175)
Other comprehensive income/(loss) for the period	1,319	(3,309)	236	(175)
Total comprehensive (loss)/income for the period	**(982)**	**10,685**	**1,022**	**1,250**
Attributable to securityholders of:				
- Elanor Commercial Property Fund I	(4,752)	7,943	-	-
- Elanor Commercial Property Fund II (Non-controlling interest)	1,022	1,250	1,022	1,250
Total comprehensive (loss)/income for the period attributable to ECPF securityholders	**(3,730)**	**9,193**	**1,022**	**1,250**
Attributable to securityholders of:				
- External Non-controlling interest (WorkZone West Syndicate)	2,748	1,492	-	-
Total comprehensive (loss)/income for the period	**(982)**	**10,685**	**1,022**	**1,250**

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

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Assets					
Current assets					
Cash and cash equivalents	6	6,813	4,693	1,018	678
Restricted cash		-	1,077	-	-
Receivables		970	453	70	197
Prepayments		312	261	11	29
Other current assets		425	-	-	-
Total current assets		**8,520**	**6,484**	**1,099**	**904**
Non-current assets					
Investment property	7	373,500	258,951	36,300	36,496
Interest bearing cross staple loan receivable		-	-	3,197	-
Restricted cash		-	1,060	-	-
Total non-current assets		**373,500**	**260,011**	**39,497**	**36,496**
Total assets		**382,020**	**266,495**	**40,596**	**37,400**
Liabilities					
Current liabilities					
Interest bearing liabilities	8	-	25,360	-	-
Payables	12	3,201	2,292	333	219
Rent received in advance		837	636	284	234
Distribution payable		-	3,249	-	435
Derivative financial instruments	11	593	1,374	57	309
Total current liabilities		**4,631**	**32,911**	**674**	**1,197**
Non-current liabilities					
Interest bearing liabilities	8	139,572	103,951	13,415	19,767
Interest bearing cross staple loan	8	-	-	-	5,882
Derivative financial instruments	11	1,397	1,936	134	118
Total non-current liabilities		**140,969**	**105,887**	**13,549**	**25,767**
Total liabilities		**145,600**	**138,798**	**14,223**	**26,964**
Net assets	**13**	**236,420**	**127,697**	**26,373**	**10,436**

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

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Equity				
Equity Holders of Parent Entity				
Contributed equity	224,996	87,490	25,978	9,657
Reserves	(2,050)	(1,736)	61	(175)
(Accumulated losses)/retained profits	(12,898)	156	334	954
Parent entity interest	**210,047**	**85,910**	**26,373**	**10,436**
Equity Holders of Non-Controlling Interest				
Contributed equity	25,978	9,657	-	-
Reserves	61	(175)	-	-
Retained profits	334	954	-	-
Non-controlling interest	**26,373**	**10,436**	**-**	**-**
Equity Holders of Non-Controlling Interest - External				
Contributed equity	-	32,670	-	-
Reserves	-	(1,398)	-	-
Retained profits	-	81	-	-
Non-controlling interest - External	**-**	**31,353**	**-**	**-**
Total equity attributable to stapled securityholders:				
- Elanor Commercial Property Fund I	210,047	85,909	-	-
- Elanor Commercial Property Fund II	26,373	10,436	26,373	10,436
Total equity attributable to stapled securityholders:	**236,420**	**96,345**	**26,373**	**10,436**
- External Non-controlling interest (WorkZone West Syndicate)	-	31,353	-	-
Total equity	**236,420**	**127,698**	**26,373**	**10,436**

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

ELANOR COMMERCIAL PROPERTY FUND

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated Group	Note	Contributed Equity $'000	Cash Flow Hedge Reserves $'000	Accumulated profit/(losses) $'000	Parent Entity Total Equity $'000	Non-Controlling Interests $'000	Total ECPF Equity $'000	External Non-Controlling Interests $'000	Total Equity $'000
Balance as at 1 July 2019		**87,490**	**(1,736)**	**156**	**85,910**	**10,436**	**96,346**	**31,352**	**127,698**
Net (loss)/profit for the period		-	-	(4,437)	(4,437)	786	(3,651)	1,350	(2,301)
Other comprehensive income for the period		-	(315)	-	(315)	236	(79)	1,398	1,319
Total comprehensive income for the period		**-**	**(315)**	**(4,437)**	**(4,752)**	**1,022**	**(3,730)**	**2,748**	**(982)**
Transactions with securityholders in their capacity as securityholders:									
Contributions of equity, net of issue costs	2	152,203	-	-	152,203	18,017	170,220	-	170,220
Redemptions of equity	2	(14,697)	-	-	(14,697)	(1,696)	(16,393)	(32,670)	(49,063)
Distributions paid or payable	4	-	-	(8,617)	(8,617)	(1,406)	(10,023)	(1,430)	(11,453)
Total equity as at 30 June 2020		**224,996**	**(2,051)**	**(12,898)**	**210,047**	**26,373**	**236,420**	**-**	**236,420**
Balance as at 1 July 2018		**46,627**	**-**	**(2,192)**	**44,435**	**-**	**44,435**	**-**	**44,435**
Net (loss)/profit for the period		-	-	9,680	9,680	1,425	11,105	2,889	13,994
Other comprehensive income for the period		-	(1,736)	-	(1,736)	(175)	(1,911)	(1,398)	(3,309)
Total comprehensive income for the period		**-**	**(1,736)**	**9,680**	**7,944**	**1,250**	**9,194**	**1,491**	**10,685**
Transactions with securityholders in their capacity as securityholders:									
Contributions of equity, net of issue costs		40,863	-	-	40,863	9,657	50,520	32,670	83,190
Distributions paid or payable		-	-	(7,332)	(7,332)	(973)	(8,305)	(2,809)	(11,114)
Acquisition from business combination		-	-	-	-	502	502	-	502
Total equity as at 30 June 2019		**87,490**	**(1,736)**	**156**	**85,910**	**10,436**	**96,346**	**31,352**	**127,698**

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

ELANOR COMMERCIAL PROPERTY FUND

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Elanor Commercial Property Fund II	Note	Contributed Equity $'000	Cash Flow Hedge Reserves $'000	Accumulated profit/(losses) $'000	Total Equity $'000
Balance as at 1 July 2019		**9,657**	**(175)**	**954**	**10,436**
Net profit for the period		-	-	786	786
Other comprehensive income for the period		-	236	-	236
Total comprehensive income for the period		**-**	**236**	**786**	**1,022**
Transactions with securityholders in their capacity as securityholders:					
Contributions of equity, net of issue costs	2	18,017	-	-	18,017
Redemptions of equity	2	(1,696)	-	-	(1,696)
Distributions paid or payable		-	-	(1,406)	(1,406)
Total equity as at 30 June 2020		**25,978**	**61**	**334**	**26,373**
Balance as at 1 July 2018		**-**	**-**	**-**	**-**
Net profit for the period		-	-	1,425	1,425
Other comprehensive income for the period		-	(175)	-	(175)
Total comprehensive income for the period		**-**	**(175)**	**1,425**	**1,250**
Transactions with securityholders in their capacity as securityholders:					
Contributions of equity, net of issue costs		9,657	-	-	9,657
Distributions paid or payable		-	-	(973)	(973)
Acquisition from business combination		-	-	502	502
Total equity as at 30 June 2019		**9,657**	**(175)**	**954**	**10,436**

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 YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Cash flows from operating activities					
Rental and other property income received		34,460	27,040	4,071	2,219
Interest income received		109	17	1	1
Finance costs paid		(4,313)	(4,800)	(438)	(433)
Payments to suppliers and the Responsible Entity		(12,948)	(8,697)	(1,518)	(8,325)
Net cash flows from in operating activities	6	**17,308**	**13,560**	**2,116**	**(6,538)**
Cash flows from investing activities					
Payments for additions to investment properties		(125,544)	(161,835)	(417)	(130)
Payments for transaction costs		(8,834)	(8,722)	(426)	(612)
Cash acquired on business combination		-	483	-	-
Net cash flows used in investing activities		**(134,378)**	**(170,074)**	**(843)**	**(742)**
Cash flows from financing activities					
Proceeds from interest bearing liabilities		140,000	85,202	13,467	2,200
Repayments of interest bearing liabilities		(129,402)	(500)	(19,800)	-
Proceeds from issue of shares		173,629	83,869	18,328	-
Transaction costs related to issue of shares		(3,409)	(929)	(311)	(72)
Redemption of equity		(49,063)	-	(1,696)	(650)
Distributions paid		(14,702)	(8,508)	(1,841)	(538)
Proceeds from intertrust entities		-	-	(9,080)	7,018
Net cash flows from financing activities		**117,053**	**159,134**	**(933)**	**7,958**
Net increase in cash and cash equivalents		(17)	2,620	340	678
Cash and cash equivalents at the beginning of the period		6,830	4,210	678	-
Cash at the end of the period		**6,813**	**6,830**	**1,018**	**678**

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

Notes to the Consolidated Financial Statements

About this Report

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

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

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, the Scheme Constitutions and Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards ('IFRS').

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year. Management has also assessed the impact of the adoption of AASB 16 Leases (mandatory for all financial years that begin on or after 1 January 2019). Given that the Fund is not a party to any significant lease agreements as lessee, and on the basis that this remains the same, the new standard has been assessed as not having a material impact on the recognition, measurement and disclosure of lease-related revenues, assets or liabilities. The Fund has adopted AASB 16 in the financial year beginning 1 July 2019.

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 30 June 2020. ECPF I is the parent entity in relation to the stapling. The portion of results and equity of WorkZone West Equity Syndicate not directly owned by ECPF I, has been treated and disclosed as an external non-controlling interest. On 6 December 2019, the Group acquired all remaining units in WorkZone West Syndicate, eliminating the external non-controlling interest.

This consolidated financial report also includes a separate column representing the financial report of ECPF II, incorporating the assets and liabilities of ECPF II as at 30 June 2020.

For the purpose of preparing the financial statements, the Fund is a for-profit entity. The financial report is presented in Australian Dollars. These consolidated financial statements have been prepared on a going concern basis.

Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty

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 year ended 30 June 2020, 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.

Critical accounting judgments and key sources of estimation uncertainty (continued)

COVID-19 Pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements. This uncertainty is associated with the extent and duration of the economic disruption to business arising from the response of government, businesses and consumers in response to the COVID-19 pandemic.

The impact of the COVID-19 pandemic has heightened uncertainty in applying accounting estimates and critical judgments for the year ended 30 June 2020. As a result, additional external expertise and information has been utilised in reviewing and assessing key areas of judgement, particularly in respect of the fair value measurement of investments and the impairment testing of assets.

In response to the recent market volatility, the appropriateness of the inputs to the valuation of the Fund's investment properties (including vacancy allowances, lease renewal probabilities, levels of leasing incentives and market rent growth assumptions), and the impact of any changes in these inputs have been considered in detail in both independent and internal property valuations (including relevant sensitivity analysis) with respect to the fair value hierarchies. The Fund's portfolio of investment properties has been appropriately valued at balance date. Refer to Note 7 for further information.

The recoverability of the Fund's rent receivables has been assessed in detail. This assessment has been completed by the Fund's asset management team in conjunction with the property manager for each asset through the review of expected or requested waivers and deferrals of rent, assessment of each tenants' financial situation and the outstanding debtor ageing balance. Regular tenant engagement continues, with information provided by tenants in response to requests for rental relief under the Code of Conduct (including financial information and JobKeeper eligibility information) utilised in recoverability assessments.

Enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgments utilised. Refer to Note 3 Revenue, Note 7 Investment properties and Note 11 Financial risk management.

New accounting standards and interpretations

Certain new Accounting Standards and Interpretations have been published that are mandatory for the financial year ended 30 June 2020. The Fund's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Fund's financial statements
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle (Effective for reporting periods after 1 January 2019).	Amendments made to the following accounting standards: • AASB 3 *Business Combination* to clarify that remeasure of a previously held interest in a joint operation is required on obtaining control of the joint operation; • AASB 11 *Joint Arrangements* to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business; • AASB 112 *Income Tax* to clarify the requirements surrounding when the tax consequence of distributions should be recognised in income tax expense rather than retained earnings; and • AASB 13 *Borrowing costs* to clarify that if any specific borrowing cost remains outstanding after the related asset is ready for its intended use or sale that borrowing becomes part of the funds that any entity borrows generally when calculating the capitalisation rate on general borrowings.	The application of the amendments does not have a material impact on the Fund's financial statements.

New accounting standards and interpretations (continued)

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ended 30 June 2020 but are available for early adoption. They have not been applied in preparing this financial report. The Fund's assessment of the impact of these new standards and interpretation are set out below.

Reference	Description	Impact on the Fund's financial statements
AASB 2018-7 Amendments to Australia Accounting Standards – Definition of Material *Effective for annual periods beginning on or after 1 January 2020*	These amendments are intended to address concerns that the wording in the definition of 'material' was different in the *Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments address these concerns by: • Replacing the term 'could influence' with 'could reasonably be expected to influence'; • Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating ' information in the definition of material; • Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; and • Aligning the definition of material across IFRS Standards and other publications.	The application of the amendments is not expected to have a material impact on the Fund's financial statements.
AASB 2019-1 Amendments to Australia Accounting Standards – References to the Conceptual Framework *Effective for annual periods beginning on or after 1 January 2020*	Makes amendments to various Accounting Standards and other pronouncements to support the issue of the revised *Conceptual Framework for Financial Reporting.* Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the *Conceptual Framework.* This Standard updates some of these references and quotations so they refer to the *Conceptual Framework* issued by the AASB In June 2019, and also makes other amendments to clarify which version of the *Conceptual Framework* is referred to in particular documents.	The application of the amendments is not expected to have a material impact on the Fund's financial statements.
AASB 2019-3 Amendments to Australia Accounting Standards – Interest Rates Benchmark Reform *Effective for annual periods beginning on or after 1 January 2020*	The amendments affect entities that apply the hedge accounting requirements of AASB 9 *Financial Instruments* to hedging relationships directly affected by the interest rate benchmark reform. The amendments would mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform and modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.	The directors of the Fund anticipate that the application of these amendments may have an impact on the Fund's consolidated financial statements, as the Fund will be able to continue to apply hedge accounting to hedges that are eligible for the relief in the amendments

New accounting standards and interpretations (continued)

Reference	Description	Impact on the Fund's financial statements
Conceptual Framework for Financial Reporting *Effective for annual periods beginning on or after 1 January 2020*	Revised version of the AASB's framework for financial reporting, based on an equivalent pronouncement issued by the IASB. The *Conceptual Framework* replaces an earlier version, updating a number of definitions and guidance, introduces new guidance on a number of topics including the reporting entity and presentation and disclosure, and clarifies a number of other matters.	The application of the amendments is not expected to have a material impact on the Fund's financial statements.
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia *Effective for annual periods beginning on or after 1 January 2020*	Amends AASB 1054 Australian Additional Disclosures to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB.	The application of the amendments is not expected to have a material impact on the Fund's financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current *Effective for annual periods beginning on or after 1 January 2022*	Amends AASB 101 *Presentation of Financial Statements* to: • Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • Explain that rights are in existence if covenants are complied with at the end of the reporting period Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	The directors of the Fund have not yet assessed the impact that the application of this Standard will have on the Fund's consolidated financial statements.
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments *Effective for annual periods beginning on or after 1 January 2022*	The annual improvements amend the following standards: • AASB 9 Financial Instruments to clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included • AASB 16 Leases to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	The directors of the Fund anticipate that the application of the amendments will not have an impact on the Fund's consolidated financial statements, as many of the amendments either do not affect the Fund's existing accounting policies, or apply to situations, transactions and events that the Fund does not undertake.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

Results

This section focuses on the operating results and financial performance of the Fund. It includes disclosures of revenue and distributions.

1. Segment information

OVERVIEW

The Fund only operates in one business segment, being the investment in commercial properties in Australia.

2. IPO transaction

The Fund listed on the Australian Securities Exchange (ASX) on 6 December 2019 (IPO). The Group raised total equity of $173.6 million through its listing on the ASX, and used this funding to acquire 200 Adelaide Street (refer to Note 7 – Investment properties) and the remaining share in WorkZone West in addition to retiring debt. The details of the IPO are detailed below.

(a) Net equity raised

	Consolidated Group $'000	ECPF II $'000
Proceeds from issue of shares	173,629	18,328
Transaction costs related to issue of shares	(3,409)	(311)
Redemption of equity	(49,063)	(1,696)
Total net equity raised	**121,157**	**16,321**

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

	Consolidated Group $'000	ECPF II $'000
Acquisition costs (capital raising, advisors, consultants and bank charges)	8,834	426
Net fair value decrement post the IPO and transaction costs[1]	15,797	210
Total fair value decrement and transaction costs related to the IPO	**24,631**	**636**
Net fair value (increments)/decrements prior to IPO[2]	(2,099)	315
Total net fair value decrement and transaction costs	**22,532**	**951**

Note 1: A revaluation decrement of $3.3 million related to stamp duty and other transaction costs capitalised into 200 Adelaide Street and a further $3.9 million decrement related to stamp duty and other transaction costs capitalised into Garema Court. The remaining $8.6 million decrement occurred across the other properties on revaluation.
Note 2: A revaluation increment of $3.2 million was recognised for WorkZone West, offset by a decrement of $1.1 million across the other properties.

3. Revenue

OVERVIEW

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

(a) Rental income

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
NEXUS Centre	3,476	3,135	-	
34 Corporate Drive	2,343	2,148	-	
Campus DXC	3,108	3,153	-	
Limestone Centre	3,140	1,831	3,140	1,831
WorkZone West	13,461	11,894	-	
200 Adelaide St[1]	1,901	-	-	
Garema Court[2]	2,294	-	-	
Total revenue from operating activities	**29,723**	**22,161**	**3,140**	**1,831**

Note 1: Represents revenue from date of acquisition, as a part of the IPO transaction, 9 December 2019 to period end 30 June 2020. Refer to Note 2 for further details on the IPO transaction.
Note 2: Represents revenue from date of acquisition, 28 February 2020 to period end 30 June 2020.

Approximately 88% of the Fund's income is currently generated from a diversified portfolio of Government, Multinational and ASX listed tenants. Furthermore, 76% of the Fund's income is generated from Government (23%), Engineering and Construction (38%) and IT, Computing and Telecommunications (15%), sectors that have not been as significantly impacted by the COVID-19 pandemic as other sectors. A very small proportion of the Fund's tenants are in the retail industry (such as cafes in the ground floor of certain properties). These tenants have been impacted the most by the challenging trading conditions brought on by the COVID-19 pandemic. Therefore, impacts of the COVID-19 pandemic on the Fund, to date, have been limited. The limited impact to rental income to date reflects the resilience of the Fund's property portfolio in the current uncertain environment.

At balance date, a total rent waiver of $0.1 million related to rent from March to June 2020 (from the eight agreed rent relief arrangements) has been expensed in Other Expenses. As part of these arrangements, rent deferrals of $0.1 million have been granted to the eight tenants. A provision of $0.4 million has been provided for at year end reflecting an allowance against rental income after careful consideration of agreed tenant deferrals and tenant rental arrears at balance date. For more information on how this provision is calculated, refer to Note 11.

ACCOUNTING POLICY

Rental income

The Fund is the lessor of operating leases. Rental income arising from operating leases is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the term of the lease on the same basis as the lease income.

When an agreement is made with tenants impacted by the COVID-19 pandemic to waive rent, any rent waived that relates to future occupancy is spread over the remaining lease term and recognised on a straight-line basis. Rent waived that relates to past occupancy is expensed immediately in Other Expenses, except to the extent of a pre-existing provision for expected credit losses relating to the unpaid rent.

Rental abatements

Rental abatements arising from operating leases are recognised as revenue on a straight-line basis over the lease term.

3. Revenue (continued)

Lease incentives

Lease incentives (including rent free periods, fit out and other payments) are accounted for on a straight-line basis over the lease term and offset against rental income in the consolidated statement of profit or loss. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the commencement date of the lease, it is reasonably certain that the tenant will exercise that option.

Rental deferrals as part of COVID-19 rent concessions subsequently waived in consideration for extension of the lease term will be treated as Lease Incentive on straight-line basis over the new lease term.

4. Distributions

OVERVIEW

In accordance with the Fund's Constitutions, the Fund determines distributions based on a number of factors, including forecast earnings and expected economic conditions. The following distributions were declared and paid by the Consolidated Group during the period ended 30 June 2020:

	Note	Distribution cents per stapled security	Total amount $'000
Pre IPO:			
Distributions paid: 1 July - 5 December 2019		4.22	4,136
Post IPO:			
Distributions paid: 6 December 2019 - 31 March 2020		2.88	5,888
Distributions payable: 1 April - 30 June 2020	(i)	2.37	4,852
Total distributions paid and payable		**9.47**	**14,876**

(i) The distribution of 2.37 cents per stapled security for the three months ended 30 June 2020 was not declared prior to 30 June 2020. The distribution was declared on 19 August 2020. Please refer to the Director's Report for the calculation of Funds from Operations and the Distribution.

ECPF II

The following distributions were declared and paid by the ECPF II Group in respect of the period ended 30 June 2020:

	Note	Distribution cents per stapled security	Total amount $'000
Pre IPO:			
Distributions paid: 1 July - 5 December 2019		0.76	745
Post IPO:			
Distributions paid: 6 December 2019 - 31 March 2020		0.32	661
Distributions payable: 1 April - 30 June 2020	(i)	0.21	434
Total distributions paid and payable		**1.29**	**1,840**

(i) The distribution of 0.21 cents per stapled security for the three months ended 30 June 2020 was not declared prior to 30 June 2020. The distribution was declared on 19 August 2020. Please refer to the Director's Report for the calculation of Funds from Operations and the Distribution.

ACCOUNTING POLICY

Distributions are recognised when declared. Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

5. Earnings / (losses) per stapled security

OVERVIEW

Basic earnings per stapled security is calculated as net profit or loss attributable to security holders divided by the weighted average number of ordinary stapled securities issued.

Diluted earnings per stapled security is calculated as profit or loss attributable to security holders adjusted for any profit or loss recognised in the period in relation to dilutive potential stapled securities divided by the weighted average number of stapled securities and dilutive stapled securities.

Earnings used in the calculation of basic and diluted earnings per stapled security reconciles to the net profit or loss in the consolidated statements of comprehensive income as follows:

	Consolidated Group 30 June 2020	Consolidated Group 30 June 2019	ECPF II 30 June 2020	ECPF II 30 June 2019
The earnings / (losses) per stapled security measure shown below is based upon the profit / (loss) attributable to securityholders:				
Basic earnings per stapled security (cents)	(0.02)	0.13	0.00	0.01
Diluted earnings per stapled security (cents)	(0.02)	0.13	0.00	0.01
(Loss) / profit attributable to securityholders used in calculating basic and diluted earnings per stapled security ($'000)	(3,651)	11,105	786	1,425
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	158,148,377	85,919,863	158,148,377	85,919,863
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	158,148,377	85,919,863	158,148,377	85,919,863

6. Cash flow information

OVERVIEW

This note provides further information on the consolidated cash flow statements of the Fund. It reconciles profit for the year to cash flows from operating activities, reconciles liabilities arising from financing activities and provides information about non-cash transactions.

(a) Reconciliation of profit for the year to net cash provided by operating activities

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
(Loss) / profit for the period	**(2,301)**	**13,994**	**786**	**1,426**
Net unrealised loss on revaluation of derivatives				
Fair value adjustment on revaluation of investment property	13,698	(298)	525	(471)
Amortisation	(337)	208	(19)	18
Lease incentive	(861)	-	(45)	-
Transaction and IPO costs through profit and loss	8,834	-	426	-
Straight-lining of rental income and rental guarantee	(1,842)	(1,746)	133	-
Net cash provided by operating activities before changes in	**17,191**	**12,158**	**1,806**	**973**
Movement in working capital				
Decrease / (increase) in trade and other receivables	(517)	(139)	127	(78)
Decrease / (increase) in other current assets	(425)	-	-	-
Decrease / (increase) in prepayments	(51)	(202)	18	(1)
Increase / (decrease) in trade and other payables	909	1,447	114	(7,432)
Increase / (decrease) in amounts received in advance	201	296	51	-
Net cash from operating activities	**17,308**	**13,560**	**2,116**	**(6,538)**

6. Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

Consolidated Group

	30 June 2019	*Cash flows* Debt drawdowns/ (paydowns)	*Non-cash items* Amortisation of borrowing costs	30 June 2020
	$'000	$'000	$'000	$'000
Interest bearing loans	129,311	10,598	(337)	139,572
Total liabilities from financing activities	**129,311**	**10,598**	**(337)**	**139,572**

	30 June 2018	*Cash flows* Debt drawdowns/ (paydowns)	*Non-cash items* Amortisation of borrowing costs	30 June 2019
	$'000	$'000	$'000	$'000
Interest bearing loans	44,449	84,965	(103)	129,311
Total liabilities from financing activities	**44,449**	**84,965**	**(103)**	**129,311**

ECPF II

	30 June 2019	*Cash flows* Debt drawdowns/ (paydowns)	*Non-cash items* Amortisation of borrowing costs	30 June 2020
	$'000	$'000	$'000	$'000
Interest bearing loans	19,767	(6,333)	(19)	13,415
Cross-staple loan / (receivable)	5,882	(9,079)	-	(3,197)
Total liabilities from financing activities	**25,649**	**(15,412)**	**(19)**	**10,218**

	30 June 2018	*Cash flows* Debt drawdowns/ (paydowns)	*Non-cash items* Amortisation of borrowing costs	30 June 2019
	$'000	$'000	$'000	$'000
Interest bearing loans	-	19,800	(33)	19,767
Cross-staple loan	-	5,882	-	5,882
Total liabilities from financing activities	**-**	**25,682**	**(33)**	**25,649**

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.

7. 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 seven commercial properties in Australia. A range of independent and internal valuations were performed as at 30 June 2020.

In response to the significant uncertainty created by the COVID-19 pandemic, the Fund obtained four independent valuations at balance sheet date covering 62% of the portfolio (by value), notwithstanding all property assets were independently valued in December 2019 as part of the IPO transaction, and the Garema Court property was also independently valued at acquisition (28 February 2020).

Internal valuations were completed with reference to both a discounted cash flow and income capitalisation valuation methods. The property valuations were completed using detailed forecasts prepared by the Fund's asset management teams. 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.

During the financial year, the Fund acquired two further high investment quality properties, the 200 Adelaide Street property in Brisbane, QLD and the Garema Court property in the ACT. The fair value adjustment of Investment Properties in the Consolidated Profit or Loss ($13.7 million) is mainly attributed to the write off of stamp duty and other transactions costs resulting from the acquisition of the two properties and fair value adjustments across the portfolio. The overall decline in the carrying value of the Funds investment properties held since 30 June 2019 (prior to the IPO of the Fund) is $0.4 million (0.2%).

There has been a 1.2% decrease in value of Investment Properties (excluding Garema acquisition in February 2020) from $305.6 million as at 31 December 2019. The Fund's Net Operating Income has not been significantly impacted by COVID-19 due to the strong tenant mix of the portfolio, with approximately 88% of the Fund's income is currently generated from a diversified portfolio of Government, Multinational and ASX listed tenants. Furthermore, 76% of the Fund's income is generated from Government (23%), Engineering and Construction (38%) and IT, Computing and Telecommunications (15%), sectors that have not been as significantly impacted by the COVID-19 pandemic as other sectors.

Capitalisation rates for independently valued assets have remained unchanged from December 2019 except for the NEXUS Centre property. The capitalisation rate for the NEXUS Centre was reduced by 25 basis points from the December 2019 valuation. This movement was driven by the recent renewal of the Bunnings lease in June 2020, for an additional four years. This extends the WALE of the Fund's portfolio to 4.3 years. A higher WALE has a positive impact on the valuation of the assets in the portfolio. The internal valuations have also maintained capitalisation rates compared to the last external valuations completed in December 2019 as part of the IPO transaction.

7. Investment properties (continued)

(a) Carrying values of investment properties

	Valuation	Date	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
NEXUS Centre	Independent	June 20	32,100	30,953	-	-
34 Corporate Drive	Independent	June 20	21,000	22,695	-	-
Campus DXC	Internal	June 20	35,900	36,407	-	-
Limestone Centre	Internal	June 20	36,300	36,496	36,300	36,496
WorkZone West	Independent	June 20	133,300	132,400	-	-
200 Adelaide St[1]	Independent	June 20	43,400	-	-	-
Garema Court	Internal	June 20	71,500	-	-	-
Total investment properties held at fair value			**373,500**	**258,951**	**36,300**	**36,496**

Note 1: The carrying value of 200 Adelaide Street represents the independent valuation of $44.1 million, less $0.7 million income guarantees.

(b) Movement in investment properties

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Opening Balance	258,951	86,133	36,496	-
Acquisitions	122,457	169,253	-	35,806
Capital expenditure	3,087	449	417	130
Straightlining of rental income	1,842	1,746	(133)	-
Movement in lease incentives and rental guarantee	861	1,072	45	89
Net fair value adjustments	(13,698)	298	(525)	471
Total investment properties	**373,500**	**258,951**	**36,300**	**36,496**

(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

7. Investment properties (continued)

(c) Fair value measurement (continued)

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the key inputs to the valuation techniques used below:

Valuation Techniques	Significant unobservable inputs	Range	Weighted average
Discounted cash flows – 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[1]	7.00% - 7.75%	7.22%
	Adopted terminal yield[2]	6.75% - 7.75%	7.12%
	Net property income (per sqm) [3]	\$341 - \$797	\$587
Capitalisation method – 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[4]	6.50% - 7.50%	6.88%

Note 1: Adopted discount rate: The rate of return used to convert cash flows, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence.

Note 2: Adopted terminal yield: The capitalisation rate used to convert the future net market rental revenue into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence.

Note 3: Net property income (per sqm): The forecast annual net rental income per sqm reflecting leased occupancy and likely to be leased space based on commitments and estimates. Resulting WALE and occupancy rate from existing tenancies will impact the forecast cash flow from net property income. The rate is determined with regard to existing lease terms and other market evidence.

Note 4: Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence.

ACCOUNTING POLICY

Recognition and measurement

Investment properties are measured initially at 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 in the year in which they arise.

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.

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 derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year in which the property is derecognised.

7. Investment properties (continued)

ACCOUNTING POLICY (continued)

Valuation process

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.

The aim of the valuation process is to ensure that assets are held at fair value and that the Fund is compliant with applicable Australian Accounting Standards, regulations, and the Fund's Constitutions. All properties are required to be internally valued every six months with the exception of those independently valued during that six-month period.

The internal valuations are performed by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management team. Appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation based valuation and a discounted cash flow valuation.

The Fund's valuation policy requires that each property in the portfolio is valued by an independent valuer at least every three years. In practice, properties may be valued more frequently than every three years primarily where there may have been a material movement in the market and where there is a significant variation between the carrying value and the internal valuation.

Independent valuations are performed by independent and external valuers who hold a recognised relevant professional qualification and have specialised expertise and experience in the location and types of investment properties valued.

Independent valuers of the Fund's properties have included a statement within their valuation reports noting that in their view, significant valuation uncertainty exists in the current market environment. The significant uncertainty declaration is to serve as a precaution and does not invalidate the valuation. Rather, the statement is to ensure transparency of the fact that in the current extraordinary market circumstances as a result of the COVID-19 pandemic, less certainty can be attached to the valuations and continued periodic assessment should be performed subsequent to the date of the valuation assessment. The Fund will manage this increased uncertainty through active management of the investment portfolio, including ongoing detailed engagement with tenants across the portfolio in respect of their business operations and future leasing transactions.

Internal valuations use the Fund's best estimate of the economic and financial impacts of the COVID-19 pandemic using information available, at the time of preparation of the consolidated financial statements, in respect of existing conditions at reporting date and in relation to forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have a further adverse impact on the fair value of the Fund's investment property portfolio.

Valuation technique

Capitalisation method

Capitalisation rate is an approximation of the ratio between the net operating income produced by an investment property and its fair value. This excludes consideration of costs of acquisition or disposal. The net income is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted percentage rate investment yield reflects the capitalisation rate and includes consideration of the property type, location and comparable sales.

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. The cash flow projections reflect tenants currently in occupation or are contracted to meet lease commitments or are likely to be in occupation based on market's general perception and relevant available market evidence. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into present value. The rate is determined with regard to market evidence and prior independent valuation.

7. Investment properties (continued)

ACCOUNTING POLICY (continued)

Valuation technique (continued)

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

Sensitivity Information

The key unobservable inputs to measure the fair value of investment properties are disclosed below along with sensitivity to a significant increase or decrease set out in the following table:

	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Discount rate (%)	Decrease	Increase
Terminal yield (%)	Decrease	Increase
Net property income ($m)	Increase	Decrease
Capitalisation rate (%)	Decrease	Increase

Sensitivity Analysis

When calculating the income capitalisation approach, the net property income has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (tightening) in the adopted terminal yield. The same can be said for a decrease (tightening) in the adopted discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and adopted terminal yield could potentially magnify the impact to the fair value.

The adopted forecast net property income in the discounted cash flow is reflective of existing lease terms and other market data. Assets with higher WALE and occupancy rates improves net property income resulting in higher cash flow forecasts. The increased forecasted cash flow increases the fair value of the property.

The Fund's net property income has not been significantly impacted by COVID-19 due to the strong tenant mix in the portfolio, with approximately 88% of the Fund's income currently generated from a diversified portfolio of Government, Multinational and ASX listed tenants. Furthermore, 76% of the Fund's income is generated from Government (23%, Engineering and Construction (38%) and IT, Computing and Telecommunications (15%), sectors that have not been as significantly impacted by the COVID-19 pandemic as other sectors. In response to the recent market volatility, the appropriateness of the inputs to the valuation of the Fund's investment properties (including vacancy allowances, lease renewal probabilities, levels of leasing incentives and market rent growth assumptions), and the impact of any changes in these inputs have been considered.

	Fair value measurement sensitivity			
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
	$'000	$'000	%	%
Discount rate (%)	(6,308)	6,457	(1.7%)	1.7%
Terminal yield (%)	(7,486)	8,032	(2.0%)	2.2%
Capitalisation rate (%)	(13,000)	13,950	(3.5%)	3.7%

Finance and Capital Structure

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

8. Interest bearing liabilities

OVERVIEW

The Fund has access to a total of $147.0 million of debt facilities. The total drawn amount at 30 June 2020 is $140.0 million. During the period, the Fund repaid all existing debt facilities of $129.6 million and refinanced to a new debt facility. The weighted average debt facility maturity at year end is 3.67 years with an average all-in cost of debt of 2.09% p.a. At 30 June 2020, the interest rate risk of drawn facilities is hedged to 100%.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Current - secured				
Bank loan - term debt	-	25,430	-	-
Borrowing costs less amortisation	-	(70)	-	-
Total current interest bearing liabilities	**-**	**25,360**	**-**	**-**
Non-current - secured				
Bank loan - term debt	140,000	104,215	13,456	19,800
Borrowing costs less amortisation	(428)	(264)	(41)	(33)
Total non-current interest bearing liabilities	**139,572**	**103,951**	**13,415**	**19,767**
Cross-staple loan	-	-	-	5,882
Total interest bearing liabilities	**139,572**	**129,311**	**13,415**	**25,649**

At balance date, the Fund had access to a $7.0 million debt facility available to support any required capital expenditure, lease incentives and general working capital needs of the Fund. No drawings are currently anticipated to support COVID-19 related impacts on the Fund.

The Fund has not required any covenant support from its financier in respect of COVID-19 related impacts.

ACCOUNTING POLICY

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 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.

9. Derivative financial instruments

OVERVIEW

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.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Current assets				
Interest rate swaps	-	-	-	-
Non-current assets				
Interest rate swaps	-	-	-	-
Current liabilities				
Interest rate swaps	593	1,374	57	309
Non-current liabilities				
Interest rate swaps	1,397	1,936	134	118
Total derivative financial instruments	**1,990**	**3,310**	**191**	**427**

(a) Valuation

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 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 Fund's interest rate swap has remained effective despite recent reductions in market interest rates due to COVID-19. The change in the counterparty's credit rating did not have a material impact on the fair value of the interest rate swap. 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.

ACCOUNTING POLICY

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 Fund 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 Fund 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.

9. Derivative financial instruments (continued)

Cash flow hedges

Hedge accounting is discontinued when the Fund revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The movement in the effective portion of the hedge will be recognised in Other Comprehensive Income. 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 profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

10. Contributed equity

OVERVIEW

The Fund is a 'stapled' entity comprising of ECPF I and its controlled entities, and ECPF II. The units in ECPF II are stapled to units in ECPF I. The stapled securities cannot be traded or dealt with separately.

(a) Parent entity

	No. of securities 30 June 2020 '000	No. of securities 30 June 2019 '000	Parent Entity 30 June 2020 $'000	Parent Entity 30 June 2019 $'000
Opening balance	97,934	46,627	87,490	46,627
Redemptions	(32,437)	-	(14,697)	-
Capital raised (net of capital raise costs)	138,903	51,307	152,203	40,863
Total contributed equity	**204,400**	**97,934**	**224,996**	**87,490**

(b) ECPF II

	No. of securities 30 June 2020 '000	No. of securities 30 June 2019 '000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Opening balance	97,934	-	9,657	-
Redemptions	(32,437)	-	(1,696)	-
Capital raised (net of capital raise costs)	138,903	97,934	18,017	9,657
Total contributed equity	**204,400**	**97,934**	**25,978**	**9,657**

11. Financial risk management

OVERVIEW

The Fund's principal financial instruments comprise cash, receivables, interest bearing loans and derivatives. The Fund's activities are exposed to a variety of financial risks: market risk (including interest rate risk); credit risk; and liquidity risk.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk and the Fund's management of capital. Further quantitative disclosures are included through these financial statements.

The Board of Directors (Board) of the Responsible Entity of the Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is responsible for monitoring the identification and management of key risks to the business.

The Board has established Treasury Guidelines outlining principles for overall risk management and policies covering specific areas, such as mitigating foreign exchange, interest rate and liquidity risks.

11. Financial risk management (continued)

OVERVIEW (continued)

The Fund's Treasury Guidelines provide a framework for managing the financial risks of the Fund with a key philosophy of risk mitigation. Derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Fund uses derivative financial instruments such as interest rate swaps where possible to hedge certain risk exposures.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, ageing analysis for credit risk and cash flow forecasting for liquidity risk.

There have been no other significant changes in the types of financial risks or the Fund's risk management program (including methods used to measure the risks).

(a) Market risk

Market risk refers to the potential for changes in the value of the Fund's financial instruments or revenue streams from changes in market prices, being interest rate risk.

(b) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates.

As at reporting date, the Fund had the following undiscounted (including future interest payable) interest bearing assets and liabilities:

Consolidated Group 30 June 2020	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	6,813	-	-	6,813
Total assets	**6,813**	**-**	**-**	**6,813**
Weighted average interest rate				**1.59%**
Liabilities				
Interest bearing loans	2,916	147,863	-	150,779
Derivative financial instruments	593	1,397	-	1,990
Total liabilities	**3,509**	**149,260**	**-**	**152,769**
Weighted average interest rate				**2.06%**

Consolidated Group 30 June 2019	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	4,693	-	-	4,693
Total assets	**4,693**	**-**	**-**	**4,693**
Weighted average interest rate				**0.02%**
Liabilities				
Interest bearing loans	33,845	108,331	-	142,176
Derivative financial instruments	1,374	1,936	-	3,310
Total liabilities	**35,219**	**110,267**	**-**	**145,486**
Weighted average interest rate				**3.92%**

11. Financial risk management (continued)

(b) Interest rate risk (continued)

ECPF II 30 June 2020	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	1,018	-	-	1,018
Total assets	**1,018**	**-**	**-**	**1,018**
Weighted average interest rate				**0.09%**
Liabilities				
Interest bearing loans	280	14,212	-	14,492
Derivative financial instruments	57	134	-	191
Total liabilities	**337**	**14,346**	**-**	**14,683**
Weighted average interest rate				**2.06%**

ECPF II 30 June 2019	Maturity < 1 yr $'000	Maturity 1 - 5 yrs $'000	Maturity > 5 yrs $'000	Total $'000
Assets				
Cash and cash equivalents	678	-	-	678
Total assets	**678**	**-**	**-**	**678**
Weighted average interest rate				**0.00%**
Liabilities				
Interest bearing loans	832	20,190	-	21,022
Derivative financial instruments	309	118	-	427
Total liabilities	**1,141**	**20,308**	**-**	**21,449**
Weighted average interest rate				**4.17%**

(c) Interest rate sensitivity

At reporting date, if Australian interest rates had been 1% higher / lower and all other variables were held constant, the impact on the Group in relation to cash and cash equivalents, derivatives, interest bearing loans and the Fund's profit and equity would be:

		Increase by 1%		Decrease by 1%	
Consolidated Group 30 June 2020	**Amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Cash and cash equivalents	6,813	68	-	(68)	-
Derivative financial instruments	1,990	-	1,400	-	(1,400)
Interest bearing loans	139,572	(1,400)	-	1,400	-
Total increase / (decrease)	**148,375**	**(1,332)**	**1,400**	**1,332**	**(1,400)**

		Increase by 1%		Decrease by 1%	
Consolidated Group 30 June 2019	**Amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Cash and cash equivalents	4,693	47	-	(47)	-
Derivative financial instruments	3,310	-	1,274	-	(1,274)
Interest bearing loans	103,951	(1,297)	-	1,297	-
Total increase / (decrease)	**111,954**	**(1,250)**	**1,274**	**1,250**	**(1,274)**

11. Financial risk management (continued)

(c) Interest rate sensitivity (continued)

		Increase by 1%		Decrease by 1%	
ECPF II	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	1,018	10	-	(10)	-
Derivative financial instruments	191	-	135	-	(135)
Interest bearing loans	13,415	(135)	-	135	-
Total increase / (decrease)	**14,624**	**(125)**	**135**	**125**	**(135)**

		Increase by 1%		Decrease by 1%	
ECPF II	**Amount**	**Profit**	**Equity**	**Profit**	**Equity**
30 June 2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	678	7	-	(7)	-
Derivative financial instruments	427	-	176	-	(176)
Interest bearing loans	25,649	(198)	-	198	-
Total increase / (decrease)	**26,754**	**(191)**	**176**	**191**	**(176)**

Of the $140.0 million floating rate interest bearing loans, the entire amount has been hedged using interest rate swap agreements. These agreements are in place to swap the floating interest rate payable to a fixed rate to minimise the interest rate risk.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Fund manages credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. Credit risk on derivatives is managed through limiting transactions to investment grade counterparties.

Recoverability risks have been assessed through detailed tenant specific reviews of the financial position of certain tenants in addition to maintaining active tenant engagement and observation of relevant market conditions. A provision to cover the difference between contractual cash flows that are due and cash flows expected to be received following the detailed review has been included in the Fund’s results. The provision includes both that part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant. Probability weighted scenarios have been applied in determining expected credit losses.

At balance date, the Fund has recognised a provision for doubtful debts of $0.4 million.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated Group 30 June 2020 $'000	**Consolidated Group 30 June 2019 $'000**	**ECPF II 30 June 2020 $'000**	**ECPF II 30 June 2019 $'000**
Cash and other cash equivalents	6,813	4,693	1,018	678
Trade and other receivables	970	453	70	197
Total	**7,783**	**5,146**	**1,088**	**875**

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the consolidated financial statements on a net basis. Details of the Fund's contingent liabilities are disclosed in Notes 16.

11. Financial risk management (continued)

(d) Credit risk (continued)

At balance date there were no other significant concentrations of credit risk. No allowance has been recognised for the GST from the taxation authorities. Based on historical experience, there is no evidence of default from these counterparties which would indicate that an allowance was necessary.

Impairment losses

The ageing profile of the trade and other receivables balance as at 30 June 2020 is as follows:

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Current	1,203	388	46	173
Past due 31-60 days	144	64	37	7
Past due 61+ days	26	-	4	17
Total aged receivables	**1,373**	**452**	**87**	**197**
Provision for doubtful debts	(403)	-	(17)	-
Net Trade and other receivables	**970**	**452**	**70**	**197**

(e) Capital risk management

The Fund maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for security holders and to maintain an optimal capital structure. The capital structure of the Fund consists of equity as listed in Note 10.

The Fund assesses its capital management approach as a key part of the Fund's overall strategy and it is continuously reviewed by management and the Directors of the Responsible Entity.

To achieve the optimal capital structure, the Board may use the following strategies: amend the distribution policy of the Fund; issue new units through a private placement; conduct a buyback of units; acquire debt; or dispose of investment properties.

(f) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash including working capital and other reserves, as well as through securing appropriate committed credit facilities.

As a result of the uncertain economic environment created by the COVID-19 pandemic, Fund cashflow management and tenant related cash flows have been subject to heightened levels of review and focus to ensure the Fund maintains strong balance sheet liquidity. At balance date, the Fund had access to a $7.0 million undrawn debt facility, available to support any required capital expenditure, lease incentives and general working capital needs of the Fund, and $6.8 million in cash reserves. No drawings on the Fund’s finance facilities are currently anticipated to support COVID-19 related impacts on the Fund.

The following are the undiscounted contractual cash flows of derivatives and non-derivative financial liabilities shown at their nominal amount (including future interest payable).

Consolidated Group 30 June 2020	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 Years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	593	1,397	-	-	-	1,990
Non derivative financial liabilities						
Payables	3,299	-	-	-	-	3,299
Interest bearing loans	2,916	2,916	144,939	-	-	150,771
Total	**6,808**	**4,313**	**144,939**	**-**	**-**	**156,060**

11. Financial risk management (continued)

(f) Liquidity risk (continued)

Consolidated Group 30 June 2019	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 Years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	1,374	1,936	-	-	-	3,310
Non derivative financial liabilities						
Payables	2,292	-	-	-	-	2,292
Interest bearing loans	30,039	42,653	67,908	-	-	140,600
Total	**33,705**	**44,589**	**67,908**	**-**	**-**	**146,202**

ECPF II 30 June 2020	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 Years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	57	134	-	-	-	191
Non derivative financial liabilities						
Payables	333	-	-	-	-	333
Interest bearing loans	280	280	13,931	-	-	14,491
Total	**670**	**414**	**13,931**	**-**	**-**	**15,015**

ECPF II 30 June 2019	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 Years $'000	Contractual cash flows $'000	Carrying amount $'000
Derivative financial liabilities						
Derivatives	309	118	-	-	-	427
Non derivative financial liabilities						
Payables	219	-	-	-	-	219
Interest bearing loans	842	20,190	-	-	-	21,032
Total	**1,370**	**20,308**	**-**	**-**	**-**	**21,678**

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.

12. Trade and other payables

OVERVIEW

This note provides further information about assets and liabilities that are incidental to the Fund's trading activities, being trade and other payables.

(a) Trade and other payables

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Trade creditors	516	469	135	37
Accrued expenses	1,743	1,146	115	91
GST payable	942	677	83	91
Total payables	**3,201**	**2,292**	**333**	**219**

ACCOUNTING POLICY

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.

13. Net tangible assets

OVERVIEW

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

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Net tangible assets are calculated as follows:				
Total assets	382,020	266,495	40,596	37,400
Less: total liabilities	(145,600)	(138,798)	(14,223)	(26,964)
Net tangible assets	**236,420**	**127,697**	**26,373**	**10,436**
Total number of stapled securities on issue	204,400,000	97,934,000	204,400,000	97,934,000
Net tangible asset backing per stapled security ($)	1.16	1.30	0.13	0.11

14. Related parties

OVERVIEW

Related parties are persons or entities that are related to the Fund as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the year.

(a) Key management personnel

Responsible Entity

Elanor Funds Management Limited is the Responsible Entity of the Fund and is the key management personnel (KMP) of the Fund.

Directors of the Responsible Entity

The Directors of Elanor Funds Management Limited are:

Paul Bedbrook (Chair)
Glenn Willis (Managing Director and Chief Executive Officer)
Nigel Ampherlaw
Lim Kin Song
Anthony Fehon (appointed 20 August 2019)
William (Bill) Moss AO (resigned 17 September 2019)

Key Management Personnel

In addition to the directors, the following persons were Management Personnel of the Responsible Entity with the authority for the strategic direction of the Fund:

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

Remuneration of Management Personnel

Compensation is paid to the Responsible Entity in the form of fees and is disclosed below. No other amounts are paid by the Fund directly or indirectly to the Management Personnel for services provided to the Fund.

The Directors of the Responsible Entity and other management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

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

Related party disclosure

During the period, fees were incurred by the Fund to Elanor Investors Group and its controlled entities, in accordance with the Constitution of each Scheme, including management fees, accrued performance fee and cost recoveries.

Fees paid to Elanor Investors Group and its controlled entities:	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Management Fees	2,496	2,309	298	212
Other	1,631	256	100	58
Total[1]	**4,127**	**2,565**	**398**	**270**

Note 1: A component of the $4.1 million in fees paid has been capitalised as transaction costs during the period and does not flow through the consolidated statement of profit or loss.

14. Related parties (continued)

Related party holdings

Key Management Personnel and other Management Personnel of the Responsible Entity and of its related entities may hold investments in the Fund. Such investments were purchased on normal commercial terms and were at arm's length. The number of securities held by Key Management Personnel and other Management Personnel are as follows:

	30 June 2020 No. of fully paid units
Investment held by Elanor Investment Trust	30,664,771
Investment held by Directors and Other Management Personnel	360,784
Total	**31,025,555**

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 30 June 2020, the outstanding loan balance payable from ECPF I was $3.2 million.

15. Non-cancellable operating lease receivables

OVERVIEW

This note sets out the non-cancellable operating lease receivables of the Fund and the ECPF II.

	Consolidated Group 30 June 2020 $'000	Consolidated Group 30 June 2019 $'000	ECPF II 30 June 2020 $'000	ECPF II 30 June 2019 $'000
Not later than 1 year	30,645	22,835	2,341	3,473
Later than 1 year and not longer than 5 years	100,341	77,042	4,001	5,943
Later than 5 years	13,703	22,355	37	496
Total	**144,689**	**122,232**	**6,379**	**9,912**

16. 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 30 June 2020 (30 June 2019: nil).

(b) Commitments

The Fund has no commitments as at 30 June 2020 (30 June 2019: nil).

17. Parent entity disclosure

OVERVIEW

The financial information below reflects Elanor Commercial Property Fund's parent entity, ECPF I, as stand-alone entity.

(a) Summarised financial information

Financial Position	ECPF I 30 June 2020 $'000	ECPF I 30 June 2019 $'000
Current assets	86,653	327
Non-current assets	235,839	81,138
Total Assets	**322,492**	**81,465**
Current liabilities	1,235	4,899
Non-current liabilities	127,956	-
Total Liabilities	**129,191**	**4,899**
Contributed equity	228,993	88,810
Reserves	(5,367)	(471)
Accumulated losses	(30,325)	(11,773)
Total Equity	**193,301**	**76,566**
Financial performance		
Loss for the period	(7,743)	(1,231)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	**(7,743)**	**(1,231)**

(b) Commitments

ECPF I has no commitments as at 30 June 2020 (2019: none) in relation to capital expenditure contracted for but not recognised as liabilities.

(c) Guarantees provided

ECPF I has no outstanding guarantees as at 30 June 2020 (2019: none).

(d) Contingent liabilities

ECPF I has no contingent liabilities as at 30 June 2020 (2019: none).

ACCOUNTING POLICY

With the exception of consolidation, the financial information of the parent entities of Elanor Commercial Property Fund has been prepared on the same basis as the consolidated financial statements.

18. Auditors' remuneration

OVERVIEW

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	30 June 2020 $	30 June 2019 $
Deloitte Touche Tohmatsu Australia		
Audit and other assurance services		
Audit of financial report	115,000	45,000
Other services		
Tax compliance services	36,418	21,600
IPO related services[1]	150,000	-
Other auditors and their related network firms		
Other services		
Consulting services	19,406	-
Total auditor's remuneration	**320,824**	**66,600**

Note 1: $150,000 was paid to Deloitte in respect of an Investigating Accountants Report in relation to the IPO of the Fund.

19. Subsequent events

Subsequent to the period end, a distribution of 2.37 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $4.9 million will be paid on or before 31 August 2020 in respect of the three months ended 30 June 2020.

The ongoing economic and market impacts of the COVID-19 pandemic are difficult to forecast. The Fund will continue to engage regularly with all tenants across the Fund's portfolio. As at balance date, the Fund has recognised a COVID-19 related provision in respect of potential impacts to rental income as a result of tenant rent relief requests and any risk in respect of rental arrears, following a detailed review across the portfolio.

Other than the events disclosed above, the Directors are not aware of any other matter since the end of the period that has or may significantly affect the operations of the Fund, the result of those operations, or the state of the Fund's affairs in future financial periods that are not otherwise referred to in this Directors' Report.

20. Accounting policies

OVERVIEW

This note provides an overview of the Fund's accounting policies that relate to the preparation of the financial report as a whole and do not relate to specific items. Accounting policies for specific items in the balance sheet or statement of comprehensive income have been included in the respective note.

(a) Interest Income

Interest income is recognised as it accrues using the effective interest rate method.

(b) Expenses

All expenses, including the responsible entity's fees and custodian fees, are recognised in profit or loss on an accruals basis.

(c) Income Taxation

Under current legislation, the Fund is not subject to income tax as security holders are presently entitled to the income of the Fund.

ELANOR COMMERCIAL PROPERTY FUND

DIRECTORS' DECLARATION TO STAPLED SECURITYHOLDERS

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

(a) the financial statements and notes set out on pages 16 to 51 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 30 June 2020 and of its performance for the year ended 30 June 2020; and

(b) there are reasonable grounds to believe that the Consolidated Group and the ECPF II Group will be able to pay their debts as and when they become due and payable.

(c) the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001* (Cth).

This declaration is made in accordance with a resolution of the Board of Directors in accordance with Section 295(5) of the *Corporations Act 2001* (Cth).

Glenn Willis
CEO and Managing Director

Sydney, 19 August 2020

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of:

- The consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Elanor Commercial Property Fund, being the consolidated stapled entity ("Elanor Commercial Property Fund") as set out on pages 16 to 52. The consolidated stapled entity comprises Elanor Commercial Property Fund I ("ECPF I") and the entities it controlled at the year's end or from time to time during the year, including Elanor Commercial Property Fund II ("ECPF II");

- The statement of financial position as at 30 June 2020, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity ECPF II as set out on pages 16 to 52.

In our opinion, the accompanying financial report of Elanor Commercial Property Fund and ECPF II is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Elanor Commercial Property Fund and ECPF II's financial positions as at 30 June 2020 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Elanor Commercial Property Fund 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elanor Funds Management Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>
Investment property valuation
At 30 June 2020, Elanor Commercial Property Fund recognised investment properties valued at $373.5 million as disclosed in Note 7.
The fair value of investment property is calculated in accordance with the valuation policy set out in Note 7 which outline the two valuation methodologies used by Elanor Commercial Property Fund.
The Critical accounting judgements and key sources of estimation uncertainty Note and Note 7 disclose the significant judgements and estimates made by Elanor Commercial Property Fund in estimating the fair values. These include the following assumptions:

forecast cash flows: including market rental income, market growth rates, rent relief provided and letting up assumptions. There is increase in judgement being applied as a result of the uncertainty of future rental income and leasing activity as a result of COVID-19;
capitalisation rates: since the start of COVID-19 there has been limited relevant transaction evidence; and
discount rates: are subjective due to the specific nature and characteristics of individual investment properties.

In addition, Note 7 highlights the uncertainty created by COVID-19 and as a result the valuers have included a significant valuation uncertainty statement in their valuation reports as at 30 June 2020. This clause indicates that less certainty, and consequently a higher degree of caution should be attached to the valuations as a result of COVID-19.
The sensitivity to changes associated with the greater levels of estimation uncertainty being applied in respect of these assumptions are disclosed in Note 7.
</td><td>
Our procedures included, but were not limited to:

Assessing management's process over property valuations and the oversight applied by the directors are consistent with relevant accounting standards and Elanor Commercial Property Fund's valuation policy;
Performing an analytical review and risk assessment of the portfolio, analysing the key inputs and assumptions;
Benchmarking the capitalisation rates and discount rates with reference to external market trends and transactions and challenging those assumptions where appropriate;
Performing procedures over the specific assumptions and judgements made around the impact of COVID-19 on the valuation models including market rental income, market growth rates, rent relief provided and letting up assumptions;
Holding discussions with management and the external valuers to obtain an understanding of portfolio movements and their assessment of the impact of COVID-19 on the valuations, including the material uncertainty statement included in their reports;
Assessing the independence, competence and objectivity of the internal and external valuers; and
Testing on a sample basis of externally and internally valued properties, the following:

the integrity of the information in the valuation models by agreeing key inputs such as net operating income to underlying records and source evidence
the forecasts used in the valuation

</td></tr>
</table>

	financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals o the mathematical accuracy of the valuation models. We also assessed the appropriateness of the disclosures included in The Critical accounting judgements and key sources of estimation uncertainty Note and Note 7 to the financial statements.

Other Information

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. The other information also includes the following information which will be included in the Annual Report (but does not include the financial report and our auditor's report thereon): the Message from the Chairman, Message from the CEO and other documents which are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Message from the Chairman, Message from the CEO and other documents in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing Elanor Commercial Property Fund and ECPF II's ability 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/s or to cease operations, or have no realistic alternative but to do so.

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:

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- 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 Elanor Commercial Property Fund's and ECPF II'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 Elanor Commercial Property Fund's and ECPF II's ability to continue as going concerns. 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 Elanor Commercial Property Fund and ECPF II to cease to continue as going concerns.

- 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 Elanor Commercial Property Fund to express an opinion on the financial report. We are responsible for the direction, supervision and performance of Elanor Commercial Property Fund's audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Nell
Partner
Chartered Accountants
Sydney, 19 August 2020