

601 Coronation Drive Fund

ARSN 610 941 654

Annual report for the financial year ended 30 June 2020

Index to the Financial Statements

	Page
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020	6
Statement of Financial Position as at 30 June 2020	7
Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020	8
Statement of Cash Flows for the year ended 30 June 2020	9
 Notes on Financial Statements	
1. General Information	10
2. Adoption of New and Revised Accounting Standards and Interpretations	10
3. Significant Accounting Policies	10
4. Rental and Other Property Income	14
5. Finance Costs	14
6. Administration Expenses	14
7. Rental Property Expenses	15
8. Remuneration of Auditors	15
9. Investment Property	16
10. Trade and Other Payables	16
11. Net Assets Attributable to Unitholders	17
12. Distributions Paid and Payable	17
13. Related Party Transactions	18
14. Financial Risk Management and Fair Value Measurement	20
15. Cash and Cash Equivalents	24
16. Interest Bearing Liabilities	25
17. COVID-19 Disclosure	26
18. Subsequent Events	26
19. Commitments and Contingencies	26
Directors' Declaration	27
Independent Auditor's Report	28

Directors' Report

The directors of One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of 601 Coronation Drive Fund (ARSN 610 941 654) (the "Fund"), submit the financial report of the Fund for the year ended 30 June 2020 (the "reporting period").

Responsible Entity

The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity who held office during the reporting period and up to the date of this report are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)
Justin Epstein	Non-Executive Director (resigned as a director on 1 October 2019)

Principal Activities

The Fund is an unlisted registered managed investment scheme, constituted and domiciled in Australia.

The principal activity of the Fund is to manage an investment property to generate rental income.

The Fund did not have any employees during the year.

Distributions

In respect of the financial year ended 30 June 2020, a final distribution of 1.9891 cents per unit has been paid to unitholders (2019: 1.9945 cents per unit).

For details of distributions paid and payable during the year, refer to note 12 of the financial statements.

Value of Assets and Units Issued

The total value of the Fund's assets as at 30 June 2020 was \$48,918,561 (2019: \$48,624,974). The total number of units on issue as at 30 June 2020 was 25,063,915 (2019: 25,063,915).

Directors' Report (continued)**Review of Operations****Results**

The performance of the Fund, as represented by the results of its operations for the year, was as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Rental and other property income	4,199,994	4,452,952
Operating income	4,199,994	4,452,952
Rental property expenses	(855,401)	(953,831)
Administration and other expenses	(490,832)	(470,164)
Operating expenses	(1,346,233)	(1,423,995)
Earnings before interest and tax	2,853,761	3,028,957
Interest income	5,610	19,296
Finance costs	(884,251)	(1,139,363)
Net interest expense	(878,641)	(1,120,067)
Operating earnings attributable to unitholders	1,975,120	1,908,890
Non-operating items		
Unrealised fair value gain on investment property	89,981	595,043
Unrealised fair value loss on financial instruments designated at fair value through profit or loss	-	(24,399)
Total non-operating items	89,981	570,644
Net profit attributable to unitholders	2,065,101	2,479,534

The inclusion of operating earnings as a measure of the Fund's profitability provides financial information that is used internally for evaluating performance, making strategic decisions and determining distributions during the year.

Other Matters

To comply with Government Legislation in Queensland, a fire engineer ("Fire Engineer") has been appointed to inspect the Fund's investment property at 601 Coronation Drive, Toowong (the "Property"), to assess the façade cladding to determine if flammable aluminium composite panels ("ACPs") are present.

The Fire Engineer has identified that areas of combustible ACPs are present at the Property and has confirmed that these areas of ACPs need to be replaced.

The Fire Engineer has met with Queensland Fire and Emergency Services ("QFES") to present recommended remediation measures in order to comply with the Legislation and obtain agreement with QFES on the process to resolve the cladding risk at the Property.

The scope for ACP compliance and the remediation strategy for the Property is now being determined. It is anticipated the remediation costs will be able to be funded from the Fund's banking facility.

Directors' Report (continued)

Fees Paid To and Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates during the year are disclosed in note 13 of the financial statements.

The fees were paid out of the Fund's assets during the year.

The number of interests in the Fund held by the Responsible Entity and its associated entities as at the end of the financial year are disclosed in note 13 of the financial statements.

Significant Changes in State of Affairs

On 12 August 2019, the term of the debt facility with St. George Bank was extended to 16 September 2019 when the investment manager of the Fund (the "Manager") finalised a new replacement 2 year debt facility with ING Bank. The new facility resulted in a significantly lower interest rate compared to the previous facility. To support the refinancing, an independent valuation of the Property was obtained dated 25 July 2019, which valued the Property at \$47,800,000.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

COVID-19

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at the date of these financial statements, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have a significant impact on investment funds and their trustees and managers, both directly and indirectly.

As this situation is continuing, the Manager has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with tenants and service providers in assessing the ongoing operations, liquidity and lending arrangements and the basis of the values and estimates reported.

To date, only one tenant has requested rental assistance. This tenant occupies 3.9% of the total net lettable area and the Manager has determined the proportionate and appropriate relief in line with Government announcements. As a result there has been negligible impact on the Fund's asset valuation.

The Manager will continue to closely monitor market situations to ensure that the valuation remains appropriate. The Manager will provide resources and updates where necessary to provide informed guidance for investors during this continuing environment.

Property Valuation

The impact of whether the COVID-19 pandemic has had or may have on the Property valuation has been considered based on known information. This consideration extends to the nature of the tenants and services offered. Because rental relief has been requested from only one tenant occupying 3.9% of the net lettable area, the impact on rental income has been negligible. Also noted is that since the date of the independent valuation on 25 July 2019, the key metrics of WALE and the vacancy rate have improved. Other than addressed in specific notes, there does not appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may have an unfavourable impact as at reporting date, or subsequently as a result of the COVID-19 pandemic.

Directors' Report (continued)

Subsequent Events

Other than as noted above, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2020 that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely Developments

The Fund will continue to be managed in accordance with the Constitution and investment objectives as detailed in the Fund's Product Disclosure Statement.

Environmental Regulation and Performance

Other than as disclosed elsewhere, the operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnification of Directors, Officers and Auditors

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

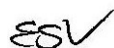
28 September 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of 601 Coronation Drive Fund for year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney on the 28th of September 2020



ESV Business advice and accounting



Tim Valtwies
Partner

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Revenue			
Rental and other property income	4	4,199,994	4,452,952
Interest income		5,610	19,296
Unrealised fair value gain on investment property	9	89,981	595,043
Unrealised fair value loss on financial instruments designated at fair value through profit or loss		-	(24,399)
Total revenue		4,295,585	5,042,892
Expenses			
Finance costs	5	884,251	1,139,363
Administration expenses	6	387,486	380,692
Audit fees	8	16,210	21,400
Professional fees		40,271	46,530
Insurance expense		46,865	21,542
Rental property expenses	7	855,401	953,831
Total expenses		2,230,484	2,563,358
Net income attributable to unitholders		2,065,101	2,479,534
Net income for the year		2,065,101	2,479,534
Other comprehensive income		-	-
Total comprehensive income attributable to unitholders		2,065,101	2,479,534

The accompanying notes to the financial statements should be read in conjunction with this Statement.

Statement of Financial Position as at 30 June 2020

	Notes	30 June 2020 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents	15(a)	842,243	953,750
Trade and other receivables		15,152	8,106
Prepayments		17,295	102,455
Total current assets		874,690	1,064,311
Non-current assets			
Investment property	9	48,043,871	47,560,663
Total non-current assets		48,043,871	47,560,663
Total assets		48,918,561	48,624,974
Liabilities			
Current liabilities			
Trade and other payables	10	673,367	696,779
Interest bearing liabilities	16	-	25,860,000
Total current liabilities		673,367	26,556,779
Non-current liabilities			
Interest bearing liabilities	16	26,117,011	-
Total non-current liabilities		26,117,011	-
Total liabilities (excluding net assets attributable to unitholders)		26,790,378	26,556,779
Net assets attributable to unitholders	11	22,128,183	22,068,195

The accompanying notes to the financial statements should be read in conjunction with this Statement.

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
		<u> </u>	<u> </u>
Opening balance		22,068,195	21,593,775
Total comprehensive income		2,065,101	2,479,534
Distributions for the year	12	<u>(2,005,113)</u>	<u>(2,005,114)</u>
Net assets attributable to unitholders	11	<u>22,128,183</u>	<u>22,068,195</u>

The accompanying notes to the financial statements should be read in conjunction with this Statement.

Statement of Cash Flows for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Cash flows from operating activities			
Rent received		4,539,673	4,626,776
Interest received		5,610	18,659
Finance costs paid		(558,035)	(1,146,003)
Payments to suppliers		(1,874,016)	(1,854,090)
Net cash provided by operating activities	15(b)	2,113,232	1,645,342
Cash flows from investing activities			
Payments for capital improvements		(289,175)	(749,742)
Net cash used in investing activities		(289,175)	(749,742)
Cash flows from financing activities			
Proceeds from loans		25,930,000	1,000,000
Payment of loans		(25,860,000)	-
Distributions paid to unitholders		(2,005,564)	(2,005,113)
Net cash used in financing activities		(1,935,564)	(1,005,113)
Net decrease in cash and cash equivalents		(111,507)	(109,513)
Cash and cash equivalents at the beginning of the year		953,750	1,063,263
Cash and cash equivalents at the end of the year	15(a)	842,243	953,750

The accompanying notes to the financial statements should be read in conjunction with this Statement.

Notes to the Financial Statements

1. General Information

This financial report covers 601 Coronation Drive Fund (ARSN 610 941 654) (the "Fund") which is an unlisted registered managed investment scheme.

The responsible entity of the Fund is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"). The Responsible Entity's registered office and principal place of business is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The investment manager of the Fund is Capital Property Funds Pty Limited (ACN 162 323 506) (the "Manager").

The financial statements cover the period 1 July 2019 to 30 June 2020 (the "reporting period"). The comparative information encompasses the period 1 July 2018 to 30 June 2019.

The financial statements were authorised for issue by the directors of the Responsible Entity on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Adoption of New and Revised Accounting Standards and Interpretations

There were no new accounting standards adopted during the period which had a significant impact on the reported position and performance of the Fund. As the Fund operates as a lessor, AASB 16 has no impact on the Fund's accounting for leases.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board ("AASB"), the Fund's Constitution and the Corporations Act 2001.

Compliance with Australian Accounting Standards, as issued by the AASB, ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Preparation

This general purpose financial report is presented in Australian dollars and has been prepared using historical cost convention except for the investment property ("Property") and historically interest rate swaps, which are measured at fair value and as disclosed in note 3(l) below.

(c) Going Concern Basis

This general purpose financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)****(d) Revenue and Income Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review increases. In all other circumstances, rental income is brought to account on an accrual basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Fund provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight-line basis, usually as a reduction in rental income.

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

Other income is recognised when the right to receive the revenue has been established.

All income is stated net of goods and services tax ("GST").

(e) Expenses

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

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities in the Statement of Financial Position.

(g) Taxation

Under the current tax legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

There is no income of the Fund to which the unitholders are not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net income of the Fund to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

(h) Distributions

The Fund distributes its distributable income, calculated in accordance with the Fund's Constitution, Product Disclosure Statement (the "PDS") and applicable tax legislation, to unitholders who are presently entitled to the income under the Fund's Constitution. In accordance with the PDS, distributions will only be paid from the Fund's cash from operations and reserves. Refer to operating income presented in the Directors' Report.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)****(i) Payables**

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Receivables

Trade receivables that have less than 90 day terms are recognised and carried at original cost less a credit loss allowance (provision for impairment of trade receivables) for any uncollectible amounts.

An assessment of recoverability of trade and other receivables is performed by the Manager on an ongoing basis. The Manager considers various factors to determine the recoverability of receivables including factors such as existence of bank guarantees, deposits held, recent payment patterns and correspondence with tenants.

The movements in the credit loss allowance account is recognised in the Statement of Profit or Loss and Other Comprehensive Income, either as gain or loss. When a receivable for which an allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the credit loss allowance account.

(k) Interest Bearing Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received. After the initial recognition, the interest bearing borrowings are measured at cost using the effective interest method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Borrowing expenses including interest, issue and other transaction costs are expensed in the Statement of Profit or Loss and Other Comprehensive Income as incurred unless they relate to qualifying assets.

(l) Investment Property

The Property principally comprises freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Fund. The Property is initially recognised at cost, including transaction costs, and is subsequently remeasured at fair value. Movements in fair value are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

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 profit or loss in the year in which the property is derecognised.

The reported fair value of the Property reflects market conditions at the reporting date. While this represents the best estimates as at the reporting date, actual sale prices achieved may be higher or lower than the most recent valuation. This is particularly relevant in years of market illiquidity or uncertainty.

Any gains or losses arising from the changes in the fair value of investment properties are included in the Statement of Profit or Loss and Other Comprehensive Income in the reporting year in which they arise.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****(m) Derivative Financial Instruments***

The Fund was exposed to changes in interest rates and used interest rate swaps to manage its exposure to interest rate risk up until the St George Bank loan was re-financed with ING Bank on 16 September 2019. Under the terms of the new loan, the Fund was not required to enter into an interest rate swap arrangement.

Up until 16 September 2019, the derivative financial instruments were initially recognised at fair value on the date on which a derivative contract was entered into and were subsequently remeasured to fair value. The resulting gain or loss was recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(n) Goods and Services Tax

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

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of the acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is recognised as a receivable or payable in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST component of cash flows arising from financing activities which is recoverable from or payable to the taxation authority is classified as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

GST is not payable in respect of the acquisition, disposal or withdrawal of units, nor in respect of any distributions paid by the Fund.

The ultimate GST treatment of the subsequent disposal of the Property may differ from the treatment at acquisition and may depend upon the relevant circumstances at the time.

(o) Use of Significant Accounting Estimates and Judgments

The directors of the Responsible Entity evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Fund.

Key estimate - fair value of the Property

The Fund carries the Property at fair value with changes in the fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. In accordance with the Fund's PDS, the Property will be independently re-valued at least once every three years. It will also be re-valued by an independent valuer in the intervening years if it is likely that there has been a material change in the value of the Property.

At the end of each reporting year, the directors of the Responsible Entity update their assessment of the fair value of the Property, taking into account the most recent independent valuation. The key assumptions used in this determination are set out in note 3(l). If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the Property may differ and may need to be re-estimated.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(o) Use of Significant Accounting Estimates and Judgments (continued)

Consideration has been given to the impact that the COVID-19 pandemic has had, or may have, on the Fund based on known information. This consideration extends to the operations of the Fund including the rental income and the valuation of the Property. Other than as addressed in specific notes, there does not currently appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

4. Rental and Other Property Income

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Rent received	4,030,283	4,020,603
Rental abatement	(365,102)	(242,082)
Outgoings received	440,451	335,267
Straight-line rental income	94,362	168,696
Rental guarantee	-	58,168
Service income	-	112,300
Total	4,199,994	4,452,952

5. Finance Costs

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Interest on borrowings	813,600	1,139,363
Borrowing expenses	70,651	-
Total	884,251	1,139,363

6. Administration Expenses

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Management fees	263,125	257,636
Responsible Entity fees	70,039	68,869
Registry fees	13,973	14,043
Accounting and tax fees	22,540	22,833
Custody fees	16,155	15,667
ASIC and APIR fees	1,654	1,644
Total	387,486	380,692

Notes to the Financial Statements

7. Rental Property Expenses

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Property management fees	41,412	40,200
Energy fees	258,116	252,725
Cleaning	61,791	58,161
Land tax	100,125	157,000
Repairs and maintenance	43,935	97,219
Council rates	73,519	71,527
Water rates and charges	54,147	54,499
Fire levy	31,630	31,255
Fire and safety	36,819	17,257
Lift maintenance	21,117	20,793
Facilities management fee	16,639	16,152
Security fee	6,057	4,775
Other property expenses	110,094	132,268
Total	855,401	953,831

8. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors for the Fund:

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Audit services - ESV Accounting and Business Advisors	13,350	13,000
Other assurance services – BDO, EY (compliance plan) and other unrelated firms	2,860	8,400
Total	16,210	21,400

Notes to the Financial Statements

9. Investment Property

	30 June 2020	30 June 2019
	\$	\$
Opening balance	47,560,663	45,960,321
Unrealised fair value gain on investment property	89,981	595,043
Capital improvements	277,156	761,761
Deferred lease asset	94,362	168,697
Leasing fees	21,709	74,841
Total	48,043,871	47,560,663

The Property was valued on 25 July 2019 at \$47,800,000 by an accredited and independent valuer. The valuation was arrived at by considering relevant sales and rental data of comparable properties as well as using the capitalisation approach and discounted cash flow as valuation methods. The independent valuer applied a passing capitalisation rate of 7.25% in assessing the valuation of the Property. As at 30 June 2020, the carrying value of the Property has been increased by capital expenditures and its fair value adjusted by the deferred lease asset and leasing fees.

Since the last valuation was obtained, there has been an improvement in the weighted average lease expiry ("WALE") rate and as at 30 June 2020, WALE by income was 4.3 years and the occupancy rate was 92% (in the valuation on 25 July 2019 WALE by income was 4.0 years and the occupancy rate was 87%).

Only one tenant has requested rental assistance as a result of COVID-19 and this tenant represents only 3.9% of the total net lettable area. In the absence of any recent COVID-19 impacted sales evidence combined with only one tenant requesting rental assistance and the improved WALE and low vacancy rate, the directors have not re-valued the Property on the basis that the current valuation for the Property remains supportable and in line with Valuation Policy.

10. Trade and Other Payables

	30 June 2020	30 June 2019
	\$	\$
Distributions payable	498,094	499,905
GST and withholding tax payable	72,708	82,739
Accrued charges	72,041	87,102
Income received in advance	30,524	-
Borrowing costs payable	-	27,033
Total	673,367	696,779

Notes to the Financial Statements

11. Net Assets Attributable to Unitholders

(a) Movements in Units

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	Year ended 30 June 2020		Year ended 30 June 2019	
	No of Units	\$	No of Units	\$
Opening balance	25,063,915	22,068,195	25,063,915	21,593,775
Distributions paid to unitholders	-	(2,005,113)	-	(2,005,114)
Total comprehensive income	-	2,065,101	-	2,479,534
Closing balance	25,063,915	22,128,183	25,063,915	22,068,195

The Net Tangible Assets per unit as at 30 June 2020 was \$0.8829 (2019: \$0.8805).

(b) Capital Management

The Fund aims to invest to meet its investment objectives while maintaining sufficient liquidity to meet its commitments. The Responsible Entity regularly reviews the performance of the Fund, including asset allocation strategies, investment and operational management strategies, investment opportunities, performance review and risk management.

The Fund monitors capital through the analysis of a number of financial ratios, including the gearing ratio. The gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. It gives an indication of the potential risks the Fund faces in terms of its level of borrowings due to an increase in interest rates or a reduction in asset values.

Gearing Ratio

	30 June 2020 \$	30 June 2019 \$
Interest bearing liabilities	26,117,011	25,860,000
Total assets	48,918,561	48,624,974
Gearing Ratio	53.4%	53.2%

12. Distributions Paid and Payable

Each unit represents a right to an individual share in the Fund in accordance with the Constitution.

	30 June 2020		30 June 2019	
	Cents per unit	\$	Cents per unit	\$
Distributions paid during the year	6.0109	1,506,574	6.0055	1,505,209
Distributions payable	1.9891	498,539	1.9945	499,905
	8.0000	2,005,113	8.0000	2,005,114

Notes to the Financial Statements

13. Related Party Transactions

Transactions with related parties have taken place at arm's length and in the ordinary course of business.

(a) Transactions with Responsible Entity and its Associated Entities

The key management personnel of the Responsible Entity for the financial year 30 June 2020 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director (appointed as a director on 1 October 2019)
Justin Epstein	Non-Executive Director (resigned as a director on 1 October 2019)

Holding of units by the Responsible Entity, key management personnel and their associated entities as at 30 June 2020 and 30 June 2019 were as follows:

	30 June 2020		
	Unit class	Units held	% of the class
Frank Tearle	Ordinary	150,000	0.60%
	30 June 2019		
	Unit class	Units held	% of the class
Frank Tearle	Ordinary	150,000	0.60%

No fees or remuneration was paid directly to the key management personnel from the Fund during the financial year ended 30 June 2020 (2019: \$nil).

Responsible Entity fees

Responsible Entity fees of \$70,039 plus GST were incurred for the year ended 30 June 2020 (2019: \$68,869) of which \$5,837 plus GST (2019: \$5,739) was payable to One Managed Investment Funds Limited at the end of the year. Refer to note 6.

Registry fees

Registry fees of \$13,973 plus GST were incurred for the year ended 30 June 2020 (2019: \$14,043) of which \$1,916 plus GST (2019: \$1,873) was payable to One Registry Services Pty Limited, a wholly owned subsidiary of One Investment Group, at the end of the year. Refer to note 6.

Custody fees

Custody fees of \$16,155 plus GST were incurred for the year ended 30 June 2020 (2019: \$15,667) of which \$1,327 plus GST (2019: \$1,304) was payable to One Managed Investment Funds Limited, the responsible entity of the Fund, at the end of the year. Refer to note 6.

Accounting and administration fees

Accounting and administration fees of \$22,540 plus GST were incurred for the year ended 30 June 2020 (2019: \$22,833) of which \$4,000 plus GST (2019: \$4,000) was payable to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity, at the end of the year. Refer to note 6.

There were no other fees paid / payable to the Responsible Entity for the financial year ended 30 June 2020.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Notes to the Financial Statements

13. Related Party Transactions (continued)

(b) Transactions with Manager and its Associated Entities

The key management personnel of the Manager for the financial year ended 30 June 2020 are:

Name	Title
Julia Novella	Head of Funds Management
Andrew Kerr	Executive Director and Company Secretary
Joe Christie	Executive Director

Holding of units by the Manager, key management personnel and their associated entities as at 30 June 2020 and 30 June 2019 are as follows:

30 June 2020

	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	20,000	0.08%
Joe Christie	Ordinary	20,000	0.08%
		40,000	0.16%

30 June 2019

	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	20,000	0.08%
Joe Christie	Ordinary	20,000	0.08%
		40,000	0.16%

No fees or remuneration was paid directly to the key management personnel from the Fund during the financial year ended 30 June 2020 (2019: \$nil).

Investment management fees

Investment management fees of \$263,125 plus GST were incurred for the financial year ended 30 June 2020 (2019: \$257,636), of which \$21,908 plus GST (2019: \$21,588) was payable to the Manager at the end of the year. Refer to note 6.

There were no other fees paid/payable to the Manager for the financial year ended 30 June 2020.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at the end of the reporting year.

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement

The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Fund's policies and processes for managing these risks is described below.

(a) Market Risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and other price risk. The Fund's strategy on the management of market risk is driven by the Fund's investment objective. The Fund's market risk is managed as required by the Responsible Entity in accordance with the investment guidelines outlined in the Fund's Constitution and the PDS.

Cash flow and fair value interest rate risk

The Fund's cash and cash equivalents and floating rate borrowings expose it to a risk of change in the fair value or future cash flows due to changes in interest rates.

The Fund primarily entered into interest rate derivatives to manage the associated interest rate risk up until the St George Bank loan was re-financed with ING Bank, where under the new loan terms, the Fund was not required to enter into an interest rate swap arrangement.

The Fund's exposure to interest rate risk at reporting date, including its sensitivity to changes in market interest rates that were reasonably possible, is as follows:

	30 June 2020 \$	30 June 2019 \$
Financial assets		
Cash and cash equivalents – floating interest rate	842,243	953,750
Financial liabilities		
Interest bearing liabilities – fixed interest rate	(26,113,627)	-
Interest bearing liabilities – floating interest rate	(3,384)	(25,860,000)
Net exposure to interest rate risk	(25,274,768)	(24,906,250)
Notional principal swap balance	-	22,600,000

Sensitivity of profit or loss to movements in market interest rates for financial instruments with fair value risk:

	30 June 2020 \$ Decrease/(increase)	30 June 2019 \$ Decrease/(increase)
Market interest rate increased by 100 basis points	(8,389)	249,063
Market interest rate decreased by 100 basis points	8,389	(249,063)

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at reporting date.

	30 June 2020	30 June 2019
	<u>\$</u>	<u>\$</u>
Trade and other receivables	15,152	8,106
Cash at bank	<u>842,243</u>	<u>953,750</u>
Maximum exposure to credit risk	<u>857,395</u>	<u>961,856</u>

Credit risk is managed and the losses which could arise from default by ensuring that parties to contractual arrangements have the appropriate credit rating or do not show a history of defaults. Financial assets such as cash at bank are held with high credit quality financial institutions (rated equivalent A or higher by the major rating agencies). Tenants for the property are assessed for creditworthiness before commencing a lease, and if necessary rental guarantees are sought before a tenancy is approved. The Responsible Entity also performs a detailed review of both related and other parties before approving advancement of funds. This is performed to ensure that they will be able to meet interest and principal repayments.

All receivables are monitored by the Manager. If any amounts owing are overdue these are followed up and if necessary, allowances are made for debts that are doubtful.

At the end of the reporting year, there are no issues with the credit quality of financial assets that are either past due or impaired, and all amounts are expected to be received in full.

(c) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Manager monitors the Fund's exposure to liquidity risk by ensuring that as required there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(c) Liquidity Risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting year. The amounts in the table are the contractual undiscounted cash flows.

30 June 2020	Less than 12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	673,367	-	-
Interest bearing liabilities	-	26,117,011	-
Contractual cash flows	673,367	26,117,011	-

30 June 2019	Less than 12 months \$	1-2 years \$	2-5 years \$
Trade and other payables	696,779	-	-
Interest bearing liabilities	25,860,000	-	-
Contractual cash flows	26,556,779	-	-

*(d) Fair Value Measurement**Fair value hierarchy*

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(d) Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
<i>Assets</i>				
Investment property	-	-	48,043,871	48,043,871
Total assets	-	-	48,043,871	48,043,871
<i>Liabilities</i>	-	-	-	-
Total liabilities	-	-	-	-
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2019				
<i>Assets</i>				
Investment property	-	-	47,560,663	47,560,663
Total assets	-	-	47,560,663	47,560,663
<i>Liabilities</i>	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

The basis of the valuation of the Property is fair value. The Property is re-valued every 3 years based on the independent assessment by a member of the Australian Property Institute having recent experience in the location and category of the Property being valued. The valuation is based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

The fair value as per independent valuation is adjusted for any capital expenditure, straightlining of rent and leasing fees adjustments.

Notes to the Financial Statements

14. Financial Risk Management and Fair Value Measurement (continued)

(d) Fair Value Measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets during the current financial year are set out below:

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Opening balance	47,560,663	45,960,321
Unrealised fair value gain on investment property	89,981	595,043
Capital improvements	277,156	761,761
Deferred lease asset	94,362	168,697
Leasing fees	21,709	74,841
Balance at 30 June 2020	48,043,871	47,560,663

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Inputs	Adopted rate	Sensitivity
Property	Capitalisation rate	7.25%	0.25% change would increase/decrease fair value by \$1,700,000
	Internal rate of return	7.50%	0.25% change would increase/decrease fair value by \$900,000
	Terminal Yield	7.38%	0.25% change would increase/decrease fair value by \$1,000,000
	Rental income		5.00% change would increase/decrease fair value by \$1,000,000

The following table demonstrates the sensitivity of the Fund's net assets and net profit to a reasonable change in price, with all other variables constant as at 30 June 2020.

	Percentage change in price increase/(decrease)	Effect on net profit and net assets attributable to members of the Fund
Year ended 30 June 2020	+10%/(10%)	\$4,804,387/(\$4,804,387)
Year ended 30 June 2019	+10%/(10%)	\$4,756,066/(\$4,756,066)

15. Cash and Cash Equivalents

(a) Cash and cash equivalents include cash on hand and cash at bank. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Cash at bank	842,243	953,750
Total	842,243	953,750

Notes to the Financial Statements

15. Cash and Cash Equivalents (continued)

(b) Reconciliation of total comprehensive income for the year to net cash flows provided by operating activities:

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
Total comprehensive income	2,065,101	2,479,534
Adjustments for:		
Unrealised fair value gain on investment property	(89,981)	(595,043)
Unrealised fair value loss on financial instruments designated at fair value through profit or loss	-	24,399
Straight-line rental income	(94,362)	(168,696)
Leasing fees	(65,220)	(106,072)
Amortisation of leasing fees	43,511	31,231
Finance costs	187,011	-
Changes in assets and liabilities:		
Net changes in other current assets	78,114	(17,383)
Net changes in trade and other payables	(10,942)	(2,628)
Net cash provided by operating activities	2,113,232	1,645,342

16. Interest Bearing Liabilities

	30 June 2020 \$	30 June 2019 \$
Current liabilities		
Secured loan facility	-	25,860,000
Non-current liabilities		
Secured loan facility	26,117,011	-
Total	26,117,011	25,860,000

On 16 September 2019, the Fund entered into a replacement debt facility with ING for a period of 2 years, maturing on 15 September 2021. The Tranche A loan amount of \$25,930,000 is fully drawn and has a fixed interest rate of 2.84% for the life of the loan. The Tranche B loan amount of \$430,000 has been allocated for ACP's related capital expenditure and remains undrawn as at 30 June 2020. A line fee of 1.00% of the undrawn Tranche B loan amount is charged quarterly and automatically capitalised to the loan.

Assets pledged as security

The loan facility is secured by a registered first mortgage over the Property, is interest only and non-recourse to investors.

All borrowings of the Fund are on a limited recourse basis. A lender's recourse is limited to the Fund and its assets and does not have recourse to investors and their personal assets.

Notes to the Financial Statements**16. Interest Bearing Liabilities (continued)****Loan facility covenants**

The covenants over the Fund's loan facility require an interest cover ratio of at least 2.0 times and a loan to market value of investment properties ratio ("LVR") of less than or equal to 55%. The Fund was in compliance with its covenants throughout the financial year ended 30 June 2020.

17. COVID-19 Disclosure

The coronavirus, COVID-19, was first identified as a new, highly contagious virus in December 2019. The World Health Organisation declared a global pandemic in March 2020 and as at the date of these financial statements, COVID-19 remains prevalent throughout the world, including Australia. COVID-19 has caused unprecedented disruption to populations, businesses and general economic activity. As the situation evolves, it continues to have significant impacts on investment funds and their trustees and managers, both directly and indirectly.

As this situation continues to develop, the Manager has been monitoring both the valuation of the Fund's assets and the Fund's liquidity and is in close contact with tenants and service providers in assessing the ongoing operations, liquidity and lending arrangements and the basis of the values and estimates reported.

To date, only one tenant has requested rental assistance. This tenant occupies 3.9% of the total net lettable area and the Manager has determined the proportionate and appropriate relief in line with Government announcements. As a result there has been negligible impact on the Fund's asset valuation.

The Manager will continue to closely monitor market situations to ensure that the valuation remains appropriate. The Manager will provide resources and updates where necessary to provide informed guidance for clients during this rapidly changing environment.

18. Subsequent Events

Other than as noted above, there has been no matter or circumstance occurring subsequent to the year ended 30 June 2020 that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

19. Commitments and Contingencies

In order to comply with Government Legislation in Queensland, a fire engineer ("Fire Engineer") has been appointed to inspect the Fund's Property to assess the façade cladding to determine if flammable aluminium composite panels ("ACPs") are present.

The preliminary report indicates that ACPs have been installed at the Property and the Fire Engineer has met with Queensland Fire and Emergency Services to present recommended remediation measures to resolve the cladding risk at the Property. The scope for ACP compliance and remediation is now being determined. An amount of \$430,000 to replace the ACPs has been allowed and will be funded by the undrawn Tranche B debt facility with ING which has been specifically entered into for this expense.

There were no other contingent assets and liabilities or commitments as at 30 June 2020.

Directors' Declaration

The directors of the Responsible Entity declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3(a) to the financial statements; and

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle

Director

28 September 2020

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF 601 CORONATION DRIVE FUND

Opinion

We have audited the financial report, being a general purpose financial report of 601 Coronation Drive Fund (the 'Fund'), which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, statement of changes in net assets attributable to unit holders and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- (a) the financial report of 601 Coronation Drive Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Fund for the year ended 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the directors for the financial report

The directors of the responsible entity 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 the Fund'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 wind-up the Fund or to cease operations, or have no realistic alternative but to do so.

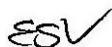
INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF 601 CORONATION DRIVE FUND

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.

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

Dated at Sydney on the 28th of September 2020



ESV Business advice and accounting



Tim Valtwies
Partner