

601 Coronation Drive Fund

ARSN 610 941 654

Interim report for the half-year ended 31 December 2021

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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 interim financial report of the Fund for the half-year ended 31 December 2021.

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 were:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Principal activities

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

The principal activity of the Fund currently is to manage the investment property at 601 Coronation Drive, Toowong, QLD ("Property") to generate rental income.

The Fund did not have any employees during the half-year ended 31 December 2021.

Review of operations

Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these interim financial statements. The income attributable to unitholders for the half-year ended 31 December 2021 was \$1,290,933 (31 December 2020: \$993,764).

Distributions

In respect of the half-year ended 31 December 2021, a distribution of \$505,399 was payable to unitholders (half-year ended 31 December 2020: \$505,399).

Value of Assets and Units Issued

The total value of the Fund's assets at 31 December 2021 was \$52,485,081 (30 June 2021: \$52,348,746). The total number of units on issue as at 31 December 2021 was 25,063,915 (30 June 2021: 25,063,915).

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2021, other than as described in the "Likely Developments" below.

Directors' Report (continued)

COVID-19

As the impact of the COVID-19 pandemic is continuing, the Manager for the Fund has been monitoring both the valuation of the Fund's assets and the Fund's liquidity.

The Manager will continue to closely monitor market situations to ensure that valuations remain appropriate.

Likely Developments

In August 2021 the majority of the Fund's investors indicated to the Responsible Entity they wished to extend the Fund for a further 2-year period. The Responsible Entity will, during this FY2022, call a unitholder meeting to put to investors certain changes to the Constitution to allow for a matching facility to be undertaken and to implement changes to the Fund's investment objective including making it an open-ended diversified property fund.

If the resolutions proposed for the unitholder meeting are passed, the Fund will be managed in accordance with the changed Constitution and the objectives detailed in the Product Disclosure Statement accompanying the Notice of Meeting. If the resolutions are not passed, the Fund will continue to be managed in accordance with the Constitution and investment objectives as detailed in the Fund's existing Product Disclosure Statement.

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 3.

This report is made in accordance with a resolution of the directors of the Responsible Entity, One Managed Investment Funds Limited, pursuant to section 306(3)(a) of the Corporations Act 2001.



Frank Tearle
Director
10 March 2022

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF 601 CORONATION DRIVE FUND

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of 601 Coronation Drive Fund for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney on the 10th of March 2022



ESV Business Advice and Accounting



Tim Valtwies
Partner

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Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2021

		Half-year ended 31 December 2021	Half-year ended 31 December 2020
	Notes	\$	\$
Revenue			
Rental and other property income		2,376,546	2,063,837
Straight-line rental income		29,215	53,259
Interest income		457	641
Unrealised fair value gain/(loss) on investment property	6	336	(13,282)
Total revenue		2,406,554	2,104,455
Expenses			
Finance costs		349,316	373,409
Administration expenses	4	210,073	194,789
Audit fees		7,250	6,370
Professional fees		56,739	16,863
Insurance expense		34,815	30,931
Rental property expenses		457,428	488,329
Total expenses		1,115,621	1,110,691
Net income attributable to unitholders		1,290,933	993,764
Net income for the period		1,290,933	993,764
Other comprehensive income		-	-
Total comprehensive income attributable to unitholders		1,290,933	993,764

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

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Statement of Financial Position as at 31 December 2021

		31 December 2021	30 June 2021
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,079,107	1,069,563
Trade and other receivables		1,727	11,357
Prepayments		112,842	17,826
Total current assets		1,193,676	1,098,746
Non-current assets			
Investment property	6	51,291,405	51,250,000
Total non-current assets		51,291,405	51,250,000
Total assets		52,485,081	52,348,746
Liabilities			
Current liabilities			
Trade and other payables	7	857,487	1,003,413
Interest bearing liabilities	8	-	25,937,634
Total current liabilities		857,487	26,941,047
Non-current liabilities			
Interest bearing liabilities	8	25,939,760	-
Total non-current liabilities		25,939,760	-
Total liabilities (excluding net assets attributable to unitholders)		26,797,247	26,941,047
Net assets attributable to unitholders	9	25,687,834	25,407,699

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

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Statement of Changes in Net Assets Attributable to Unitholders for the half-year ended 31 December 2021

		Half-year ended 31 December 2021	Half-year ended 31 December 2020
	Notes	\$	\$
Opening balance		25,407,699	22,128,183
Total comprehensive income		1,290,933	993,764
Applications for the period		-	-
Redemptions for the period		-	-
Distributions for the period	10	(1,010,798)	(1,010,798)
Net assets attributable to unitholders	9	25,687,834	22,111,149

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

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Statement of Cash Flows for the half-year ended 31 December 2021

Notes	Half-year ended 31 December 2021 \$	Half-year ended 31 December 2020 \$
Cash flows from operating activities		
Rent received	2,474,661	2,289,380
Interest received	457	641
Finance costs paid	(398,589)	(369,258)
Payments to suppliers	(1,027,191)	(954,040)
Net cash provided by operating activities	1,049,338	966,723
Cash flows from investing activities		
Payments for capital improvements	(35,835)	(6,739)
Net cash used in investing activities	(35,835)	(6,739)
Cash flows from financing activities		
Distributions paid to unitholders	(1,003,959)	(1,003,079)
Net cash used in financing activities	(1,003,959)	(1,003,079)
Net increase/(decrease) in cash and cash equivalents	9,544	(43,095)
Cash and cash equivalents at the beginning of the half-year	1,069,563	842,243
Cash and cash equivalents at the end of the half-year	1,079,107	799,148

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

Notes to the Financial Statements

1. General Information

This interim 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 interim financial report is for the half-year ended 31 December 2021.

The interim financial report 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 re-issue the interim financial report.

2. Adoption of New and Revised Accounting Standards and Interpretations

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current period.

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 general purpose financial statements for the half-year ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021.

(b) Basis of preparation

This general purpose interim financial report is presented in Australian dollars and has been prepared using historical cost convention except for the investment property, which is measured at fair value and discussed in (l) below.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(c) Going concern basis

This general purpose interim 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.

(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 fees, are recognised in Statement of Profit or Loss and Other Comprehensive Income 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.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(g) Taxation

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

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.

(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 an allowance (expected credit loss) 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 allowance accounts are recognised in the Statement of Profit or Loss and Other Comprehensive Income, either as gains or losses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(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 period.

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 investment 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. Valuations are 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.

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 period in which they arise.

Notes to the Financial Statements

3. Significant Accounting Policies (continued)

(m) 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.

(n) 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 period, the directors of the Responsible Entity update their assessment of the fair value of the Property, taking into account the most recent independent valuation. If there are any material changes in the key assumptions used in the valuation 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

4. Administration Expenses

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$	\$
Management fees	143,236	131,668
Responsible entity fees	36,455	35,020
Registry fees	10,040	8,841
Accounting and tax fees	11,622	11,270
Custody fees	8,720	7,990
Total for the half-year	210,073	194,789

5. Operating Income

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$	\$
Rental and other property income	2,376,546	2,063,837
Interest income	457	641
Administration expenses	(210,073)	(194,789)
Audit and professional fees	(63,989)	(23,233)
Insurance expense	(34,815)	(30,931)
Rental property expenses	(457,428)	(488,329)
Operating income before interest	1,610,698	1,327,196
Interest on loan facility	(319,416)	(373,409)
Operating income after interest	1,291,282	953,787

Notes to the Financial Statements

6. Investment Property

	31 December 2021	30 June 2021
	\$	\$
Opening balance	51,250,000	48,043,871
Unrealised fair value gain on investment property	336	3,096,920
Capital improvements	35,835	56,799
Deferred lease asset	29,215	61,066
Leasing fees	(23,981)	(8,656)
Closing balance	51,291,405	51,250,000

The investment property was valued on 30 June 2021 at \$51,250,000 (25 July 2019: \$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 6.68% (25 July 2019: 7.25%) in assessing the valuation of the investment property. As at 31 December 2021, the carrying value of the investment property has been increased by capital expenditures and its fair value adjusted by the deferred lease asset and leasing fees.

On the completion of ACP remediation, the investment property is expected to be valued at \$54,750,000.

7. Trade and Other Payables

	31 December 2021	30 June 2021
	\$	\$
Distributions payable	504,538	499,306
GST and withholding tax payable	83,430	89,540
Accrued charges	137,320	81,799
Income received in advance	-	149,169
Borrowing costs payable	132,199	183,599
Closing balance	857,487	1,003,413

Notes to the Financial Statements

8. Interest Bearing Liabilities

	31 December 2021	30 June 2021
	\$	\$
Current liabilities		
Interest bearing liabilities	-	25,937,634
Non-current liabilities		
Interest bearing liabilities	25,939,760	-

The extension of the existing loan facility maturity for a further 3 years and the re-negotiation of the facility has been completed with the Fund's debt provider, ING Bank. The Tranche 2 loan amount has been increased to \$3,000,000 and is to be used to remediate the ACP at the Property. A new Tranche 3 for \$1,000,000 has been included in the facility to be used for working capital and to fund redemptions, if any.

The loan is secured by a registered first mortgage over the Property.

The Fund's drawn and undrawn loan facility by tranche were as follows:

**Half-year ended 31
December 2021**

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	9,760	-	25,939,760
Undrawn Facility	-	2,990,240	1,000,000	3,990,240
Total	25,930,000	3,000,000	1,000,000	29,930,000

**Year ended 30 June
2021**

	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Drawn Facility	25,930,000	7,634	-	25,937,634
Undrawn Facility	-	422,366	-	422,366
Total	25,930,000	430,000	-	26,360,000

The Tranche 2 loan amount remains undrawn as at 31 December 2021 however, a line fee is charged quarterly and automatically capitalised to the loan.

Notes to the Financial Statements

9. Net Assets Attributable to Unitholders

	31 December 2021	31 December 2021	31 December 2020	31 December 2020
	No. of Units	\$	No. of Units	\$
Opening balance	25,063,915	25,407,699	25,063,915	22,128,183
Applications for units by unitholders	-	-	-	-
Redemptions of units by unitholders	-	-	-	-
Distributions paid to unitholders	-	(1,010,798)	-	(1,010,798)
Total comprehensive income	-	1,290,933	-	993,764
Closing balance	25,063,915	25,687,834	25,063,915	22,111,149

The Net Tangible Assets (“NTA”) per Unit as at 31 December 2021 is \$1.0249 (31 December 2020: \$0.8822).

10. Distributions Paid and Payable

Each unit represents a right to an individual share in the Fund per the Constitution. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Fund.

	31 December 2021		31 December 2020	
	Cents per units	\$	Cents per unit	\$
Distributions paid during the period	2.0164	505,399	2.0164	505,399
Distributions payable	2.0164	505,399	2.0164	505,399
Closing balance	4.0328	1,010,798	4.0328	1,010,798

Notes to the Financial Statements

11. 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 half-year ended 31 December 2021 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

Holding of units by the Responsible Entity, key management personnel and their associated entities as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021		
	Unit class	Units held	% of the class
Frank Tearle	Ordinary	150,000	0.60%
		150,000	0.60%
	31 December 2020		
	Unit class	Units held	% of the class
Frank Tearle	Ordinary	150,000	0.60%
		150,000	0.60%

No fees or remuneration was paid directly to the key management personnel from the Fund for the half-year ended 31 December 2021 (half-year ended 2020: \$nil).

Responsible entity fees

Responsible Entity fees of \$36,455 plus GST were incurred for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$35,020) of which \$6,076 plus GST (half-year ended 31 December 2020: \$5,837) was payable to One Managed Investment Funds Limited at the end of the period. Refer to Note 4

Notes to the Financial Statements

11. Related Party Transactions (continued)

(a) Transactions with Responsible Entity and its associated entities (continued)

Registry fees

Registry fees of \$10,040 plus GST were incurred for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$8,841) of which \$2,045 plus GST (half-year ended 31 December 2020: \$1,980) was payable to One Registry Services Pty Limited, a wholly owned subsidiary of the One Investment Group, at the end of the year. Refer to Note 4.

Custody fees

Custody fees of \$8,720 plus GST were incurred for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$7,990) of which \$1,381 plus GST (half-year ended 31 December 2020: \$1,327) was payable to One Managed Investment Funds Limited, responsible entity of the Fund, at the end of the year. Refer to Note 4.

Accounting and administration fees

Accounting and administration fees of \$11,622 plus GST were incurred for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$11,270) of which \$2,000 plus GST (half-year ended 31 December 2020: \$6,635) was payable to Unity Fund Services Pty Limited, an associated entity of the Responsible Entity, at the end of the period. Refer to Note 4.

There were no other fees paid / payable to the Responsible Entity for the half-year ended 31 December 2021.

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 for the half-year ended 31 December 2021.

(b) Transactions with Manager and its associated entities

The key management personnel of the Manager for the half-year ended 31 December 2021 are:

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

Notes to the Financial Statements

11. Related Party Transactions (continued)

(b) Transactions with Manager and its associated entities (continued)

Holding of units by the Manager, key management personnel and their associated entities as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021		
	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	60,400	2.40%
Joe Christie	Ordinary	37,167	1.50%
		97,567	3.90%

	31 December 2020		
	Unit class	Units held	% of the class
Andrew Kerr	Ordinary	20,000	0.80%
Joe Christie	Ordinary	20,000	0.80%
		40,000	1.60%

No fees or remuneration was paid directly to the key management personnel from the Fund for the half-year ended 31 December 2021 (2020: \$nil).

Investment management fees

Investment management fees of \$143,236 plus GST were incurred for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$131,668) of which \$23,490 plus GST (half-year ended 31 December 2020: \$21,908) was payable to Manager at the end of the period. Refer to Note 4

There were no other fees paid / payable to the Manager for the half-year ended 31 December 2021.

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 half-year ended 31 December 2021.

Notes to the Financial Statements

12. Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity'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

Half-year ended 31 December 2021

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Investment property	-	-	51,291,405	51,291,405
Total assets	-	-	51,291,405	51,291,405

Year ended 30 June 2021

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Investment property	-	-	51,250,000	51,250,000
Total assets	-	-	51,250,000	51,250,000

There were no transfers between levels during the financial half-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.

Notes to the Financial Statements

12. Fair Value Measurement (continued)

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 investment properties is fair value. The investment properties are revalued at least once every three years based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are 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, straight lining of rent and leasing fees adjustments.

Level 3 assets and liabilities

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

	31 December 2021	30 June 2021
	\$	\$
Opening balance	51,250,000	48,043,871
Unrealised fair value gain on investment property	336	3,096,920
Capital improvements	35,835	56,799
Deferred lease asset	29,215	61,066
Leasing fees	(23,981)	(8,656)
	51,291,405	51,250,000

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

Description	Inputs	Adopted rate	Sensitivity
Property	Capitalisation rate	6.68%	0.25% change would increase/decrease fair value by \$2,000,000
	Internal rate of return	6.36%	0.25% change would increase/decrease fair value by \$1,000,000
	Terminal Yield	6.50%	0.25% change would increase/decrease fair value by \$1,400,000
	Rental income		5.00% change would increase/decrease fair value by \$3,700,000

Notes to the Financial Statements

13. Subsequent Events

There has not been any matter or circumstances occurring subsequent to the half-year ended 31 December 2021 that has significantly affected, or may significantly affect, the operations of the Fund, the results of the Fund, or the state of affairs of the Fund in future financial years.

The Responsible Entity continues to work with the Manager to implement the proposal that was sent to the investors in August 2021.

14. 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 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 Manager has appointed a Project Manager to manage the ACP remediation project.

The scope for ACP compliance and the remediation will require all ACP to be replaced, making the ING Bank ACP remediation facility of \$430,000 insufficient. On 16 September 2021, the Manager has successfully secured an increase in ACP remediation facility to \$3,000,000 to fund the remediation works.

There were no other contingent assets and liabilities or commitments as at 31 December 2021.

Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) the attached financial statements and notes set out on pages 4 to 22 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended 31 December 2021; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

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
10 March 2022

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF 601 CORONATION DRIVE FUND

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 601 Coronation Drive Fund ("the Fund"), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of 601 Coronation Drive Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities* 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Financial Report

The directors of the One Managed Investment Funds Limited ("the Responsible Entity") are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF 601 CORONATION DRIVE FUND

Auditor's Responsibilities

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Dated at Sydney on the 10th of March 2022

ESV

ESV Business Advice and Accounting



Tim Valtwies
Partner