Appendix 4E

Preliminary Final Report
For the year ended 30 June 2024

Name of entity	Elanor Commercial Property Fund (ECF), a stapled entity comprising Elanor Funds Management Limited as Responsible Entity of Elanor Commercial Property Fund I (ECPF I), and Elanor Funds Management Limited as Responsible Entity of Elanor Commercial Property Fund II (ECPF II).
ARSN	Elanor Commercial Property Fund I 636 623 099
ARSN	Elanor Commercial Property Fund II 636 623 517
ABN	Elanor Funds Management Limited 39 125 903 031
Reporting period	Year ended 30 June 2024
Previous corresponding period	Year ended 30 June 2023

This Preliminary Final Report is given to the ASX in accordance with Listing Rule 4.3A. The Report should be read in conjunction with the attached Preliminary Final Report for the year ended 30 June 2024. The previous corresponding period is the year ended 30 June 2023.

Results for Announcement to the Market

Financial Performance

		A $'000
Revenue from ordinary activities	Up 0.3% to	42,118
(Loss)/profit from ordinary activities attributable to security holders	Up 27.6% to	(25,207)
Net (loss)/profit from for the period attributable to security holders	Up 27.6% to	(25,207)
Funds from Operations (FFO) [1]	Down 4.9% to	33,143

Distribution

Current Period	***Amount per unit***
Quarterly Distribution - 1 July 2023 to 30 September 2023	2.13 cents
Quarterly Distribution - 1 October 2023 to 31 December 2023	2.13 cents
Quarterly Distribution - 1 January 2024 to 31 March 2024	2.13 cents

Record date for determining entitlement to the Final Distribution		30 June 2024
Date the Final Distribution is payable:		31 August 2024
The components of the Final Distribution comprise:	Trust Distribution:	2.13 cents

Note: Further information on tax components of the distribution will be provided to security holders with their distribution statement for the year ending 30 June 2024.

Notes:

1. Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and adjusted for amortisation of borrowing cost and manager contribution which is excluded from FFO and represents the Directors' view of underlying earnings from ongoing operating activities, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives, gains/losses on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items. This includes the group's proportional ownership of 19 Harris Street's FFO, which is held as an equity accounted investment.
2. The Distributions for the year ended 30 June 2024 are based on a payout ratio of 81% of Funds from Operations. Further information on tax components of the distribution will be provided to security holders with their distribution statement for the year ending 30 June 2024.

Distribution Reinvestment Plan (DRP)
There is no DRP in operation for the final distribution for the year ended 30 June 2024.

Net Tangible Assets

Current Period	***Current Period***
Net tangible asset backing per security	$0.84
Previous Corresponding Period	
Net tangible asset backing per security	$1.00

Control Gained Over Entities During The Period
None.

Control Lost Over Entities During The Period
None.

Details Of Any Associates And Joint Venture Entities Required To Be Disclosed:
- 49.90% equity investment in Harris Property Trust

Accounting Standards Used By Foreign Entities
International Financial Reporting Standards.

Commentary On Results For The Period
For the year ended 30 June 2024, the Fund recorded a statutory loss of $25.2 million and Funds from Operations (FFO) of $33.1 million.

During the year, the Fund completed and achieved the following key initiatives and results:
- Successfully executed a range of new leases and renewals for over 26,000m^2, further enhancing the Fund's income security and tenant quality;
- Reduced FY25 lease expiries to 8% of gross income;
- Maintained strong occupancy levels at 98.4%, significantly above national office occupancy levels.

Refer to the ECF Market Announcement and Management Presentation dated 30 August 2024 for further commentary on the results for the period.

Audit
The Fund's accounts for the year ended 30 June 2024 are in the process of being audited.

Subsequent event relating to the Responsible Entity of the Fund
On 23 August 2024, Elanor Investors Group (ASX: ENN) requested, and the ASX granted, a voluntary suspension of trading of ENN securities on the ASX to enable Elanor to consider a range of options to stabilise and maintain its ongoing financial position.

Elanor Funds Management Limited is a wholly owned subsidiary of Elanor Investors Group and is the Responsible Entity of ECF.

Elanor Investors Group currently anticipates that it will be able to provide an update to the market on or before 6 September 2024.

Elanor COMMERCIAL PROPERTY FUND

ASX Preliminary Final Report

For the year ended 30 June 2024

Lodged with the ASX under Listing Rule 4.3A

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

Level 38, 259 George Street,
Sydney NSW 2000
GPO Box 1511,
Sydney NSW 2001
www.elanorinvestors.com/ECF

ELANOR COMMERCIAL PROPERTY FUND

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PRELIMINARY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Income					
Rental income	2	42,118	41,999	2,615	2,509
Outgoings reimbursements		8,560	8,245	460	161
Fair value gain on investment properties	6	–	–	98	–
Other income		142	70	37	61
Total income		**50,820**	**50,314**	**3,210**	**2,731**
Expenses					
Rates, taxes and other outgoings		11,274	10,778	1,011	729
Share of loss from equity accounted investments	7	11,739	10,031	–	–
Borrowing costs		8,576	5,283	691	385
Other expenses		2,829	2,949	398	342
Investment management fees		2,945	3,405	203	233
Fair value loss on investment properties	6	35,311	48,202	–	7,993
Fair value loss on derivatives		2,598	1,842	134	151
Transaction costs		755	–	125	–
Total expenses		**76,027**	**82,490**	**2,562**	**9,833**
Net (loss) / profit for the period		**(25,207)**	**(32,176)**	**648**	**(7,102)**
Attributable to security holders of:					
- Elanor Commercial Property Fund I		(25,855)	(25,074)	–	–
- Elanor Commercial Property Fund II (Non-controlling interest)		648	(7,102)	648	(7,102)
Net (loss) / profit attributable to security holders for the period		**(25,207)**	**(32,176)**	**648**	**(7,102)**
Basic (loss) / earnings per stapled security (cents)	4	(7.96)	(10.16)	0.20	(2.24)
Diluted (loss) / earnings per stapled security (cents)	4	(7.96)	(10.16)	0.20	(2.24)

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

PRELIMINARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Net (loss) / profit for the period	**(25,207)**	**(32,176)**	**648**	**(7,102)**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Total comprehensive (loss) / income for the period	**(25,207)**	**(32,176)**	**648**	**(7,102)**
Attributable to security holders of:				
- Elanor Commercial Property Fund I	(25,855)	(25,074)	–	–
- Elanor Commercial Property Fund II (Non-controlling interest)	648	(7,102)	648	(7,102)
Total comprehensive (loss) / income for the period	**(25,207)**	**(32,176)**	**648**	**(7,102)**

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

ELANOR COMMERCIAL PROPERTY FUND

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Current assets					
Cash and cash equivalents		7,675	7,988	191	590
Receivables		809	647	352	68
Prepayments		276	306	17	19
Other current assets		6	39	6	5
Derivative financial instruments	10	3,061	3,984	154	257
Total current assets		**11,827**	**12,964**	**720**	**939**
Non-current assets					
Investment property	6	443,700	475,617	30,500	29,595
Equity accounted investments	7	18,719	31,614	–	–
Interest bearing cross staple loan receivable		–	–	106	1,737
Derivative financial instruments	10	2,887	4,562	140	172
Total non-current assets		**465,306**	**511,793**	**30,746**	**31,504**
Total assets		**477,133**	**524,757**	**31,466**	**32,443**
Current liabilities					
Trade and other payables	8	6,135	5,000	234	164
Interest bearing liabilities	9	70,000	80,159	6,727	7,402
Manager contribution	8	927	929	–	–
Rent received in advance		1,043	1,468	133	102
Distribution payable	3	6,727	7,439	389	453
Total current liabilities		**84,832**	**94,995**	**7,483**	**8,121**
Non-current liabilities					
Interest bearing liabilities	9	124,855	109,274	7,395	6,710
Manager contribution	8	1,762	2,689	–	–
Total non-current liabilities		**126,617**	**111,963**	**7,395**	**6,710**
Total liabilities		**211,449**	**206,958**	**14,878**	**14,831**
Net assets		**265,684**	**317,799**	**16,588**	**17,612**
Equity					
Equity Holders of Parent Entity					
Contributed equity	11	343,515	343,515	25,978	25,978
Retained accumulated (losses) / profits		(94,419)	(43,328)	(9,390)	(8,366)
Parent entity interest		**249,096**	**300,187**	**16,588**	**17,612**
Equity Holders of Non-Controlling Interest					
Contributed equity	11	25,978	25,978	–	–
Retained accumulated (losses) / profits		(9,390)	(8,366)	–	–
Non-controlling interest		**16,588**	**17,612**	**–**	**–**
Total equity attributable to stapled security holders:					
- Elanor Commercial Property Fund I		249,096	300,187	–	–
- Elanor Commercial Property Fund II		16,588	17,612	16,588	17,612
Total equity attributable to stapled security holders		**265,684**	**317,799**	**16,588**	**17,612**

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

ELANOR COMMERCIAL PROPERTY FUND

PRELIMINARY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Contributed equity $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest $'000	Total Equity $'000
Consolidated Group						
Balance as at 1 July 2023		343,515	(43,328)	300,187	17,612	317,799
Net (loss)/profit for the period		–	(25,855)	(25,855)	648	(25,207)
Total comprehensive (expense)/income for the period		**–**	**(25,855)**	**(25,855)**	**648**	**(25,207)**
Transactions with securityholders in their capacity as securityholders:						
Distributions paid and payable	3	–	(25,236)	(25,236)	(1,672)	(26,908)
Total equity as at 30 June 2024		**343,515**	**(94,419)**	**249,096**	**16,588**	**265,684**

	Note	Contributed equity $'000	Retained profits/ (accumulated losses) $'000	Parent Entity Total Equity $'000	Non-controlling interest $'000	Total Equity $'000
Consolidated Group						
Balance as at 1 July 2022		343,518	10,006	353,524	26,210	379,734
Net (loss) for the period		–	(25,074)	(25,074)	(7,102)	(32,176)
Total comprehensive (expense) for the period		**–**	**(25,074)**	**(25,074)**	**(7,102)**	**(32,176)**
Transactions with securityholders in their capacity as securityholders:						
Contributions of equity, net of issue costs		(3)	–	(3)	–	(3)
Distributions paid and payable	3	–	(28,260)	(28,260)	(1,496)	(29,756)
Total equity as at 30 June 2023		**343,515**	**(43,328)**	**300,187**	**17,612**	**317,799**

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

ELANOR COMMERCIAL PROPERTY FUND

PRELIMINARY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Contributed equity $'000	Retained profits/ (accumulated losses) $'000	Total Equity $'000
Elanor Commercial Property Fund II				
Balance as at 1 July 2023		25,978	(8,366)	17,612
Net profit for the period		–	648	648
Total comprehensive income for the period		**–**	**648**	**648**
Transactions with securityholders in their capacity as securityholders:				
Distributions paid and payable	3	–	(1,672)	(1,672)
Total equity as at 30 June 2024		**25,978**	**(9,390)**	**16,588**

	Note	Contributed equity $'000	Retained profits/ (accumulated losses) $'000	Total Equity $'000
Elanor Commercial Property Fund II				
Balance as at 1 July 2022		25,978	232	26,210
Net (loss) for the period		–	(7,102)	(7,102)
Total comprehensive (expense) for the period		**–**	**(7,102)**	**(7,102)**
Transactions with securityholders in their capacity as securityholders:				
Distributions paid and payable	3	–	(1,496)	(1,496)
Total equity as at 30 June 2023		**25,978**	**(8,366)**	**17,612**

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

ELANOR COMMERCIAL PROPERTY FUND

PRELIMINARY CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Cash flows from operating activities					
Rental and other property income received		55,007	55,257	3,077	3,049
Interest income received		114	–	37	–
Finance costs paid		(8,184)	(4,776)	(672)	(370)
Payments to suppliers and the Responsible Entity		(18,870)	(19,412)	(1,478)	(1,595)
Net cash flows from operating activities	5(a)	**28,067**	**31,069**	**964**	**1,084**
Cash flows from investing activities					
Payments for capital expenditure and investment properties		(5,727)	(8,072)	(1,125)	(835)
Payments for transaction costs		(370)	–	(125)	–
Distributions received from equity accounted investments		228	1,669	–	–
Net cash flows from investing activities		**(5,869)**	**(6,403)**	**(1,250)**	**(835)**
Cash flows from financing activities					
Proceeds from interest bearing liabilities	5(b)	5,329	4,891	–	661
Repayments of interest bearing liabilities and borrowing costs	5(b)	(221)	–	(8)	–
Transaction costs related to issue of shares		–	(3)	–	–
Distributions paid		(27,619)	(29,755)	(1,736)	(1,528)
Proceeds from interest bearing - cross staple loan	5(b)	–	–	1,631	774
Net cash flows from financing activities		**(22,511)**	**(24,867)**	**(113)**	**(93)**
Net (decrease) / increase in cash and cash equivalents		(313)	(201)	(399)	156
Cash and cash equivalents at the beginning of the period		7,988	8,189	590	434
Cash at the end of the period		**7,675**	**7,988**	**191**	**590**

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

About this Report

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

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

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year, and the adoption of new and amended standards as set out below.

New accounting standards and interpretations

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(b) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been adopted early in preparing these financial statements. None of these are expected to have a material effect on the financial statements to the Fund.

Basis of Consolidation

The consolidated financial report of the Fund incorporates the assets and liabilities of ECPF I (the Parent) and all of its subsidiaries, including ECPF II as at 30 June 2024. ECPF I is the parent entity in relation to the stapling. The results and equity of ECPF II (which is not directly owned by ECPF I) have been treated and disclosed as a non-controlling interest. While the results and equity of ECPF II are disclosed as a non-controlling interest, the stapled securityholders of ECPF II are the same as the stapled securityholders of ECPF I.

This consolidated financial report also includes a separate column representing the financial report of ECPF II, incorporating the assets and liabilities of ECPF II as at 30 June 2024.

For the purpose of preparing the financial statements, the Fund is a for-profit entity. The financial report is presented in Australian Dollars.

About this report (continued)

Going concern

As at 30 June 2024, the Fund has a net current asset deficiency of $73.0 million and net assets of $265.7 million. ECPF II has a net current asset deficiency of $6.9 million.

The net current asset deficiency of the Fund and ECPF II is attributable to a debt facility of $70.0 million (ECPF II: $6.7 million) maturing on 28 February 2025 and a current payable of $6.7 million (ECPF II: $0.4 million) for the Fund's June Quarter distribution. On 28 June 2024, the Fund executed a credit approved term sheet for the extension of the maturity date of the debt facility to 31 August 2026 with an additional increase in two debt facilities by a total of $15.0 million. Subsequent to balance date, on 8 August 2024 the Fund executed an Amendment and Restatement Deed for the extension and increase of the debt facilities.

Accordingly, as of the date of this report, the Directors believe the Fund will be able to continue to successfully meet its covenant obligations and to refinance its facilities to ensure the Fund's ability to realise its assets and discharge its liabilities in the ordinary course of business.

The Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for investment properties, investment properties within the equity accounted investments, derivative financial instruments, and other financial assets or liabilities which are stated at their fair value.

Rounding of amounts to the nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In preparing the consolidated financial statements for the year ended 30 June 2024, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are consistent with those disclosed in the financial report of the previous financial year. Enhanced disclosures have been incorporated throughout the consolidated financial statements to enable users to understand the basis for the estimates and judgments utilised. The estimates or assumptions which are material to the financial statements are discussed in the following notes:

- Investment properties - assumptions underlying fair value - Note 6
- Equity accounted investments – assumptions underlying carrying value – Note 7
- Derivative financial instruments - assumptions underlying fair value – Note 10

ELANOR COMMERCIAL PROPERTY FUND

NOTES TO APPENDIX 4E INFORMATION
FOR THE YEAR ENDED 30 JUNE 2024

The notes to the preliminary consolidated Financial Statements have been organised into the following sections:

Results

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

1. Segment information

OVERVIEW

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

The table below provides a reconciliation from statutory net loss to Funds from Operations for the Consolidated Group and ECPFII.

Funds from Operations (FFO)[1]	Consolidated Group 30 June 2024 $'000	ECPF II 30 June 2024 $'000
Statutory net (loss)/profit	**(25,207)**	**648**
Adjustments for items included in statutory loss:		
Fair value (gain)/loss included in share of profit from equity accounted investment[2]	11,739	–
Fair value (gain)/loss on investment property	35,311	(98)
Fair value (gain)/loss on derivatives	2,598	134
Straight lining of rental income[3]	231	53
Amortisation expense[4]	6,246	1,198
Transaction costs[5]	755	125
Adjustments for non profit / (loss) item:		
Share of FFO from equity accounted investments	1,470	–
Funds from Operations (FFO)[1]	**33,143**	**2,060**

Funds from Operations (FFO)[1]	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2023 $'000
Statutory net loss	**(32,176)**	**(7,102)**
Adjustments for items included in statutory profit:		
Fair value (gain)/loss included in share of profit from equity accounted investment	10,031	–
Fair value (gain)/loss on investment property	48,202	7,993
Fair value (gain)/loss on derivatives	1,842	151
Straight lining of rental income[3]	(245)	31
Amortisation expense[4]	5,135	671
Share of FFO from equity accounted investments	2,069	–
Funds from Operations (FFO)[1]	**34,858**	**1,744**

[1] Funds from Operations (FFO) has been determined in accordance with the Property Council Guidelines and adjusted for amortisation of borrowing cost and contribution from manager which is excluded from FFO and represents the Directors' view of underlying earnings from ongoing operating activities, being statutory profit / (loss) (under IFRS), adjusted for non-cash and other items such as property revaluations, derivative mark-to-market impacts, amortisation of tenant incentives and contribution from manager, gains/losses on sale of investment properties, straight-line rental adjustments, non-FFO tax expenses/benefits and other unrealised one-off items. This includes the group's proportional ownership of 19 Harris Street's FFO, which is held as an equity accounted investment.
[2] Fair value (gain)/loss included in share of profit from equity accounted investment includes amortisation of manager contribution of $0.93m.
[3] Straight lining of rental income is a non-cash accounting adjustment recognised in rental income in the Consolidated Statement of Profit or Loss.
[4] Amortisation expense includes the amortisation of capitalised leasing costs and rental abatements, and debt establishment costs recognised in the Consolidated Statement of Profit or Loss.
[5] Transaction costs incurred related to the proposed divestment of certain Fund assets.

2. Revenue

OVERVIEW

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

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
WorkZone West	13,704	13,734	–	–
50 Cavill Avenue	7,713	7,871	–	–
Garema Court	7,614	7,187	–	–
Campus DXC	3,177	3,161	–	–
NEXUS Centre	2,443	2,484	–	–
200 Adelaide St	3,295	3,276	–	–
Limestone Centre	2,615	2,509	2,615	2,509
34 Corporate Drive	1,557	1,777	–	–
Total revenue from operating activities	**42,118**	**41,999**	**2,615**	**2,509**

ACCOUNTING POLICY

Rental income

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

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

Rental abatements

Where a rental abatement is granted retrospectively on uncollected past due rent, the abatement is expensed as an impairment of trade receivables. Where an agreement on past due receivables has not been reached by 30 June 2024, an estimate of the expected abatement on the outstanding balance is made and incorporated into the expected credit loss calculation.

Rental abatements or other lease modification accompanied by extensions of lease terms or other changes in lease scope, are accounted for as a lease modification. The abated portion will be capitalised as a lease incentive and amortised on a straight-line basis over the remaining life of the lease.

Lease incentives

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

3. Distributions

OVERVIEW

In accordance with the Fund's Constitutions, the Fund determines distributions based on a number of factors, including forecast earnings and expected economic conditions.

The following distributions were declared and paid by the Consolidated Group during the year or post balance date:

Consolidated Group	Distribution FY24 cents per stapled security	Total FY24 amount $'000
Distribution paid: 1 July - 30 September 2023	2.125	6,727
Distribution paid: 1 October - 31 December 2023	2.125	6,727
Distribution paid: 1 January - 31 March 2024	2.125	6,727
Distribution payable: 1 April - 30 June 2024[1]	2.125	6,727
Total distribution relating to the year ended 30 June 2024	**8.50**	**26,908**

[1] The distribution of 2.13 cents per stapled security for the quarter ended 30 June 2024 will be paid on 30 August 2024. Please refer to the Director's Report for the calculation of FFO and the Distribution.

Consolidated Group	Distribution FY23 cents per stapled security	Total FY23 amount $'000
Distribution paid: 1 July - 30 September 2022	2.35	7,439
Distribution paid: 1 October - 31 December 2022	2.35	7,439
Distribution paid: 1 January - 31 March 2023	2.35	7,439
Distribution paid: 1 April - 30 June 2023	2.35	7,439
Total distribution relating to the year ended 30 June 2023	**9.40**	**29,756**

ECPF II

The following distributions were declared and paid by ECPF II during the year or post balance date:

	Distribution FY24 cents per stapled security	Total FY24 amount $'000
Distribution paid: 1 July - 30 September 2023	0.15	486
Distribution paid: 1 October - 31 December 2023	0.14	439
Distribution paid: 1 January - 31 March 2024	0.11	358
Distribution payable: 1 April - 30 June 2024[1]	0.12	389
Total distribution relating to the year ended 30 June 2024	**0.52**	**1,672**

[1] The distribution of 0.12 cents per stapled security for the quarter ended 30 June 2024 will be paid on 30 August 2024. Please refer to the Director's Report for the calculation of FFO and the Distribution.

	Distribution FY23 cents per stapled security	Total FY23 amount $'000
Distribution paid: 1 July - 30 September 2022	0.10	330
Distribution paid: 1 October - 31 December 2022	0.12	386
Distribution paid: 1 January - 31 March 2023	0.10	327
Distribution paid: 1 April - 30 June 2023	0.14	453
Total distribution relating to the year ended 30 June 2023	**0.46**	**1,496**

3. Distributions (continued)

ACCOUNTING POLICY

Distributions are recognised as a liability when declared or at the record date (if earlier). Distributions paid and payable are recognised as distributions within equity. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

4. Earnings per stapled security

OVERVIEW

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

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

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

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
The earnings per stapled security measures shown below is based upon the profit / (loss) attributable to securityholders:				
Basic earnings per stapled security (cents)	(7.96)	(10.16)	0.20	(2.24)
Diluted earnings per stapled security (cents)	(7.96)	(10.16)	0.20	(2.24)
(Loss) / profit attributable to securityholders used in calculating basic and diluted earnings per stapled security ($'000)	(25,207)	(32,176)	648	(7,102)
Weighted average number of stapled securities used as denominator in calculating basic earnings per stapled security	316,556,353	316,556,353	316,556,353	316,556,353
Weighted average number of stapled securities used as denominator in calculating diluted earnings per stapled security	316,556,353	316,556,353	316,556,353	316,556,353

5. Cash flow information

OVERVIEW

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

(a) Reconciliation of (loss) / profit for the year to net cash flows from operating activities

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
(Loss) / Profit for the year	**(25,207)**	**(32,176)**	**648**	**(7,102)**
Fair value adjustment on revaluation of derivatives	2,598	1,842	134	151
Fair value adjustment on revaluation of investment property	35,311	48,202	(98)	7,993
Share of loss / (profit) from equity accounted investment	11,739	10,031	–	–
Amortisation	6,983	5,722	1,276	758
Lease incentive	(4,567)	(4,306)	(992)	(528)
Transaction costs through profit and loss	370	–	125	–
Straight-lining of rental income and rental guarantee	231	(245)	53	31
Net cash provided by operating activities before changes in working capital	**27,458**	**29,070**	**1,146**	**1,303**
Movement in working capital:				
Decrease / (increase) in trade and other receivables	(161)	(220)	(284)	(11)
Decrease / (increase) in other current assets	33	21	(1)	34
Decrease / (increase) in prepayments	30	19	2	(1)
Increase / (decrease) in trade and other payables	1,132	1,214	70	(192)
Increase / (decrease) in amounts received in advance	(425)	965	31	(49)
Net cash from operating activities	**28,067**	**31,069**	**964**	**1,084**

5. Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

Consolidated Group

	30 June 2023 $'000	*Cash flows* Debt drawdowns/ (borrowing costs paid) $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2024 $'000
Interest bearing loans	189,433	5,108	314	194,855
Total liabilities from financing activities	**189,433**	**5,108**	**314**	**194,855**

	30 June 2022 $'000	*Cash flows* Debt drawdowns/ (borrowing costs paid) $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2023 $'000
Interest bearing loans	184,324	4,891	218	189,433
Total liabilities from financing activities	**184,324**	**4,891**	**218**	**189,433**

ECPF II

	30 June 2023 $'000	*Cash flows* Debt drawdowns/ (borrowing costs paid) $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2024 $'000
Interest bearing loans	14,112	(8)	19	14,123
Cross-staple loan / (receivable)	(1,737)	1,631	–	(106)
Total liabilities from financing activities	**12,375**	**1,623**	**19**	**14,017**

	30 June 2022 $'000	*Cash flows* Debt drawdowns/ (borrowing costs paid) $'000	*Non-cash items* Amortisation of borrowing costs $'000	30 June 2023 $'000
Interest bearing loans	13,436	661	15	14,112
Cross-staple loan / (receivable)	(2,511)	774	–	(1,737)
Total liabilities from financing activities	**10,925**	**1,435**	**15**	**12,375**

ACCOUNTING POLICY

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash balances.

Operating Assets and Liabilities

This section includes information about the assets used by the Fund to generate profits and revenue, specifically information relating to its investment properties and liabilities.

6. Investment properties

OVERVIEW

Investment Properties are held solely for the purpose of earning rental income and/or for capital appreciation. At balance date, the Fund's investment property portfolio comprised eight commercial properties in Australia. A range of independent and internal valuations were performed as at 30 June 2024.

(a) Carrying values of investment properties

Property	Valuation	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPFII 30 June 2024 $'000	ECPFII 30 June 2023 $'000
50 Cavill Avenue	External	110,500	120,000	–	–
WorkZone West	Internal	111,000	118,000	–	–
Garema Court	External	57,700	66,000	–	–
200 Adelaide St	Internal	43,500	50,000	–	–
NEXUS Centre	External	33,500	35,022	–	–
Limestone Centre	External	30,500	29,595	30,500	29,595
Campus DXC	External	31,000	28,500	–	–
34 Corporate Drive	External	26,000	28,500	–	–
Total		**443,700**	**475,617**	**30,500**	**29,595**

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

(b) Movement in investment properties

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPFII 30 June 2024 $'000	ECPFII 30 June 2023 $'000
Opening Balance	475,617	516,700	29,595	37,000
Acquisitions	–	3	–	–
Capital expenditure	5,727	8,069	1,125	835
Straightlining of rental income	(231)	245	(53)	(31)
Amortisation	(6,669)	(5,504)	(1,258)	(744)
Movement in lease incentives and rental guarantee	4,567	4,306	992	528
Net fair value adjustments	(35,311)	(48,202)	99	(7,993)
Total investment properties	**443,700**	**475,617**	**30,500**	**29,595**

Highest and best use

For all investment properties, the current use equates to the highest and best use.

Fair value hierarchy and valuation techniques

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

6. Investment properties (continued)

Valuation Techniques	Significant unobservable inputs	Range FY24	Range FY23	Weighted average FY24	Weighted average FY23
Discounted cash flows – involves the projection of a series of inflows and outflows to which a market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.	Adopted discount rate[1]	7.50% - 8.25%	6.25% - 8.25%	7.88%	7.23%
	Adopted terminal yield[2]	7.25% - 9.00%	6.50% - 8.00%	8.00%	7.22%
	Net property income (per sqm)[3]	$418 - $936	$434 - $860	$655	$629
Capitalisation method – involves determining the net market income of the investment property. This net market income is then capitalised at the adopted capitalisation rate to derive a core value.	Adopted capitalisation rate[4]	7.25% - 8.75%	5.75% - 7.75%	7.78%	6.90%

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

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

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

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

ACCOUNTING POLICY

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Fair value is defined as the price at which an asset or liability could be exchanged in an arm's length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale.

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

Valuation process

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

6. Investment properties (continued)

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

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

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

Valuation technique

Capitalisation method

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

Discounted cash flows (DCF)

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

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

Sensitivity Information

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

	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Discount rate (%)	Decrease	Increase
Terminal yield (%)	Decrease	Increase
Capitalisation rate (%)	Decrease	Increase

6. Investment properties (continued)

Sensitivity Analysis

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

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

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

	Fair value measurement sensitivity			
	Increase by 0.25% $'000	Decrease by 0.25% $'000	Increase by 0.25% %	Decrease by 0.25% %
Discount rate (%)	(7,186)	7,343	(1.8)	1.8
Terminal yield (%)	(6,831)	7,216	(1.7)	1.8
Capitalisation rate (%)	(13,830)	14,805	(3.5)	3.7

7. Equity accounted investments

OVERVIEW

This note provides an overview and detailed financial information of the Group's investments that are accounted for using the equity method of accounting.

(a) Interest in associate

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2024 $'000
Harris Property Trust	Commercial office building	49.90%	18,719
Total equity accounted investment			**18,719**

	Principal activity	Percentage Ownership	Consolidated Group 30 June 2023 $'000
Harris Property Trust	Commercial office building	49.90%	31,614
Total equity accounted investment			**31,614**

The carrying amount of equity investments at the beginning and end of the current year is set out below:

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000
Carrying amount at the beginning of the period	31,614	44,014
Share of (loss) / profit from equity accounted investment[1]	(12,667)	(10,958)
Distribution received	(228)	(1,442)
Total carrying value at the end of the period	**18,719**	**31,614**

[1] Share of loss from equity accounted investment of $11.7 million ($10.0 million in 2023) on the face of the Consolidated Statement of Profit or Loss includes amortisation from the Manager Contribution of $0.93 million in addition to the figure above.

7. Equity accounted investments (continued)

(b) Summarised financial information for individually material associate

Financial position	Harris Property Trust 30 June 2024 $'000	Harris Property Trust 30 June 2023 $'000
Current assets	4,534	6,634
Non-current assets	141,000	165,606
Total Assets	**145,534**	**172,240**
Current liabilities	108,022	4,824
Non-current liabilities	–	104,060
Total Liabilities	**108,022**	**108,884**
Contributed equity	87,100	87,100
(Accumulated losses) / Retained profits	(49,588)	(23,744)
Total Equity	**37,512**	**63,356**

Financial performance	Harris Property Trust 30 June 2024 $'000	Harris Property Trust 30 June 2023 $'000
Revenue	10,983	9,924
(Loss) / Profit for the period	(25,388)	(21,959)
Other comprehensive income for the period	–	–
Total comprehensive (loss) / income for the period	**(25,388)**	**(21,959)**

There are no capital commitments (30 June 2023: nil) at 30 June 2024 for Harris Property Trust.

There are no contingent liabilities (30 June 2023: nil) at 30 June 2024 for Harris Property Trust.

Reconciliation of the above summarised financial information to carrying amount of the interest in the material associate recognised in the consolidated financial statements:

	Harris Property Trust 30 June 2024 $'000	Harris Property Trust 30 June 2023 $'000
Net assets of the associate	37,512	63,356
Proportion of the Group's ownership interest	49.90%	49.90%
Group's share of net assets of the associates	18,719	31,614
Carrying amount of the Group's interest	**18,719**	**31,614**

An assessment has been performed for Harris Property Trust to ensure the underlying property asset has been recognised at fair value, in accordance with the Group’s accounting policy and methodology for fair value measurement of Investment Properties as described in Note 6. The Harris Property Trust asset was independently valued 30 June 2024 at a value of $141.0 million.

At balance date, no impairment loss has been recognised with respect to Harris Property Trust.

On 20 August 2024, Harris Property Trust executed a credit approved term sheet with its financier to extend and vary the existing debt facility from 23 May 2025 to 30 June 2027. The revised terms include a requirement to reduce the debt facility from $101.75 million to $77.0 million prior to 30 November 2024. The Harris Street Fund intends to undertake a capital raise to meet this requirement.

7. Equity accounted investments (continued)

The ASX announcement made by Elanor Investors Group (which incorporates the trustee of the Harris Property Trust) on 23 August 2024 may create uncertainty as to the ability to complete the Harris Street Fund capital raise within the required timeframe. To mitigate the risk of not completing the capital raising within the required timeframe, the trustee of the Harris Property Trust can undertake alternative options including seeking further accommodation from the financier, undertake a refinancing of the existing debt or an orderly sale of the Harris Street property asset.

ACCOUNTING POLICY

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policy decisions.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Management of the Group reviewed and assessed the classification of the Group's investment in the associated entities in accordance with AASB 128 on the basis that the Group has significant influence over the financial and operating policy decisions of the investee.

The results, and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

When an entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Investments in associates and joint ventures are assessed for impairment when indicators of impairment are present. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

8. Trade and other payables

OVERVIEW

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

(a) Trade and other payables

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Trade creditors	744	601	5	67
Accrued expenses	4,514	3,727	222	61
GST payable	877	672	7	36
Total payables	**6,135**	**5,000**	**234**	**164**

(b) Non-current other liabilities

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Current liabilities				
Contribution from manager[1]	927	929	–	–
Total other current liability	**927**	**929**	**–**	**–**
Non-current liabilities				
Contribution from manager[1]	1,762	2,689	–	–
Total other non-current liability	**1,762**	**2,689**	**–**	**–**

[1] On 24 May 2022, the Elanor Investors Group made an $8.4m contribution to the Fund as part of the 19 Harris Street acquisition. Under the Australian Accounting Standards, this contribution was recognised as a contract liability upon initial recognition and $3.8m of the liability was utilised to offset transaction costs. The remaining balance is released to Consolidated Statement of Profit or Loss over a 5-year period.

ACCOUNTING POLICY

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

Finance and Capital Structure

This section provides further information on the Fund's debt structure and financial risk management in respect of its exposure to credit, liquidity and market risks.

9. Interest bearing liabilities

OVERVIEW

The Fund has access to debt facilities totalling $199.7 million, which comprise of two secured debt facilities ($80.0 million and $39.7 million), and a $10.0 million capex facility, which will all mature on 31 August 2026.The Fund has also a secured debt facility of $70.0 million which will mature on 28 February 2025.

The total drawn amount at 30 June 2024 is $195.2 million. The weighted average debt facility maturity at year end is 2.17 years with an average all-in cost of debt of 3.63% p.a. At 30 June 2024, the interest rate risk of drawn facilities is hedged to 76.7%. The fair value of the debt facilities is $196.0 million which is calculated by discounted cash flows using each facility's current borrowing rate.

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Current				
Bank loan - term debt	70,000	80,159	6,727	7,402
Total current	**70,000**	**80,159**	**6,727**	**7,402**
Non-current				
Bank loan - term debt	125,214	109,725	7,403	6,729
Bank loan - borrowing costs less amortisation	(359)	(451)	(95)	(19)
Total non-current	**124,855**	**109,274**	**7,308**	**6,710**
Total interest bearing liabilities	**194,855**	**189,433**	**14,035**	**14,112**

During the year, the Fund has complied with all debt covenants as required by its loan agreements.

ACCOUNTING POLICY

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

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financial facilities which expire after one year are classified as non-current where the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

10. Derivative financial instruments

OVERVIEW

The Fund's derivative financial instruments consist of interest rate swap contracts to hedge its exposure to movements in variable interest rates. The interest rate swap agreements allow the Fund to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

	Consolidated Group 30 June 2024 $'000	Consolidated Group 30 June 2023 $'000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Current assets				
Interest rate swaps	3,061	3,984	154	257
Non-current assets				
Interest rate swaps	2,887	4,562	140	172
Total derivative financial instruments	**5,948**	**8,546**	**294**	**429**

(a) Valuation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2). The interest rate swap hedges interest rate risk on the Fund's debt facilities.

All of the resulting fair value estimates are included in Level 2. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates fixed rate and forward interest rate curves.

(b) Hedging

Instruments used by the Group

Interest rate swaps are currently in place to hedge 76.7% of the variable loan principal outstanding. The fixed interest rate of the swaps range between 0.76% to 3.04% (2023: 0.76% to 0.87%) and variable rates of the loans range between 4.00% to 4.42% (2023: 4.00% to 4.01%) in addition to a fixed line fee of 1.45%.

The swaps contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

As result any fair value movement of the interest rate swaps are recognised in the profit and loss.

ACCOUNTING POLICY

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

11. Contributed equity

OVERVIEW

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

(a) Parent entity

	No. of securities 30 June 2024 '000	No. of securities 30 June 2023 '000	Parent Entity 30 June 2024 $'000	Parent Entity 30 June 2023 $'000
Opening balance	316,556	316,556	343,515	343,518
Capital raising cost	–	–	–	(3)
Total contributed equity	**316,556**	**316,556**	**343,515**	**343,515**

(b) ECPF II

	No. of securities 30 June 2024 '000	No. of securities 30 June 2023 '000	ECPF II 30 June 2024 $'000	ECPF II 30 June 2023 $'000
Opening balance	316,556	316,556	25,978	25,978
Total contributed equity	**316,556**	**316,556**	**25,978**	**25,978**