ELANOR PROPERTY INCOME FUND
JUNE 2023 QUARTER END

OVERVIEW

The Australian Securities and Investments Commission issued Regulatory Guide 46: "*Unlisted property schemes: Improving disclosure for retail investors*" ('**RG 46**') in March 2012. RG 46 sets out six benchmarks and eight disclosure principles for improved disclosure to retail investors to help them compare risks and returns across investments in the unlisted property sector.

The RG 46 regime specifies that responsible entities of unlisted property schemes offered to retail investors and in which retail investors have invested should disclose against these benchmarks on an 'if not, why not' basis.

The information below follows the RG 46 guidelines and is based on audited financial information as at 30 June 2023 unless otherwise stated.

We are committed to providing investors in the Elanor Property Income Fund (the '**Fund**') with timely and balanced disclosure of all material matters concerning the Fund in accordance with its continuous disclosure obligations, including RG 46. Key information and any material changes will be updated by us and made available on our website at https://www.elanorinvestors.com/epif/.

GEARING RATIO

Disclosure Principle 1

The Fund's gearing ratio indicates the extent to which its assets are funded by external liabilities.

$$\textit{Gearing ratio} = \frac{\textit{Total interest bearing liabilities}}{\textit{Total assets}}$$

Application of Disclosure Principle 1

FUND	GEARING RATIO
Elanor Property Income Fund	37.2%

The gearing ratio shows the extent to which the Fund's total assets are funded by interest bearing liabilities and gives an indication of the potential risks investors face in terms of external liabilities that rank ahead of them. Borrowing (or gearing) can be an important investment tool because, through borrowing, larger amounts become available to generate returns. But whilst this can enhance any gains, conversely it can magnify any losses.

Returns from geared investments are also more volatile than returns from the same investments that are not geared. Accordingly, a geared fund will be regarded as having a higher risk profile than a comparable ungeared fund. The greater the level of gearing, the greater the potential for both significant capital gain and loss. The gearing ratio is calculated using the assets and liabilities published in the most recent financial statements adjusted for any material changes since those statements.

The Fund has adopted and complies with a written borrowing policy which governs the level of gearing and under which the Responsible Entity intends to maintain a Gearing Ratio within a range of 25-45% and no greater than 45%.

As at 30 June 2023, the current Gearing Ratio of the Fund is 37.2%

The calculation of the Gearing Ratio is in accordance with ASIC guidelines.

The Responsible Entity monitors and manages the gearing levels of individual credit facilities within the Fund and may seek to refinance or hedge the borrowings when conditions are favorable.

Benchmark 1: Gearing Ratio

The Responsible Entity is required to maintain and comply with a written policy that governs the level of gearing at an individual credit facility level.

The Fund meets the benchmark.

Other Considerations

In addition to the prescribed Gearing ratio above, under the terms of the Fund's current borrowing facility, the Fund is also required to maintain a loan to value ratio of not more than 50%. The loan to value ratio is a measure of the borrowing facility amount drawn as a proportion of the value of assets secured under the borrowing facility.

As 30 June 2023, the loan to value ratio is 41.1%.

INTEREST COVER

Disclosure Principle 2

Interest cover indicates the Fund's ability to meet interest payments from earnings.

$$\textit{Interest cover} = \frac{\textit{EBITDA}^{1} - \textit{unrealised gains} + \textit{unrealised losses}}{\textit{Interest expense}}$$

Application of Disclosure Principle 2

FUND	INTEREST COVER
Elanor Property Income Fund	3.63

Interest cover is a key indicator of the financial health of the Fund. The lower the interest cover, the higher the risk that the Fund will not be able to meet its interest payments. A Fund with a low interest cover only needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to meet its interest payments.

The Fund has adopted and complies with a written borrowing policy which includes the interest coverage policy at an individual credit facility level. The Manager will generally seek to ensure that the Interest Cover Ratio covenant specified under each individual debt facility allows sufficient headroom to forecast levels over the term of the relevant facility.

The interest cover ratio of the Fund is currently 3.63 times based on earnings and interest expense from inception of the fund in November 2022 to 30 June 2023

[1] *EBITDA is defined as earnings before interest, tax, depreciation and amortisation.*

Benchmark 2: Interest cover policy

The Responsible Entity is required to maintain and comply with a written policy that governs the level of interest cover at an individual credit facility level.

The Fund meets the benchmark.

Other Considerations

In addition to the prescribed Interest Cover ratio above, under the terms of the Fund's current borrowing facility, the Fund is also required to maintain a minimum interest cover ratio of 1.75 times to be calculated as prescribed under the borrowing facility.

The first testing date for the interest cover ratio is 30 June 2023. The interest cover ratio of the Fund is currently 3.54 times based on net rent and interest expense from 1 January 2023 to 30 June 2023.

BORROWINGS

Disclosure Principle 3

This principle requires information on the Fund's borrowing maturity and credit facility expiry and any associated risks. It is also important that investors are kept informed and updated with information they would reasonably require on breaches of loan covenants.

The Fund has a $48.3 million debt facility from a major Australian bank, due to mature in May 2024. The facility is secured by first-ranking mortgages over the directly held properties within the Portfolio and security interests over the Fund's assets. The lender ranks ahead of, but has no recourse to, Securityholders for the payment of interest and repayment of the principal.

The Fund's borrowings are summarised below. All amounts are in Australian dollars.

AS AT 30/06/2023	FACILITY LIMIT
Total facility limit	$48.3m[1]
Drawn facility limit	$43.6m
Undrawn facility limit	$4.7m
Facility maturity date	May 2024[1]
Facility interest rate (all inclusive)	4.59%
% of borrowings hedged	57%
Loan to value covenant limit	50%[1]
Loan to value currently calculated	45.5%[2]
Interest cover covenant limit	1.75
Interest cover currently calculated	3.54[3]

1 Subsequent to balance date, the Fund has executed a credit approved term sheet increasing the total facility limit to $50 million, increasing the loan to value covenant limit to 52.5% and extending the maturity date to 31 August 2026.

2 Loan to value covenant tested using the definition in the facility documentation, equal to total facility limit divided by most recent bank accepted valuations (Jun-22).

3 Interest cover covenant tested using the definition in the facility documentation, equal to net rental income divided by interest expense for the relevant period.

As at 30 June 2023, the loan to value ratio is 45.5% based on the total facility limit and most recent bank accepted valuations of $106.2m in June 2022, compared to the covenant limit of no more than 50%. The value of the directly held assets within the Portfolio would need to decrease by 12.3% from the latest June 2023 valuations of $110.2m for the Fund to be in breach of this covenant.

The first test date for the interest cover ratio ('**ICR**') is 30 June 2023, against the covenant limit of at least 1.75 times. The interest cover ratio of the Fund is currently 3.54 times based on net rent and interest expense from 1 January 2023 to 30 June 2023. Net rent would need to be 50.1% lower or the interest expense would need to be 102% higher for the Fund to be in breach of this covenant.

The Constitution of the Fund allows the Responsible Entity to borrow on behalf of the Fund.

The Fund borrows to finance new and existing assets, to develop, refurbish and maintain those assets, and to provide liquidity for operating purposes and managing working capital.

All debt facilities arranged for the Fund will limit the security of a financier to the assets of the Fund. Therefore, the financier will have no recourse against any investor personally or against other assets of any investor. No investor will be responsible to a financier for the obligations of any other investor.

Investors should be aware that the amount owing to the financier and other creditors of the Fund rank before an investor's interest in the Fund.

From time to time, the Manager may enter into interest rate hedging contracts in order to provide more certainty for the Fund's future interest expenses. The Manager intends to hedge against potential movements in interest rate levels in respect of at least 40% of the Fund's drawn debt from time to time, by the use of financial derivative instruments and / or fixed rate debt facilities.

As at 30 June 2023, 57% of the Fund's borrowing is hedged.

Subsequent to balance date, the Fund has executed a credit approved term sheet increasing the total facility limit to $50 million, increasing the loan to value covenant limit to 52.5% and extending the maturity date to 31 August 2026.

Benchmark 3: Interest capitalisation

The interest expense of the Fund is not capitalised.

Interest expenses of the Fund will not be capitalised in the ordinary course of business. Interest capitalisation may be considered for financing costs relating to major development projects where the total cost is more than 20% of the property value. As at the 30 June 2023 there are no major development projects being undertaken and hence no interest expense is being capitalised.

At the current date, the Fund is not capitalising interest and therefore meets the benchmark.

PORTFOLIO DIVERSIFICATION

Disclosure Principle 4

This information addresses the Fund's investment practices and portfolio risk.

The Fund invests across a range of properties, providing diversification by property, sector, geographic location and tenancy mix.

The Fund generally targets stabilised assets which are competitively located and produce predictable, recurring cashflows. The Fund invests in property, both directly and indirectly through other property funds that invest in direct property.

To assist with liquidity and returns, the Fund also holds cash and listed property securities. Liquid assets will comprise a combination of direct holdings and external investment funds over time.

The Fund aims to hold a diversified portfolio within the following allocations:

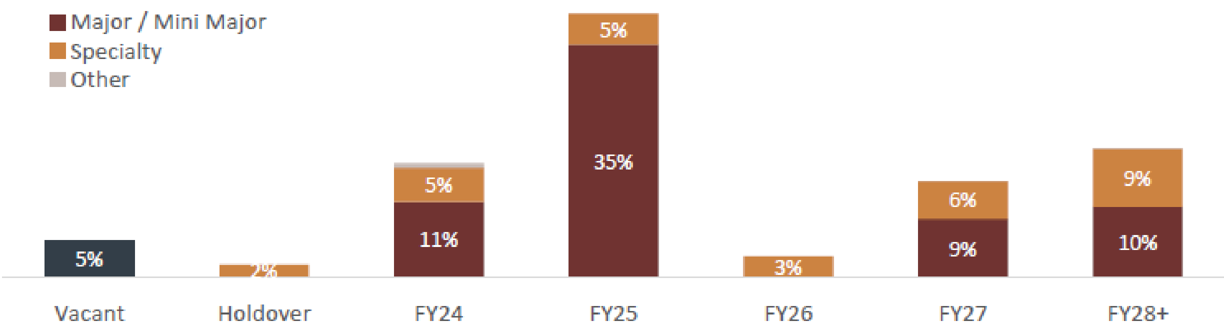
80-90%	Direct property and property funds
10-20%	ASX-listed property securities and cash

Key Portfolio Information

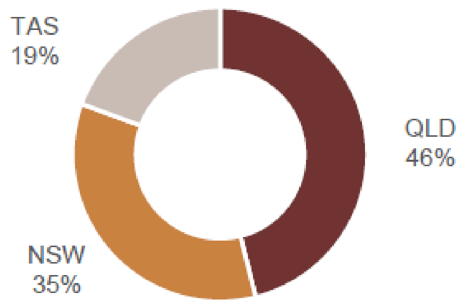
Portfolio Summary[1]

Property	Valuation ($m)	Cap Rate	Area (m^2)	Occupancy	WALE – Area (yrs)
Manning Mall 81 Manning Street, Taree, NSW	38.0	7.00%	10,725	95.9%	1.4
Gladstone Square 189, Goondoon Street, Gladstone Central, QLD	31.0	7.00%	6,842	83.4%	7.4
Glenorchy Plaza 2 Cooper Street, Glenorchy, TAS	21.4	7.25%	8,726	100.0%	1.8
Northway Plaza 29 Queen Street, Bundaberg North, QLD	19.8	7.00%	4,048	98.1%	3.7
Total	**110.2**	**7.05%**	**30,341**	**94.5%**	**3.2**

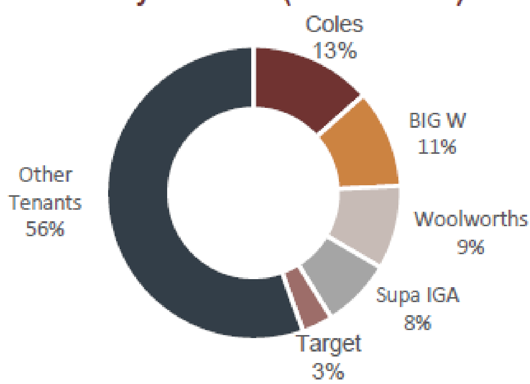
Lease Expiry Profile, by Area[1]



Geographic Diversification (Asset Value)[1]



Key Tenants (Gross Rent)[1]



1) Valuations as at June 2023, excluding liquid investments

The Manager does not intend to undertake significant development of properties within the Fund. However, from time to time the Manager may identify opportunities to enhance returns via limited refurbishment or redevelopment to maintain existing tenants or attract new tenants. In such instances, the Manager will seek to mitigate development risk to the Fund with fixed price contracts for the works and seeking leasing pre-commitments in respect of a majority of the Lettable Area redeveloped.

Benchmark 4: Valuation policy

The Responsible Entity is required to maintain and comply with a written property valuation policy that requires:

- ***(a) a Valuer to:***
  - ***a. be registered or licensed in the relevant State, Territory or overseas jurisdiction in which the property is located, or otherwise be a member of an appropriate professional body in that jurisdiction; and***
  - ***b. be independent***
- ***(b) procedures to be followed for dealing with any conflict of interest;***
- ***(c) rotation and diversity of valuers;***
- ***(d) valuations to be obtained in accordance with a set timetable;***
- ***(e) for each property, an independent valuation to be obtained:***
  - ***a. before the property is purchased:***
  - ***b. for a development property, on an 'as is' and 'as if complete' basis; and***
  - ***c. for all other property, on an 'as is' basis; and***
  - ***d. within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property."***

The Fund meets the benchmark.

The Responsible Entity maintains and complies with a written property valuation policy that can be provided on demand from the Responsible Entity.

RELATED PARTY TRANSACTIONS

Disclosure Principle 5: Related Party transactions

Investors need to be able to assess the Fund's approach to related party transactions.

Details of all related party transactions are reported annually as part of the Fund's audited annual accounts. The latest annual audited accounts of the Fund can be found on our website at https://www.elanorinvestors.com/epif/

Benchmark 5: Related party transactions

The Fund is required to maintain and comply with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest.

The Responsible Entity has adopted, complied with and makes available its Conflicts of Interest and Related Party Policy and therefore meets this benchmark.

Key elements of this policy are as follows:

- The Fund adopts and requires an environment where senior management must always act in the interests of its investors in funds and in regard to related party transactions will act with those interests paramount.
- The obligation to act in the best interests of investors means that the Fund is required to ensure that principal and agent transactions with a related party are conducted at arm's length and on commercial terms or better.
- The Fund will ensure that it keeps records showing what it has done in terms of this policy including maintaining a Related Party Register.

The board of the Responsible Entity may review transactions and prior approvals at any time and, if necessary, revoke its approval. All related party transactions must either be on arm's length commercial terms or approved by investors by ordinary resolution. The Company Secretary monitors all related party transactions to ensure that they are approved in the required manner.

Compliance with this policy is monitored by the Responsible Entity by review at the meetings of the compliance committee and the board of directors. A copy of the related party transactions policy is available for inspection by investors upon request. The Fund currently complies with the Related Party Policy and Procedures.

DISTRIBUTION PRACTICES

Disclosure Principle 6

This discloses whether distributions to investors have been made solely from realised income or from a combination of realised income and a return of capital funded by borrowings. Information on the Fund's distribution practices helps investors assess the sources of the distributions and be informed about the sustainability of distributions from sources other than realised income.

Benchmark 6: Distribution practices

The scheme is required to only pay distributions from its cash from operations (excluding borrowings) available for distribution.

The Fund meets the benchmark.

We ensure that any material issues related to the Fund's distribution practices are notified to investors through ongoing disclosure, which includes disclosing the changes on our website at https://www.elanorinvestors.com/epif/

The Fund has paid monthly distributions consistently since its inception.

WITHDRAWAL ARRANGEMENTS

Disclosure Principle 7

The Fund currently holds 4.6% of its assets in cash and property securities and the Responsible Entity expects to be able to realise at least 80% of its investment property assets at market value within the timeframe stipulated in the Constitution (365 days).

Investors may transfer units in the Fund in accordance with the Fund's Constitution.

The Fund operates a Liquidity Facility on a quarterly basis, under which investors may request redemption of part or all of their investment. Withdrawals under the Liquidity Facility are subject to available liquid assets and an aggregate cap of 5% of issued securities per quarter (20% p.a.), or such other amount determined by the Manager at its discretion.

The Initial Term of the Fund ends on 31 December 2027. Thereafter, the Fund will have rolling five-year terms.

At the end of each Term, the Fund will operate an Exit Facility, under which investors may request redemption of part or all of their investment. The Exit Facility will operate in place of the Liquidity Facility for the relevant quarter. There is no aggregate cap applicable to withdrawals under the Exit Facility.

In the ordinary course, the Responsible Entity will use its best endeavours to satisfy all withdrawal requests under the Exit Facility as soon as practicable, having regard to the total amount to be withdrawn. The Responsible Entity may wind up the Fund if it receives withdrawal requests for more than 50% of issued Securities at the end of a Term.

Redemptions will be satisfied using a range of measures, including liquid assets of the Fund (ASX listed property securities, liquid investments and cash), drawings under debt facilities of the Fund, DRP participation by existing Securityholders, applications from new investors and existing Securityholders (including related parties of Elanor Investors Group), and the sale of properties held directly and indirectly. At the discretion of the Responsible Entity, the Liquidity Facility and / or the Exit Facility may be cancelled, deferred, scaled back or operate via instalments where market conditions dictate that it is not practicable to offer liquidity or it would not be in the best interests of continuing Securityholders to do so.

FUND NET TANGIBLE ASSETS

Disclosure Principle 8

Responsible Entities of closed-end schemes should clearly disclose the value of the net tangible assets ('**NTA**') of the scheme on a per unit basis in pre-tax dollars using the following formula:

$$\text{NTA} = \frac{\text{Net assets-intangible assets+/-any other adjustments}}{\text{Number of units in the scheme on issue}}$$

The Fund is an open-ended scheme and will disclose its NTA monthly on Fund Website. The NTA will be calculated each month in accordance with the Security Pricing Policy.

The Fund NTA at 30 June 2023 is $0.8396 per unit.