



EILDON
CAPITAL

EILDON CAPITAL (ASX: EDC)
BUSINESS UPDATE PRESENTATION

INTELLIGENT PROPERTY INVESTMENT

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All dollar values are in Australian Dollars (A\$) and financial data is presented as at or for the year ended 30 June 2017 unless stated otherwise. EDC's results are reported under Australian International Financial Reporting Standards, or AIFRS.

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HIGHLIGHTS

- Property finance and investment company
- Provision of loans (both senior and mezzanine), preferred equity, equity and direct ownership of property projects
- Deliver shareholders a combination of quarterly franked dividends and capital appreciation via Net Asset growth
- Current NTA at 30 September 2017 of \$1.08 per share not including value appreciation attributed to equity investments
- Debt focused portfolio, providing margin of safety if property market weakens
- Investments targeted to deliver >14% return per annum
- Providing alternative and complimentary ASX property exposure to investors outside of standard REIT's



Track Record

10.6% p.a. return since listing on 28 February 2017, measured by dividends received and share price

The management team has a track record of delivering 21.69% IRR since 2009



Management

30+ years of experience in actively investing in property through all cycles

Active, hands on approach to making and managing investments

LOAN
PORTFOLIO

\$25_m

EQUITY
INVESTMENT

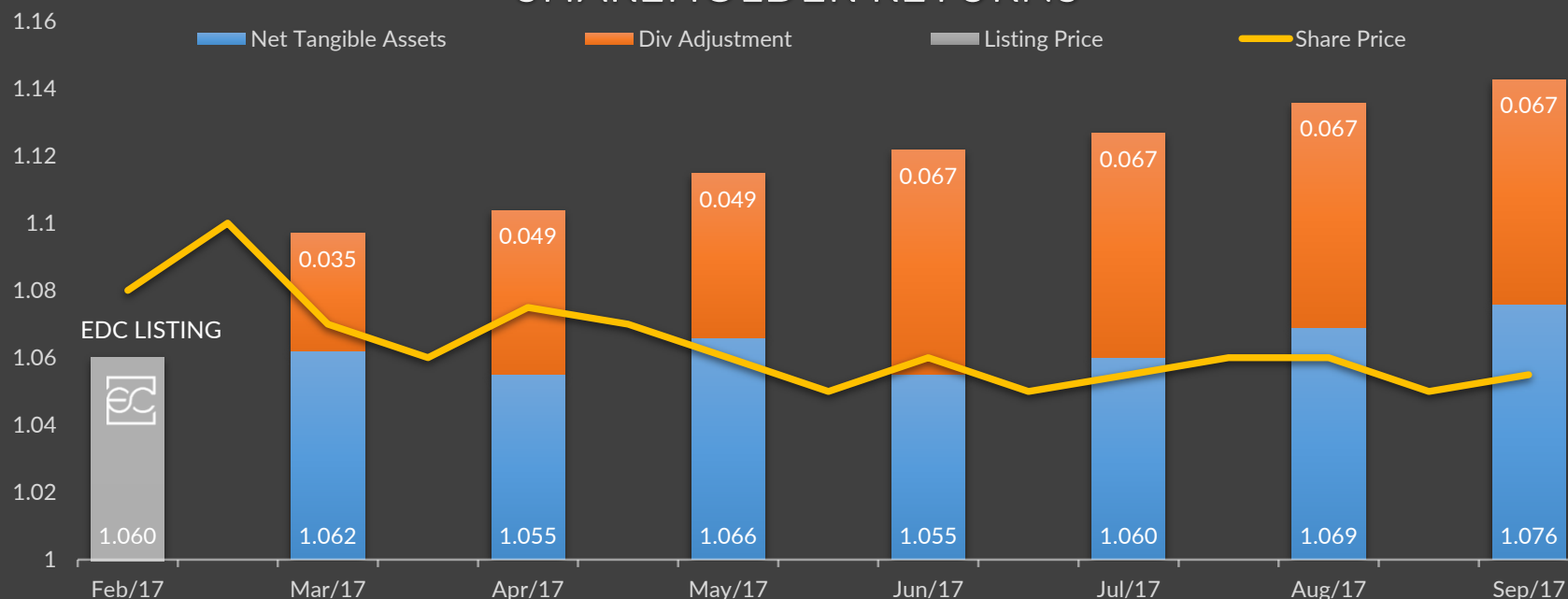
\$3.5_m

NTA
(SEPTEMBER)

\$1.076

STRONG PERFORMANCE

SHAREHOLDER RETURNS



- Since Listing (28/2/2017) Eildon Capital has paid fully franked dividends totalling 6.7 cents per share to 30 September 2017 generating a dividend yield of 6.3%
- For every \$1.00 invested in EDC investors have received a return of received 6.3% fully franked dividends (Not considering the benefit of franking credits) delivering an IRR of 10.6% (closing share price of \$1.055 as at 30 September 2017)

\$31.8_m
CAP

10.6%
IRR

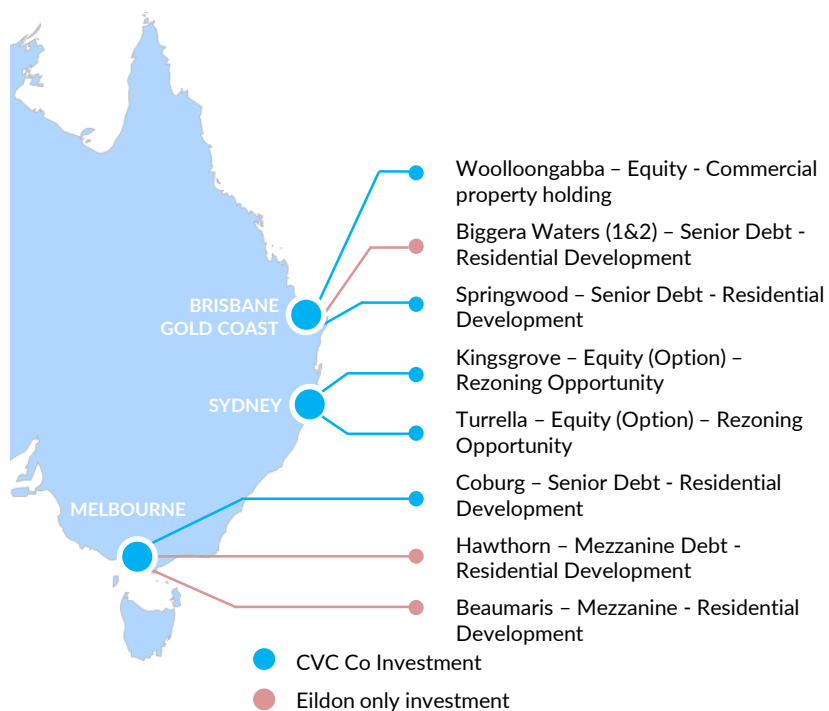
6.7_{DIV}
CPS

INVESTMENT PORTFOLIO

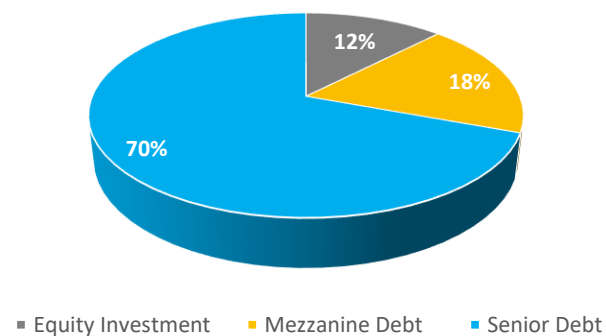


INVESTMENT PORTFOLIO

- At 30 September 2017 the investment portfolio comprises six loans, one equity investment and two property options
- Current investment portfolio of c.\$28.5m (plus undrawn loan facilities of \$2.0m)
- Invested funds are forecast to generate a weighted average return of in excess of 18%p.a.
- The weighted average LVR of debt investments in the portfolio is below 65%



PORTFOLIO COMPOSITION (30/09/2017)



LOAN PORTFOLIO



Hawthorn – Artist Impression



Current Construction



Beaumaris – Artist Impression



Current Construction



Projects	State	Region	Year Acquired	Details	Peak LVR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Loan Facilities																	
Hawthorn	Vic	East Melbourne		Mezzanine Loan Facility	75%												
Coburg	Vic	North Melbourne		Senior Loan Facility	56%												
Biggera Waters	Qld	Gold Coast		Senior Loan Facility	56%												
Biggera Waters	Qld	Gold Coast		Senior Loan Facility	56%												
Beaumaris	Vic	South East Melbourne		Mezzanine Loan Facility	75%												
Springwood	Qld	South East Brisbane		Senior Loan Facility	73%												



EQUITY TRANSACTIONS



Woolloongabba – Artist impression & Current Site Images



Turrella, NSW – Artist impression

Projects	State	Style	Location	Acquired	Details	Dwelling Yield	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Kingsgrove	NSW	Option	South West Sydney	2017	Planning	500												
Turrella	NSW	Option	South West Sydney	2017	Priority Precinct	1,000												
Woolloongabba	QLD	Core Plus	Brisbane Central	2016	Development Approval	710												

INVESTMENT PIPELINE

Eildon Capital is experiencing a very strong deal flow. Some of the opportunities being analysed at the moment include:

Investment Type	Location	Eildon Capital Investment Size	Investment Term	Brief Description
Senior Finance	QLD	\$8m	15 months	Residential townhouse project in SE QLD. LVR below 72%. Co-investment with CVC Limited.
Senior Finance	QLD	\$6m	15 months	Residential apartment project in SE QLD. LVR below 50%. Co-investment with CVC Limited.
Mezzanine Finance	VIC	\$4m	24 months	Income producing asset currently subject to a rezoning application. LVR below 70%. Co-investment with CVC Limited.
Mezzanine Finance	QLD	\$5m	8 months	Refinance of completed residential apartment portfolio. LVR below 70%. Co-investment with CVC Limited.
Preferred Equity / Senior Finance	QLD	\$10m	12 months	Structured transaction to finance private developer in SE QLD. Combination of residential and commercial projects. Co-investment with CVC Limited.
Preferred Equity	QLD	\$3m	20 months	Structured investment in partnership with private developer in retail development secured by pre-leases. Co-investment with CVC Limited.
Direct Property Acquisition	QLD	\$3m	12 months	Income producing commercial property with capacity for further development.

EDC BUSINESS



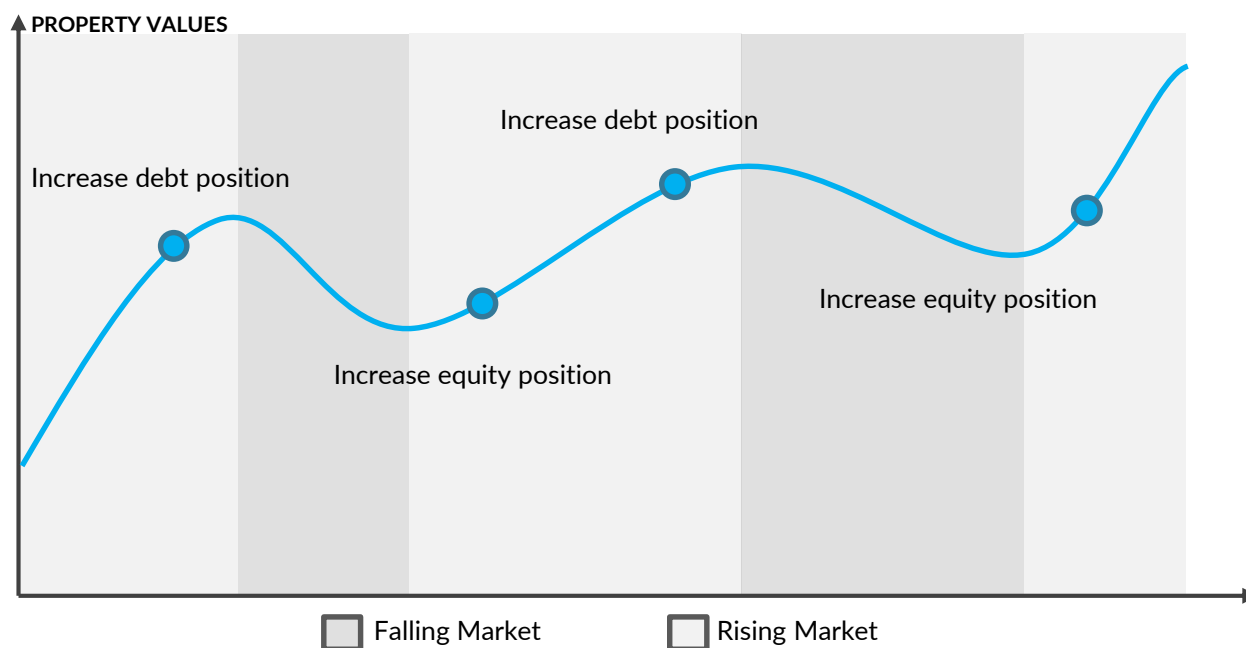
INVESTMENT STRATEGY

- Provision of loans (both senior and mezzanine), preferred equity, equity and direct ownership of property projects
- Asset backed investments at conservative LVR's – structured to secure capital
- Investments targeted to create a portfolio which delivers >14% return per annum
- Flexible investment focus between residential, commercial, industrial and commercial projects
- Look to back the track record of proven operators with capacity and history to deliver the projects
- Focused on long term NTA growth and stable dividends with continued redeployment of funds into projects

Seek out investment opportunities with a combination of the following attributes:

ROLE	INSTRUMENTS/RETURNS	VALUE PLAY	ASSET TYPES
Principal	Equity / >20% p.a.	Repositioning	Direct real estate assets
Joint Venture Partner	Preferred Equity / >18% p.a.	Re-leasing	Listed real estate funds
Lender	Mezzanine Debt / 13-20% p.a.	Development	Unlisted real estate funds
Investor	Senior Debt 9-15% p.a.	Restructuring	Private real estate companies
Underwriter		Rezoning	

FLEXIBILITY THROUGH MARKET CYCLE



Invest in either debt or equity to take full advantage of changing market cycles

- Increase debt exposure as the market approaches its peak, providing sufficient headroom to ensure capital protection in a contracting market
- As markets turn, increase equity exposure in property assets to capture value increase

EQUITY INVESTMENT STRATEGY

Core Plus Investments

Target properties with inherent upside through planning, releasing, repositioning

Improve value over time with a view to divest when asset and market are best placed to deliver maximum value.

Example - **Logan Road, Woolloongabba, QLD**

- 35% ownership of commercial property with 7 year lease to an ASX listed entity
- Triple net lease with 3% p.a. rental growth
- Existing development approval for mixed use residential / retail scheme
- Sell when residential market means development site is worth more than commercial buildings on site

Option Investments

Secure a right to purchase property in the future with no obligation to complete

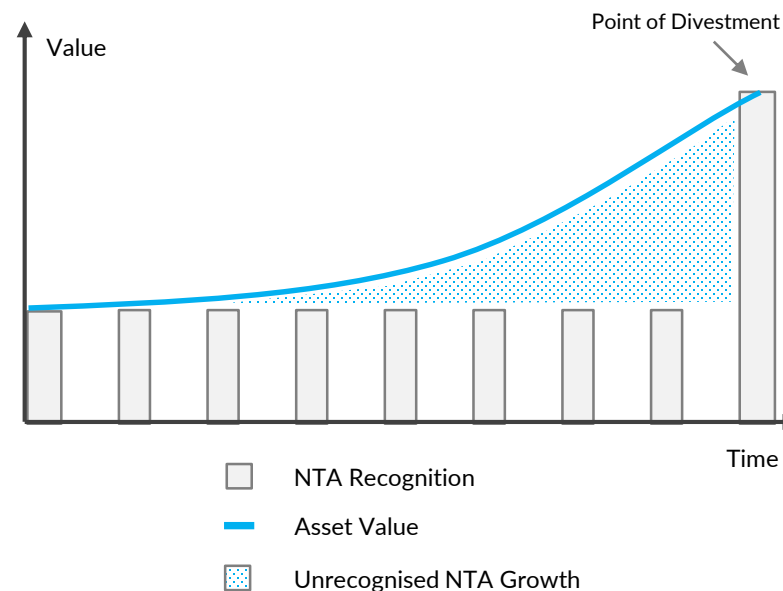
Target properties that have potential for significant planning outcomes

Divest or develop when planning is complete

Example – **Henderson Street, Turrella, NSW**

- 25% holding in option to acquire industrial property
- located near train station, identified by Planning NSW as part of a priority precinct with the objective of a mixed use rezoning
- Capital light transaction providing potential for large value uplift on rezoning

LONG TERM VALUE CREATION



DEBT/LOAN INVESTMENT STRATEGY

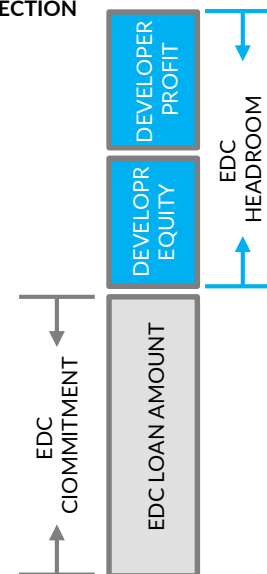
Senior Debt

- Registered first mortgage and associated security position
- Analyse capabilities of borrower to complete and repay facilities
- Aim to differentiate the offering to borrowers through:
 - Quick turnaround on approval timeframes
 - Potential for higher loan to value ratio's depending on nature of project, sponsor, security and knowledge of the asset
 - Flexibility in asset type and location

Mezzanine Debt

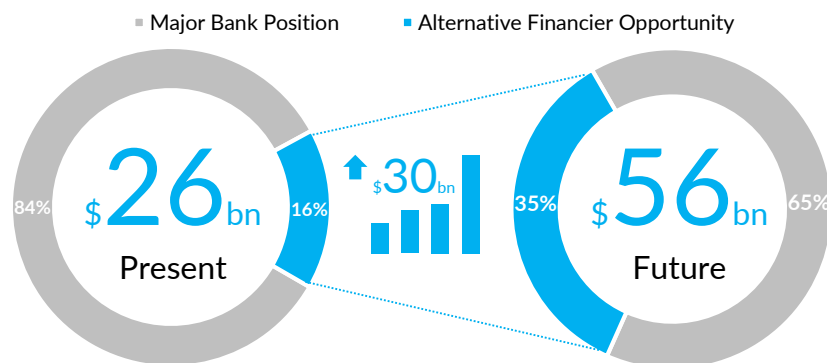
- Registered second mortgage and associated security position with deed of priority in place
- Ensure appropriate equity contributed by the Borrower
- Partner with established senior lenders that have experience in dealing in mezzanine debt

EDC DEBT
INVESTMENT
PROTECTION



GROWTH OPPORTUNITY

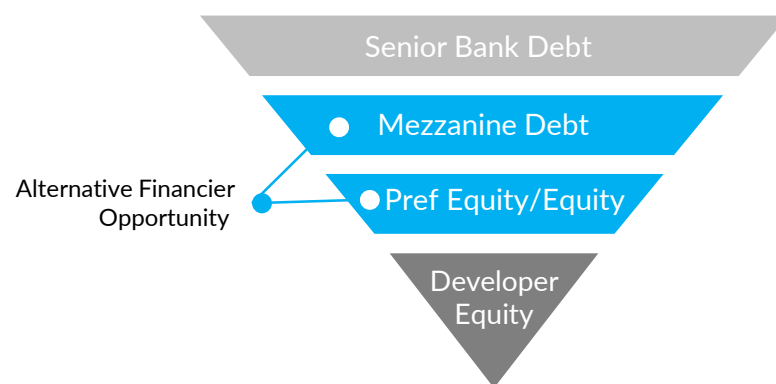
AUSTRALIAN COMMERCIAL PROPERTY LENDING (\$bn)



SENIOR LENDING OPPORTUNITY

- Australian real estate lending market is \$200 billion
- Historically, major Australian Banks write approximately 80% of all real estate loans
- APRA guidelines and recent internal credit policy is now limiting major bank exposure. It is forecast that banks may only provide 65% of the total lending pool in the future
- This creates a debt funding gap of circa **\$30 billion** that would need to be filled when this pull back occurs

PROPERTY DEVELOPMENT FUNDING PYRAMID



MEZZANINE LENDING/EQUITY OPPORTUNITY

- In the last 12 months, senior debt LVRs on development facilities have experienced a downward shift, moving from the traditional 75% to c.50% and mezzanine debt LVRs are down to c.70%, from 80%, highlighting the difficulty developers are facing
- Reduction in bank funding poses an opportunity for EDC as a alternative financiers to fill the market gap by way of mezzanine lending or equity investment

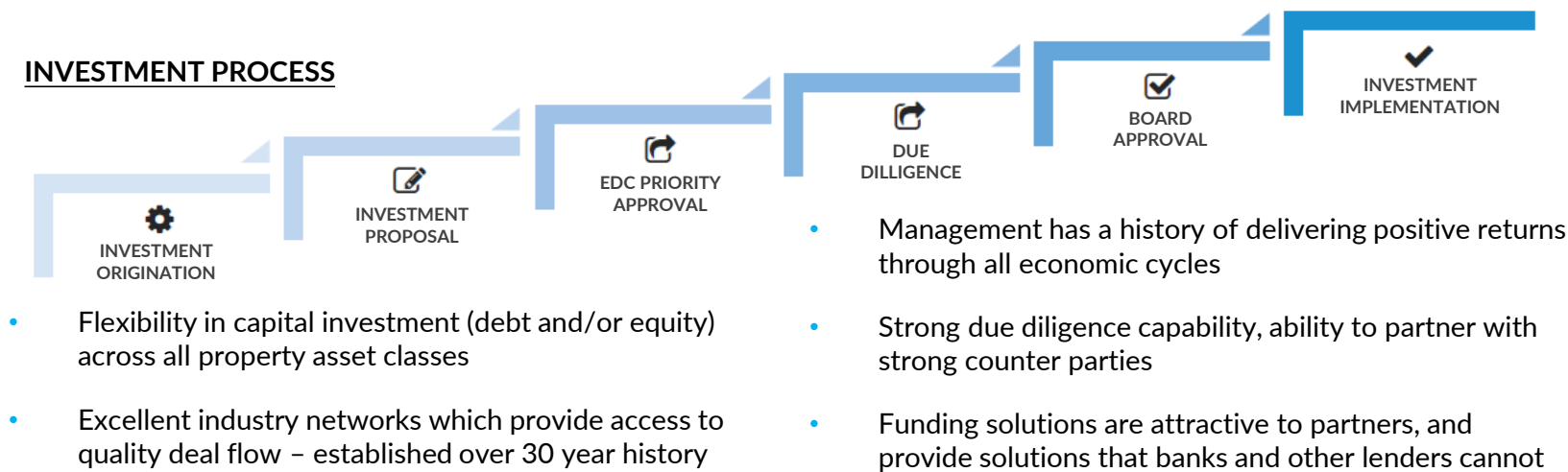
PROVEN TRANSACTION MANAGEMENT SKILLS

RISK MANAGEMENT

Management has a long history of undertaking property investments and conducts full diligence on all aspects of transaction

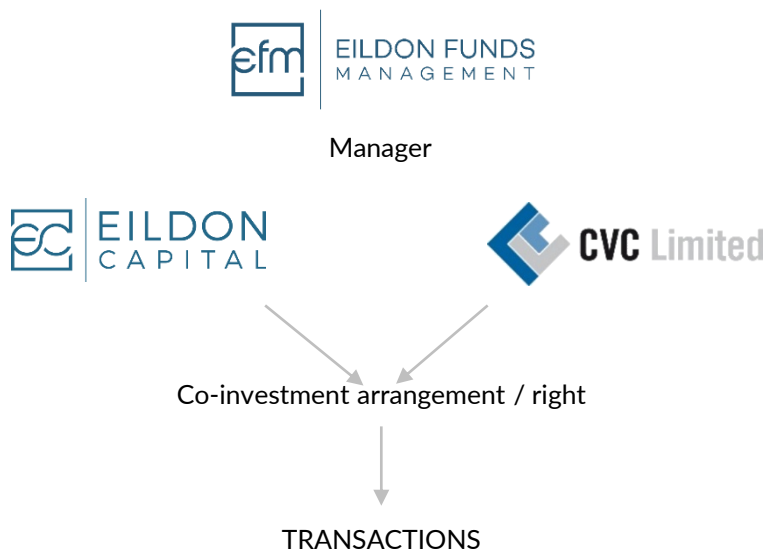
• General property market trends and condition	✓	• Sensitivity analysis	✓
• Local market analysis	✓	• Legal framework	✓
• Quality and experience of the project partner/sponsor	✓	• Risk mitigation	✓
• Financial feasibility outputs	✓		

INVESTMENT PROCESS



PROVEN CO-INVESTMENT STRUCTURE

- Eildon Capital continues to benefit from the considerable expertise and deal flow procured from Eildon Funds Management (EFM) as manager of the company. EFM is also responsible for the management of CVC Limited's real estate related investments
- The co-investment model between EDC and CVC delivers opportunity for increased deal participation, diversification and deal flow



FEE TYPES	FEES
Base Management Fees*	0.75% of net asset value Eildon Capital Limited
Investment Fee*	1.0% of capital invested
Performance Fee [#]	20% of the return over a hurdle of 9% per annum

* In combination not less than \$15,000 per month
[#] Movement in share price, adjusted for dividends, calculated on a 3 year cycle

MANAGEMENT TEAM

James Davies – Chairman

James Davies has over 30 years' experience in investment management across real estate, private equity, infrastructure, natural resources and distressed asset management. Most recently he was Head of Funds Management at New Forests Asset Management overseeing \$2.5 billion worth of investments. Prior to that he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland's Strategic Investments Group. He has sat on numerous Investment Committees and Boards including as Chairman of Timberlink Australia and Airport Rail Link. James holds a Bachelor of Computing Science from the University of New England, a Masters of Business Administration from London Business School and is a Graduate of the Australian Institute of Company Directors.



Alexander (Sandy) Beard – Director

Sandy commenced employment with CVC Limited in 1991 and has been its CEO and Managing Director since 2000. He has extensive Board and management experience ranging from early stage businesses to mature organisations across a wide spectrum of industries. Sandy has considerable experience in real estate businesses including Villa World Limited where he was Chairman from November 2011 to July 2012 and a board member from April 2011 until September 2014. Sandy has also overseen all CVC participation in property investments. Sandy holds a bachelor degree in Commerce from UNSW and is a fellow of the Institute of Chartered Accountants in Australia and New Zealand.

Michelle Harpur – Independent Director

Michelle has been a partner in mid-size, large and international law firms since 1992, and has recently established her own practice, Harpur Phillips. She was admitted as a solicitor in 1986. Her clients have included listed public companies and private companies involved in property development, and in addition to governance and risk management. She sits on the Governance Committee of Lifeline Northern Beaches. She has a BA and LLB from UNSW and has also completed the Company Directors Course with the AICD.

Mark Avery – Managing Director

Mark began his professional career at Macquarie Group in 2002 where he was employed for five years in its property finance division as well as its residential development divisions. Mark then moved to a private Melbourne-based developer before joining a subsidiary of Mirvac in the industrial property sector. Since commencing at CVC Limited in 2010, Mark has been responsible for the group's real estate investment activities. Mark is RG146 compliant and holds bachelor degrees in Commerce and Planning & Design from the University of Melbourne.

John Hunter – Chief Financial Officer

John is the Chief Financial Officer and Company Secretary of CVC Limited. John joined CVC in 2006 and has overseen the development and management of a number of investment vehicles with his core responsibility being management of financial and statutory reporting and compliance. John has extensive experience in ASX-listed and unlisted public reporting and accounting for property, equity trusts, managed investment companies and schemes, due diligence and compliance. Prior to being employed by CVC, John worked at Platinum Asset Management as Finance Manager developing and managing the internal finance function.

Jufri Abidin – Investment Manager

Jufri takes an active role in deal structuring, transaction modelling, due diligence and documentation management for the Manager. Jufri has fund experience gained from his time at APN Property Group an ASX listed real estate fund manager. Jufri has managed the property portfolios of multiple unlisted real estate investment trusts, consisting of up to 60 assets under management, with a combined value of AUD\$500 million. Jufri holds a Bachelor of Mechanical Engineering from the University of Melbourne.

William Chen – Investment Analyst

William graduated in 2016 from The University of Melbourne with a Honours degree in Bachelor of Commerce (Honours in Finance). Undertaking the role as an investment analyst, William takes an active role in transaction modelling and deal valuation analysis. Prior to joining CVC Limited, William has gained exposure in banking and investment industry through various summer internship, including at CBRE, KMPG and Citic.



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