



EILDON
CAPITAL

**EILDON CAPITAL (ASX: EDC)
BUSINESS UPDATE**

AUGUST 2018

BUSINESS HIGHLIGHTS

7.8%¹
p.a.

DIVIDEND YIELD

100% franked
11.2% pre-tax²

18

INVESTMENTS

undertaken since ASX
listing

21%
p.a.

RETURNS

delivered from
completed investments

100%

DEPLOYED

or committed into
qualifying investments

89%³

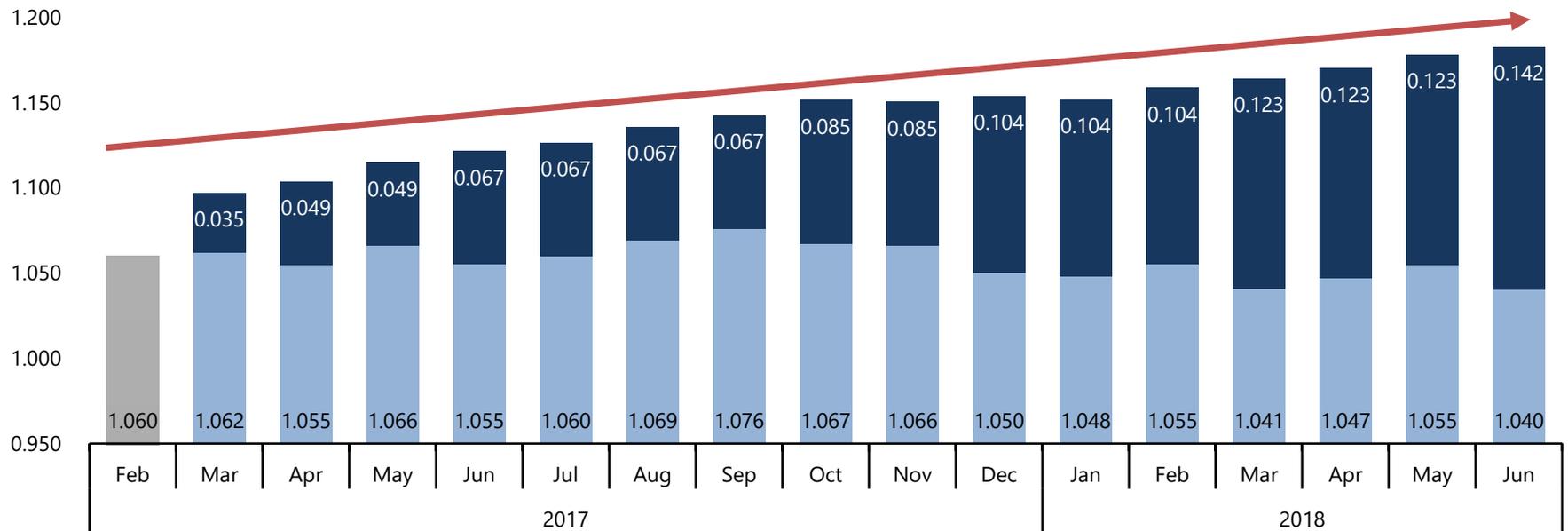
DEBT-FOCUSED

portfolio, providing
margin of safety if
property market
weakens

1. Based on closing price at 1 August 2018 and using current dividend payment level
2. Pre-tax results have been adjusted for the 30% tax rate paid by Eildon Capital Limited
3. Based on peak investment exposures

SHAREHOLDER ASSETS

NTA & ACCUMULATED DIVIDENDS SINCE ASX LISTING



■ Net Tangible Assets ■ Cumulative Dividends ■ Listing Price

1. Calculated using subscription price at listing, dividends paid and closing price at 30 June 2018 and latest dividend
 2. Pre-tax results have been adjusted for the 30% tax rate paid by Eildon Capital Limited

CURRENT INVESTMENT PORTFOLIO

11

DEBT INVESTMENTS

4

EQUITY INVESTMENTS

15

TOTAL INVESTMENTS

\$38.8m

CURRENT INVESTMENT VALUE

\$12.4m

FUTURE COMMITTED INVESTMENTS

\$51.2m

TOTAL COMMITTED INVESTMENTS

> 15%

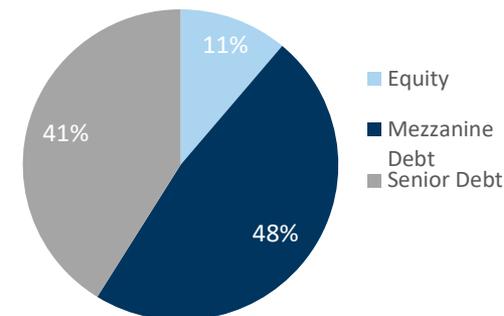
WEIGHTED AVERAGE FORECAST RETURN FROM INVESTMENTS

INVESTMENT PORTFOLIO

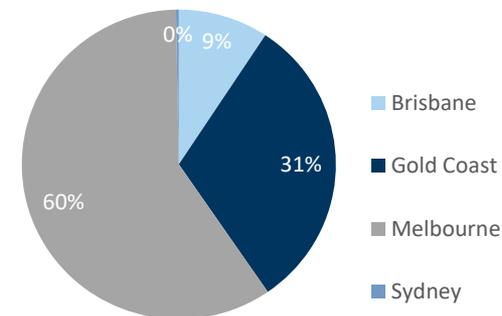
Eildon Capital Investment by Geography



EDC Portfolio by Type - Peak Exposure ¹



EDC Portfolio By Geography - Peak Exposure ¹



1. Based on peak investment exposures

LOAN PORTFOLIO



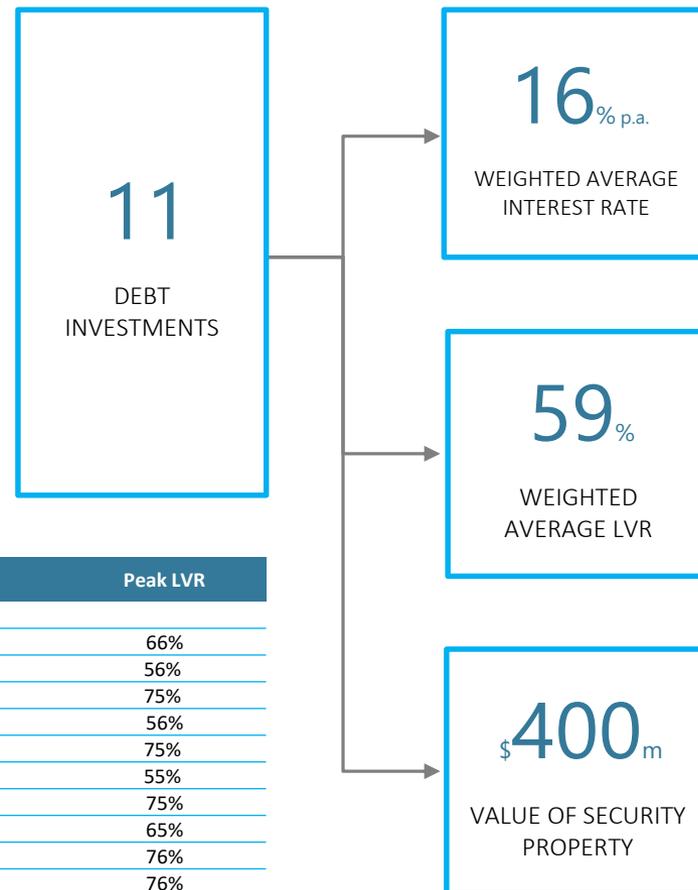
Hawthorn, Melbourne, VIC (Artist impression)



Safety Beach, Melbourne, VIC (Artist impression)



Bulimba, Brisbane, QLD (Artist impression)



Projects	State	Region	Details	Peak LVR
Loan Facilities				
Hawthorn	VIC	East Melbourne	Mezzanine Loan Facility	66%
Coburg	VIC	North Melbourne	Senior Loan Facility	56%
Carrara	QLD	Gold Coast	Senior Loan Facility	75%
Biggera Waters	QLD	Gold Coast	Senior Loan Facility	56%
Beumaris	VIC	South East Melbourne	Mezzanine Loan Facility	75%
South Kingsville	VIC	South West Melbourne	Mezzanine Loan Facility	55%
Bulimba	QLD	Brisbane	Mezzanine Loan Facility	75%
Sandringham	VIC	South Melbourne	Senior Loan Facility	65%
Martha Cove	VIC	South Melbourne	Mezzanine Loan Facility	76%
McCrae	VIC	Melbourne	Mezzanine Loan Facility	76%
East Bentleigh	VIC	Melbourne	Mezzanine Loan Facility	65%

EQUITY TRANSACTIONS



Turrella, NSW – Artist impression



Turrella, NSW – Artist impression

EQUITY EXPOSURES

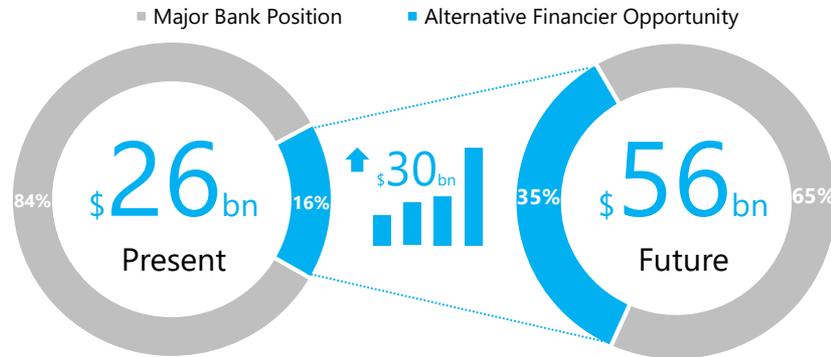
- Eildon Capital has 4 equity positions in transactions with well credentialed partners which account for \$0.13 of NTA
- Each has the ability to grow considerably in value as planning outcomes are progressed
- Woolloongabba is the largest equity investment representing \$0.066 per share of current NTA
- The existing portfolio of equity investments have potential to deliver up to an estimated \$0.60 per share in NTA upon completion of planning processes and eventual divestment*

Project	State	Style	Location	Investment Commenced	Status	Forecast Realisation / Planning Outcome*
Kingsgrove	NSW	Option	South West Sydney	2017	Planning Commenced	FY 2021
Turrella	NSW	Option	South West Sydney	2017	Priority Precinct	FY 2021
Woolloongabba	QLD	Core Plus	Brisbane Central	2016	Development Approval	FY 2021
Burnley	VIC	Equity	Melbourne Central	2018	Planning to Commence	FY 2021

* Estimate only – subject to successful planning outcomes, timing and market conditions

MARKET SNAPSHOT

AUSTRALIAN COMMERCIAL PROPERTY LENDING (\$bn)

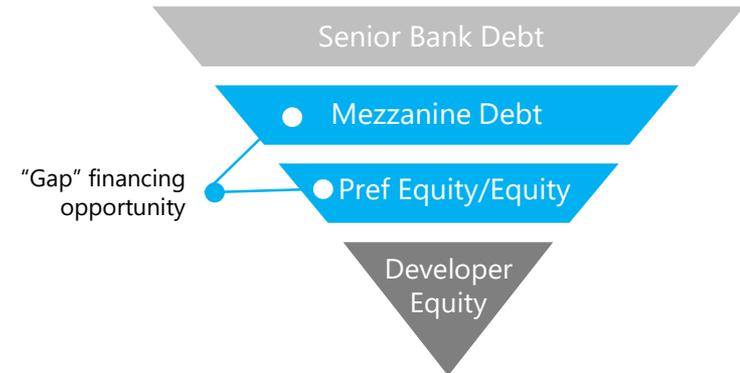


Source: Goldman Sachs Equity Research Report (2017)

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
- This can be filled by EDC at attractive rates

PROPERTY DEVELOPMENT FUNDING PYRAMID



MEZZANINE LENDING/EQUITY OPPORTUNITY

- In the last 18 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

STRATEGIC OBJECTIVES

- Seeking to substantially grow investment book through a 'best fit' combination of:
 - Loans
 - Longer term core plus style assets
 - Option exposures
 - Equity partnerships
- Working to increase the value of property projects
- Exploring industry partnerships to access and expand investment opportunities
- Development of financing structures to improve performance
- Remain a capital partner of choice:
 - Provide clear and timely feedback on funding requests
 - Flexibility in our ability to structure transactions
 - Quick turnaround time for formal approval, documentation and funding
- Remain prudent and conservative in deal assessment and risk management
- Deliver strong annual dividends to shareholders and net asset growth for shareholders

THE MANAGER

- Eildon Capital continues to benefit from the considerable expertise and deal flow procured from Eildon Funds Management (EFM) as manager of the company
- EFM has a team of leading property investment professionals with a long and successful track record in property financing and equity partnerships
- EFM has access to the full spectrum of real estate investment opportunities including:
 - Senior debt
 - Mezzanine debt
 - Preferred equity
 - Equity partnerships
 - Bridging finance
 - Option investment
 - Underwriting
 - Investment syndication
- The EFM team continues to grow, providing more opportunities for transaction identification, procurement, processing and management



EILDON FUNDS
MANAGEMENT



GOVERNANCE AND MANAGEMENT

EILDON CAPITAL LIMITED BOARD OF DIRECTORS

Mark Avery – Managing Director

Mark began his professional career at Macquarie Group in 2002 in the property finance and residential development divisions. Mark has also worked for private and listed property development and investment groups. Mark commenced at CVC Limited in 2010 and has been responsible for all of the group's real estate investment activities, including being appointed as Managing Director of Eildon Capital in 2015. Mark holds bachelor degrees in Commerce and Planning & Design from the University of Melbourne.

James Davies – Chairman

James has over 30 years experience in investment management across real estate, private equity and infrastructure. He has sat on numerous Investment Committees and Boards including as Chairman of Timberlink Australia and Airport Rail Link and is an independent non-executive Director of ASX-listed New Energy Solar. James holds a Bachelor of Computing Science from the University of New England, MBA from London Business School and is a Graduate of the Australian Institute of Company Directors.

Alexander (Sandy) Beard – Director

Sandy commenced with CVC Limited in 1991 and has been CEO since 2000. He has extensive Board and management experience ranging from early stage businesses to mature organisations. Sandy has been Chairman of Villa World Limited has also overseen all CVC participation in property investments. Sandy holds a bachelor degree in Commerce from UNSW and is a fellow 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 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.

INVESTMENT TEAM

John Hunter – CFO and Company Secretary

John is CFO and Company Secretary of CVC Limited. John joined CVC in 2006 and has overseen the management of a number of investment vehicles. 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. John is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce from the Australian National University, an MBA from MGSM and Masters of Applied Finance from Macquarie University.

Jufri Abidin – Investment Manager

Jufri takes an active role in deal procurement, structuring, due diligence and investment management. Jufri has considerable funds management 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.

Jonathan Sim – Investment Manager

Jonathan is an experienced real estate finance professional with extensive experience in both debt and equity transactions. Jonathan began his career at KPMG, where he worked in the audit area. He has held a variety of positions in major banks including ANZ, NAB and Bankwest. Most recently Jonathan was an Associate Director at Monark Property Partners. Jonathan is a member of Chartered Accountants in Australia and New Zealand and also holds a Bachelor of Commerce from the University of Melbourne.

William Chen – Investment Analyst

William plays a key role in transaction modelling, structuring, reporting and risk assessment. Prior to joining CVC Limited, William held roles at various banking and investment companies including CBRE, KMPG and Citic. William graduated from The University of Melbourne with a Bachelor of Commerce (Honours in Finance).

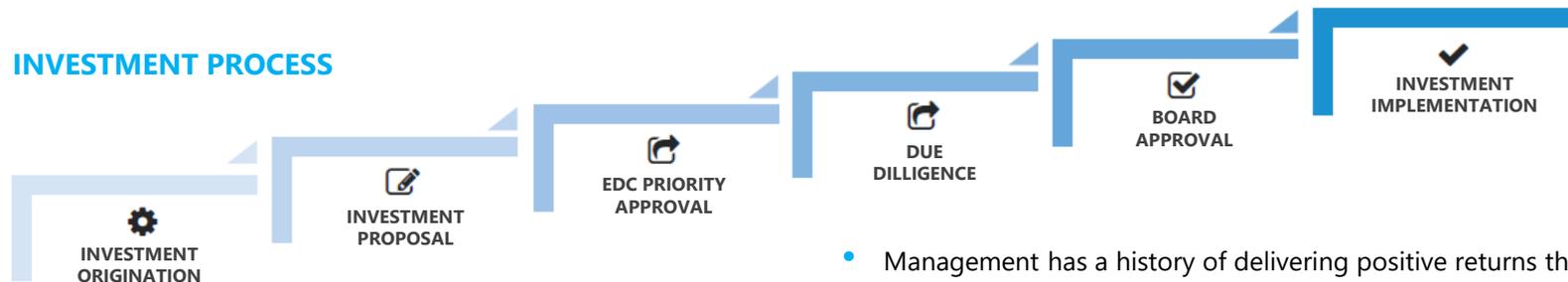
EDC INVESTMENT PROCESS

RISK MANAGEMENT

The Manager has a long history of undertaking property investment and conducts full diligence on all aspects of transactions

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

INVESTMENT PROCESS



- Flexibility in capital investment (debt and/or equity) across all property asset classes
- Excellent industry networks which provide access to quality deal flow – established over 30 year history
- Management has a history of delivering positive returns through all economic cycles
- Strong due diligence capability, ability to partner with strong counter parties
- Funding solutions are attractive to partners, and provide solutions that banks and other lenders cannot

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