



EILDON CAPITAL LIMITED

ASX:EDC

FULL YEAR
PRESENTATION

26/8/2019



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① PERFORMANCE HIGHLIGHTS & STRATEGY

EILDON CAPITAL – FULL YEAR RESULTS - 30 JUNE 2019

Highlights

- Fully deployed / committed capital
- Consistent investment philosophy
- Attractive fully franked dividend maintained
- Growth in NTA per share
- Adherence to established investment processes
- Portfolio well protected against property market softening



- Based on closing price at 28 June 2019 and using current dividend payment level
- Pre-tax results have been adjusted for the 30% franking tax rate paid by Eildon Capital Limited

EILDON CAPITAL – SHAREHOLDER ASSET GROWTH SINCE INCEPTION

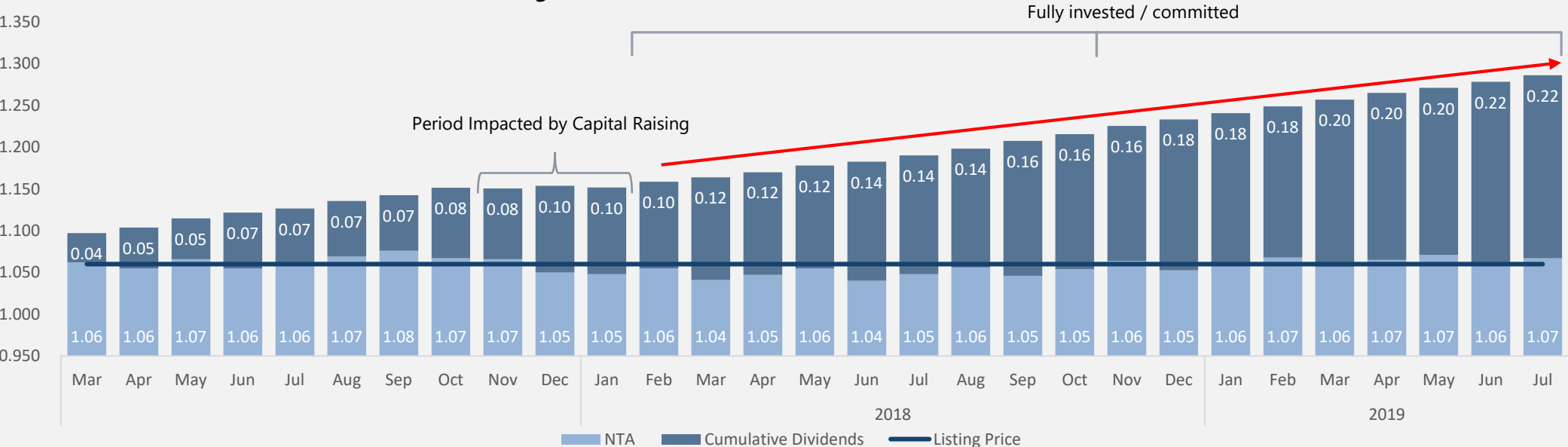
21.9c in
fully franked
dividends paid
since listing

Capital raising costs
and undeployed cash
impacted NTA growth
in period following
capital raising

Strong earnings
now that capital
is fully deployed /
committed

NTA + Cumulative
Dividend
growth rate 0.8c
per share / month
(Past 12 Months)

NTA & Accumulated Dividends Since ASX Listing



EILDON CAPITAL – INVESTMENT PERFORMANCE SINCE INCEPTION

- Almost \$100m has been committed and / or deployed into qualifying investments since inception
- The completed investments have delivered strong annualised returns on a drawn basis (including interest and fees)

22

INVESTMENTS
undertaken since
ASX listing

\$99_m

INVESTED /
COMMITTED
into qualifying investments

7

COMPLETED
investments

21.9%
p.a.

IRR RETURNS
Delivered from completed
investments

EILDON CAPITAL – WHAT HAS BEEN ACHIEVED / WHAT IS NEXT

DELIVERING ON STRATEGY

Provided debt and equity capital for asset backed property investments

Development of a portfolio of current investments forecast to deliver > 14% returns

Capital protection focus with strong, quarterly, fully franked dividends

Increased scale of company to enhance breadth of investment opportunity

IMMEDIATE OBJECTIVES

Remain prudent and conservative in deal assessment and risk management

Deploy high proportion of capital to lower risk senior debt finance positions (LVR's of <65%)

Hold cash where suitable investments are not available

Maintain high conviction into investment positions

1. Based on peak investment exposures

② PORTFOLIO UPDATE



EILDON CAPITAL – CURRENT PORTFOLIO STATUS (31 JULY 2019)

- Current portfolio consists of 15 investments spread across NSW, VIC and QLD
- 96% of portfolio delivering income either by interest or rental income
- Capital is fully deployed or committed into qualifying investments
- Forecast IRR of current investments is approximately 16% p.a.

11

DEBT
INVESTMENTS

4

EQUITY
INVESTMENTS

89%

PORTFOLIO IS DEBT INVESTMENT

7%

PORTFOLIO DELIVERING RENTAL INCOME

\$45.1m

CURRENT PORTFOLIO VALUE

\$5.7m

FUTURE COMMITTED INVESTMENTS

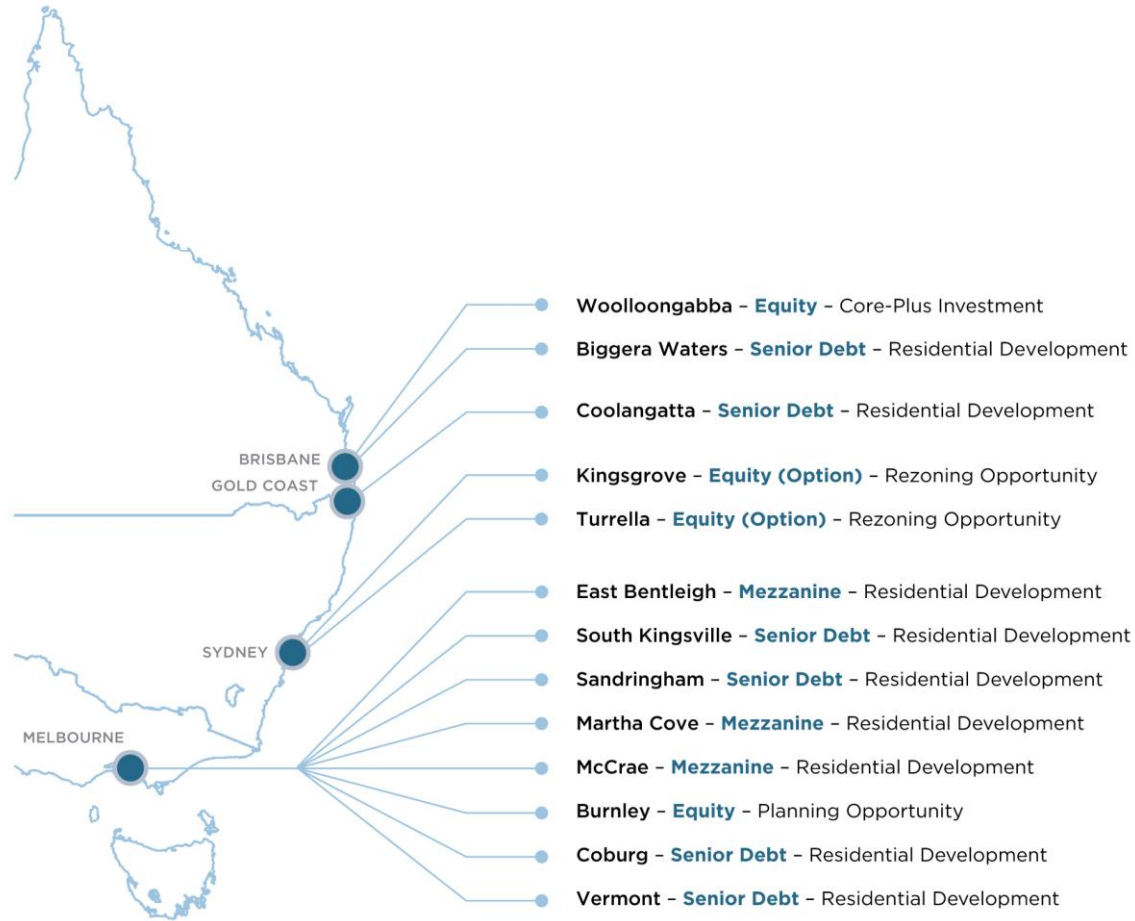
\$50.8m

TOTAL COMMITTED INVESTMENTS

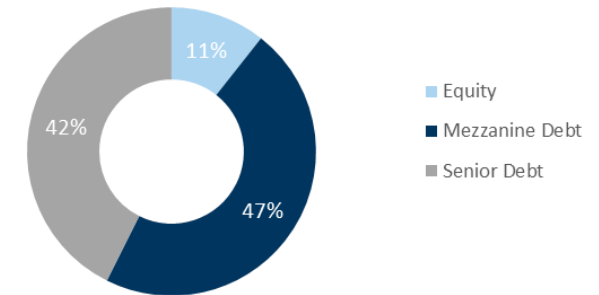
16%

WEIGHTED AVERAGE FORECAST RETURN FROM CURRENT INVESTMENTS

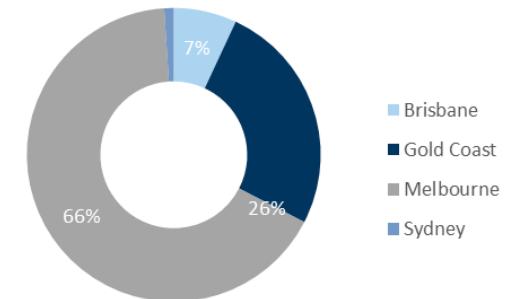
EILDON CAPITAL – CURRENT INVESTMENT PORTFOLIO (31 JULY 2019)



EDC Portfolio by Type - Current Exposure



EDC Portfolio By Geography - Peak Exposure



EILDON CAPITAL – CURRENT DEBT PORTFOLIO (31 JULY 2019)

11

DEBT
INVESTMENTS

16%

WEIGHTED AVERAGE
INTEREST RATE

64%

WEIGHTED AVERAGE
LVR



Biggera Waters, QLD (Artist Impression)



Sandringham, VIC (Artist Impression)



Coolangatta, QLD (Artist Impression)

DEBT INVESTMENT RATIONALE

Senior Debt
(LVR <65%)



First call on assets in event of liquidation

Lowest risk

Registered on title

Mezzanine Debt
(LVR <75%)



Capital that ranks only behind senior debt

Higher risk / Higher returns

Registered on title

Equity
(LVR >75%)



Subordinated to all debt

Highest risk

EILDON CAPITAL – CURRENT EQUITY PORTFOLIO (31 JULY 2019)



Turrella, NSW – Artist impression



Woolloongabba, QLD – Artist impression



Woolloongabba, QLD – Current improvements

Equity Exposures

- Eildon Capital has 4 equity positions in transactions
- The portfolio of equity investments have potential to deliver significantly to NTA growth through successful planning processes and eventual divestment
- Woolloongabba is the largest equity investment representing approximately 7% of the investment portfolio. It has already achieved planning approval and is secured by a long term lease to an ASX listed automotive company.

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	Planning Commenced	FY 2021
Woolloongabba	QLD	Core Plus	Brisbane Central	2016	Development Approval	FY 2021
Burnley	VIC	Equity	Melbourne Central	2018	Planning Commenced	FY 2021

EILDON CAPITAL – COMPLETED INVESTMENTS SINCE JUNE 2018

PROJECT		INVESTMENT TYPE	INVESTMENT TERM	COMPLETION DATE	STATE	FACILITY LIMIT	REPAID
	BULIMBA	Mezzanine	4 Months	Nov 2018	QLD	\$4,000,000	✓
	HAWTHORN	Mezzanine	17 Months	Aug 2018	VIC	\$3,000,000	✓
	BEAUMARIS	Mezzanine	24 Months	Oct 2018	VIC	\$2,600,000	✓
	CARRARA	Senior	20 Months	July 2019	QLD	\$20,000,000 Co-invested with CVC (50%)	✓

③ MANAGEMENT & INVESTMENT PROCESS

EILDON CAPITAL – 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
- At the time of listing Eildon Capital, EFM was owned 40% by CVC Limited (CVC) and 60% by CVC executives
- In August 2019 CVC Limited acquired what shares in EFM it did not own, making it a wholly owned subsidiary
- CVC has a team of leading property investment professionals with a long and successful track record in property financing and equity partnerships
- CVC 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
- Eildon Capital enjoys a co-investment right to all property investment transactions that CVC's property team procures
- The CVC team in property continues to grow, providing more opportunities for transaction identification, procurement, processing and management for Eildon Capital

EILDON CAPITAL – INVESTMENT PROCESS

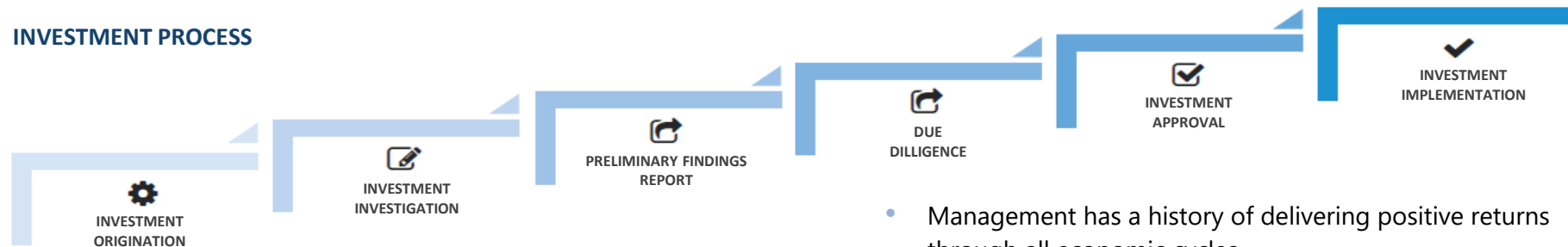
Risk Management

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
- Local market analysis
- Quality and experience of the project partner/sponsor
- Financial feasibility outputs

- Sensitivity analysis
- Legal framework
- Risk mitigation

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

EILDON CAPITAL – 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 was appointed CEO of CVC Limited in August 2019. 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 was previously CEO of CVC Limited where he worked for 28 years. 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).

④ MARKET INSIGHTS

AUSTRALIAN ECONOMY AND REAL ESTATE MARKET

Economy



AUSTRALIA IS NOW IN ITS 28TH YEAR OF CONSECUTIVE ANNUAL ECONOMIC GROWTH

Australia's economy is forecast to expand at one of the fastest rates in the developed world over the next five years at 2.8% per annum

AUSTRALIA'S POPULATION GROWTH RATE IS AMONGST THE HIGHEST OF THE DEVELOPED ECONOMIES

Over 2017/18, Australia's population grew by 390,500 people (7,500 people per week), well above the long-term average

TOTAL AUSTRALIAN EMPLOYMENT HAS REACHED RECORD LEVELS

Australia's employment grew by 271,300 over the year – 46% above the 10-year annual average

Real Estate Market



AUSTRALIAN RESIDENTIAL MARKET

Housing fundamentals remain positive with most capital city vacancy levels currently below equilibrium levels. Over the next five years, an additional 820,000 dwellings (circa 163,900 per annum) will be required to accommodate the projected population growth

AUSTRALIAN OFFICE MARKET

Australian office vacancy rate has fallen to 8.5% as at January 2019, its lowest level in six years. Over the next five years, Australian employment is forecast to increase by 886,000 people

AUSTRALIAN FRINGE OFFICE MARKET

Eastern seaboard City Fringe office vacancy levels all below their respective long-term average levels. Next generation of employees preferring to live closer to places of work has driven many occupiers to relocate to City Fringe locations

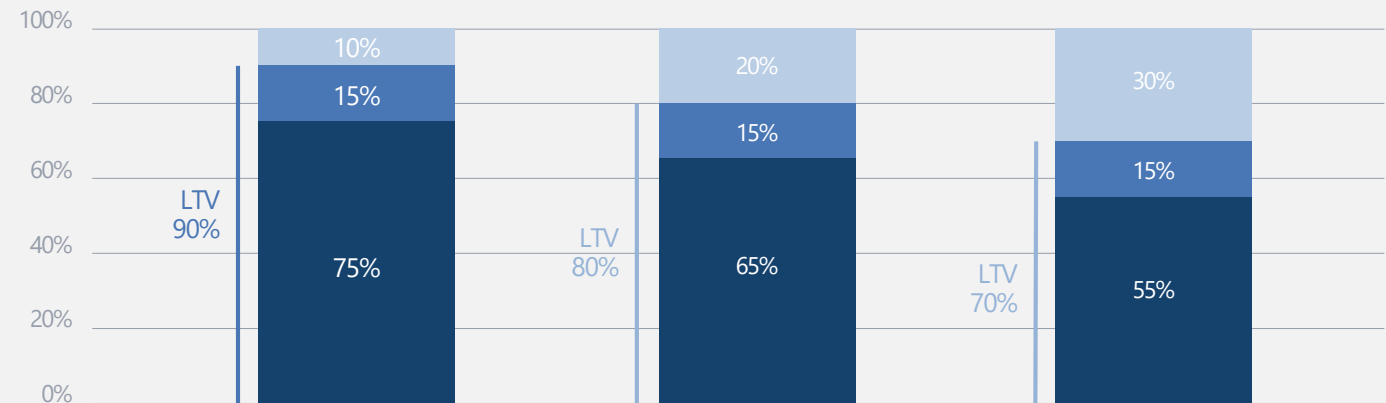
AUSTRALIAN HOSPITALITY MARKET

International tourists into Australia increased by 6% to 8.4 million in the year to September 2018 – a record high. Strong growth in international visitors forecast to continue for the next five years, increasing at 7.6% per year to hit 12.1 million arrivals by 2022/23

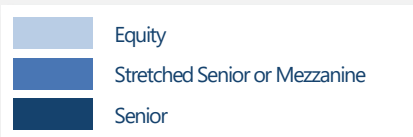
TIGHTENING OF BANKING ACTIVITY

Banking Underwriting Standards

- Due to increased regulation, Banks have shifted towards offering increasingly commoditised homogeneous products whose structure and pricing were not efficiently differentiated based on underlying risks of a transaction.
- As a result, non-bank capital providers, such as Eildon Capital, are now achieving higher returns whilst providing first mortgage loans with underwriting standards that are consistent with the traditional parameters of the Banks.

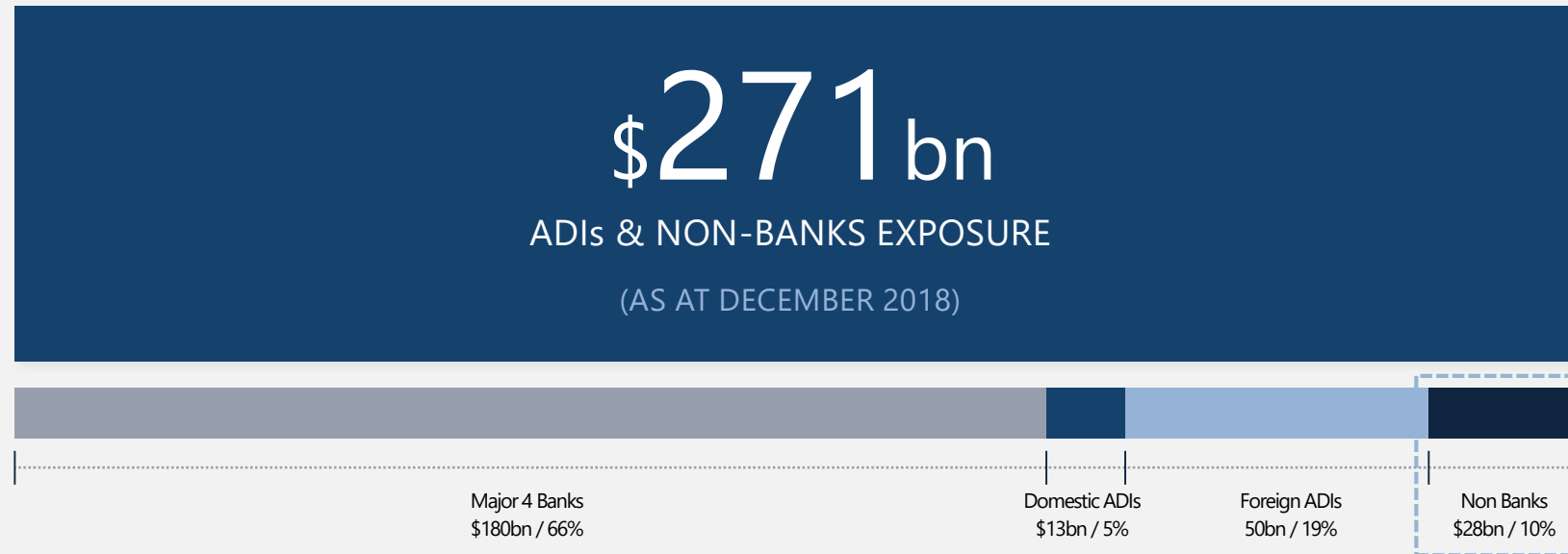


COVENANTS	PRE - GFC CAPITAL COMPOSITION	2009 - 2015 CAPITAL COMPOSITION	2016 - 2018 CAPITAL COMPOSITION
Senior LTV (LTC)	≤ 75% (90%)	≤ 65% (80%)	≤ 55% (70%)
Total Debt LTV (LTC)	≤ 90% (100%)	≤ 80% (90%)	≤ 70% (85%)
Minimum Pre-Sale / Debt Coverage	50 - 80%	80 - 100%	100%
Minimum Recourse	Non-recourse to limited recourse	Limited recourse to full recourse	Full recourse






SIZE OF THE COMMERCIAL REAL ESTATE DEBT MARKET

- Australian real estate lending market is \$271 billion
- Historically, major Australian Banks wrote 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
- Currently Non-Bank capital providers fund **\$28 billion** of the overall market
- Eildon Capital is participating in a growing segment of the commercial real estate debt market



⑤ FINANCIAL RESULTS

EILDON CAPITAL – FULL YEAR RESULTS – PROFIT & LOSS

REVENUE \$7.6m	 42% From FY18
OPERATING PROFIT \$6.3m	 46% From FY18
EPS \$9.6c	 46% From FY18

EDC PROFIT & LOSS			
Items	2019	2018	Change
Interest Income	7,355,087	5,185,636	
Impairment recovery	-	100,182	
Fee Income	208,602	187,556	
Equity accounted income	70,227	81,920	
Other income	2,858	-	
Total Income	7,636,774	5,391,454	2,245,320
(-) Operating Expenses	1,370,333	1,097,090	
Profit Before Income Tax	6,266,441	4,294,364	1,972,077
(-) Income Tax Expense	1,879,933	1,288,309	
Net profit after tax	4,386,508	3,006,055	1,380,453
EPS per Share	9.56	7.90	1.66

EILDON CAPITAL – FULL YEAR RESULTS – BALANCE SHEET

TOTAL ASSETS

\$49.8m

↑ **0.7%**
From FY18

NTA

\$48.2m

↑ **0.7%**
From FY18

LIABILITIES

\$1.6m

↑ **2.8%**
From FY18

EDC BALANCE SHEET

Items	2019	2018	Change
Assets			
Cash and equivalents	6,936,845	10,209,431	
Receivables	44,693	60,430	
Current Investments	26,263,335	29,279,007	
Total Current Assets	33,244,873	39,548,868	
Non-Current Assets	16,536,648	9,875,677	
Total Assets	49,781,521	49,424,545	356,976
Liabilities			
Current Liabilities	1,595,951	1,552,191	
Net Assets	48,185,570	47,872,354	313,216
Equity			
Contributed Equity	43,796,218	44,344,011	
Retained Earnings	(5,483,508)	(5,483,508)	
Distribution Reserve	9,872,860	9,011,851	
Total Equity	48,185,570	47,872,354	313,216

EILDON CAPITAL LIMITED

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