

EILDON CAPITAL LIMITED

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12 March 2020

ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

PROPOSED RESTRUCTURE OF EILDON CAPITAL LIMITED**HIGHLIGHTS**

Eildon Capital Limited (ASX: EDC) (the Company) announces its intention to transition from a company to a stapled company and trust structure (**Restructure**). The new structure will:

- Enable pre-tax distributions
- Enable pre-tax reporting of income which is consistent with market peers.
This will improve investors' ability to benchmark performance
- Improve prospects for Net Tangible Asset (NTA) growth while maintaining historical levels of distributions
- Enable the distribution of any excess franking credits

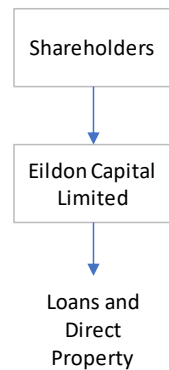
The Company acknowledges that the Restructure represents a significant change so it will also provide shareholders with liquidity by way of an equal access buyback of approximately 10% of shares up to NTA, which is currently approximately \$1.10 per share.

Following the Restructure the Company will seek to maintain distributions at historical levels.

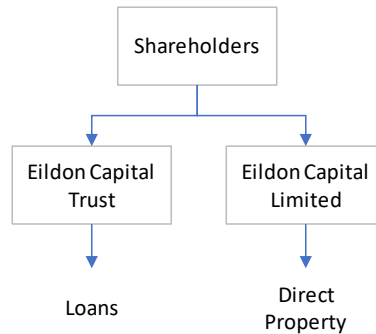
RESTRUCTURE DETAILS

The Board will be recommending that, subject to Shareholder Approval, the majority of current investments transition to a new trust that will be stapled to the Company as illustrated below:

Current structure



Post-Restructure

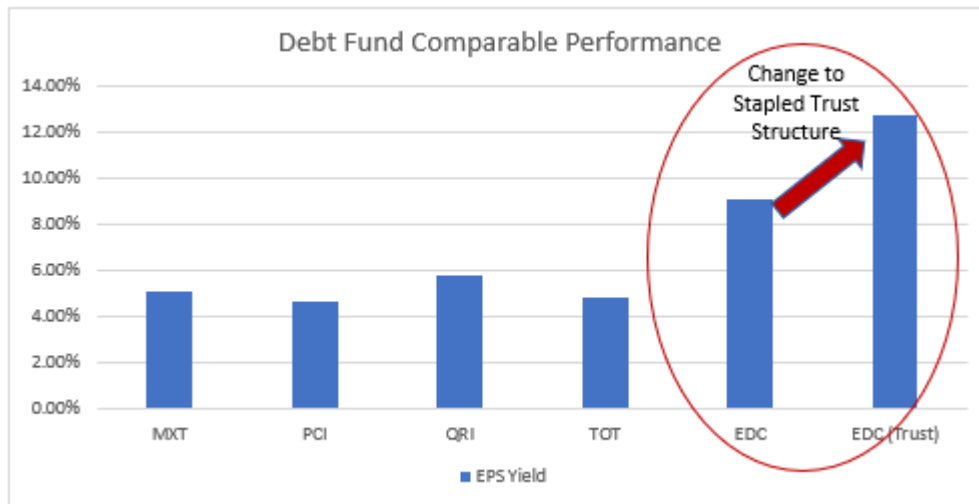


Shareholders will receive one unit in Eildon Capital Trust for each share in Eildon Capital Limited. Each unit will be stapled to a share which means that they can only be traded together. The rights attaching to each unit/share pair will be unchanged from those attached to current shares. There will be no capital required from shareholders for the restructure to take place.

The new structure will enable distributions to be made from pre-tax income which is consistent with other property backed investment funds that generate income for investors. This will enhance investors' ability to assess the performance of EDC against similar funds.

Following the Restructure, it is intended that the trust will hold existing and new loans while the company will hold the existing direct property investments, currently approximately 9% of net assets. Any excess franking credits currently sitting in the company will be distributed as part of the restructure.

The following chart illustrates the performance of EDC against a select group of peers, both under its current corporate structure and post the Restructure. The Board hopes that this ease of comparison will provide more interest in the fund and provide for better share price performance over time.



1. Based on normalised recurrent earnings from HY2020 results.

The Restructure is subject to ASIC approval and obtaining a favorable class ruling on the tax consequences of the Restructure and shareholder approval.

BUYBACK

Following the Restructure the Company will undertake a buyback of 4.55 million shares at up to Net Tangible Assets value. Shareholders will be able tender some or all of their security holding at or below NTA, which is currently expected to be approximately \$1.09 - \$1.10 per share after considering the impact of the March 2020 quarterly dividend, but is subject to any changes that may occur prior to the completion of the offer.

Authorised by:
John Hunter
Company Secretary