



EILDON CAPITAL LIMITED

ASX:EDC

BUSINESS UPDATE

12/03/2020



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① PROPOSED RESTRUCTURE

EILDON CAPITAL – POTENTIAL STAPLING PROPOSAL

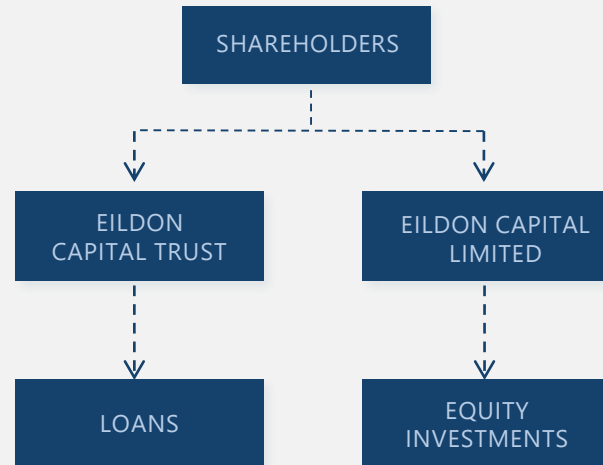
- The Board and Management of Eildon Capital has considered options to enhance value for shareholders
- One area that has been explored is to implement a restructure that will allow for the company to be more comparable to similar investment vehicles

Stapled Structure Initiative:

Current Structure

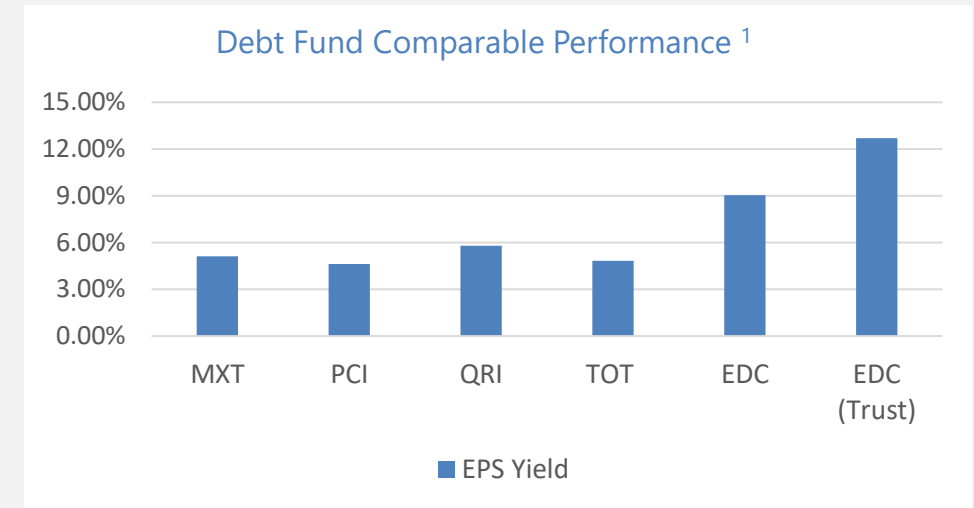


Post-Restructure



1. Based on normalised recurrent earnings from HY2020 results. The increase in returns are the result of no longer incurring tax on earnings, which is consistent with other investment funds, with distributions made to investors on a pre-tax basis.

Impact of restructure on investor returns:



Rationale:

- The stapled structure represents market accepted legal structure for investment funds such as Eildon Capital
- Distributions are made on a pre-tax basis which is consistent with other funds. This will allow better benchmarking of performance by investors

Next Steps:

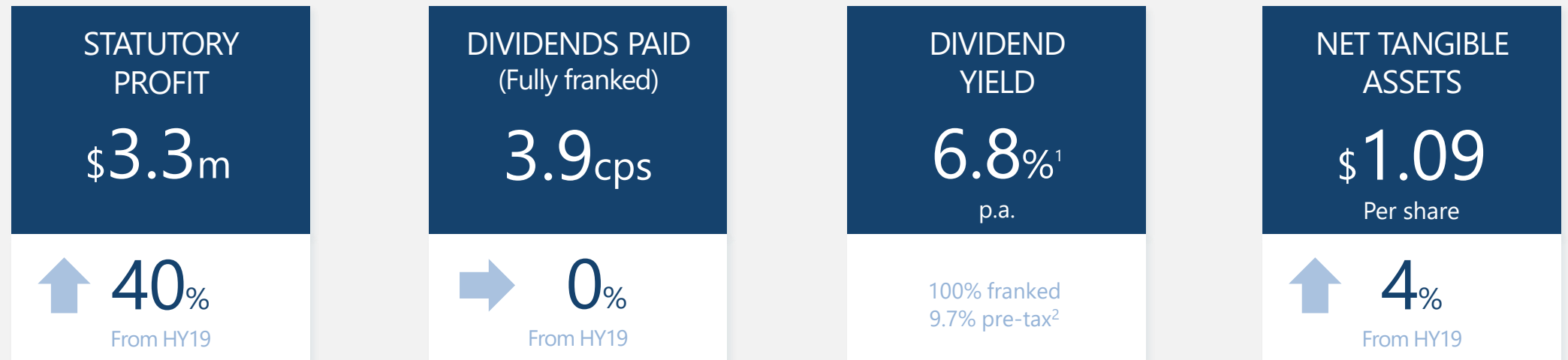
- Subject to the final approval of shareholders, ATO and ASIC, Eildon Capital undertake a restructure with investments being undertaken through a trust structure rather than the current corporate structure
- More details are provided to shareholders in the notice of meeting

② PERFORMANCE HIGHLIGHTS

EILDON CAPITAL – HALF YEAR RESULTS - 31 DECEMBER 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



1. Based on closing price at 31 December 2019 and using current dividend payment level

2. Pre-tax results have been adjusted for the 30% franking tax rate paid by Eildon Capital Limited



EILDON CAPITAL – SHAREHOLDER ASSET GROWTH SINCE INCEPTION

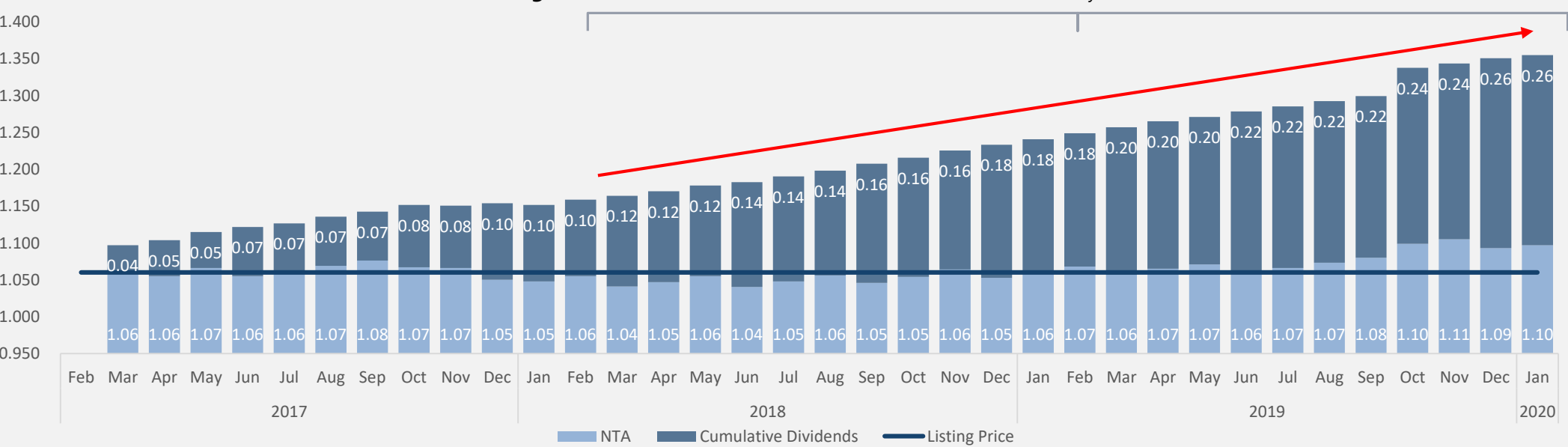
25.8c in fully franked dividends paid

9.9% annualised returns (NTA + Cumulative Dividends)

Portfolio has been fully deployed/committed over a sustained period

NTA + Cumulative Dividend growth rate 0.9c per share / month (Past 12 Months)

NTA & Accumulated Dividends Since ASX Listing



EILDON CAPITAL – INVESTMENT PERFORMANCE SINCE INCEPTION

- \$117m 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)
- At times, investment activity has been limited due to capital being fully deployed



1. Based on peak investment exposure.

③ PORTFOLIO UPDATE



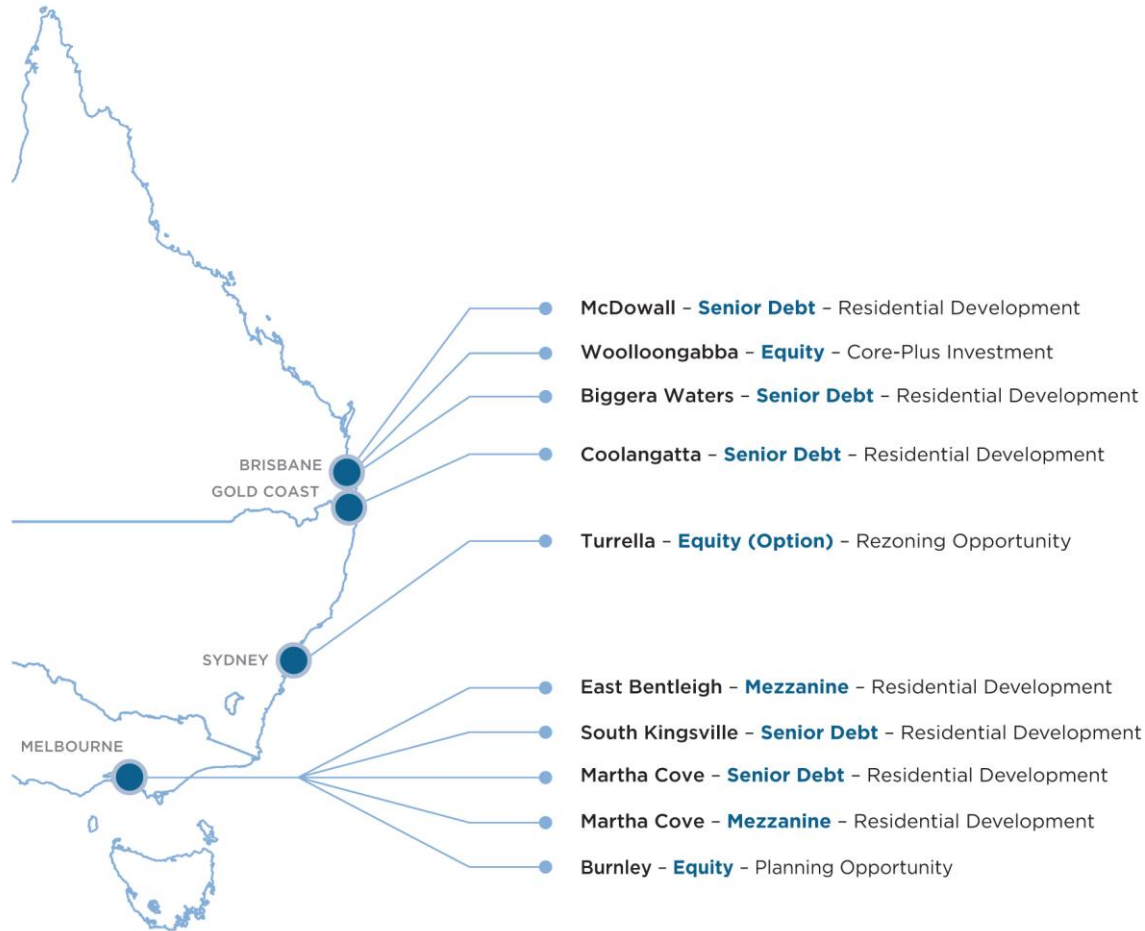
EILDON CAPITAL –COMMITTED PORTFOLIO STATUS - 31 DECEMBER 2019

- Current committed portfolio consists of 10 investments spread across NSW, VIC and QLD¹
- 94% of portfolio delivering income either by interest or rental income
- Capital is fully deployed or committed into qualifying investments

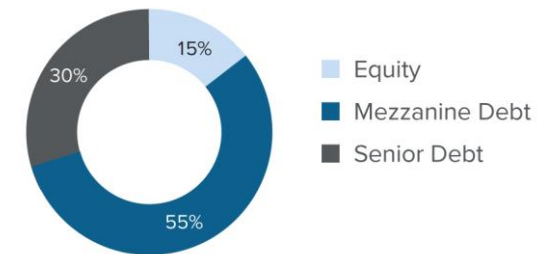


1. Based on peak investment exposure

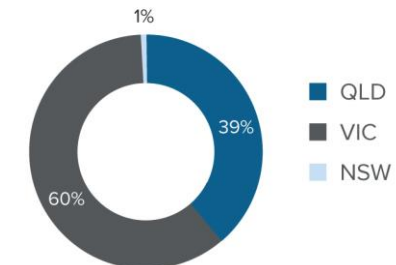
EILDON CAPITAL – COMMITTED PORTFOLIO - 31 DECEMBER 2019



EDC Portfolio by Type



EDC Portfolio by Geography



EILDON CAPITAL – DEBT INVESTMENTS - 31 DECEMBER 2019

7
DEBT
INVESTMENTS



Martha Cove, VIC (Artist Impression)

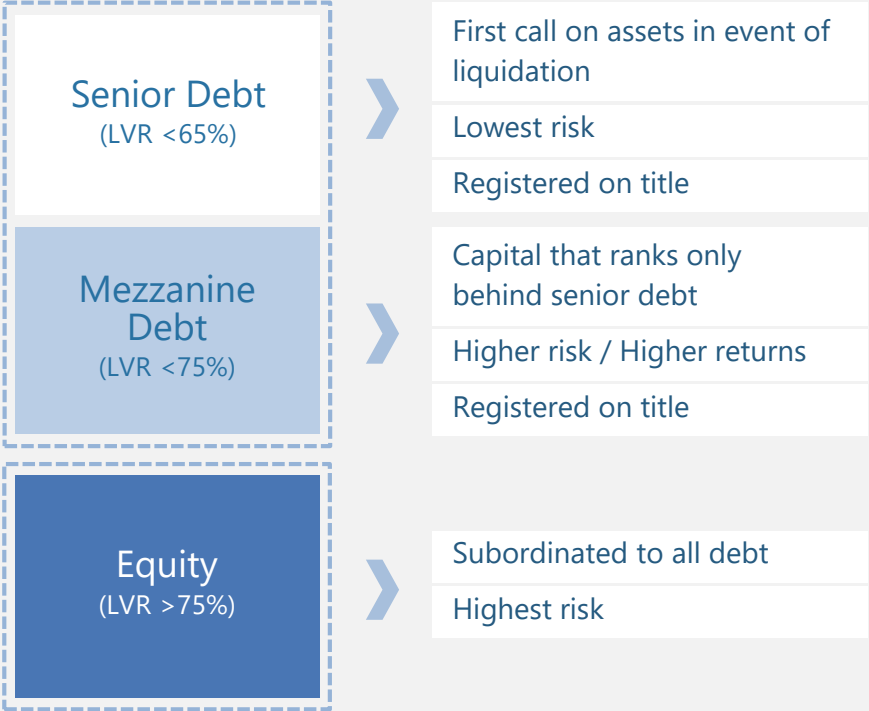
65:35
SPLIT BETWEEN MEZZANINE
AND SENIOR
POSITIONS



Coolangatta, QLD (Artist Impression)

67%
WEIGHTED AVERAGE
LVR

DEBT INVESTMENT RATIONALE



EILDON CAPITAL – DIRECT PROPERTY INVESTMENTS - 31 DECEMBER 2019



Turrella, NSW – Artist impression



Woolloongabba, QLD – Artist impression



Woolloongabba, QLD – Current improvements

3 EQUITY INVESTMENTS

Equity Exposures




- The portfolio of equity investments have potential to deliver significantly to NTA growth through successful planning processes, market growth and eventual divestment
- Woolloongabba, a core plus investment, represents 9% of the committed portfolio and 56% of the total of the direct property investments

Woolloongabba Revaluation

- The investment in Woolloongabba was revalued from \$2.9m at 30 June 2019 to \$4.4m. The valuation was a requirement of the senior bank finance facility provided by ING.
- The revaluation is on an “as-is” basis. A continued improvement in the Brisbane apartment market may lead to further growth in the value of the property as the site is already approved for residential development.

PROJECT	STATE	STYLE	LOCATION	INVESTMENT COMMENCED	STATUS	FORECAST REALISATION / PLANNING OUTCOME
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 – INVESTMENT UPDATE

COMPLETED INVESTMENTS		INVESTMENT TYPE	INVESTMENT TERM	COMPLETION DATE	STATE	INVESTMENT SIZE	REPAID
	BIGGERA WATERS	Senior Debt	9 Months	Dec 2019	QLD	\$8,415,000	✓
	VERMONT	Senior Debt	12 Months	Dec 2019	VIC	\$3,000,000	✓
	MARTHA COVE	Senior Debt	13 Months	Dec 2019	VIC	\$4,712,500	✓
NEW INVESTMENTS		INVESTMENT TYPE	INVESTMENT TERM	INVESTMENT DATE	STATE	INVESTMENT SIZE	COMMITTED
	McDowall	Senior Debt	18 Months	Mar 2020	QLD	\$9,200,000	✓

④ MANAGEMENT & INVESTMENT PROCESS

EILDON CAPITAL – INVESTMENT PROCESS

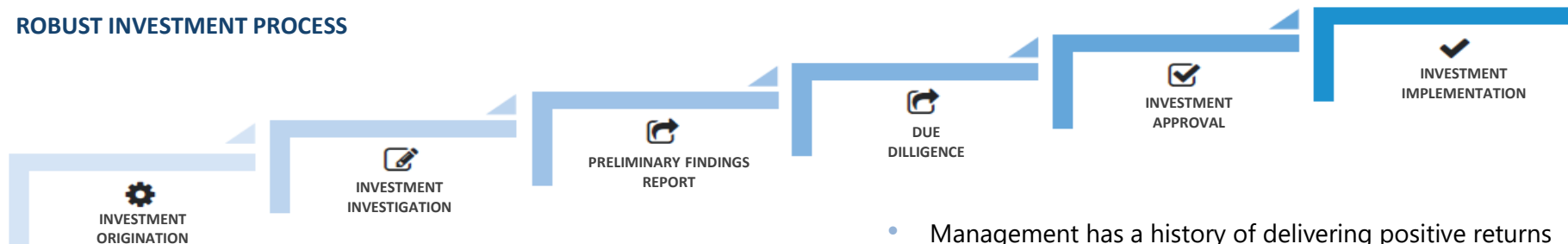
Risk Management

Since inception, the investment philosophies and processes of Eildon Capital have not changed.

The Manager of the company 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

ROBUST 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 and market intelligence to verify investment assumptions
- Management has a history of delivering positive returns through the variability of economic cycles
- Strong due diligence capability, ability to partner with strong counter parties
- Funding solutions are attractive to partners, and provide solutions that banks optimise outcomes for borrowers and shareholders of Eildon Capital

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 and an MBA from the University of New South Wales

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.

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).

⑤ FINANCIAL RESULTS

EILDON CAPITAL – HALF YEAR RESULTS – PROFIT & LOSS

REVENUE \$5.3m	↑ 34% From HY19
OPERATING PROFIT \$4.6m	↑ 39% From HY19
EPS \$7.2c	↑ 41% From HY19

EDC PROFIT & LOSS			
Items	31-Dec-19	31-Dec-18	Change
Interest income	2,281,131	3,718,403	
Fee income	40,434	128,912	
Distribution income	1,381,574	129,411	
Other income	-	2,858	
Equity Method	1,599,946	-13,550	
Total Income	5,303,085	3,966,034	1,337,051
(-) Operating Expenses	668,583	620,330	
Profit before income tax	4,634,502	3,345,704	1,288,798
Income tax expense	1,353,767	1,003,711	
Net Profit After Tax	3,280,735	2,341,993	938,742
EPS per Share	7.21	5.09	2.12

EILDON CAPITAL – HALF YEAR RESULTS – BALANCE SHEET

TOTAL ASSETS \$51.9m	↑ 4.3% From FY19
NTA \$1.09	↑ 3.2% From FY19
LIABILITIES \$2.2m	↑ \$0.6m From FY19

EDC BALANCE SHEET	31-Dec-19	30-Jun-19	Change
Assets			
Cash and cash equivalents	17,205,191	6,936,845	
Trade and other receivables	40,424	44,693	
Financial assets at amortised cost	22,760,687	15,547,239	
Financial assets at fair value through profit or loss	2,758,040	10,716,096	
Total current assets	42,764,342	33,244,873	9,519,469
Total non-current assets	9,161,652	16,536,648	
TOTAL ASSETS	51,925,994	49,781,521	2,144,473
Liabilities			
Total current liabilities	1,734,150	1,595,951	
Total non-current liabilities	476,649	-	
TOTAL LIABILITIES	2,210,799	1,595,951	614,848
NET ASSETS	49,715,195	48,185,570	1,529,625
Equity			
Contributed equity	43,796,218	43,796,218	
Retained earnings	-5,483,508	-5,483,508	
Profit distribution reserve	11,402,485	9,872,860	
TOTAL EQUITY	49,715,195	48,185,570	1,529,625

EILDON CAPITAL LIMITED

CONTACT DETAILS

MELBOURNE OFFICE

Level 6
330 Collins Street
Melbourne VIC 3000
P +61 3 7003 7622

SYDNEY OFFICE

Suite 3703
Level 37, Gateway
1 Macquarie Place
Sydney NSW 2000
P +61 2 9087 8000

E lmacklin@cvc.com.au
W www.cvc.com.au
P +61 2 9087 8000