

EILDON CAPITAL GROUP

Eildon Capital Limited
ACN 059 092 198 and
Eildon Funds Management Limited
ACN 066 092 028 as Responsible
Entity for Eildon Capital Trust
ARSN 635 077 753

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ASX Limited
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By: e-lodgement

Attention: Company Announcements Office

INTERNALISATION PROPOSAL

Summary

- Eildon Capital Group to internalise its management function subject to certain conditions precedent including Group securityholder approval
- Eildon Capital Limited to pay \$4,000,000 to CVC Limited to acquire Eildon Funds Management Limited to effect the Internalisation
- The independent board committee unanimously recommends that Group securityholders vote in favour of the Internalisation, subject to the independent expert concluding the transaction is in the best interests of securityholders

Eildon Capital Group (ASX: EDC) (**Group**) today announces that the Group intends to internalise the investment manager functions of the Group (**Internalisation**).

The Internalisation is proposed to be effected by way of Eildon Capital Limited (**ECL**) acquiring all the issued shares in Eildon Funds Management Limited (**Manager**) from CVC Limited (**CVC**). ECL and CVC have entered into a share purchase agreement under which ECL agrees to pay \$4,000,000 to CVC for the shares in the Manager. ECL will fund the transaction from a combination of existing cash and a cross-staple loan

from the Eildon Capital Trust which will be repaid from profit generated by the Manager (if any).

Given CVC's level of shareholding in ECL, the Internalisation is subject to Group securityholder approval for the purposes of Chapter 2E of the *Corporations Act 2001* (Cth) and ASX Listing Rule 10.1. In the coming weeks the Group will despatch a notice for an extraordinary general meeting which will include a resolution to approve the Internalisation (**Notice of Meeting**).

Independent Board Committee

The board of ECL formed an independent board committee (**IBC**) comprising Mr James Davies, Ms Michelle Harpur and Mr Craig Treasure to consider the Internalisation proposal on behalf of the Group. A governance and information sharing protocol was also adopted by ECL as part of the transaction and CVC and ECL engaged separate legal representation to negotiate the share purchase agreement.

Independent Expert's report

The IBC has appointed Grant Thornton Corporate Finance Pty Ltd (**Independent Expert**) to prepare an independent expert's report to opine on the Internalisation. The Independent Expert's report will be included with the Notice of Meeting sent to securityholders.

Internalisation conditions

The Internalisation remains subject to the following key conditions:

- Group securityholder approval of the Internalisation;
- the Independent Expert concluding the Internalisation is in the best interest of Group securityholders;
- no material adverse change affecting the Manager between now and completion; and
- all required change of control consents being obtained.

IBC unanimously recommend securityholders vote in favour

Subject to the Independent Expert concluding that the Internalisation is in the best interests of securityholders, the IBC unanimously recommends that Group securityholders vote in favour of the Internalisation.

Further details on the advantages and disadvantages of the Internalisation will be set out in the Notice of Meeting to be sent to Group securityholders.

Indicative Key Dates

Event	Date
Despatch Notice of Meeting	14 October 2020
Annual General Meeting at which the Internalisation will be considered by securityholders	13 November 2020
Completion of Internalisation (assuming all conditions precedent, including Group securityholder approval, are satisfied)	17 November 2020

The above timetable dates are indicative only. The Group may vary any of the above dates subject to the Corporations Act, the ASX listing rules and any other applicable law.

- Ends -

Authorised by the independent directors of Eildon Capital Limited