



# Eildon Capital Group

ASX:EDC

BUSINESS UPDATE - 1 June 2021



Eildon Capital Group is a stapled group comprising Eildon Capital Limited and Eildon Capital Trust

## Eildon Capital Group (EDC)

### Successful Capital Raising

As previously announced in February 2021, Eildon Capital Group (ASX: EDC) (**Group**) undertook a successful capital raising of \$6.32 million via an institutional placement (**Placement**) which resulted in the issue of approximately 6.14 million new Stapled Securities in March 2021. The raising increased the size of the Group and increased the securityholder base of the business. The support of the Placement was further endorsement of the Group following the internalisation of EDC's Manager in November 2020. Proceeds from the raising have been committed to qualifying investments and strategic Funds Management growth initiatives which has translated into Assets Under Management (AUM) growth.

### Balance Sheet remains fully committed

The Group's balance sheet investment portfolio currently holds 7 debt positions and 5 equity investments diversified across QLD, VIC and NSW, with 79% invested in debt and 21% in equity positions. Further capital has been committed to new transactions. Eildon's investment process and philosophies have not changed and the Group remains focused on delivering strong risk adjusted securityholder returns.

7 / \$29m

Debt  
Investments

5 / \$8m

Equity  
Investments

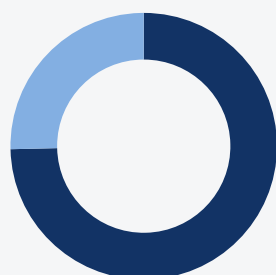
79%

Portfolio Debt  
Exposure

100%

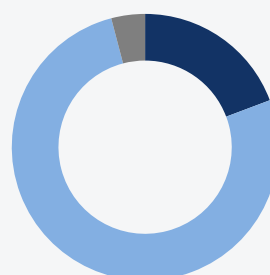
Portfolio in  
Core Markets

EDC Investment Type



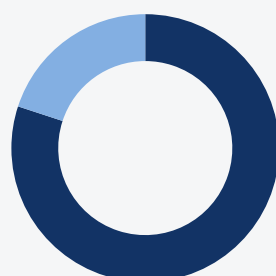
■ Direct ■ Co-investment

EDC Geographic Diversification



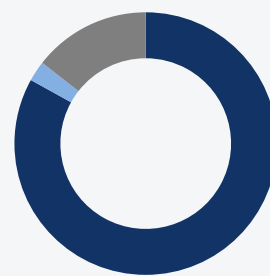
■ Qld ■ Vic ■ NSW

EDC Asset Allocation



■ Debt ■ Equity

EDC Sector Allocation



■ Residential ■ Retail ■ Commercial

## \$57 million increase in Assets Under Management (AUM)

Eildon Funds Management Limited (EFM) is a leading arranger, investor and manager of real estate credit and equity investments within Australia's Commercial Real Estate (CRE) market. Group AUM totals \$277 million, up from \$220 million as at 31 December 2020, which includes balance sheet and third-party assets.

# \$51.5m

Balance Sheet  
Net Assets

# \$277m

Group Assets Under  
Management

# \$6.0m

Co-investment  
in Funds

## Eildon Debt Fund settles new loans and develops pipeline

Since 31 December 2020, \$67 million of new loans have been negotiated and settled by EFM in the Eildon Debt Fund. This included a \$47.5 million senior construction loan for a residential development project located in Main Beach, Queensland.

All loans are secured by either a first or second mortgage and have been utilised either for land settlement or construction of new development projects. The Eildon Debt Fund currently has over \$127 million invested across 14 investments. Since inception the Fund has made 22 investments valued at over \$210 million, with nine completed investments delivering returns of approximately 15% to investors (pre-tax IRR).

Borrower demand for flexible finance solutions remains strong as the real estate lending environment is favourable for non-bank lenders, with opportunities valued in excess of \$100 million currently in the pipeline. Investor appetite for well structured secured debt opportunities remains strong and Eildon will look to provide well secured investments for investors in this space.

Growth in the Eildon Debt Fund platform continues to provide fee generation as well as co-investment opportunities for the EDC balance sheet. The Group anticipates continued strong growth in this part of the business.

### New Loans Settled Since 31 December 2020

PROJECT LOCATION	SECTOR	INVESTMENT TYPE	INVESTMENT SIZE (\$M)
Burleigh Heads, QLD	Commercial	Senior Debt	6.1
Cheltenham, VIC	Commercial	Senior Debt	8.2
Biggera Waters, QLD	Residential	Senior Debt	3.3
Main Beach, QLD	Residential	Senior Debt	47.5
Beveridge, VIC	Residential	Senior Debt	1.5



## EAM Elara Village Property Fund Update

The EAM Elara Village Property Fund (Fund), a new unlisted, seven-year, fixed term direct property fund which was successfully closed last November, is progressing well. The Fund acquired the Neighbourhood Activity Centre in Marsden Park, New South Wales with pre-leases to Coles, Goodstart Early Learning Centre and Castle Medical Centre in place. The Centre is now fully leased or under offer, with tenant demand for retail space exceeding expectations.

Construction of the Centre is progressing well, and the project remains on track for completion in the December quarter of 2021. The Fund is targeting a forecast distribution yield of 7.0% per annum (FY22 annualised) paid quarterly following the completion of construction.



## Development of Caboolture Retail & Commercial Precinct

EFM, as trustee and manager of the CVC Caboolture Unit Trust, owns the Big Fish Retail and Commercial Centre in Caboolture, Queensland. EFM has been transforming the site into a combined retail and commercial precinct. Construction of the Bunnings Warehouse is expected to commence in the September quarter this year, which has been sold on a fund-through arrangement reflecting a sale price and capitalisation rate of \$28.1 million and 4.75% respectively.

Pre-leasing of the retail centre continues and construction is expected to commence in the December quarter of 2021 and completed in early 2023, with a forecast end value of in excess of \$55 million. EFM is entitled to Development Management Fees and Performance fees on successful completion of the project.



## Outlook

Eildon Capital Group is optimistic about the opportunities available in the property investment market. EDC's flexible investment mandate and broad Funds Management offering allow it to procure, structure and finance investment opportunities using both its own balance sheet and third party capital. Investment activity will continue to be based on thorough risk assessment and in depth research.

The Group provides investors with a combination of income yield from its balance sheet investments whilst also generating fees from its growing and scalable Funds Management platform, as evidenced by the recent growth in AUM.

EDC continues to offer the following key attributes:

- Quarterly distributions
- High transparency of Net Assets
- Earnings and growth from investments
- Continued development of its Funds Management platform
- Defensive investment portfolio characteristics
- Highly experienced management team

EDC continues to target distributions to investors in the range of 7.0%-8.0% of net assets while also growing the assets of the business.

This update has been authorised by the Board for release. For further information, please contact:

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