

Appendix 4D

Half-Yearly Report

Results for announcement to the market

Eildon Capital Group	
Half-Year ended (‘Reporting Period’)	Previous Half-Year ended (‘Corresponding period’)
31 December 2022	31 December 2021

Results

Income from ordinary activities	Down	25.2%	to	4,445,942
Profit before tax	Down	41.8%	to	1,764,638
Profit after tax attributable to members	Down	28.8%	to	1,894,396
Net profit attributable to members	Down	28.8%	to	1,894,396

The preliminary half-yearly report is based on accounts which have been reviewed.

Dividends (distributions)

	Amount per share/unit	Franked amount per share/unit
December 2022 distribution	1.500 cents	nil
September 2022 distribution	1.400 cents	nil
June 2022 distribution	1.500 cents	nil
March 2022 distribution	2.000 cents	nil
December 2021 distribution	2.000 cents	nil
September 2021 distribution	2.000 cents	nil
<p>Information on dividends (distributions):</p> <p>A distribution in respect of the quarter ended 31 December 2022 of 1.50 cents per stapled security was paid on 24 January 2023.</p> <p>The Dividend Reinvestment Plan is in operation in relation of the payment of the dividend.</p>		
Ex-Distribution date for the purpose of receiving the distribution	23 December 2022	
Record date for determining entitlements to the distribution	28 December 2022	
Payment Date	24 January 2023	

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

Net tangible assets

	31 December 2022	31 December 2021
Net tangible assets per ordinary stapled security	\$1.10	\$1.04

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.



Half-Year Financial Report

Eildon Capital Group

For the half-year ended 31 December 2022

Consisting of the combined consolidated Financial Reports of
Eildon Capital Limited (ABN 11 059 092 198) and
Eildon Capital Trust (ARSN 635 077 753)

Group Particulars

REGISTERED OFFICE:

Suite 4, Level 6
330 Collins Street
MELBOURNE VIC 3000
Tel: (02) 9087 8000

RESPONSIBLE ENTITY:

Eildon Funds Management Limited
ABN 72 066 092 028
AFSL 229 809
Suite 4, Level 6
330 Collins Street
MELBOURNE VIC 3000

DIRECTORS:

Eildon Capital Limited

Mark A Avery
James R Davies
Michelle E Phillips
Matthew W Reid

SECRETARY:

Eildon Capital Limited

Tiffany L McLean
Laurence Parisi

Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust

Mark A Avery
James R Davies
Michelle E Phillips
Matthew W Reid

Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust

Tiffany L McLean
Laurence Parisi

BANKERS:

Westpac Banking Corporation Limited

DOMICILE:

Australia

AUDITORS:

Pitcher Partners Sydney
Level 16
Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

SHARE REGISTRY:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

STOCK EXCHANGE LISTING:

Australian Securities Exchange Limited

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Directors' Report

The Directors of Eildon Capital Limited and Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust (collectively referred to as the Directors) present their report together with the consolidated condensed financial statements for the half-year ended 31 December 2022 for both:

- Eildon Capital Group ("EDC") consisting of Eildon Capital Limited (the "Company") and its controlled entities and Eildon Capital Trust (the "Trust") and its controlled entities; and
- the Trust and its controlled entities ("ECT").

Directors

The Directors in office throughout the period and to the date of this report are:

Eildon Capital Limited

Mark A Avery
James R Davies
Michelle E Phillips
Matthew W Reid

Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust

Mark A Avery
James R Davies
Michelle E Phillips
Matthew W Reid

Principal activities

EDC is an ASX listed specialist real estate investor and funds management business. Eildon's investment activities cover both credit and equity in real estate. Eildon co-invests alongside its investor client utilising its balance sheet capability demonstrating strong alignment of interest.

Review and results of operations

EDC recorded an after-tax profit of \$2,008,131 (2021: \$2,688,176). The profit for the half year is calculated as follows:

	Dec 2022 \$	Dec 2021 \$
Net profit after income tax attributable to:		
- Eildon Capital Limited	115,356	788,551
- Eildon Capital Trust	1,779,040	1,872,228
Net profit to securityholders	1,894,396	2,660,779
Non-controlling interest	113,735	27,397
Net profit after income tax	2,008,131	2,688,176

Directors' Report

Distributions

Distributions proposed or paid during the half year and included within the statement of changes in equity are:

	Cents Per Unit	Total \$	Date of Payment
2022 December quarter distribution on ordinary units	1.500	708,610	24-Jan-23
2022 September quarter distribution on ordinary units	1.400	661,368	21-Oct-22
2022 June quarter distribution on ordinary units	1.500	708,042	22-Jul-22
2022 Mar quarter distribution on ordinary units	2.000	943,135	22-Apr-22
2021 December quarter distribution on ordinary units	2.000	942,250	24-Jan-22
2021 September quarter distribution on ordinary units	2.000	941,502	22-Oct-21

Events subsequent to balance date

A distribution of 1.5 cents per stapled security amounting to \$708,610 was declared on 20 December 2022 and paid on 24 January 2023.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of EDC, the results of those operations or the state of affairs of EDC in financial periods subsequent to 31 December 2022.

Rounding of amounts

EDC is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar unless otherwise stated.

Auditors' independence declaration

A copy of the independence declaration given to the Directors by the auditor for the review undertaken by Pitcher Partners is included on page 24.

Dated at Melbourne 24 February 2023.

This report is made in accordance with a resolution of the Directors.


Matt Reid
Director


James Davies
Director

Eildon Capital Group

Condensed Consolidated Statement of Profit or Loss For the Half-Year Ended 31 December 2022

		EDC		ECT	
	Notes	Dec-22 \$	Dec-21 \$	Dec-22 \$	Dec-21 \$
INCOME					
Interest income		2,202,122	2,088,057	2,386,001	2,259,981
Fee income		1,803,120	2,722,821	-	101,032
Distribution income		308,242	232,790	308,242	232,790
Revaluation of financial assets at fair value through profit or loss		-	662,844	-	5,000
Total income		4,313,484	5,706,512	2,694,243	2,598,803
Share of net profit of associate accounted for using the equity method		132,458	135,198	-	-
EXPENSES					
Accountancy		15,004	206,518	6,000	3,747
Audit fees		33,045	33,497	25,894	19,998
Employee and director costs		1,718,974	1,368,165	47,890	58,315
Net loss on financial assets at fair value through profit or loss		105,000	-	-	-
Insurance		96,639	85,495	-	-
Interest expenses		305,564	210,044	300,882	207,060
Legal fees		36,497	16,993	6,190	-
Management and consultancy fees		59,281	577,900	430,643	355,538
Trustee fees		13,680	12,736	13,680	12,736
Share registry		45,267	48,987	36,020	40,825
Other expenses		252,353	249,385	48,004	28,356
Total expenses		2,681,304	2,809,720	915,203	726,575
Profit before income tax		1,764,638	3,031,990	1,779,040	1,872,228
Income tax benefit/(expense)		243,493	(343,814)	-	-
Net profit after tax		2,008,131	2,688,176	1,779,040	1,872,228
Net profit after tax attributable to:					
Owners of the Company		115,356	788,551	-	-
Owners of the Trust		1,779,040	1,872,228	1,779,040	1,872,228
Non-controlling interests		113,735	27,397	-	-
Net profit after tax		2,008,131	2,688,176	1,779,040	1,872,228
Basic earnings per company share/ trust unit (cents)	5	0.24	1.67	3.77	3.98
Diluted earnings per company share/ trust unit (cents)	5	0.24	1.66	3.77	3.95
Basic earnings per stapled security (cents)	5	4.01	5.65		
Diluted earnings per stapled security (cents)	5	4.01	5.61		

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Eildon Capital Group

Condensed Consolidated Statement of Other Comprehensive Income

For the Half-Year Ended 31 December 2022

	EDC		ECT	
	Dec-22 \$	Dec-21 \$	Dec-22 \$	Dec-21 \$
Profit for the year	2,008,131	2,688,176	1,779,040	1,872,228
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	2,008,131	2,688,176	1,779,040	1,872,228
<i>Total comprehensive income attributable to:</i>				
Owners of the Company	115,356	788,551	-	-
Owners of the Trust	1,779,040	1,872,229	1,779,040	1,872,228
Non-controlling interests	113,735	27,396	-	-
Total comprehensive income for the year	2,008,131	2,688,176	1,779,040	1,872,228

The above condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

Eildon Capital Group

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

		EDC		ECT	
	Notes	Dec-22 \$	Jun-22 \$	Dec-22 \$	Jun-22 \$
CURRENT ASSETS					
Cash and cash equivalents		8,847,578	8,180,442	6,670,783	5,781,661
Financial assets at amortised cost	9	7,070,007	21,820,695	6,222,864	20,664,651
Financial assets at fair value through profit or loss		6,572,137	5,526,424	6,572,137	5,526,424
Other assets		220,639	87,601	14,178	-
Current tax assets		902,980	672,983	-	-
Assets classified as held for sale	12	8,494,691	-	-	-
Total current assets		32,108,032	36,288,145	19,479,962	31,972,736
NON-CURRENT ASSETS					
Financial assets at amortised cost	9	20,460,826	4,364,322	25,160,580	8,887,207
Financial assets at fair value through profit or loss		6,387,681	5,829,315	4,587,051	4,028,685
Investments accounted for using the equity method	7	-	8,471,783	-	-
Intangible assets		3,460,077	3,460,077	-	-
Right-of-use asses		157,101	198,686	-	-
Plant & Equipment		19,823	20,239	-	-
Deferred tax assets		413,413	352,709	-	-
Total non-current assets		30,898,921	22,697,131	29,747,631	12,915,892
TOTAL ASSETS		63,006,953	58,985,276	49,227,593	44,888,628
CURRENT LIABILITIES					
Trade and other payables		1,451,038	1,895,542	790,873	782,322
Lease liabilities		84,380	83,794	-	-
Provisions		145,449	112,562	-	-
Other liabilities	6	4,400,560	555,082	4,400,560	555,082
Total current liabilities		6,081,427	2,646,980	5,191,433	1,337,404
NON-CURRENT LIABILITIES					
Lease liabilities		75,749	117,802	-	-
Provisions		30,392	25,225	-	-
Deferred tax liabilities		1,479,021	1,473,294	-	-
Total non-current liabilities		1,585,162	1,616,321	-	-
TOTAL LIABILITIES		7,666,589	4,263,301	5,191,433	1,337,404
NET ASSETS		55,340,364	54,721,975	44,036,160	43,551,224
EQUITY					
Contributed equity	4	8,245,527	8,237,201	42,826,362	42,798,378
Retained earnings		3,036,953	2,921,597	1,102,851	693,789
Other reserves		21,821	12,050	106,947	59,057
Equity attributable to shareholders/unitholders		11,304,301	11,170,848	44,036,160	43,551,224
<i>Non-controlling interests</i>					
Trust unitholders		44,036,160	43,551,224	-	-
Other non-controlling interests		(97)	(97)	-	-
		44,036,063	43,551,127		
TOTAL EQUITY		55,340,364	54,721,975	44,036,160	43,551,224

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Eildon Capital Group

Condensed Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2022

EDC	Contributed equity \$	Retained earnings \$	Other reserves \$	Owners of the parent \$	Non- controlling interest \$	Total \$
As at 1 July 2022	8,237,201	2,921,597	12,050	11,170,848	43,551,127	54,721,975
Profit for the period	-	115,356	-	115,356	1,892,775	2,008,131
Total comprehensive income for the period	-	115,356	-	115,356	1,892,775	2,008,131
<i>Transactions with stapled security holders:</i>						
Stapled securities issued	8,326	-	-	8,326	27,984	36,310
Share based payment expenses	-	-	9,771	9,771	47,890	57,661
Distribution provided or paid	-	-	-	-	(1,483,713)	(1,483,713)
As at 31 December 2022	8,245,527	3,036,953	21,821	11,304,301	44,036,063	55,340,364
As at 1 July 2021	8,210,699	679,345	8,237	8,898,281	43,123,030	52,021,311
Profit for the period	-	788,551	-	788,551	1,899,625	2,688,176
Total comprehensive income for the period	-	788,551	-	788,551	1,899,625	2,688,176
<i>Transactions with stapled security holders:</i>						
Shares/units/stapled securities issued	7,065	-	-	7,065	30,754	37,819
Share based payment expenses	-	-	11,898	11,898	58,315	70,213
Distribution provided or paid	-	-	-	-	(1,911,149)	(1,911,149)
As at 31 December 2021	8,217,764	1,467,896	20,135	9,705,795	43,200,575	52,906,370

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Eildon Capital Group

Condensed Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2022

ECT	Contributed equity \$	Retained earnings \$	Other reserves \$	Total \$
At 1 July 2022	42,798,378	693,789	59,057	43,551,224
Profit for the period	-	1,779,040	-	1,779,040
Total comprehensive income for the period	-	1,779,040	-	1,779,040
<i>Transactions with unitholders:</i>				
Units issued	27,984	-	-	27,984
Distribution provided or paid	-	(1,369,978)	-	(1,369,978)
Share based payment expenses	-	-	47,890	47,890
At 31 December 2022	42,826,362	1,102,851	106,947	44,036,160
At 1 July 2021	42,693,983	388,771	40,373	43,123,127
Profit for the period	-	1,872,228	-	1,872,228
Total comprehensive income for the period	-	1,872,228	-	1,872,228
<i>Transactions with unitholders:</i>				
Units issued	30,754	-	-	30,754
Distribution provided or paid	-	(1,883,752)	-	(1,883,752)
Share based payment expenses	-	-	58,315	58,315
At 31 December 2021	42,724,737	377,247	98,688	43,200,672

The above condensed consolidated statement of changes in equity should be read in conjunction with accompanying notes.

Eildon Capital Group

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	Notes	EDC		ECT	
		Dec-22 \$	Dec-21 \$	Dec-22 \$	Dec-21 \$
Cash flows from operating activities					
Cash receipts in the course of operations		2,186,168	3,560,316	53,894	104,902
Cash payments in the course of operations		(2,840,668)	(3,649,704)	(626,944)	(513,374)
Distribution received		315,172	186,773	315,172	186,773
Loans repaid		16,091,433	8,416,546	16,069,576	8,416,546
Loans provided		(26,761,171)	(23,583,153)	(26,761,171)	(23,583,153)
Interest and fee income received		7,978,729	5,117,365	7,985,739	5,124,146
Interest paid		(236,726)	(58,392)	(232,044)	(55,409)
Income tax paid		(44,787)	(294,289)	-	-
Net cash (used in) by operating activities		(3,311,850)	(10,304,538)	(3,195,778)	(10,319,569)
Cash flows from investing activities					
Payments for financial assets at fair value through profit or loss		(1,711,813)	(4,487,099)	(1,606,813)	(4,290,500)
Proceeds from financial assets at fair value through profit or loss		3,366,050	1,428,115	3,256,500	1,298,265
Payments for plant and equipment		(4,998)	(5,572)	-	-
Net cash provided by/(used in) investing activities		1,649,239	(3,064,556)	1,649,687	(2,992,235)
Cash flows from financing activities					
Distributions paid		(1,441,736)	(1,932,914)	(1,369,411)	(1,893,831)
Proceeds for stapled security/unit issued		36,310	37,819	27,984	30,754
Proceeds from borrowings		7,676,640	9,517,588	7,676,640	9,517,587
Payment of borrowings		(3,941,467)	(40,925)	(3,900,000)	-
Net cash provided by financing activities		2,329,747	7,581,568	2,435,213	7,654,510
Net increase/(decrease) in cash and cash equivalents		667,136	(5,787,526)	889,122	(5,657,294)
Cash and cash equivalents at the beginning of the half-year		8,180,442	11,100,354	5,781,661	8,527,689
Cash and cash equivalents at the end of half-year		8,847,578	5,312,828	6,670,783	2,870,395

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 1: Basis of Preparation

Eildon Capital Group (EDC) was formed by the stapling of Eildon Capital Limited (the "Company") and its controlled entities, and Eildon Capital Trust (the "Trust") and its controlled entities.

The financial reports of Eildon Capital Group ("EDC") and the Trust and its controlled entities ("ECT") have been presented jointly in accordance with ASIC Corporations (Stapled Group Reports) instrument 2015/838 relating to combining accounts under stapling and for the purpose of fulfilling the requirements of the Australian Securities Exchange. The financial report has been prepared on a historical cost basis, except for the measurement at fair value of selected financial assets.

The half-year financial reports are a condensed financial report, which have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with this standard ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*. Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Certain comparatives balances have been changed to achieve consistency and comparability with the current period's amounts.

EDC and ECT are for-profit entities for the purpose of preparing the financial report. These accounting policies have been consistently applied by each entity in EDC and are consistent with those of the previous financial report for the year ended 30 June 2022. Amounts in this report have been rounded off in accordance with the Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, to the nearest dollar unless otherwise stated.

Note 2: Subsequent events

A distribution of 1.5 cents per stapled security amounting to \$708,610 was declared on 20 December 2022 and paid on 24 January 2023.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of EDC and ECT, the results of those operations or the state of affairs of EDC and ECT in financial periods subsequent to 31 December 2022.

Note 3: Segment information

Information for each business segment of EDC and ECT is shown in the following tables. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 3: Segment information (cont.)

Description of each business segment is as follows:

- Direct Property Investment involves direct exposure, including ordinary equity, preference equity, options to acquire an interest in direct property subject to planning outcomes;
- Property backed lending comprises loans backed by underlying property assets; and
- Funds Management includes activities that relate to the management of property investments, debt and unlisted funds.

EDC & ECT operate predominantly within the jurisdiction of Australia.

	Direct Property Investment \$	Funds Management \$	Property Backed Lending \$	Elimination s \$	Total \$
EDC					
31 December 2022					
Revenue					
Segment revenue	45,794	1,803,120	2,420,561		4,269,475
Inter-Segment revenue	-	437,937	-	(437,937)	-
	45,794	2,241,057	2,420,561	(437,937)	4,269,475
Corporate interest income					44,009
					4,313,484
Share of profit of equity accounted associate	132,458	-	-	-	132,458
Results					
Segment profit	73,252	1,787,914	2,112,095	-	3,973,261
Inter-Segment profit	-	437,937	-	(437,937)	-
	73,252	2,225,851	2,112,095	(437,937)	3,973,261
Sub-total					(2,208,623)
Corporate expenses					243,493
Income tax benefit					2,008,131
Consolidated profit after tax					2,008,131
Disaggregation of revenue					
Timing of revenue recognition					
At a point in time	-	689,900	-	-	689,900
Over time	-	1,113,220	-	-	1,113,220
Revenue from contracts with customers	-	1,803,120	-	-	1,803,120
Other revenue	45,794	-	2,420,561	-	2,466,355
Segment revenue	45,794	1,803,120	2,420,561	-	4,269,475

Eildon Capital Group

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

Note 3: Segment information (cont.)

EDC	Direct Property Investment \$	Funds Management \$	Property Backed Lending \$	Eliminations \$	Total \$
31 December 2021					
Revenue					
Segment revenue	815,140	2,666,362	2,322,521	-	5,804,023
Inter-Segment revenue	-	404,099	-	(404,099)	-
	<u>815,140</u>	<u>3,070,461</u>	<u>2,322,521</u>	<u>(404,099)</u>	<u>5,804,023</u>
Corporate interest income					2,489
					<u>5,806,512</u>
Share of profit of equity accounted associate	135,198	-	-	-	135,198
	<u>135,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,198</u>
Results					
Segment profit	850,338	362,690	2,115,461	-	3,328,489
Inter-Segment profit	-	404,099	-	(404,099)	-
	<u>850,338</u>	<u>766,789</u>	<u>2,115,461</u>	<u>(404,099)</u>	<u>3,328,489</u>
Sub-total					3,328,489
Corporate expenses					(296,499)
Income tax expenses					(343,814)
					<u>2,688,176</u>
Consolidated profit after tax					<u>2,688,176</u>
Disaggregation of revenue					
Timing of revenue recognition					
At a point in time	-	1,650,300	50,000	-	1,700,300
Over time	-	1,015,800	6,721	-	1,022,521
	<u>-</u>	<u>2,666,100</u>	<u>56,721</u>	<u>-</u>	<u>2,722,821</u>
Revenue from contracts with customers	-	2,666,100	56,721	-	2,722,821
Other revenue	815,140	262	2,265,800	-	3,081,202
	<u>815,140</u>	<u>2,666,362</u>	<u>2,322,521</u>	<u>-</u>	<u>5,804,023</u>
Segment revenue					<u>5,804,023</u>

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 3: Segment information (Cont.)

EDC	Direct Property Investment \$	Funds Management \$	Property Backed Lending \$	Total \$
31 December 2022				
Assets				
Segment assets	14,882,372	3,460,077	33,210,673	51,553,122
Unallocated amounts:				
Cash and cash equivalents				8,847,578
Other assets				2,606,253
Total assets				63,006,953
Liabilities				
Segment liabilities	1,479,021	-	4,400,560	5,879,581
Unallocated amounts:				
Other liabilities				1,787,008
Total liabilities				7,666,589
30 June 2022				
Assets				
Segment assets	14,301,098	3,460,077	30,528,329	48,289,504
Unallocated amounts:				
Cash and cash equivalents				8,180,442
Other assets				2,515,330
Total assets				58,985,276
Liabilities				
Segment liabilities	1,473,294	-	555,082	2,028,376
Unallocated amounts:				
Other liabilities				2,234,925
Total liabilities				4,263,301

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 3: Segment information (Cont.)

ECT	Direct Property Investment \$	Property Backed Lending \$	Total \$
31 December 2022			
Revenue			
Segment revenue	45,794	2,420,561	2,466,355
Corporate interest income			227,888
			2,694,243
Results			
Segment profit	45,794	2,420,561	2,466,355
Corporate expenses			(687,315)
Profit after tax			1,779,040
Disaggregation of revenue			
Other revenues	45,794	2,420,561	2,466,355
Segment revenue	45,794	2,420,561	2,466,355
31 December 2021			
Revenue			
Segment revenue	57,296	2,366,833	2,424,129
Corporate interest income			174,674
			2,598,803
Results			
Segment profit	57,296	2,159,773	2,217,069
Corporate expenses			(344,841)
Profit after tax			1,872,228

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 3: Segment information (cont.)

ECT	Direct Property Investment \$	Property Backed Lending \$	Total \$
31 December 2022			
Assets			
Segment assets	4,587,051	33,210,673	37,797,724
Unallocated amounts:			
Cash and cash equivalents			6,670,783
Other assets			4,759,086
Total assets			49,227,593
Liabilities			
Segment liabilities	-	4,400,560	4,400,560
Unallocated amounts:			
Other liabilities			790,873
Total liabilities			5,191,433
30 June 2022			
Assets			
Segment assets	4,028,685	30,506,472	34,535,157
Unallocated amounts:			
Cash and cash equivalents			5,781,661
Other assets			4,571,810
Total assets			44,888,628
Liabilities			
Segment liabilities	-	555,082	555,082
Unallocated amounts:			
Other liabilities			782,322
Total liabilities			1,337,404

Note 4: Contributed equity

EDC	31 Dec 2022		31 Dec 2021	
	Number	\$	Number	\$
Fully paid ordinary shares	47,240,617	8,245,527	47,112,512	8,217,764
Reconciliation:				
Balance at the beginning of the half-year	47,202,827	8,237,201	47,075,102	8,210,699
Issue of shares - distribution reinvestment plan	37,790	8,326	37,410	7,065
Balance at the end of the half-year	47,240,617	8,245,527	47,112,512	8,217,764

Eildon Capital Group

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

Note 4: Contributed equity (cont.)

ECT	31 Dec 2022		31 Dec 2021	
	Number	\$	Number	\$
Fully paid ordinary shares	47,240,617	42,826,362	47,112,512	42,724,737
Reconciliation:				
Balance at the beginning of the half-year	47,202,827	42,798,378	47,075,102	42,693,983
Issue of units - distribution reinvestment plan	37,790	27,984	37,410	30,754
Balance at the end of the half-year	47,240,617	42,826,362	47,112,512	42,724,737

Note 5: Earnings per share/unit/stapled security

5.1 Earnings per share/unit

	Company		Trust	
	Dec-22	Dec-21	Dec-22	Dec-21
Basic earnings per share/unit (cents)	0.24	1.67	3.77	3.98
Diluted earnings per share/unit (cents)	0.24	1.66	3.77	3.95
Net profit attributable to ordinary equity holders of the Company/Trust (\$)	115,356	788,551	1,779,040	1,872,229
Weighted average number of shares/units				
Weighted average number of shares/units used in calculating basic earnings per company share/trust unit (number)	47,236,082	47,089,318	47,236,082	47,089,318
Adjustment for calculation of diluted earnings per company share/trust unit: Performance rights (number)	-	358,138	-	358,138
Weighted average number of ordinary shares/units and potential ordinary shares/units used in calculating earnings per company share/trust unit (number)	47,236,082	47,447,456	47,236,082	47,447,456

Eildon Capital Group

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

Note 5: Earnings per share/unit/stapled security (Cont.)

5.2 Earnings per stapled security (a)

The total earning per stapled security for EDC is as follows:

	EDC	
	Dec-22	Dec-21
Basic earnings per stapled security (cents)	4.01	5.65
Diluted earnings per stapled security (cents)	4.01	5.61
Net profit attributable to securityholders of EDC (\$)	1,894,396	2,660,780
Weighted average number of securities		
Weighted average number of securities used in calculating basic earnings per stapled security (number)	47,236,082	47,089,318
Adjustment for calculation of diluted earnings per stapled security: Performance rights (number)	-	358,138
Weighted average number of ordinary securities and potential ordinary securities used in calculating earnings per stapled security (number)	47,236,082	47,447,456

(a) Although net profit of Eildon Capital Trust, the stapled entity, and its controlled entities is identified as net profit attributable to non-controlling interests, the shareholders of Eildon Capital Limited are also the unitholders of Eildon Capital Trust by virtue of the stapling arrangement dated 18 March 2020. As such earnings per stapled security refers to net profit after tax attributable to owners of both the Company and the Trust which represents the actual earnings for the stapled security holders of EDC.

Note 6: Other Liabilities

	EDC		ECT	
	Dec-22 \$	Jun-22 \$	Dec-22 \$	Jun-22 \$
Current	4,400,560	555,082	4,400,560	555,082

The above liabilities relate to non-controlling interests in contributory investment trusts that EDC/ECT has assessed that they control and that the units issued in these funds meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity.

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 7: Investments accounted for using the equity method

Associates of the Company have been disclosed below:

Interest in ordinary shares of associate	EDC			
	Ownership Interest		Investment Carrying Amount	
	Dec-22 %	Jun-22 %	Dec-22 \$	Jun-22 \$
79 Logan Road Pty Ltd (a)	n/a	35	-	-
79 Logan Road Trust (b)	n/a	35	-	8,471,783
Balance at the beginning of the year			8,471,783	6,669,865
Capital return			(109,550)	(32,737)
Share of profit and revaluation			132,458	2,067,568
Distribution received			-	(232,913)
Derecognition of associate investment (C)			(8,494,691)	
Closing carrying amount			-	8,471,783

- (a) 79 Logan Road Pty Ltd is the trustee of 79 Logan Road Trust.
(b) 79 Logan Road Trust is a commercial property in Woolloongabba, Queensland with a long-term lease to an ASX listed entity, with residential development approval.
(c) 79 Logan Road Pty Ltd and 79 Logan Road Trust were reclassified to Assets Classified as Held for Sale on 31 December 2022. Refer note 12.

Note 8: Dividends and distributions

Dividends and distributions proposed or paid in current and previous year and included within the statement of changes in equity by EDC and ECT are:

	Company dividend paid (cents)	Trust distribution paid (cents)	Total Per Security (cents)	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2023							
2022 December quarter	-	1.500	1.500	708,610	24-Jan-23	0%	0%
2022 September quarter	-	1.400	1.400	661,368	21-Oct-22	0%	0%
	-	2.900	2.900	1,369,978	-	-	-
2022							
2022 June quarter	-	1.500	1.500	708,042	22-Jul-22	0%	0%
2022 March quarter	-	2.000	2.000	943,135	22-Apr-22	0%	0%
2021 December quarter	-	2.000	2.000	942,250	24-Jan-22	0%	0%
2021 September quarter	-	2.000	2.000	941,502	22-Oct-21	0%	0%
	-	7.500	7.500	3,534,929	-	-	-

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 9: Financial Assets at Amortised Cost

	EDC		ECT	
	Dec-22 \$	Jun-22 \$	Dec-22 \$	Jun-22 \$
Current:				
Trade and other receivables	892,297	1,183,112	45,154	48,925
Secured loans to other entities	6,177,710	20,637,583	6,177,710	20,615,726
	<u>7,070,007</u>	<u>21,820,695</u>	<u>6,222,864</u>	<u>20,664,651</u>
Non-Current:				
Secured loans to other entities	20,460,826	4,364,322	20,460,826	4,364,322
Secured loan to stapled entity	-	-	4,699,754	4,522,885
	<u>20,460,826</u>	<u>4,364,322</u>	<u>25,160,580</u>	<u>8,887,207</u>

Trade and other receivables

Trade receivables are mainly related to management of relevant loans to various entities. EDC/ECT applies the AASB 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade and other receivables. The measurement of expected loss is based on EDC's and ECT's historical credit losses experienced and then adjusted for current and forward-looking information affecting the customers.

Secured loans

In the event that a counterparty defaults on a loan, EDC and ECT may take possession of security provided. EDC and ECT have not repossessed any assets that have been provided as security.

Expected credit loss on loans are disclosed as a deduction against the gross carrying amount. EDC and ECT regularly review loans to determine if there is a significant increase in credit risk, which may be evidenced by either qualitative or quantitative factors. These factors include if a counterparty does not pay a scheduled payment of principal and interest, requests a variation to the repayment terms, or management consider that there has been an adverse change in the underlying value of assets securing the loan. The significant increase in credit risk methodology is based on an actual credit risk review approach which considers changes in a counterparty's credit risk since origination. The outcome of the review identifies the probability of default and the loss given default of the loan, which are used to determine the impairment required to be made in relation to a loan.

A loss allowance is identified at the time that there is a significant increase in credit risk of the borrower, and the loan is impaired once it is determined that an amount is not recoverable.

EDC and ECT regularly review their loans for a significant increase in credit risk and expected credit loss. The review considers the counterparty credit quality, the security held, exposure at default and the effect of repayment terms as at reporting date. The directors are of the opinion that securities provided are sufficient to cover relevant outstanding loans.

For the majority of the non-current financial assets at amortised cost, the fair values are not significantly different from their carrying amounts as interest charged are at market rates.

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 10: Fair Value Measurement

Fair value reflects the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When an active market does not exist, fair values are estimated using valuation techniques, based on market conditions prevailing at the measurement date. Such techniques include using recent arm's length market transactions; net asset backing and reference to current market value of another instrument that is substantially the same.

The fair value of liquid assets maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term portion of all other financial assets and financial liabilities.

Judgements and estimates were made in determining the fair values of certain financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, EDC and ECT have classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	EDC	ECT
	Valuation technique – non market observable inputs (Level 3) \$	Valuation technique – non market observable inputs (Level 3) \$
Year ended 31 December 2022		
Financial assets at fair value through profit or loss		
Current:		
Investments in unlisted entities	<u>6,572,137</u>	<u>6,572,137</u>
Non-Current:		
Investments in unlisted entities	<u>6,387,681</u>	<u>4,587,051</u>
Year ended 30 June 2022		
Financial assets at fair value through profit or loss		
Current:		
Investments in unlisted entities	<u>5,526,424</u>	<u>5,526,424</u>
Non-Current:		
Investments in unlisted entities	<u>5,829,315</u>	<u>4,028,685</u>

Eildon Capital Group

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

Note 10: Fair Value Measurement (Cont.)

Reconciliation of Level 3 fair value movements:

	EDC		ECT	
	Dec-22	Dec-21	Dec-22	Dec-21
	\$	\$	\$	\$
Balance at the beginning of the period	11,355,739	4,693,662	9,555,109	3,717,670
Purchases	2,686,813	4,487,099	2,581,813	4,290,500
Sales	(975,000)	(1,298,264)	(975,000)	(1,298,265)
Fair value movement	(105,000)	662,844	-	5,000
Other adjustments	(2,734)	44,337	(2,734)	44,337
Balance at the end of the period	12,959,818	8,589,678	11,159,188	6,759,242

The fair value of Level 3 Financial assets at fair value through profit or loss has been determined with reference to valuation techniques being net asset backing and recent arm's length market transactions.

Sensitivity analysis

The table below shows the pre-tax sensitivity to reasonable possible alternative assumptions for Level 3 assets whose fair values are determined in whole or in part using unobservable inputs.

	Net profit/(loss)		Equity increase/(decrease)	
	Dec-22	Dec-21	Dec-22	Dec-21
	\$	\$	\$	\$
Investments in unlisted entities				
EDC				
Favourable changes	1,295,982	858,968	1,295,982	858,968
Unfavourable changes	(1,295,982)	(858,968)	(1,295,982)	(858,968)
ECT				
Favourable changes	1,115,919	675,924	1,115,919	675,924
Unfavourable changes	(1,115,919)	(675,924)	(1,115,919)	(675,924)

Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations, and the valuation techniques used to measure fair value. The range of values represent the highest and lowest input used in the valuation techniques. Therefore, the range does not reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets.

	Valuation Techniques	Significant Unobservable Inputs	Range of Inputs	
			Minimum	Maximum
Investments in unlisted entities	Net asset backing	Value per security	Down 10%	Up 10%
Investments in unlisted entities	Recent transactions	Value per security	Down 10%	Up 10%

Eildon Capital Group

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

Note 11: Composition of Consolidated Group

The consolidated financial statements include the following controlled entities, the stapled entity, Eildon Capital Trust and its controlled entities. The financial years of all controlled entities, stapled entity and its controlled entities are the same as that of the parent entity.

Companies incorporated in Australia:

	Interest Held by Consolidated Entity		Interest held by non-controlling interests	
	Dec 2022	Jun 2022	Dec 2022	Jun 2022
	%	%	%	%
Eildon Capital Limited				
Direct Controlled Entities:				
Eildon Funds Management Limited (a)	100	100	-	-

(a) Eildon Funds Management Limited is the Responsible Entity of Eildon Capital Trust.

Controlled Entities owned by Eildon Funds Management Limited:

Eildon Investments Services Pty Limited	100	100	-	-
Eildon Asset Management Pty Limited	50	50	50	50
Eildon Asset Management Trust	50	50	50	50
EFM Nominee Services Pty Limited	100	100	-	-

Controlled Entities owned by stapled entity, Eildon Capital Trust:

Eildon Debt Fund (b)				
- AC Class	100	100	-	-
- AD Class	-	100	-	-
- AG Class	100	-	-	-
- AH Class	29	-	71	-
- AI Class	100	-	-	-
- P Class	85	85	15	15

(b) Units issued in the fund meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity. As such, the units in the funds not eliminated on consolidation are recognised as Other Liabilities in the statement of financial position.

Although the net assets and profit of Eildon Capital Trust and its controlled entities have been identified as non-controlling interest, the shareholders of Eildon Capital Limited are also the unitholders of Eildon Capital Trust by virtue of the stapling arrangement dated 18 March 2020.

Eildon Capital Group

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

Note 12: Asset classified as held for sale

	EDC		ECT	
	Dec-22	Jun-22	Dec-22	Jun-22
	\$	\$	\$	\$
Asset held for sale				
Interest in unlisted corporation	8,494,691	-	-	-

The investment in 79 Logan Road Trust was previously equity accounted however it has been reclassified as an asset held for sale from December 2022 as the Group actively considers divestment options. The above investment has a corresponding deferred tax liability of \$1.479m which is included in the accounts.

Eildon Capital Group


Directors' Declaration

In the opinion of the Directors of Eildon Capital Limited and Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust (collectively referred to as "the Directors"):

- a) the financial statements and notes, set out on pages 3 to 22, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- b) there are reasonable grounds to believe that Eildon Capital Limited and Eildon Capital Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated at Melbourne 24 February 2023.


Matt Reid
Director


James Davies
Director

Pitcher Partners Sydney Partnership

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Auditor's Independence Declaration
To the Directors of Eildon Capital Limited and Eildon Funds Management Limited,
together Eildon Capital Group

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- i. No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- ii. No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code").

This declaration is in respect of Eildon Capital Limited and Eildon Capital Trust, together Eildon Capital Group.



J Gavljak
Partner

Pitcher Partners
Sydney

24 February 2023

Pitcher Partners Sydney Partnership

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**Independent Auditor's Review Report
To the Stapled Security Holders of Eildon Capital Limited and
Eildon Capital Trust, together Eildon Capital Group**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of the stapled entity Eildon Capital Group ("EDC" or the "Group"), comprised of Eildon Capital Limited ("the Company") and Eildon Capital Trust ("the Trust") and the entities they controlled, which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration on behalf of the Group.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors are responsible for the preparation of the half-year financial report of the Group that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



J Gavljak
Partner

24 February 2023



Pitcher Partners
Sydney