

26 April 2023

ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

Eildon Independent Board Committee (IBC) intends to recommend securityholders reject Samuel Terry's opportunistic takeover offer

Eildon Capital Group (ASX: EDC) (**Eildon** or **Group**) refers to the off-market takeover bid for its stapled securities (**Securities**) by Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Active Fund (**Bidder**) at a price of \$0.93 per Security (**Offer Price**) announced on 24 April 2023 (**Takeover Offer** or **Offer**).

Intention to REJECT THE TAKEOVER OFFER

You will shortly receive a Bidder's Statement from the Bidder and the Takeover Offer will be open for acceptance.

The Group's Independent Board Committee (**IBC**) advises that it intends to recommend that securityholders **REJECT THE TAKEOVER OFFER** for the following reasons:

- The Offer Price is an opportunistic offer by the Bidder at a **20.5%** discount to the Group Net Asset Value (**NAV**) of \$1.17 per Security¹.
- The Offer Price is a **15.5%** discount to the Group Net Tangible Assets (**NTA**) of \$1.10 per Security¹.
- The Takeover Offer ignores the intrinsic value of the Funds Management platform.
- Securities have traded on the ASX above the Offer Price since the Offer was announced.

The IBC also notes that, should you sell your Securities on the ASX, you will not receive any subsequent increase in the Offer Price that may occur if the Bidder acquires Securities at a higher price on market or in the event a competing proposal arises. You will also pay brokerage if you sell your Securities on the ASX.

¹ NAV and NTA as at 31 December 2022.

Value of the Group

The value of NTA and NAV is a combination of the Group's balance sheet investments and the value of its funds management business. Securities in Eildon Capital Group are a stapled security comprising a unit in the Eildon Capital Trust (**ECT**) and a share in Eildon Capital Limited (**ECL**). The values outlined below are as at 31 December 2022, and the Group believes there are no material changes to the Group's total NTA and NAV as at the date of this announcement.

<i>Group Balance Sheet</i>	<i>Value (\$m)</i>	<i>Value per Security (\$)</i>
Eildon Direct Equity investments (within ECL)	10.3	0.22
Preferred Equity Investment (within ECT)	5.1	0.11
Eildon Equity Investments - Co-investments (within ECT)	4.6	0.10
Eildon Debt Investments - Co-investments (within ECT)	24.9	0.53
Group Cash	7.6	0.14
Other Assets & Liabilities	(0.64)	(0.01)
<u>Group Net Tangible Assets</u>	<u>51.9</u>	<u>1.10</u>
Eildon Funds Management - Goodwill	3.5	0.07
<u>Group Net Asset Value</u>	<u>55.3</u>	<u>1.17</u>

Eildon Capital Group

Eildon is an ASX-listed real estate investment and funds management business with \$52 million of real estate and credit investments and \$282 million in assets under management (**AUM**).

Balance Sheet Investments as at 31 December 2022 (ECL and ECT – value and cents per Security)

Eildon Direct Equity Investments (ECL) - \$10.3m (22 cents)

- Two investments include Burnley Maltings (\$1.8m) and 79 Logan Road Woolloongabba (\$8.5m). 79 Logan Road Woolloongabba is a 9,361 sqm mixed use development site located in Woolloongabba, Brisbane. On 5 April 2023, the Group announced it had entered into a binding agreement to, subject to securityholder approval, dispose of its 35% interest in the 79 Logan Road Trust to joint venture partners CVC and Urban for an aggregate purchase price of \$8.4 million (\$6.9 million net proceeds adjusted for deferred tax liability), which is in line with the book value of the investment at 31 December 2022 after accounting for settlement adjustments.

Preferred Equity Investment (ECT) - \$5.1m (11 cents)

- Preferred equity investment totalling \$5.1m is the development of 13 apartments located in the suburb of Toorak, Melbourne, with all planning and building approvals in place and at the basement stage of construction.
- Two sales have been achieved with a third subject to FIRB approval, and good levels of enquiry on the balance of the apartments.

Eildon Equity Investments – Co-investments (ECT) - \$4.6m (10 cents)

- 3 co-investments in Eildon Direct Property Funds totalling \$4.6 million, including the EAM Berwick Motor Trust (\$0.5m), EAM Elara Property Fund (\$1.3m) and EFM Health & Education Fund (\$2.8m)

Eildon Debt Investments – Co-investments (ECT) - \$24.9m (53 cents)

- 9 debt co-investments in Eildon Debt Fund totalling \$24.8 million with a weighted average Loan to Value (LVR) ratio of 66% and weighted average yield of 8.6%.
- The Group has no impairments on its debt investments.

Group Cash - \$7.6m (14 cents)

- Cash on deposit as at 31 December 2022.

Eildon Funds Management (EFM) – Goodwill (intangible) - \$3.5m (7 cents)

- The carrying value relates to the acquisition of EFM in November 2020 when EFM managed assets totalled \$169 million. The Group has since grown AUM to \$282 million. The Group's AUM is expected to increase to approximately \$362 million upon practical completion of Harpley Town Centre, a new neighbourhood shopping centre currently being developed.
- EFM is a specialist real estate fund manager operating across real estate equity and credit, creating investment opportunities for sophisticated investors.
- Property funds management businesses typically require significant upfront investment in licensing requirements, compliance and talent and can be a highly scalable and profitable businesses once established. EFM has made significant investment in its funds management platform which now delivers revenue and profits to the Group which is not recognised by the Bidder's Offer. Further success in adding to AUM will leverage the established platform and should lead to increased profitability and value over time.

Independent Board Committee

The boards of Eildon Capital Limited and Eildon Funds Management Limited as responsible entity for Eildon Capital Trust have resolved to form an independent board committee, comprising Ms Michelle Phillips and Mr Matthew Reid, to consider the Takeover Offer on behalf of Group securityholders.²

Response to Off-market Takeover Bid and Independent Expert

As the Takeover Offer is not yet open and will not close until 8 June 2023 at the earliest, the IBC recommends that securityholders take no action in respect of the Takeover Offer until the IBC provides its formal recommendation and reasons in Eildon's Target's Statement. The preliminary view of the IBC is that the Offer is opportunistic and significantly undervalues the assets of the Group.

The IBC has appointed Grant Thornton Corporate Finance Pty Ltd to prepare an independent expert's report on whether or not the Takeover Offer is fair and reasonable to the Group's securityholders, which will accompany the Target's Statement.

The Group has engaged Ord Minnett as corporate adviser and Jones Day as legal adviser.

We thank you for your ongoing support.

- Ends -

Authorised by the Independent Board Committee of Eildon Capital Limited and Eildon Funds Management Limited as trustee for Eildon Capital Trust

For further information, please contact:

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² Mr Mark Avery has been excluded from the IBC on the basis that he is the managing director of CVC Limited, who sold a 19.9% securityholding in Eildon to the Bidder prior to the Takeover Offer being announced and subsequently disposed of its remaining securityholding to the Bidder on market on 24 April 2023. Mr James Davies has determined not to join the IBC on the basis that, while he does not have any legal relationship with the Bidder and is not considered an associate of the Bidder, the Bidder has previously nominated, or supported the appointment of, Mr Davies as a director to two other companies in which the Bidder is a substantial shareholder.

About Eildon Capital Group

Eildon Capital Group (EDC) is an ASX-listed real estate investment and funds management business. Eildon's investment activities cover both credit and equity in real estate.

The Group creates investment opportunities for sophisticated investors which strives to deliver:

- Enhanced returns; and
- Capital protection.

Eildon co-invests alongside its investor clients utilising its \$52 million (NTA) balance sheet capacity, demonstrating strong alignment of interest.

Forward Looking Statements

This announcement includes certain forward-looking statements, forecasts, estimates, projections and comments about future events and opinions, including expectations about the value and/or performance of the Group (**Forward Looking Statements**). Forward Looking Statements are subject to uncertainties and contingencies that may affect the future value, operations, financial position, financial performance and results of the Group. Neither the Group and its affiliates, nor any of their respective directors, officers, employees, associates, advisors, agents or contractors make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any Forward Looking Statement, or any events or results expressed or implied in any Forward Looking Statement, and make no undertaking to subsequently update or revise the Forward Looking Statements made in this announcement to reflect the circumstances or events after the date of this announcement (other than as required by law).