EILDON
CAPITAL GROUP

2023 Annual Report

EILDON CAPITAL GROUP

Consolidated Financial Reports of Eildon Capital Limited
(ABN 11 059 092 198) and Eildon Capital Trust (ARSN 635 077 753)

EILDON CAPITAL GROUP

EILDON CAPITAL GROUP (EDC) IS AN ASX-LISTED REAL ESTATE INVESTMENT AND FUNDS MANAGEMENT BUSINESS WITH OVER $352 MILLION ASSETS UNDER MANAGEMENT.

THE GROUP CREATES INVESTMENT OPPORTUNITIES FOR SOPHISTICATED INVESTORS WHICH STRIVE TO DELIVER ENHANCED RETURNS AND CAPITAL PROTECTION.

EILDON CO-INVESTS ALONGSIDE ITS INVESTORS UTILISING ITS $55 MILLION BALANCE SHEET CAPABILITY DEMONSTRATING STRONG ALIGNMENT OF INTEREST.

ASX-listed specialist real estate investor and fund manager

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OUR VALUES

S

Stakeholders – we work for our Stakeholders with Speed and a Solutions-driven approach

P

Passion – we are Proud and Passionate about our work, colleagues and stakeholders

I

Integrity – we are Honest and Trustworthy in all our dealings

R

Responsibility – we are Accountable for our actions and the actions of our team

I

Inclusiveness – we Respect our peers from all backgrounds and work as a team

T

Transparent – we are Open and Transparent with our work and communication

GROUP PARTICULARS

REGISTERED OFFICE
Suite 4, Level 6, 330 Collins Street
Melbourne VIC 3000
Tel: (03) 7003 7622

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
Frederick R Woollard *(Appointed 27 June 2023)*

Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust -
Mark A Avery
James R Davies
Michelle E Phillips
Matthew W Reid
Frederick R Woollard *(Appointed 27 June 2023)*

SECRETARY
Eildon Capital Limited -
Tiffany L McLean
Laurence B Parisi

Eildon Funds Management Limited as Responsible Entity for Eildon Capital Trust -
Tiffany L McLean
Laurence B Parisi

BANKERS
Westpac Banking Corporation Limited

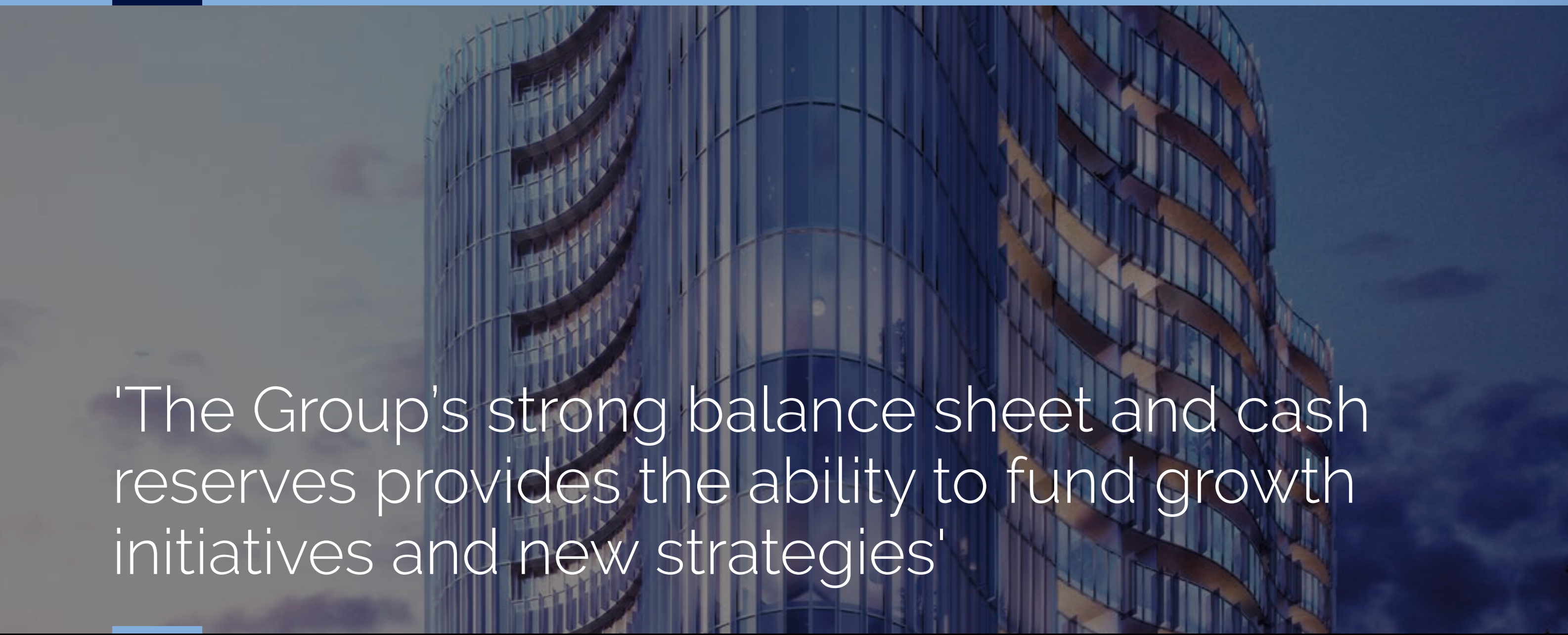
AUDITORS
Pitcher Partners Sydney
Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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

DOMICILE
Australia

STOCK EXCHANGE LISTING
ASX Limited

CHAIRMAN'S REPORT



'The Group's strong balance sheet and cash reserves provides the ability to fund growth initiatives and new strategies'

Dear Securityholder,

I am pleased to introduce Eildon Capital Group's (**Eildon** or **Group**) 2023 annual report. Our strategy of real estate investment and funds management enabled us to maintain Assets Under Management (**AUM**) of $352* million across real estate equity and credit.

HIGHLIGHTS

Financial Result

The Group delivered a net profit after tax (**NPAT**) of $2.1 million or 3.8 cents per stapled security (**cps**) for the financial year ended 30 June 2023. The net profit after tax to securityholders was impacted by the expenses resulting from the off-market takeover bid by Samuel Terry Asset Management as trustee for the Samuel Terry Absolute Return Active Fund (**STAM**), which included financial and legal adviser costs, registry costs and dilution from the performance rights which vested. Without these expenses, the net profit after tax to securityholders is $3.3 million (30 June 2022: $3.2 million excluding revaluation gains).

The Group generated income of $9.3 million (2022: $12.2 million including non-cash revaluations of $3.0 million) derived from a combination of interest from credit investments, rental income and management fees from funds management activities during the period. Distributions for the financial year ended 30 June 2023 totalled 6.0 cents per stapled security, in line with guidance.

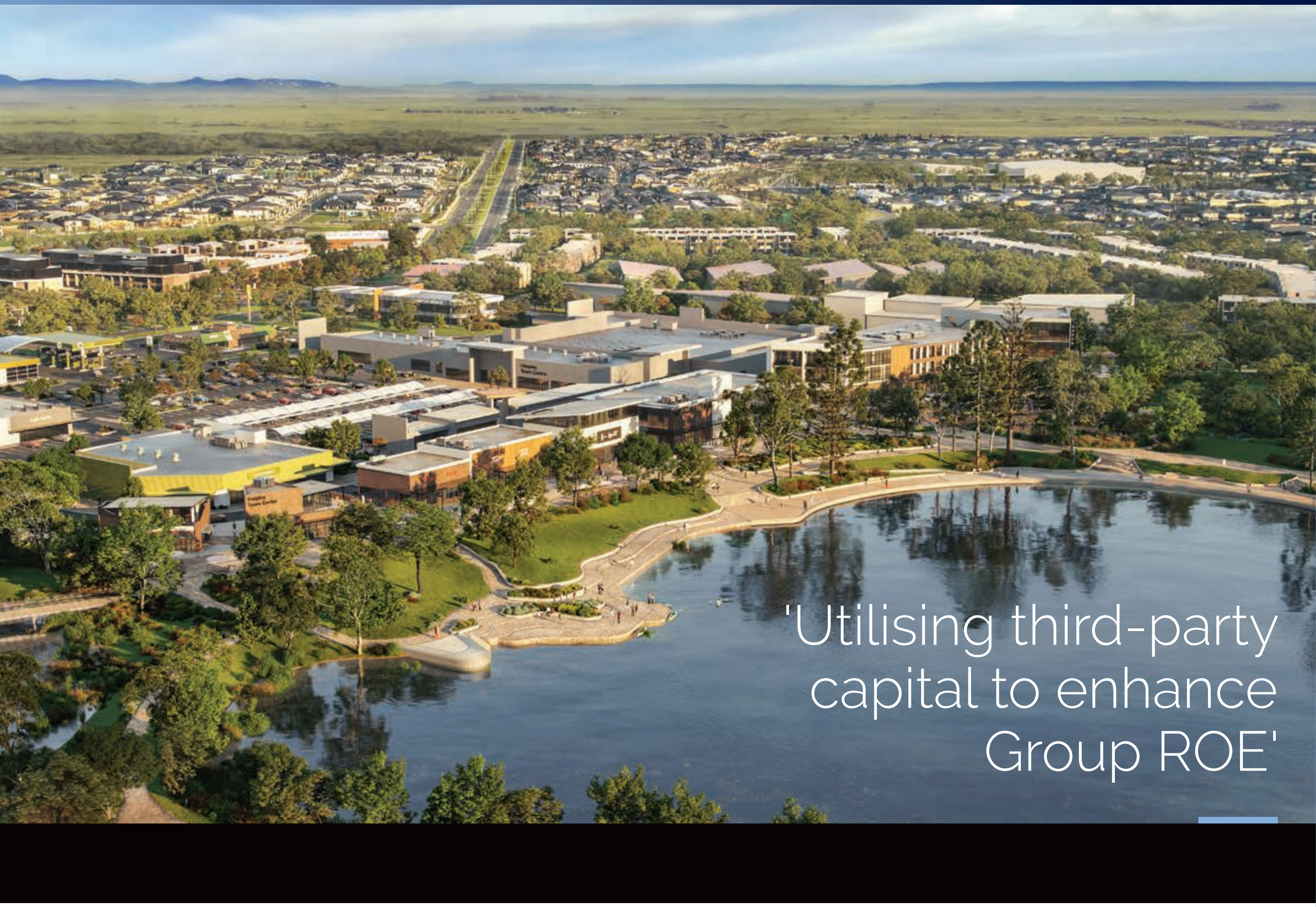
Net Asset Value (**NAV**) per stapled security was $1.11 as at 30 June 2023, down from the 30 June 2022 NAV of $1.16. Net Tangible Assets (**NTA**) per stapled security was $1.04 as at 30 June 2023, down from the 30 June 2022 NTA of $1.09. Both NAV and NTA were impacted by the expenses and dilution from the performance rights which vested resulting from the off-market takeover bid as outlined above.

Eildon Funds Management Limited (EFM)

EFM is an integrated platform managed by an experienced team with a proven track record. As a specialist real estate fund manager within Australia's Commercial Real Estate market, EFM operates across real estate equity and credit sectors creating investment opportunities for sophisticated investors.

Eildon co-invests alongside its investor clients utilising its balance sheet capacity, demonstrating strong alignment of interest. Group AUM was $352 million as at 30 June 2023, in line with AUM at 30 June 2022 of $350 million however up from $280 million as at 31 December 2022.

*Including the 'on completion' valuation of the EFM Harpley Town Centre Property.



EFM is well-positioned to identify, analyse and execute on credit and equity opportunities in the current real estate market utilising third-party capital to enhance Group Return on Equity (**ROE**).

GROUP OUTLOOK

The Group's strong balance sheet and cash reserves provides the ability to fund growth initiatives and new strategies within the Australian Real Estate market across credit and equity. The Group remains focussed on simplifying the investment portfolio and deploying capital in debt investments via the Eildon Debt Fund.

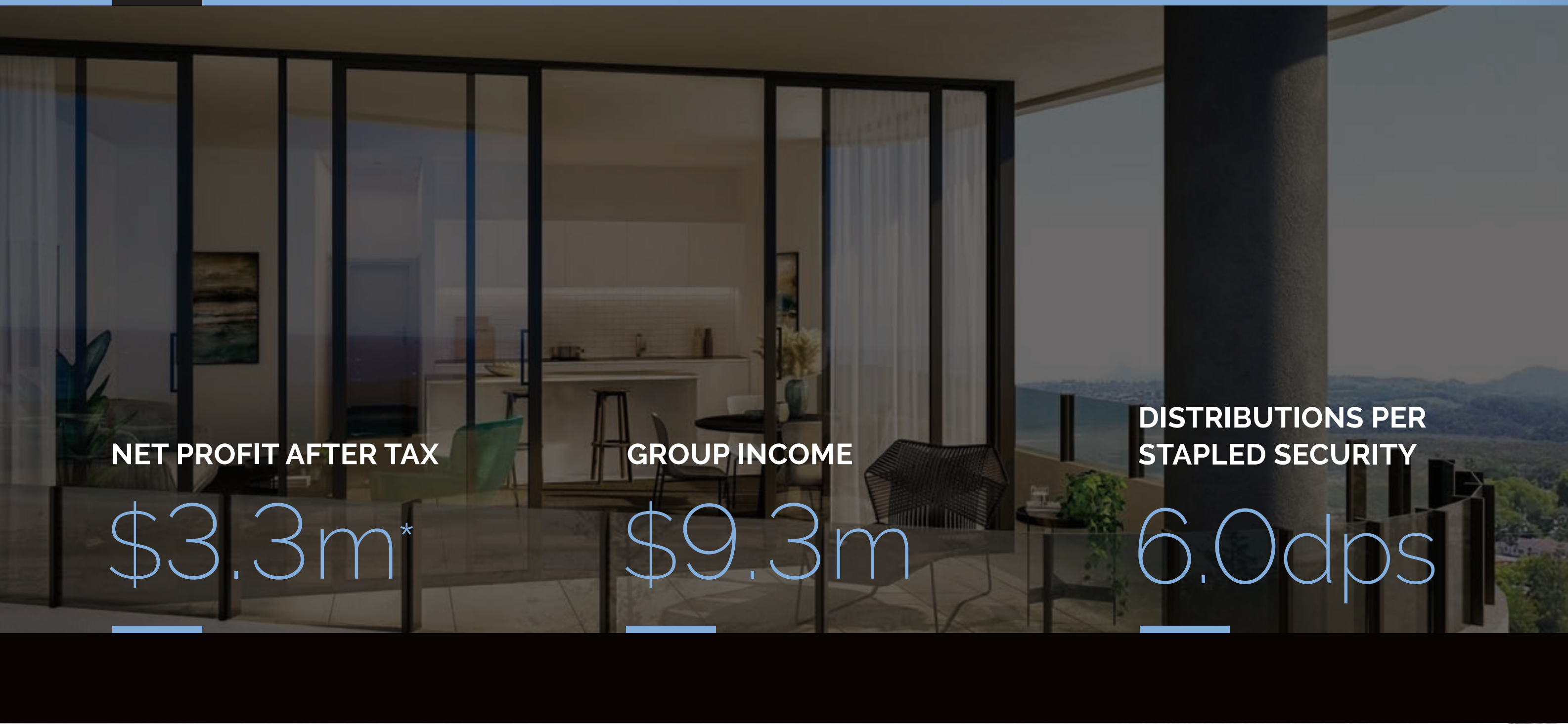
Following the close of its off-market takeover bid (which holds a relevant interest in approximately 56% of the Group's stapled securities), STAM is working with management and the Board to undertake a general strategic and operational review of the Group. Once this review is complete, the Group will update the market if any outcomes are material.

I would like to acknowledge and thank my fellow Directors, Michelle Phillips, Mark Avery and Matt Reid, for their hard work and insight during the year. In addition, I welcome Fred Woollard who joined the Board on 27 June 2023.

Finally, on behalf of the Board, we would like to thank you, our securityholders, for your continued investment in Eildon Capital Group.

James Davies
Chairman

THE YEAR IN REVIEW



NET PROFIT AFTER TAX

$3.3m*

GROUP INCOME

$9.3m

DISTRIBUTIONS PER STAPLED SECURITY

6.0dps

INTRODUCTION

Eildon Capital Group (ASX: EDC or Group) delivered a net profit after tax (**NPAT**) of $2.1 million (including minority interests) or 3.8 cents per stapled security (**cps**) for the financial year ended 30 June 2023. The net profit after tax to securityholders was impacted by the expenses resulting from the off-market takeover bid by Samuel Terry Asset Management as trustee for the Samuel Terry Absolute Return Active Fund, which included financial and legal adviser costs, registry costs and dilution from the performance rights which vested. Without these expenses, the net profit after tax to securityholders is $3.3 million (30 June 2022: $3.2 million excluding revaluation gains.

The Group generated income of $9.3 million (2022: $12.2 million including non-cash revaluations of $3.0 million) derived from a combination of interest from credit investments, rental income and management fees from funds management activities during the period. Distributions for the financial year ended 30 June 2023 totalled 6.0 cents per stapled security, in line with guidance.

Distributions were paid from Eildon Capital Trust (**ECT**) which represented 83% of the Group's Net Asset Value (**NAV**). NAV per stapled security was $1.11 as at 30 June 2023, down from the 30 June 2022 NAV of $1.16. Net Tangible Assets (**NTA**) per stapled security was $1.04 as at 30 June 2023, down from the 30 June 2022 NTA of $1.09. Both NAV and NTA were impacted by the expenses and dilution from the performance rights which vested resulting from the off-market takeover bid as outlined above.

STAPLED STRUCTURE

EDC is a stapled group comprising Eildon Capital Trust and Eildon Capital Limited (**ECL**). Outlined below is a summary of the asset and earnings base of ECT and ECL.

EILDON CAPITAL TRUST

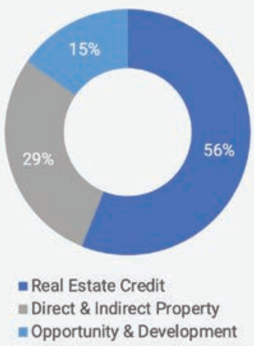
ECT's net assets totalled $44 million which included cash reserves of $2.9 million representing 83% of the Group's net assets or $0.92 of NTA. ECT's investment portfolio comprised of 15 investments being 10 debt and 5 equity investments, valued at $37.8 million.

These investments comprise the following:

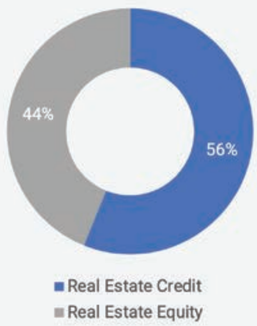
- Investments in Eildon Debt Fund ($27.0 million);
- Investments in Eildon Direct Property Funds ($5.3 million); and
- Preferred equity investment ($5.5 million).

*Excluding expenses resulting from the off-market takeover bid.

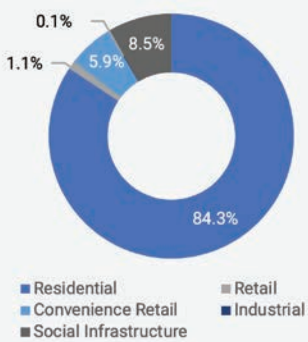
Investment by Strategy



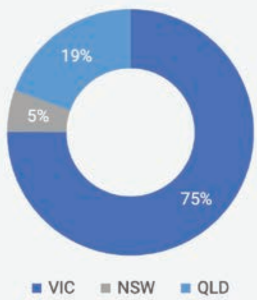
Investment by Type



FY23 Sector Diversification



Geographic Diversification



Net Tangible Assets Per Security

$1.04

$54m

Net Assets (Zero Corporate Debt)

Average Net Assets Deployed in FY23

85%

12%

Weighted Average Income Yield

Note: All figures as at 30 June 2023.

THE YEAR IN REVIEW

8 Funds
ACROSS CREDIT, EQUITY AND DEVELOPMENT

$352m
ASSETS UNDER MANAGEMENT

Diverse
CAPITAL SOURCES - WHOLESALE, FAMILY OFFICES, INSTITUTIONS

The weighted average loan-to-value ratio (**LVR**) on the Eildon Debt Fund co-investments was 69%. The weighted average yield on the credit investments was 12% as at 30 June 2023 up from 9.2% as at 30 June 2022. Given the relative short duration of the debt investments, the Group has been able to reinvest the capital into higher yielding floating rate opportunities, given the significant increase in market interest rates.

The underlying properties in ECT's debt investment portfolio are all located on the eastern seaboard of Australia, and the Group is pleased to report that there are currently zero loans in arrears. The largest position is a mezzanine debt investment valued at $16.5 million which has a maximum LVR of 73%, yielding a 14% return per annum. Importantly, the Group has no impairments on its debt investments.

EILDON CAPITAL LIMITED

ECL represents the balance of the investment portfolio of $10.3 million or $0.17 of NAV of the Group. The NAV is comprised of two direct equity investments (79 Logan Road ($8.5 million) and Burnley Maltings ($1.8 million) and 100% ownership of Eildon Funds Management Limited (**EFM**) which includes goodwill of $3.5 million or $0.07 of NAV.

FUNDS MANAGEMENT (EFM)

EFM is a specialist real estate fund manager within Australia's Commercial Real Estate market. EFM operates across real estate equity and credit sectors creating investment opportunities for sophisticated investors which strive to deliver:

- Enhanced returns; and
- Capital protection.

Eildon co-invests alongside its investors utilising its balance sheet capacity, demonstrating strong alignment of interest. Group AUM was $352 million as at 30 June 2023, inline with AUM at 30 June 2022 of $350 million however up from $280 million as at 31 December 2022.

1. Eildon Direct Property Funds

Eildon Asset Management Pty Ltd as trustee for the Eildon Asset Management Trust (**EAM**) (50% owned by EFM) currently manages three direct property income funds with gross assets of $142 million. A key highlight in the period was the completion of the Coles anchored neighbourhood centre within the EAM Caboolture Property Fund.

EFM as trustee for the EFM Harpley Town Centre Property Trust (**Fund**) successfully secured commitments for $31.5 million from wholesale investors for a new seven-year, fixed term direct property fund. The Fund is developing a new neighbourhood shopping centre in Werribee, Victoria.

REAL ESTATE INVESTOR AND FUND MANAGER

	Real Estate Credit	Direct & Indirect Property	Opportunistic & Development	Funds Management
Description	• Portfolio of commercial loans secured by registered first and second mortgages via the Eildon Debt Fund (EDF)	• Direct property investments • Indirect investments in EFM unlisted direct property funds	• Agnostic multi sector strategies which include core-plus, value-add, development and repositioning	• Utilising third-party capital to enhance Group ROE • HNW / Family Office / Institutional capital sources
Balance Sheet Investment	$27 million	$14 million	$7.4 million	$3.5 million[2]
Assets Under Management	$73 million	$254 million[1]	$19 million	$352 million[3]
Funds Under Management	1	5	2	8
Group AUM $352 million				

Artist's Impression of Harpley Town Centre

As at 30 June 2023. [1]Includes EDC co-investments and Eildon Asset Management Pty Ltd as trustee for Eildon Asset Management Trust (EAM) managed funds (EFM owns 50% of EAM). [2]Goodwill. [3]Group AUM of $352 million includes Balance Sheet assets of Eildon Capital.

The property has been independently valued at $80 million on an 'on completion' basis.

Eildon Capital Trust had $5.2 million co-invested in direct property funds managed by EFM and EAM as at 30 June 2023.

2. Eildon Debt Fund (EDF)

The Group's flagship credit fund, the Eildon Debt Fund continues to perform well with $73 million AUM as at 30 June 2023 (30 June 2022: $146 million) and a long track record of successful investments with no impairments. EDF offers wholesale investors deal specific access to commercial real estate lending opportunities secured by registered first and second mortgages. Recent investments delivering investors strong risk-adjusted returns of 10%+ p.a. reflect the sharp increase in the cash rate. EDF's investment pipeline includes land, construction and residual stock financing for both first and second mortgage opportunities which will generate fee revenue and provide the EDC balance sheet with co-investment opportunities.

3. Eildon Opportunity Funds

EFM currently manages $11.3 million across two projects in two opportunity funds. Both projects comprise community essential retail projects located in Caboolture, Queensland and Werribee, Victoria. EFM earns a development management fee and has the potential to earn performance fees. Additional development funds are being explored for launch in 2024.

GROUP KEY FOCUS AND OUTLOOK

Following the close of its off-market takeover bid, Samuel Terry Asset Management as trustee for the Samuel Terry Absolute Return Active Fund is currently undertaking a general strategic and operational review of the Group. Once this review is complete, the Group will update the market if any outcomes are material.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 financial statements for the year ended 30 June 2023 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**).

The shares of the Company and units of the Trust are combined and issued as stapled securities in EDC. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

DIRECTORS

The Directors of the Company and Eildon Funds Management Limited as Responsible Entity in office during the whole of the financial year and up to the date of this report, unless otherwise stated, are:

Name:	**MARK A AVERY**
Title:	**Non-independent Director of Eildon Capital Limited** **Non-independent Director of Eildon Funds Management Limited** **Member of the audit committee** **Managing Director of Eildon Capital Limited and Eildon Funds Management Limited until 30 April 2022**
Qualifications:	B.Com.Pl.Ds. (UOM)
Experience and expertise:	Mr Avery is an experienced property executive with over 20 years of experience gained across private and listed property development and investment groups. He served as Managing Director of Eildon Capital Limited and Eildon Funds Management Limited from September 2016 to April 2022 before transitioning to a non-independent director in April 2022. He holds bachelor's degrees in Commerce and Planning & Design from the University of Melbourne and an MBA from the University of New South Wales.
Listed company directorships: (held within the last three years)	Managing Director and CEO of CVC Limited (Since July 2019)
Interests as at the date of this report:	Stapled securities: 64,285 Performance rights: None

Name:	**JAMES R DAVIES**
Title:	**Non-Executive Chairman of Eildon Capital Limited** **Director of Eildon Funds Management Limited** **Member of the audit committee**
Qualifications:	BSC (Comp) (UNE), MBA (LBS), GAICD
Experience and expertise:	Mr Davies has over 30 years' experience in investment management across real estate, private equity, infrastructure, natural resources and distressed asset management. Most recently he was Head of Funds Management at New Forests Asset Management. Prior to that he held Director roles at Hastings Funds Management Limited and Royal Bank of Scotland's Strategic Investments Group. He has been appointed on numerous Investment Committees and Boards including as Chairman of Timberlink Australia, Forico and Airport Rail Link.
Listed company directorships: (held within the last three years)	Independent non-executive director of Namoi Cotton (Since Nov-22) Independent non-executive director of Kiland Ltd (Since July-21)
Interests as at the date of this report:	Stapled securities: 29,076 Performance rights: None

Name:	**MICHELLE E PHILLIPS**
Title:	**Non-Executive Director of Eildon Capital Limited Director of Eildon Funds Management Limited Member of the audit committee**
Qualifications:	B.A. (UNSW), L.L.B. (UNSW), GAICD
Experience and expertise:	Ms Phillips has been a partner in mid-size, large and international law firms since 1992, and is principal of Harpur Phillips. She was admitted as a solicitor in 1986. Over many years, her clients have included listed public companies and private companies involved in property development, in addition to governance and risk management. She is a director of lifeline Australia and sits on its Governance and People Committee.
Listed company directorships: (held within the last three years)	None
Interests as at the date of this report:	Stapled securities: 19,523
	Performance rights: None

Name:	**MATTHEW W REID**
Title:	**Non-executive Director of Eildon Capital Limited Non-executive Director of Eildon Funds Management Limited Chairman of the audit committee**
Qualifications:	BEc. (Monash), CA ANZ
Experience and expertise:	Mr Reid has had a 30-year career spanning across a number of industries both in Australia and overseas. His key fields of specialty are corporate finance and property. He spent many years at PwC in both Corporate Finance and as Partner in Real Estate Advisory. His experience also includes working on many corporate and private equity transactions for global clients, at PwC and as a Director of Corporate Finance for Austock and later for Becton Property Group managing end to end equity raising, IPOs and M&A processes. Mr Reid has over 10 years Board of Directors experience working with small and emerging businesses such as Grill'd Group, Arrow Funds Management, Bayley Stuart Capital and now Eildon Capital Group. Both Arrow and Bayley Stuart are unlisted fund managers that manage unlisted property funds in the agri-infrastructure and office sectors, respectively. He is also a member of the Brighton Grammar School Council and the property sub-committee.
Listed company directorships: (held within the last three years)	None
Interests as at the date of this report:	Stapled securities: 6,029
	Performance rights: None

DIRECTORS (CONT.)

Name:	**FREDERICK R WOOLLARD (APPOINTED 27 JUNE 2023)**	
Title:	**Non-independent, Non-executive Director of Eildon Capital Limited** **Non-independent, Non-executive Director of Eildon Funds Management Limited**	
Qualifications:	BEc (USYD)	
Experience and expertise:	Mr Woollard has worked in financial markets since 1981. Prior to founding Samuel Terry Asset Management in 2003, he worked for Hunter Hall International Limited, a European family office and various stockbroking firms in Australia and the UK.	
Listed company directorships: (held within the last three years)	None	
Interests as at the date of this report:	Stapled securities:	Mr Woollard is the Managing Director and controlling shareholder of Samuel Terry Asset Management which owns 27,210,422 stapled securities
	Performance rights:	None

COMPANY SECRETARIES

Name:	**LAURENCE B PARISI**
Title:	**Joint Company Secretary of Eildon Capital Limited and Eildon Funds Management** **Chief Executive Officer of Eildon Capital Limited and Eildon Funds Management Limited** **Chief Operating Officer of Eildon Capital Limited and Eildon Funds Management Limited**
Qualifications:	Diploma of Business Accounting, Diploma of Financial Markets and a Graduate Diploma of Applied Finance and Investments
Experience and expertise:	Mr Parisi has over 22 years' experience in various senior roles within the property investment industry, covering both direct and listed real estate. He was previously an Executive Director at Goldman Sachs and Fund Manager of Industria REIT (ADI.AX), an ASX listed commercial and industrial focused AREIT. He has also worked for Credit Suisse and Citi covering the AREIT sector and spent several years at APN as the Head of Private Funds responsible for managing four direct retail property funds and two wholesale direct property funds with a combined value of more than $400 million.

Name:	**TIFFANY L MCLEAN**
Title:	**Joint Company Secretary of Eildon Capital Limited and Eildon Funds Management Limited** **General Counsel of Eildon Capital Limited and Eildon Funds Management Limited**
Qualifications:	L.L.B (Bond University), GDLP (GU)
Experience and expertise:	Ms McLean is a corporate lawyer with 15 years' experience in corporate governance, compliance and capital raisings and has held roles in private practice in Australia and in-house legal in the UK. She has provided legal services to EDC since 2018, including investments made by EDC and the successful implementation of the internalisation of Eildon Funds Management Limited.

KEY MANAGEMENT PERSONNEL

Key management personnel during the financial year includes the directors, company secretaries and the Chief Financial Officer of the Group.

MEETINGS OF DIRECTORS

The numbers of meetings of EDC's board of directors and of each board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

	Full Board		Audit Committee	
	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend
M A Avery	6	6	2	2
J R Davies	6	6	2	2
M E Phillips	5	6	2	2
M W Reid	5	6	2	2
F R Woollard	0	0	0	0

	Independent Board Committee - STAM Takeover Offer		Independent Board Committee - 79 Logan Road	
	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend
M A Avery	0	0	0	0
J R Davies	0	0	1	1
M E Phillips	9	9	1	1
M W Reid	9	9	1	1
F R Woollard	0	0	0	0

SHARE OPTION

There were no options issued by the Company during the year or to the date of this report.

PRINCIPAL ACTIVITIES

EDC is an ASX listed funds management business and specialist real estate investor. 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.

DIVIDENDS AND DISTRIBUTIONS

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

	Company Dividend (cents)	Trust Distribution (cents)	Total Per Security (cents)	Total $	Date of Payment	Franked Amount per Security
2023 June quarter	-	1.600	1.600	782,674	21-Jul-23	-
2023 March quarter	-	1.500	1.500	708,610	21-Apr-23	-
2022 December quarter	-	1.500	1.500	708,610	24-Jan-23	-
2022 September quarter	-	1.400	1.400	661,368	21-Oct-22	-
2022 June quarter	-	1.500	1.500	708,042	22-Jul-22	-

DIRECTORS' REPORT

REVIEW OF OPERATIONS

EDC recorded an after-tax profit to securityholders of $1,805,877 (2022: $6,082,200). The profit for the year is comprised as follows:

	2023 $	2022 $
Net profit after income tax attributable to:		
– Eildon Capital Limited	**(874,973)**	2,242,252
– Eildon Capital Trust	**2,680,850**	3,839,948
Net profit to securityholders	**1,805,877**	6,082,200
Non-controlling interest	**276,798**	121,354
Net profit after income tax	**2,082,675**	6,203,554

EDC's investment portfolio totalled $49.0 million as at 30 June 2023. In addition, the group has $6.6 million of cash reserves, representing 12% of net assets, of which $2.4 million is committed to fund new and existing investments. The investment portfolio includes 10 debt positions and 7 equity investments diversified across Queensland, Victoria and New South Wales. The investment portfolio remains 68% invested in debt positions and 32% in equity by value. During the financial year, EDC generated $4.8 million (2022: $4.0 million) of interest income from property loans and is holding loan investments totalling $25.4 million (2022: $29.9 million).

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of EDC in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of EDC.

Remuneration philosophy

The performance of EDC depends upon its ability to attract and retain quality people. EDC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre personnel in order to create value for stapled security holders.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and remuneration for all other key management personnel is separate and distinct.

Non-Executive Director's remuneration is solely in the form of fees and has been set by stapled security holders at a maximum aggregate amount of $400,000, which was approved at the Annual General Meeting held on 17 November 2022, to be allocated amongst the Directors.

Other key management personnel remuneration consists of base salary, fees, superannuation contributions, short term discretionary performance bonuses and Long-Term Incentive Plan (LTIP). Under LTIP, performance rights were issued for a vesting period of two years. The vesting conditions include achievement of a target growth in Total Securityholder Return (TSR), Funds under Management (FUM) and a discretionary element or Return on Assets (ROA).

EDC does not have a remuneration committee with the remuneration of the non-executive directors determined by the Board of the Company. The remuneration of key management personnel other than the Managing Director are determined following discussion with the Board of the Company.

Short term discretionary performance bonuses permit EDC to reward individuals for superior personal performance or contribution towards components of EDC's performance for which they have direct responsibility and are determined at the end of the financial year.

Executive contractual arrangements

It is EDC's policy that service contracts for key management personnel are unlimited in term but capable of termination as per the relevant period of notice and that EDC retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account any change in the scope of the role performed by the key management personnel and any changes to the principles of the remuneration policy.

Standard key management personnel termination payment provisions apply to all other key management personnel. The standard key management personnel provisions are as follows:

Details	Notice Period	Payment in Lieu of Notice	Treatment of STI on Termination	Treatment of LTI on Termination
CEO/CFO	6 months	6 months	Unvested awards forfeited	Unvested awards determined by Directors' discretion
Employer initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards determined by Directors' discretion
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards determined by Directors' discretion

Key management personnel holding of stapled securities

The relevant security holding interests of key management personnel in the capital of EDC as at 30 June 2023 is as follows:

Stapled Securities	Opening	Purchases	Sales	Other Changes During the Year	Closing
Mr M. A. Avery (a)	53,402	10,883	-	-	64,285
Mr J. R. Davies	28,629	447	-	-	29,076
Ms M. E. Phillips	19,523	-	-	-	19,523
Mr M. W. Reid	-	6,029	-	-	6,029
Mr F. R. Woollard (b)	-	-	-	-	-
Mr L. B. Parisi	35,110		-	120,690	155,800
Mr V. Sachdev	-	-	-	5,000	5,000
Ms T. McLean	-	-	-	-	-

Notes:

(a) Mr Avery became a Non-independent Director on 01 May 2022. He was previously the Managing Director of the Group.

(b) Mr Woollard was appointed as a non-independent, non-executive director on 27 June 2023.

Share option

There were no options issued by the Company during the year or to the date of this report.

REMUNERATION REPORT (AUDITED) (CONT.)

Remuneration of key management personnel

The following table provides details of the remuneration expense of EDC's key management personnel for the current and previous financial year measured in accordance with the requirements of applicable accounting standards.

		Short-term Employee Benefits		Post-Employment Benefits			
		Base Salary $	Bonus (d) $	Superannuation $	Share-based Payment (e) $	Total $	Base % (f)
Directors							
Mark Avery (a)	**2023**	**83,738**	**-**	**2,038**	**-**	**85,776**	**100**
(Non-Independent Director)	2022	14,132	-	1,413		15,545	100
James Davies	**2023**	**91,324**	**-**	**9,589**	**-**	**100,913**	**100**
(Non-Executive Chairman)	2022	91,324	-	9,132	-	100,456	100
Michelle Phillips	**2023**	**77,625**	**-**	**8,151**	**-**	**85,776**	**100**
(Non-Executive Director)	2022	77,625	-	7,763	-	85,388	100
Matthew Reid	**2023**	**77,625**	**-**	**8,151**	**-**	**85,775**	**100**
(Non-Executive Director)	2022	14,132	-	1,413	-	15,545	100
Frederick Woollard (b) *(Non-Independent,*	**2023**	**-**	**-**	**-**	**-**	**-**	**-**
Non-Executive Director)	2022	-	-	-	-	-	-
Other Key Management Personnel							
Laurence Parisi	**2023**	**306,208**	**86,190**	**25,292**	**195,012**	**612,702**	**54%**
(Joint Company Secretary/ Chief Executive Officer)	2022	267,941	78,000	26,892	17,376	390,209	76%
Varun Sachdev	**2023**	**240,000**	**66,277**	**25,223**	**113,750**	**445,250**	**60%**
(Chief Financial Officer)	2022	129,743	60,000	12,998	1,104	203,845	70%
Tiffany McLean (c)	**2023**	**168,718**	**22,624**	**20,091**	**-**	**211,433**	**89%**
(Joint Company Secretary/ General Counsel)	2022	151,021	50,000	20,102	920	222,043	77%
	2023	**1,045,238**	**175,091**	**98,535**	**308,762**	**1,627,624**	
	2022	745,918	188,000	79,713	19,400	1,033,031	

Notes:

(a) Mr Avery became a Non-Independent Director on 01 May 2022.He was previously the Managing Director of the Group.

(b) Mr Woollard was appointed as a Non-Independent, Non-Executive director on 27 June 2023.

(c) Ms McLean is employed on a permanent part-time basis working 3 days a week.

(d) The Short-Term Incentive Bonus represents discretionary bonuses as determined by the Directors of EDC, based on their performance during the year.

(e) Share-based payment is in relation to performance rights issued. Refer note 19.

(f) Base % reflects the amount of base level remuneration that is not dependent on individual or EDC's performance.

Performance rights

On 7 March 2023, EDC issued employees performance rights under the EDC Employee incentive plan for a vesting period of 2 years. The rights deliver ordinary stapled securities to employees (at no cost) which only vest if certain performance hurdles are met. Performance rights carry no dividend or voting rights or rights to participate in any other share issue of EDC or any other entity. When exercisable, each performance right is entitled to receive one stapled security. If an employee is determined to be a good leaver, then unvested securities continue to be unvested until the end of vesting period with Board discretion. If an employee is determined to be a bad leaver, unvested securities are forfeited. A total of 1,425,000 (2022: 387,000) performance rights were issued with terms summarised as follows:

- **Total Shareholder Return (TSR)**

40% Subject to a Total Security Holders Return Hurdle

Return (p.a.)	Vesting Amount
< 12%	nil
12% - 15%	25%
15% - 18%	50%
18% - 20%	75%
>20%	100%

- **Funds Under Management (FUM)**

30% subject to a Funds Under Management Hurdle

FUM	Vesting Amount
< 450m	nil
$450m - <$525m	30%
$525m - <$600m	60%
>$600m	100%

- **Discretionary (30% of the performance rights)**

  The discretionary component of the performance rights is at the absolute discretion of the Board, based on performance, which will take into account any factors that the Board deems relevant, including the following:

  - number of, and level of, engagement with investors and investor groups, wealth management and similar stakeholders;
  - awareness of Group in the investment community;
  - ASX positioning and marketing to drive performance;
  - number of new funds established and funds established in new markets for the Group;
  - continued and systematic exploration of merger and acquisition strategies; and
  - member register regeneration (including through capital raisings, strategic placements and recapitalisations through existing securityholder sell downs with new members replacing them).

In addition to the above performance hurdles, the Board also has the discretion to waive the vesting conditions in the event of a Change of Control to allow the Participants to participate in, or otherwise benefit from, the Change of Control Event.

In accordance with the above, as the off-market takeover bid by STAM resulted in a Change of Control Event, the Board exercised its discretion to waive the vesting conditions and award the performance rights to the Participants.

The fair value of the 2023 performance rights at grant date was $498,035 (FY22: $243,559). Fair value was determined using the following inputs:

	2023 $	2022 $
Grant date	**07/03/2023**	16/03/2022
Expiry date	**15/01/2025**	15/03/2025
Share price at grant date	**$0.80**	$1.01
Expected volatility of shares	**26.89%**	27.93%
Expected dividend yield	**8%**	8%
Risk free interest rate	**3.40%**	2.75%

REMUNERATION REPORT (AUDITED) (CONT.)

Performance rights (cont.)

The following table illustrates movements in the number of performance rights on issue during the year:

Grant Date	Vesting Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Vested	Balance at End of the Year	Value per Right
1 Feb 2021	31 Jan 2024	355,900	-	104,400	251,500	-	$0.27
16 Mar 2022	15 Mar 2025	387,000	-	387,000	-	-	$0.38
07 Mar 2023	15 Jan 2025	-	1,425,000	-	1,425,000	-	$0.35

Consequences of performance on stapled securityholder wealth

In considering EDC's performance and benefits for stapled security holder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial years.

	2023 $	2022 $	2021 $	2020 $	2019 $
Net profit after tax attributable to ordinary securityholders of EDC (a)	1,805,877	6,082,200	4,894,024	4,730,453	4,386,508
Total comprehensive income attributable to ordinary securityholders of EDC (a)	1,805,877	6,082,200	4,894,024	4,730,453	4,386,508
Dividends and distributions paid	2,861,262	3,534,930	3,500,555	9,445,158	3,525,499
Securities issued/ (bought back) on market	-	127,725	5,984,375	1,124,089	(609,994)
Security price	-	1.00	1.08	1.00	1.02
Net assets per security (b)	1.11	1.16	1.11	1.09	1.06
Change in net assets per security (b)	(0.05)	0.05	0.02	0.03	0.02

Notes:

(a) Although net profit and total comprehensive income of Eildon Capital Trust, the stapled entity, and its subsidiaries are identified as net profit and total comprehensive income attributable to 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. As such net profit after tax and total comprehensive income attributable to ordinary securityholders of EDC for the 30 June 2023 and 30 June 2022 financial years refer to profit after tax and total comprehensive income attributable to owners of the Company and owners of the Trust which represents the actual earnings for the stapled security holders of EDC.

(b) Although a non-controlling interest has been identified 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 net assets per security for the 30 June 2023 and 30 June 2022 financial years refers to net assets attributable to owners of the Company and owners of the Trust which represents the actual value attributable to stapled security holders of EDC. Refer note 17.

We aim to align executive remuneration to our business objectives and the creation of security holder wealth. Although the Directors have regard to the financial performance when setting remuneration, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to key management personnel. As a consequence, there may not be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

This concludes the remuneration report, which has been audited.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of EDC that occurred during the year not otherwise disclosed in this report or in the financial statements.

LIKELY DEVELOPMENTS AND FUTURE EXPECTATIONS

EDC will continue to assess Australian property investment opportunities. As an investment group, the results of EDC are dependent on the timing of and opportunities for the realisation of investments. Accordingly, it is not possible at this stage to predict the future results however details around business strategies and risks are outlined in the ASX report attached at the start of this report.

ENVIRONMENTAL REGULATION

To the best of their knowledge and belief, the Directors have determined that the Group has complied with all significant environmental regulations applicable to its operations in the jurisdictions in which it operates.

EVENTS SUBSEQUENT TO REPORTING DATE

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, the results of those operations or the state of affairs of EDC in financial periods subsequent to 30 June 2023.

ECT DISCLOSURES

Units issued in ECT during the year are set out in note 17. There were 48,917,117 (2022: 47,202,827) issued units in ECT at balance date.

Fees paid to the Responsible Entity and its associates from the Trust during the financial year are disclosed in note 22(d) to the financial statements.

The Responsible Entity or its associates do not hold any units in the Trust as at the end of the financial year.

The total carrying value of ECT's assets as at year end was $54,802,794 (2022: $44,888,628). Net assets attributable to unitholders of ECT were $43,976,888 (2022: $43,551,224) equalling to $0.90 per unit (2022: $0.92).

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.

INDEMNITY AND INSURANCE OF OFFICERS

a) Indemnification

During and since the end of the financial period EDC and ECT have provided an indemnity and entered into an agreement to indemnify Directors and Company Secretaries for liabilities that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

b) Insurance Premiums

EDC and ECT have not, during the year or since the end of the financial year, paid or agreed to pay a premium for insuring any person who is or has been an auditor of the Company or a related body corporate for the costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

EDC appointed Pitcher Partners Sydney as the auditors for the 2023 financial year. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are disclosed in note 4.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the audit independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

A copy of the Independence Declaration is included on page 20.

Signed in accordance with a resolution of Directors.

Dated at Melbourne 24 August 2023.

Matthew W Reid

Matt Reid
Director

James Davies
Director

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2023

To the Directors of Eildon Capital Limited and Eildon Capital Trust, together Eildon Capital Group

In relation to the independent audit for the year ended 30 June 2023, 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.

John Gavljak
Partner

Pitch Partners
Sydney

24 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
INCOME					
Interest income		**4,788,437**	3,950,835	**5,159,616**	4,298,256
Fee income		**3,745,910**	4,729,304	**-**	101,033
Distribution income		**598,496**	518,968	**598,495**	518,969
Net (loss)/gain on financial assets at fair value through profit or loss		**(72,047)**	907,712	**40,191**	304,673
Total income		**9,060,796**	10,106,819	**5,798,302**	5,222,931
Share of net profit of associate accounted for using the equity method	12	**230,525**	2,067,568	**-**	-
EXPENSES					
Accountancy		**30,154**	350,323	**10,450**	3,747
Commission		**114,847**	79,469	**-**	-
Employee and director costs	6	**4,092,331**	3,002,093	**578,092**	18,684
Insurance		**200,223**	179,274	**-**	-
Interest expenses		**918,222**	439,633	**907,918**	432,774
Investment disposal costs		**97,223**	-	**-**	-
Legal fees		**107,021**	56,747	**25,591**	13,235
Publications and subscriptions		**105,735**	86,480	**-**	-
Management and consultancy fees		**384,921**	609,660	**916,346**	721,142
Takeover cost		**492,086**	-	**393,686**	-
Share registry		**111,390**	85,018	**88,815**	70,621
Other expenses		**544,904**	418,911	**196,554**	122,780
Total expenses		**7,199,057**	5,307,608	**3,117,452**	1,382,983
Profit before income tax		**2,092,264**	6,866,779	**2,680,850**	3,839,948
Income tax expense	5	**9,589**	663,225	**-**	-
Net profit after tax		**2,082,675**	6,203,554	**2,680,850**	3,839,948
Net profit after tax attributable to:					
Owners of the Company		**(874,973)**	2,242,252	**-**	-
Owners of the Trust		**2,680,850**	3,839,948	**2,680,850**	3,839,948
Non-controlling interests		**276,798**	121,354	**-**	-
Net profit after tax		**2,082,675**	6,203,554	**2,680,850**	3,839,948
Basic earnings per company share/ trust unit (cents)	7(a)	**(1.85)**	4.76	**5.66**	8.15
Diluted earnings per company share/ trust unit (cents)	7(a)	**(1.85)**	4.74	**5.66**	8.13
Basic earnings per stapled security (cents)	7(b)	**3.81**	12.91		
Diluted earnings per stapled security (cents)	7(b)	**3.81**	12.87		

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		EDC		ECT	
	Notes	**2023 $**	2022 $	**2023 $**	2022 $
Profit for the year		**2,082,675**	6,203,554	**2,680,850**	3,839,948
Other comprehensive income		-	-	**-**	-
Total comprehensive income for the year		**2,082,675**	6,203,554	**2,680,850**	3,839,948
Total comprehensive income attributable to:					
Owners of the Company		**(874,973)**	2,242,252	**-**	-
Owners of the Trust		**2,680,850**	3,839,948	**2,680,850**	3,839,948
Non-controlling interests		**276,798**	121,354	**-**	-
Total comprehensive income for the year		**2,082,675**	6,203,554	**2,680,850**	3,839,948

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
CURRENT ASSETS					
Cash and cash equivalents	9	**6,639,807**	8,180,442	**2,904,464**	5,781,661
Financial assets at amortised cost	10	**20,857,955**	21,820,695	**20,644,767**	20,664,651
Financial assets at fair value through profit or loss	11	**4,589,593**	5,526,424	**4,589,593**	5,526,424
Other assets		**96,462**	87,601	**-**	-
Current tax assets	5	**40,023**	672,983	**-**	-
Assets classified as held for sale	24	**8,536,058**	-	**-**	-
Total current assets		**40,759,898**	36,288,145	**28,138,824**	31,972,736
NON-CURRENT ASSETS					
Financial assets at amortised cost	10	**16,502,282**	4,364,322	**21,391,589**	8,887,207
Financial assets at fair value through profit or loss	11	**7,085,773**	5,829,315	**5,272,381**	4,028,685
Investments accounted for using the equity method	12	**-**	8,471,783	**-**	-
Intangible assets	13	**3,460,077**	3,460,077	**-**	-
Right-of-use asses	14	**115,515**	198,686	**-**	-
Plant and equipment		**16,250**	20,239	**-**	-
Deferred tax assets	5	**187,740**	352,709	**-**	-
Total non-current assets		**27,367,637**	22,697,131	**26,663,970**	12,915,892
TOTAL ASSETS		**68,127,535**	58,985,276	**54,802,794**	44,888,628
CURRENT LIABILITIES					
Trade and other payables	16	**2,269,987**	1,895,542	**1,185,950**	782,322
Lease liabilities	14	**84,990**	83,794	**-**	-
Provisions		**136,167**	112,562	**-**	-
Other liabilities	15	**9,639,956**	555,082	**9,639,956**	555,082
Total current liabilities		**12,131,100**	2,646,980	**10,825,906**	1,337,404
NON-CURRENT LIABILITIES					
Lease liabilities	14	**32,812**	117,802	**-**	-
Provisions		**32,828**	25,225	**-**	-
Deferred tax liabilities	5	**1,463,490**	1,473,294	**-**	-
Total non-current liabilities		**1,529,130**	1,616,321	**-**	-
TOTAL LIABILITIES		**13,660,230**	4,263,301	**10,825,906**	1,337,404
NET ASSETS		**54,467,305**	54,721,975	**43,976,888**	43,551,224
EQUITY					
Contributed equity	17	**8,443,890**	8,237,201	**43,463,511**	42,798,378
Retained earnings		**2,046,624**	2,921,597	**513,377**	693,789
Other reserves	18	**-**	12,050	**-**	59,057
Equity attributable to shareholders/unitholders		**10,490,514**	11,170,848	**43,976,888**	43,551,224
Non-controlling interests					
Trust unitholders		**43,976,888**	43,551,224	**-**	-
Other non-controlling interests		**(97)**	(97)	**-**	-
		43,976,791	43,551,127	**-**	-
TOTAL EQUITY		**54,467,305**	54,721,975	**43,976,888**	43,551,224

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

EDC	Contributed Equity $	Retained Earnings $	Share Based Payments Reserve $	Owners of the Parent $	Non-controlling Interest $	Total Equity $
At 1 July 2022	**8,237,201**	**2,921,597**	**12,050**	**11,170,848**	**43,551,127**	**54,721,975**
Profit for the year	**-**	**(874,973)**	**-**	**(874,973)**	**2,957,648**	**2,082,675**
Total comprehensive income for the year	**-**	**(874,973)**	**-**	**(874,973)**	**2,957,648**	**2,082,675**
Transactions with stapled security holders:						
Stapled securities issued	**8,325**	**-**	**-**	**8,325**	**665,133**	**673,458**
Dividends provided or paid	**-**	**-**	**-**	**-**	**(3,138,060)**	**(3,138,060)**
Share-based payment expenses	**-**	**-**	**186,314**	**186,314**	**578,092**	**764,406**
Transfers to and from reserves	**198,364**	**-**	**(198,364)**	**-**	**(637,149)**	**(637,149)**
At 30 June 2023	**8,443,890**	**2,046,624**	**-**	**10,490,514**	**43,976,791**	**54,467,305**
At 1 July 2021	8,210,699	679,345	8,237	8,898,281	43,123,030	52,021,311
Profit for the year	-	2,242,252	-	2,242,252	3,961,302	6,203,554
Total comprehensive income for the year	-	2,242,252	-	2,242,252	3,961,302	6,203,554
Transactions with stapled security holders:						
Stapled securities issued	26,502	-	-	26,502	104,395	130,897
Dividends provided or paid	-	-	-	-	(3,656,284)	(3,656,284)
Share-based payment expenses	-	-	3,813	3,813	18,684	22,497
At 30 June 2022	8,237,201	2,921,597	12,050	11,170,848	43,551,127	54,721,975

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

ECT	Contributed Equity $	Retained Earnings $	Share Based Payments Reserve $	Total $
At 1 July 2022	**42,798,378**	**693,789**	**59,057**	**43,551,224**
Profit for the year	**-**	**2,680,850**	**-**	**2,680,850**
Total comprehensive income for the year	**-**	**2,680,850**	**-**	**2,680,850**
Transactions with unitholders:				
Units issued	**27,984**	**-**		**27,984**
Distributions provided or paid	**-**	**(2,861,262)**	**-**	**(2,861,262)**
Share-based payment expenses	**-**	**-**	**578,092**	**578,092**
Transfers to and from reserves	**637,149**	**-**	**(637,149)**	**-**
At 30 June 2023	**43,463,511**	**513,377**	**-**	**43,976,888**
At 1 July 2021	42,693,983	388,771	40,373	43,123,127
Profit for the year	-	3,839,948	-	3,839,948
Total comprehensive income for the year	-	3,839,948	-	3,839,948
Transactions with unitholders:				
Units issued	104,395	-	-	104,395
Distributions provided or paid	-	(3,534,930)	-	(3,534,930)
Share-based payment expenses	-	-	18,684	18,684
At 30 June 2022	42,798,378	693,789	59,057	43,551,224

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Cash flows from operating activities					
Cash receipts in the course of operations		**5,233,157**	4,975,348	**154,416**	150,240
Cash payments in the course of operations		**(5,729,303)**	(5,005,978)	**(1,465,434)**	(981,719)
Distribution received		**586,572**	438,177	**586,573**	438,177
Loans repaid		**24,351,433**	9,892,580	**16,069,576**	9,892,580
Loans provided		**(42,551,507)**	(9,077,770)	**(34,291,507)**	(9,055,913)
Interest and fee income received		**8,374,020**	5,938,150	**8,378,777**	5,964,228
Interest paid		**(557,505)**	(373,110)	**(547,201)**	(366,250)
Income tax refund/(paid)		**778,536**	(780,503)	**-**	-
Net cash (used in)/provided by operating activities	9(b)	**(9,514,597)**	6,006,894	**(11,114,800)**	6,041,343
Cash flows from investing activities					
Payments for financial assets at fair value through profit or loss		**(2,930,187)**	(10,057,544)	**(2,221,814)**	(9,835,944)
Proceeds from financial assets at fair value through profit or loss		**5,243,530**	4,637,532	**4,493,906**	4,371,882
Payments for plant and equipment		**(7,097)**	(13,880)	**-**	-
Net cash provided by/(used in) investing activities		**2,306,246**	(5,433,892)	**2,272,092**	(5,464,062)
Cash flows from financing activities					
Dividends paid		**(3,008,954)**	(3,892,639)	**(2,786,630)**	(3,779,217)
Proceeds for stapled security/unit issued		**36,309**	130,897	**27,984**	104,395
Proceeds from borrowings		**19,311,155**	351,513	**13,111,157**	351,513
Payment of borrowings		**(10,670,794)**	(82,685)	**(4,387,000)**	-
Net cash provided by/(used in) by financing activities		**5,667,716**	(3,492,914)	**5,965,511**	(3,323,309)
Net (decrease) in cash and cash equivalents		**(1,540,635)**	(2,919,912)	**(2,877,197)**	(2,746,028)
Cash and cash equivalents at the beginning of the financial year		**8,180,442**	11,100,354	**5,781,661**	8,527,689
Cash and cash equivalents at the end of the financial year	9(a)	**6,639,807**	8,180,442	**2,904,464**	5,781,661

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

1.1 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 are general-purpose financial reports, which have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Interpretations). 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.

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 year.

1.2 Presentation format

EDC and ECT present assets and liabilities in the statement of financial position as current or non-current.

- Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of EDC's and ECT's operating cycle and within one year from the reporting date. All other assets are classified as non-current.
- Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of EDC's and ECT's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

The financial report is presented in Australian dollars.

1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying EDC's and ECT's accounting policies.

The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities are:

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.3 Critical Accounting Estimates and Judgements (Cont.)

- Assessment of recoverable amount of investments accounted for using the equity method (refer below);
- Impairment of intangible assets (refer note 13);
- Assessment of recoverable amount of financial assets at amortised cost (refer note 10);
- Fair value of financial assets at fair value through profit or loss (refer note 11); and
- Fair value of performance rights (refer note 19).

Valuation of investments accounted for using the equity method

The carrying value of investments have been valued based on the net asset backing methodology, using the most recent reports provided by the entity.

Net asset backing methodology

The net asset backing methodology considers that the net assets of an entity reflect the future value of the business. This is because:

- the underlying value of the business operations may be focused specifically on increasing the value of its assets base; or
- there is insufficient repetitive income or profits to justify the use of different valuation techniques such as discounted cash flows or multiple of earnings.

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

EDC and ECT have adopted all of the applicable new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Adoption of the applicable new or amended standards does not have a material impact on EDC and ECT.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by EDC and ECT. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.5 Principles of consolidation

Controlled entities

The consolidated financial statements comprise the financial statements for the year ended 30 June 2023 for both:

- Eildon Capital Limited (the "Company") and its controlled entities, Eildon Capital Trust (the "Trust") and its controlled entities, together being the stapled entity, Eildon Capital Group ("EDC"); and
- The Trust and its controlled entities ("ECT").

The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases.

Control is achieved when EDC/ECT is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, EDC/ECT controls an investee if and only if EDC/ECT has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When EDC/ECT has less than a majority of the voting or similar rights of an investee, EDC/ECT considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- EDC's and ECT's voting rights and potential voting rights.

EDC and ECT re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Non-controlling interests not held by EDC/ECT are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Increases in investments in existing controlled entities are recognised by EDC/ECT in equity with no impact on goodwill and the statement of financial performance. The difference between the consideration paid by EDC/ECT and the carrying amount of non-controlling interest has been included in asset revaluation reserve.

The reporting date of the Company, the Trust and their subsidiaries is 30 June. The accounting policies have been consistently applied by each entity in EDC and ECT.

Stapled Entities

An agreement was signed on 18 March 2020 that has the effect of stapling the shares of the Company to the units of Eildon Capital Trust, and although the two entities are separate legal entities, their shares/units are not able to be separately traded. Although Eildon Capital Limited does not have an ownership interest in Eildon Capital Trust, in accordance with AASB 3 *Business Combinations*, Eildon Capital Limited has been identified as the acquirer and the parent entity for the purpose of preparing the consolidated financial statements and Eildon Capital Trust is deemed to be the acquiree.

The net assets held by Eildon Capital Trust and its controlled entities are identified as non-controlling interests and presented in EDC's consolidated statement of financial position within equity, separately from the Company's equity holders' equity. The profit of Eildon Capital Trust and its controlled entities is also separately disclosed as a non-controlling interest in the profit of EDC. Although a non-controlling interest has been identified the shareholders of Eildon Capital Limited are also the unitholders of Eildon Capital Trust by virtue of the stapling arrangement dated 18 March 2020.

Associates

Associates are those entities, other than partnerships, over which EDC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. EDC's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income from the date significant influence commences until the date significant influence ceases.

Parent entity information

The financial information of the Company and the Trust is disclosed in note 3 and has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as "fair value through profit or loss" investments.

Goodwill

Goodwill on acquisition of businesses is included in intangible assets. Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Impairment losses on goodwill are taken to the statement of financial performance and are not subsequently reversed.

1.6 Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1.7 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and tax losses can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.7 Income Tax and Other Taxes (Cont.)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in comprehensive income.

Under current Australian income tax legislation, the Trust and its subsidiaries are not liable for income tax on their taxable income (including assessable realised capital gains) provided that the unitholders are presently entitled to the income of the Trust.

Tax Consolidation Legislation

The 100% owned subsidiaries of the Company formed a tax consolidation group on 17 November 2020. The entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The entities in the tax consolidated group have applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is calculated as if each entity was an individual entity for tax purposes. Unless agreed between the members the tax funding agreement requires payment as a result of the transfer of tax amounts.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.8 Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by EDC;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. EDC recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

1.9 Cash and Cash Equivalents

Cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.10 Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less any allowance for expected credit losses. Individual debts that are known to be uncollectible are written off when identified. EDC and ECT apply the AASB 9 simplified approach to measuring 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 EDC's debtors.

1.11 Plant and Equipment

Items of plant and equipment are recorded at cost less depreciation and impairment.

Depreciation

Plant and equipment are depreciated using the straight-line method over the estimated useful lives. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The current depreciation rates are as follows:

Plant and equipment	33%

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.12 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by EDC.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by EDC under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects EDC exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in EDC, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1.13 Financial Assets

(i) Classification

Financial assets in the scope of AASB 9 *Financial Instruments* are classified into the measurement categories at either amortised cost or fair value, subject to their classification criteria.

The classification depends on EDC's and ECT's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

Initial measurement

At initial recognition, EDC and ECT measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at amortised cost

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in financial performance and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Financial asset at fair value through profit or loss (FVPL)

Equity investments that do not meet the criteria for amortised cost are measured at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.13 Financial Assets (Cont.)

(iii) Impairment

EDC and ECT assess on a forward-looking basis the expected credit losses associated with secured loans are carried at amortised cost. The expected credit loss is determined based on changes in the financial asset's underlying credit risk and includes forward-looking information. Where there has been a significant increase in credit risk since initial recognition, the expected credit loss is determined with reference to the probability of default. EDC and ECT apply its judgement in determining whether there has been a significant increase in credit risk since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes forward-looking information.

Expected credit loss is generally determined based on the contractual maturity of the financial asset and an assessment of the underlying security provided by the counterparty. The expected credit loss is measured as the product of probability of default, loss given default and exposure at default, with increases and decreases in the measured expected credit loss from the date of origination being recognised in the consolidated statement of profit or loss and other comprehensive income as either an impairment loss or gain.

Outcomes within the next financial period that are different from assumptions and estimates could result in changes to the timing and amount of expected credit losses to be recognised.

The loss allowances for expected credit loss are presented in the statement of financial position as a deduction to the gross carrying amount.

1.14 Trade and Other Payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to EDC/ECT prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.15 Other Liabilities

Other liabilities relate to non-controlling interests in contributory investment trusts that EDC/ECT has assessed that it controls, and the units issued by these funds meet the definition of a liability in accordance with AASB 132 *Financial Instruments: Presentation* rather than classified as equity.

1.16 Revenue Recognition

Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount as at the end of the financial year.

Fee Income

Fee income is recognised in respect to the following types of service contracts with customer:

- Loan administration, fund administration and development administration services: these services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation.
- Equity raising, loan establishment, acquisition and project management services: due to the specialised nature of these services, the customer does not benefit from the process undertaken, but rather the outcome. EDC is only entitled to payment for services upon the successful completion of the contract. Hence, revenue is recognised at a point in time, upon completion of the service.

Dividends and distribution income

Revenue from dividends and distributions is recognised when the right to receive payment is established. Dividends received out of pre-acquisition reserves are recognised in revenue and the investment is also assessed for impairment.

1.17 Employee Entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled including "on-costs".

Share-based payments

EDC provides benefits to employees in the form of share-based payments, whereby employees render services in exchange for rights over securities (equity-settled transactions).

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

1.18 Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue or cancellation of shares are shown in equity as a deduction, net of tax, from proceeds.

1.19 Dividends and Distributions

Provision is made for the amount of any dividend and distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.20 Earnings Per Share/Unit

Basic earnings per share/unit is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends and distributions) and preference share dividends and distributions, divided by the weighted average number of ordinary shares/units, adjusted for any bonus element.

1.21 Comparative Figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

1.22 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

1.23 Rounding of amount

EDC and ECT 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.

NOTE 2: CONTROLLED ENTITIES

2.1 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	
	Jun 2023 %	Jun 2022 %	**Jun 2023 %**	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)				
– P Class	**-**	85	**-**	15
– AC Class	**100**	100	**-**	-
– AD Class (c)	**N/A**	100	**N/A**	-
– AF Class	**27**	-	**73**	-
– AG Class	**100**	-	**-**	-
– AH Class	**29**	-	**71**	-
– AI Class	**100**	-	**-**	-
– AJ Class	**26**	-	**74**	-
– AK Class	**87**	-	**13**	-

(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. Refer note 15.

(c) On 1 September 2022, Eildon Capital Trust transferred 2,125,000 AD class of units to non-controlling interests' holders and the remaining ownership is 16% after the completion of the transfer. As such, Eildon Capital Trust is no longer considered to control this class of units in EDF.

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.

NOTE 3: PARENT ENTITY DISCLOSURE

3.1 Summary Financial Information

	Company		Trust	
	2023 **$**	2022 $	**2023** **$**	2022 $
Balance sheet				
Current assets	**8,844,442**	1,107,218	**18,169,595**	31,377,245
Total assets	**10,405,624**	16,178,381	**44,833,566**	44,293,137
Current liabilities	**149,652**	407,188	**856,678**	741,913
Total liabilities	**1,613,142**	6,403,367	**856,678**	741,913
Shareholders' equity				
Issued capital	**8,443,890**	8,237,202	**43,463,511**	42,798,378
Retained earnings	**348,592**	1,525,762	**513,377**	693,789
Other reserve	**-**	12,050	**-**	59,057
Total Equity	**8,792,482**	9,775,014	**43,976,888**	43,551,224
(Loss)/Profit for the period	**(1,177,173)**	1,505,416	**2,680,850**	3,839,948
Total comprehensive income	**(1,177,173)**	1,505,416	**2,680,850**	3,839,948

3.2 Commitments and Financial Guarantees

Amounts available to be called by investees for partially paid shares and units:

Unrelated entity	**1,889,055**	1,139,055	**96,000**	100,587

Refer note 23(b) for information about guarantees given by the Company.

NOTE 4: AUDITOR'S REMUNERATION

The auditor of EDC is Pitcher Partners Sydney.

Amounts received or due and receivable by the auditors for:

	EDC		ECT	
	2023 **$**	2022 $	**2023** **$**	2022 $
Audit and review of financial report				
Pitcher Partners Sydney	**98,046**	75,590	**59,500**	47,676
	98,046	75,590	**59,500**	47,676

NOTE 5: INCOME TAX

Under current Australian income tax legislation, the Trust and its subsidiaries are not liable for income tax on their taxable income (including assessable realised capital gains) provided that the unitholders are presently entitled to the income of the Trust.

Details of income tax of EDC have been disclosed below:

	EDC	
	2023 $	2022 $
(a) Income tax expense		
Accounting profit before income tax	**2,092,264**	6,866,779
Income tax expense at the statutory income tax rate of 25%	**523,066**	1,716,695
Trust profit not assessable	**(719,958)**	(978,880)
Sundry items	**47,507**	1,637
Adjustment to reflect change in tax rate	**-**	(76,227)
Carry back tax loss offset	**158,974**	-
Income tax expense	**9,589**	663,225
The major components of income tax expense are:		
– Current income tax charge	**(145,576)**	-
– Deferred income tax	**155,165**	663,225
Income tax expense reported in the statement of profit or loss and other comprehensive income	**9,589**	663,225
Deferred tax benefit relating to items credited directly to equity	**-**	-

(b) Deferred income tax

Deferred income tax balances at 30 June relates to the following:

	2023			2022		
	Included in Income $	**Included in Equity $**	**Total $**	Included in Income $	Included in Equity $	Total $
Deferred tax assets						
Provisions and accrued expenses	**43,998**	**-**	**43,998**	40,199	-	40,199
Financial assets	**28,060**	**-**	**28,060**	(150,760)	-	(150,760)
Tax losses	**74,462**	**-**	**74,462**	419,452	-	419,452
Other	**25,452**	**15,768**	**41,220**	18,544	25,274	43,818
	171,972	**15,768**	**187,740**	327,435	25,274	352,709
Deferred tax liabilities						
Equity accounting income	**1,463,490**	**-**	**1,463,490**	1,473,294	-	1,473,294

	EDC 2023 $	EDC 2022 $

NOTE 5: INCOME TAX (CONT.)

(c) Current Tax Assets

	EDC 2023 $	EDC 2022 $
Income tax receivable (payable)		
Balance at the end of the year	**40,023**	672,983

NOTE 6: EMPLOYEE AND DIRECTOR COSTS

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Superannuation	**208,443**	222,355	**-**	-
Share-based payments	**764,406**	22,496	**578,092**	18,684
Non-executive director costs	**330,312**	216,934	**-**	-
Other employee costs	**2,789,170**	2,540,308	**-**	-
	4,092,331	3,002,093	**578,092**	18,684

NOTE 7: EARNINGS PER SHARE/UNIT/STAPLED SECURITY

(a) Earnings per share/unit

	Company 2023 $	Company 2022 $	Trust 2023 $	Trust 2022 $
Basic (loss)/earnings per share/unit (cents)	**(1.85)**	4.76	**5.66**	8.15
Diluted (loss)/earnings per share/unit (cents)	**(1.85)**	4.74	**5.66**	8.13
Net (loss)/profit attributable to ordinary equity holders of the Company/Trust ($)	**(874,973)**	2,242,252	**2,680,850**	3,839,948
Weighted average number of shares/units				
Weighted average number of shares/units used in calculating basic earnings per company share/trust unit (number)	**47,338,940**	47,128,691	**47,338,940**	47,128,691
Adjustment for calculation of diluted earnings per company share/trust unit:				
Performance rights (number)	**-**	131,061	**-**	131,061
Weighted average number of ordinary shares/units and potential ordinary shares/units used in calculating earnings per company share/trust unit (number)	**47,338,940**	47,259,752	**47,338,940**	47,259,752

	EDC 2023 $	EDC 2022 $

NOTE 7: EARNINGS PER SHARE/UNIT/STAPLED SECURITY (CONT.)

(b) Earnings per stapled security

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

	2023 $	2022 $
Basic earnings per stapled security (cents)	**3.81**	12.91
Diluted earnings per stapled security (cents)	**3.81**	12.87
Net profit attributable to securityholders of EDC ($)	**1,805,877**	6,082,200
Weighted average number of securities		
Weighted average number of securities used in calculating basic earnings per stapled security (number)	**47,338,940**	47,128,691
Adjustment for calculation of diluted earnings per stapled security: Performance rights (number)	**-**	131,061
Weighted average number of ordinary securities and potential ordinary securities used in calculating earnings per stapled security (number)	**47,338,940**	47,259,752

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 8: DIVIDENDS AND DISTRIBUTIONS

(a) 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							
2023 June quarter	-	1.600	1.600	782,674	21-Jul-23	0%	0%
2023 March quarter	-	1.500	1.500	708,610	21-Apr-23	0%	0%
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%
	-	**6.000**	**6.000**	**2,861,262**	-	-	-
2022							
2022 June quarter	-	1.500	1.500	708,043	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**	**3,534,930**	-	-	-

(b) Franking credits

Distributions paid by ECT do not attract franking credits. Franking credits are only available for future dividends paid by the Company. The Company's franking account balance as at 30 June 2023 is $82,962 (2022: $861,501).

The franking account is stated on a tax paid basis. The balance comprises the franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the refund of overpaid tax instalments paid;

(c) franking debits that will arise from the payment of dividends recognised as a liability at year end;

(d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

(e) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available equity to declare dividends.

NOTE 9: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	EDC		ECT	
	2023 $	2022 $	**2023 $**	2022 $
Cash at bank	**6,639,807**	8,180,442	**2,904,464**	5,781,661

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

(b) Reconciliation of profit after income tax to net cash from operations

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Net profit after tax	**2,082,675**	6,203,554	**2,680,850**	3,839,948
Adjustments for:				
Share of equity accounted profit	**(230,525)**	(2,067,568)	**-**	-
Depreciation and amortisation	**94,257**	90,882	**-**	-
Performance rights	**764,406**	22,496	**578,092**	18,684
Net loss/(gain) on financial assets at fair value through profit or loss	**72,047**	(907,712)	**(40,191)**	(304,673)
Facility fee	**(823,997)**	(1,516,427)	**-**	(101,033)
Change in operating assets and liabilities:				
Decrease in financial assets at amortised cost	**(13,652,250)**	2,369,543	**(15,014,691)**	2,421,847
Increase in other assets	**(70,600)**	(22,060)	**-**	-
Increase in leave provisions	**31,208**	36,524	**-**	-
Increase in payables	**1,430,057**	1,914,939	**681,140**	166,570
Increase in deferred tax assets and liabilities	**155,165**	1,011,696	**-**	-
(Decrease)/Increase in tax payable	**632,960**	(1,128,973)	**-**	-
Net cash (used in)/provided by operating activities	**(9,514,597)**	6,006,894	**(11,114,800)**	6,041,343

NOTE 9: NOTES TO THE STATEMENT OF CASH FLOWS (CONT.)

(c) Changes in liabilities arising from financing activities

	Other Liabilities		Leases		Total	
	2023 $	2022 $	**2023 $**	2022 $	**2023 $**	2022 $
EDC						
At the beginning of the year	**555,082**	137,046	**201,596**	284,281	**756,678**	421,327
Cash flows	**8,724,157**	351,513	**(83,794)**	(82,685)	**8,640,363**	268,828
Other changes	**360,717**	66,523	**-**	-	**360,717**	66,523
At the end of the year	**9,639,956**	555,082	**117,802**	201,596	**9,757,758**	756,678
ECT						
At the beginning of the year	**555,082**	137,046	**-**	-	**555,082**	137,046
Cash flows	**8,724,157**	351,513	**-**	-	**8,724,157**	351,513
Other changes	**360,717**	66,523	**-**	-	**360,717**	66,523
At the end of the year	**9,639,956**	555,082	**-**	-	**9,639,956**	555,082

	EDC		ECT	
	2023 $	2022 $	**2023 $**	2022 $
(d) Non-cash investing and financing activities				
During the financial year, EDC issued 37,790 stapled securities under its Dividend and Distribution Reinvestment Plan.				
Stapled securities/units issued	36,309	130,897	27,984	104,395

	EDC		ECT	
	2023	2022	**2023**	2022
	$	$	**$**	$

NOTE 10: FINANCIAL ASSETS AT AMORTISED COST

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Current:				
Trade and other receivables	**285,343**	1,183,112	**72,155**	48,925
Secured loans to other entities	**20,572,612**	20,637,583	**20,572,612**	20,615,726
	20,857,955	21,820,695	**20,644,767**	20,664,651
Non-Current:				
Secured loans to other entities	**16,502,282**	4,364,322	**16,502,282**	4,364,322
Secured loan to stapled entity	**-**	-	**4,889,307**	4,522,885
	16,502,282	4,364,322	**21,391,589**	8,887,207

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. As such no expected loss allowance on loan assets has been provided as at 30 June 2023 and 30 June 2022.

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.

	EDC		ECT	
	2023 **$**	2022 $	**2023** **$**	2022 $

NOTE 11: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Current:				
Investments in unlisted entities	**4,589,593**	5,526,424	**4,589,593**	5,526,424
Non-Current:				
Investments in unlisted entities	**7,085,773**	5,829,315	**5,272,381**	4,028,685

The carrying value of investments in unlisted entities has been determined by using valuation techniques. Such techniques include using recent arm's length market transactions and net asset backing.

Unlisted investments for the current financial year comprise holdings in entities that hold property assets or hold property assets as security. A review has been undertaken of the underlying property assets held by the entities and the directors are of the opinion that the carrying value of the investment is reflective of the current underlying value of the property held.

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates of the Company have been disclosed below:

	EDC			
	Ownership Interest		Investment Carrying Amount	
	2023 **%**	2022 %	**2023** **$**	2022 $
Interest in ordinary shares of associate				
79 Logan Road Trust (a)	**35**	35	**-**	8,471,783
79 Logan Road Pty Limited (b)	**35**	35	**-**	-
			-	8,471,783

(a) 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.

(b) 79 Logan Road Pty Limited is the trustee of 79 Logan Road Trust.

Summarised financial information

The following table illustrates summarised financial information relating to EDC's associate:

	79 Logan Road Trust	
	2023	2022
	$	$
Summarised balance sheet		
Current assets	**349,225**	251,285
Current liabilities	**206,626**	149,950
Current net assets	**142,599**	101,335
Non-current assets	**38,400,000**	38,400,000
Non-current liabilities	**11,320,000**	11,490,000
Non-current net assets	**27,080,000**	26,910,000
Net assets	**27,222,599**	27,011,335
Reconciliation:		
Opening net assets 1 July	**27,011,335**	20,989,351
Profit for the period	**686,264**	6,780,984
Return of capital	**17,912**	(93,534)
Distributions paid	**(492,912)**	(665,466)
Closing net assets	**27,222,599**	27,011,335
EDC's share – percentage	**35%**	31%
EDC's share - dollars	**-**	8,471,783
Opening EDC carrying amounts 1 July	**8,471,783**	6,669,865
Capital return	**6,269**	(32,737)
Share of profit	**230,525**	2,067,568
Distributions received	**(172,519)**	(232,913)
Derecognition of associate investment and recognition of asset held-for-sale (a)	**(8,536,058)**	-
Closing EDC Carrying amount	**-**	8,471,783
Summarised statement of comprehensive income		
Revenue	**1,550,070**	7,432,720
Net profit	**686,264**	6,780,984
Total comprehensive income	**686,264**	6,780,984
Distributions received	**172,519**	232,913

(a) 79 Logan Road Pty Ltd and 79 Logan Road Trust were reclassified to Assets Classified as Held for Sale on 30 June 2023. Refer note 24.

	EDC	
	2023 **$**	2022 $
NOTE 13: INTANGIBLE ASSETS		
Goodwill	**3,460,077**	3,460,077
Reconciliations:		
Carrying amount at the beginning of the year	**3,460,077**	3,460,077
Acquisition of subsidiary	**-**	-
Carrying amount at the end of the year	**3,460,077**	3,460,077

The goodwill is attributable to the acquisition of the funds management business of Eildon Funds Management Limited (EFM) on 17 November 2020. The acquisition price was based on an independent valuation prepared by Grant Thornton Australia Ltd on 8 October 2020.

In addition, as part of the Takeover process, EDC appointed Grant Thornton in May 2023 to prepare an Independent Expert report and assign a fair value to the EDC Group including an assessment of the carrying value of the goodwill.

The valuation assessment of EFM was based on an AUM multiple which was in the range of $5.6 million to $7.0 million.

Directors are of the opinion that the valuation of goodwill is fair and reasonable, and no change is required in the carrying value of the goodwill.

Goodwill is not deductible for tax purposes.

NOTE 14: LEASES

EDC currently leases the office it occupies. The lease agreement is for a fixed period of three and a half years, without any extension options. The lease agreement does not impose any covenants other than the security interest in the leased asset that is held by the lessor and the bank guarantee of $73,914 provided by EDC to the lessor Lease assets may not be used as security for borrowing purposes.

Right-of-use assets		
Office lease	**115,515**	198,686
Lease liabilities		
Current	**84,990**	83,794
Non-current	**32,812**	117,802
	117,802	201,596

There were no additions to the right-of-use assets during the year ended 30 June 2023 (2022: $nil) and the total cash outflow for leases was $94,097 (2022: $89,545).

Depreciation charge of right-of-use assets		
Office lease	**83,171**	83,171

	EDC		ECT	
	2023 $	2022 $	**2023 $**	2022 $
NOTE 15: OTHER LIABILITIES				
Current	**9,639,956**	555,082	**9,639,956**	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.

NOTE 16: TRADE AND OTHER PAYABLES

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Current:				
Trade payables	**580,630**	46,588	**146,243**	41,472
Sundry creditors and accruals	**782,871**	951,738	**257,033**	32,808
Distribution payable	**906,486**	897,216	**782,674**	708,042
	2,269,987	1,895,542	**1,185,950**	782,322

Trade and other payables are non-interest bearing and are generally on 30-day terms.

Company	2023 Number of shares	2023 $	2022 Number of shares	2022 $
NOTE 17: CONTRIBUTED EQUITY				
Issued and paid-up share capital:				
Ordinary shares fully paid	**48,917,117**	8,443,890	**47,202,827**	8,237,201
Reconciliation:				
Balance at the beginning of the year	**47,202,827**	8,237,201	**47,075,102**	8,210,699
Issue of shares under DRP	**37,790**	8,325	**127,725**	26,502
Issue of shares under EIP	**1,676,500**	-	**-**	-
Transfer from share based payments reserve	**-**	198,364	**-**	-
Balance at the end of the year	**48,917,117**	8,443,890	**47,202,827**	8,237,201

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of shares held.

Trust	2023 Number of units	2023 $	2022 Number of units	2022 $
Issued and paid-up capital:				
Ordinary units fully paid	**48,917,117**	43,463,511	**47,202,827**	42,798,378
Reconciliation:				
Balance at the beginning of the year	**47,202,827**	42,798,378	**47,075,102**	42,693,983
Issue of units under DRP	**37,790**	27,984	**127,725**	104,395
Issue of units under EIP	**1,676,500**	-	**-**	-
Transfer from share based payments reserve -	**637,149**	-	**-**	
Balance at the end of the year	**48,917,117**	43,463,511	**47,202,827**	42,798,378

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up the trust in proportion to the number of units held.

	Company 2023 $	Company 2022 $	Trust 2023 $	Trust 2022 $
Net assets attributed to ordinary equity holder of the Company/Trust	**10,490,514**	11,170,848	**43,976,888**	43,551,224
Net assets per share attributed to ordinary equity holder of the Company/Trust	**0.21**	0.24	**0.90**	0.92

	EDC 2023 $	EDC 2022 $
Net assets attributed to stapled securityholders of EDC	**54,467,402**	54,722,072
Net assets per stapled security attributed to stapled securityholders of EDC (a)	**1.11**	1.16

(a) Although a non-controlling interest has been identified, 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 net assets per stapled security for the 2023 financial year refers to net assets attributable to owners of the Company and owners of the Trust which represents the actual value attributable to stapled security holders of EDC.

EDC and ECT are not subject to any externally imposed capital requirements. Management's objective is to achieve returns for stapled security holders commensurate with the risks associated with making investments in Australia.

Capital risk management

EDC's and ECT's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for securityholders/unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, EDC and ECT may adjust the amount of dividends/distributions paid to securityholders/unitholders, return capital to securityholders/unitholders, issue new stapled securities/units or sell assets to reduce debt.

The capital risk management policy remains unchanged from the prior year.

NOTE 18: OTHER RESERVES

	Share-based Payment Reserve Company $	Share-based Payment Reserve Trust $
Balance at 30 June 2021	**8,237**	40,373
Share-based payment expenses	**3,813**	18,684
Balance at 30 June 2022	**12,050**	59,057
Share-based payment expenses	**186,314**	578,092
Transfer to contributed equity	**(198,364)**	(637,149)
Balance at 30 June 2023	**-**	-

Share-based Payment Reserve

Share-based payment reserve is used to recognise the value of equity settled share-based payments.

NOTE 19: SHARE-BASED PAYMENTS

On 7 March 2023, EDC issued a third tranche of Performance Rights under the EDC Employee incentive plan. The Employee Incentive Plan was approved by shareholders at the 2020 annual general meeting and is designed to provide long-term incentives for senior managers and above to deliver long-term securityholder returns. Under the plan, participants are granted rights that deliver ordinary stapled securities to employees (at no cost) which only vest if certain performance hurdles are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The performance rights were issued to selected employees who are critical to the success of the business.

Performance rights carry no dividend or voting rights or rights to participate in any other share/unit issue of EDC or any other entity. When exercisable, each performance right is entitled to receive one stapled security.

The number of rights that vest depends on achieving certain performance hurdles in relation to:

- **Total Shareholder Return (TSR)**

  TSR is calculated based on a combination of share price growth, dividends, and distributions to securityholders. The percentage of Performance Rights subject to the TSR Hurdle that vest, if any, will be determined by the Director's with reference to the below table.

40% subject to a Total Security Holders Return Hurdle

Return (p.a.)	Vesting Amount
< 12%	nil
12% - 15%	25%
15% - 18%	50%
18% - 20%	75%
>20%	100%

- **Funds Under Management (FUM)**

  Funds under management of the Group is calculated on the same basis as the results presentation released to the ASX for the financial half year ended 31 December 2022 (at which time FUM was $282 million).

30% subject to a Funds Under Management Hurdle

FUM	Vesting Amount
< 450m	nil
$450m - <$525m	30%
$525m - <$600m	60%
>$600m	100%

- **Discretionary (30% of the performance rights)**

  The discretionary component of the performance rights is at the absolute discretion of the Board, based on performance, which will take into account any factors that the Board deems relevant, including the following:

  - number of, and level of, engagement with investors and investor groups, wealth management and similar stakeholders;
  - awareness of Group in the investment community;
  - ASX positioning and marketing to drive performance;
  - number of new funds established and funds established in new markets for the Group;
  - continued and systematic exploration of merger and acquisition strategies; and
  - member register regeneration (including through capital raisings, strategic placements and recapitalisations through existing securityholder sell downs with new members replacing them).

In addition to the above performance hurdles, the Board also has the discretion to waive the vesting conditions in the event of a Change of Control to allow the Participants to participate in, or otherwise benefit from, the Change of Control Event.

In accordance with the above, as the Takeover Offer from Samuel Terry Asset Management resulted in a Change of Control Event, the Board exercised its discretion to waive the vesting conditions and award the performance rights to the Participants.

The following table illustrates movements in the number of performance rights on issue during the year.

Grant Date	Vesting Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Vested	Balance at End of the Year	Value per Right*
1 Feb 2021	31 Jan 2024	355,900	-	104,400	251,500	-	$0.27
16 Mar 2022	15 Mar 2025	387,000	-	387,000	-	-	$0.38
07 Mar 2023	15 Jan 2025	-	1,425,000	-	1,425,000	-	$0.35

**Note that the Volume weighted average price (VWAP) on the date of exercise (09 June 2023) was $0.93.*

Fair Value of Rights granted

The fair value of the 2023 performance rights at grant date was $498,035 (FY22: $243,559). Fair value was determined using the. the following inputs:

	2023 $	2022 $
Grant date	**07/03/2023**	16/03/2022
Expiry date	**15/01/2025**	15/03/2025
Share price at grant date	**$0.80**	$1.01
Expected volatility of shares*	**26.89%**	27.93%
Expected dividend yield	**8%**	8%
Risk free interest rate	**3.40%**	2.75%

** Volatility was based on the number of days to maturity by measuring the standard deviation of the historical security price multiplied by the average square root of trading days in a calendar year.*

NOTE 20: FINANCIAL RISK MANAGEMENT

EDC's and ECT's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. EDC's and ECT's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

EDC and ECT use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of EDC and ECT. There have been no significant changes in the types of financial risks or EDC's and ECT's risk Management program (including methods used to measure the risks) since the prior year.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT.)

EDC and ECT holds the following financial instruments:

EDC

Financial assets

Amortised costs:

- Cash and cash equivalents (note 9)
- Trade and other receivables (note 10)
- Secured loans to other entities (note 10)

Fair value through profit or loss:

- Investments in unlisted entities (note 11)

Financial liabilities

Amortised costs:

- Trade and other payables (note 16)
- Other liabilities (note 15)
- Lease liabilities (note 14)

ECT

Financial assets

Amortised costs:

- Cash and cash equivalents (note 9)
- Trade and other receivables (note 10)
- Secured loans to other entities (note 10)
- Secured loan to stapled entity (note 10)

Fair value through profit or loss:

- Investments in unlisted entities (note 11)

Financial liabilities

Amortised costs:

- Trade and other payables (note 16)
- Other liabilities (note 15)
- Lease liabilities (note 14)

(a) Interest Rate Risk

EDC's and ECT's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at the reporting date are as follows:

EDC	Note	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest Rate 1 Year or Less $	Fixed Interest Rate 1 to 5 Years $	Non-interest Bearing $	Total $
2023							
Financial assets							
Cash and cash equivalents	9	**1.2%**	**6,639,807**	**-**	**-**	**-**	**6,639,807**
Financial assets at amortised cost	10	**13.1%**	**7,440,227**	**13,226,299**	**16,502,282**	**191,429**	**37,360,237**
			14,080,034	**13,226,299**	**16,502,282**	**191,429**	**44,000,044**
Financial liabilities							
Trade and other payables	16	**-**	**-**	**-**	**-**	**2,269,987**	**2,269,987**
Other liabilities	15	**10.5%**	**4,649,650**	**4,990,306**	**-**	**-**	**9,639,956**
Lease liabilities	14	**-**	**84,990**	**32,812**	**-**	**117,802**	
			4,649,650	**5,075,296**	**32,812**	**2,269,987**	**12,027,745**
2022							
Financial assets							
Cash and cash equivalents	9	0.1%	8,180,442	-	-	-	8,180,442
Financial assets at amortised cost	10	13.7%	2,541,500	18,168,140	4,364,322	1,111,055	26,185,017
			10,721,942	18,168,140	4,364,322	1,111,055	34,365,459
Financial liabilities							
Trade and other payables	16	-	-	-	-	1,895,542	1,895,542
Other liabilities	15	14%	-	555,082	-	-	555,082
Lease liabilities	14		-	83,794	117,802	-	201,596
			-	638,876	117,802	1,895,542	2,652,220

ECT	Note	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest Rate 1 Year or Less $	Fixed Interest Rate 1 to 5 Years $	Non-interest Bearing $	Total $
Financial assets							
Cash and cash equivalents	9	**2.6%**	**2,904,464**	**-**	**-**	**-**	**2,904,464**
Financial assets at amortised cost	10	**12.5%**	**7,440,227**	**13,132,385**	**21,391,589**	**72,155**	**42,036,356**
			10,344,691	**13,132,385**	**21,391,589**	**72,155**	**44,940,820**
Financial liabilities							
Trade and other payables	16	**-**	**-**	**-**	**-**	**1,185,950**	**1,185,950**
Other liabilities	15	**10.5%**	**4,649,650**	**4,990,306**	**-**	**-**	**9,639,956**
			4,649,650	**4,990,306**	**-**	**1,185,950**	**10,825,906**
2022							
Financial assets							
Cash and cash equivalents	9	0.1%	5,781,661	-	-	-	5,781,661
Financial assets at amortised cost	10	12.9%	2,541,500	18,074,226	8,887,207	48,925	29,551,858
			8,323,161	18,074,226	8,887,207	48,925	35,333,519
Financial liabilities							
Trade and other payables	16	-	-	-	-	782,322	782,322
Other liabilities	15	14%	-	555,082	-	-	555,082
			-	555,082	-	782,322	1,337,4045

EDC and ECT hold a significant amount of cash balances which are exposed to movements in interest rates. Given the low interest rate environment and the short-term funding requirements for investment opportunities, EDC/ECT accepts lower rates of interest in exchange for liquidity in relation to cash deposits. EDC/ECT typically deposits uncommitted cash with financial institutions with an "investment grade" credit rating of BBB or higher to maintain liquidity for any investment opportunity arises.

EDC and ECT are not charged interest on outstanding trade and other payable balances.

Sensitivity

EDC and ECT expect that the Bank Bill Swap Rates (BBSW) to increase during the 2024 financial year by 0.5%. The impact at reporting date if interest rates increase by 0.5% (2022: 2%), whilst all other variables are held constant, is as follows:

	EDC Increase of 50 bp $	ECT Increase of 50 bp $
2023		
Net profit	**40,312**	**32,336**
Equity movement	**40,312**	**32,336**

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT.)

(b) Credit Risk Exposure

Credit risk refers to the loss that EDC and ECT would incur if a debtor or counterparty fails to perform under its obligations. EDC and ECT are exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and loans to various entities. The carrying amounts of financial assets recognised in the statement of financial position best represent EDC's and ECT's maximum exposure to credit risk at reporting date.

EDC and ECT have a material credit risk exposure to the borrowers of funds, that represent the counterparties to financial instruments entered by EDC and ECT. EDC and ECT manage the credit risk as follows:

i) Cash deposits:

This is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating of BBB or above.

ii) Loans made to various entities:

This is mitigated by collateral held with a value in excess of the counterparty's obligations to EDC and ECT, providing a "margin of safety" against loss. In addition to mortgages being held, collateral includes guarantees, security deeds and undertakings which can be called if the counterparty is in default under the terms of the agreement.

iii) Trade receivables:

Trade receivables are mainly related to management of relevant loans to various entities. This is mitigated by collateral held with a value in excess of the counterparty's obligations to EDC and ECT, providing a "margin of safety" against loss.

(c) Liquidity Risk

Liquidity risk is the risk that EDC and ECT might be unable to meet its obligations. EDC and ECT manage liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. EDC and ECT continuously monitor actual and forecast cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details maturity profiles of EDC's and ECT's contractual liabilities.

	EDC				ECT			
	Less than 6 Months $	6 Months to 1 Year $	1 Year to 5 Years $	Total $	Less than 6 Months $	6 Months to 1 Year $	1 Year to 5 Years $	Total $
2023								
Trade and other payables	**2,269,987**	**-**	**-**	**2,269,987**	**1,185,950**	**-**	**-**	**1,185,950**
Lease liabilities	**42,053**	**42,937**	**32,812**	**117,802**	**-**	**-**	**-**	**-**
Other liabilities (a)	**4,649,650**	**4,990,306**	**-**	**9,639,956**	**4,649,650**	**4,990,306**	**-**	**9,639,956**
2022								
Trade and other payables	1,895,542	-	-	1,895,542	782,322	-	-	782,322
Lease liabilities	41,466	42,328	117,802	201,596	-	-	-	-
Other liabilities (a)	555,082	-	-	555,082	555,082	-	-	555,082

(a) Payments to unitholders of Eildon Debt Fund are matched with the cash flows of the repayment of specific loans classified as "Financial assets classified at amortised cost".

(d) Fair Value of Financial Assets and Liabilities

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.

(d) Fair Value of Financial Assets and Liabilities (Cont.)

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 ending 30 June 2023		
Financial assets		
Financial assets at fair value through profit or loss		
Investments in unlisted entities	**11,675,366**	**9,861,974**
Year ending 30 June 2022		
Financial assets		
Financial assets at fair value through profit or loss		
Investments in unlisted entities	11,355,739	9,555,109

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Reconciliation of Level 3 fair value movements:				
Balance at the beginning of the year	**11,355,739**	4,693,662	**9,555,109**	3,717,670
Purchases	**2,930,188**	7,317,544	**2,805,188**	7,095,945
Sales	**(2,535,780)**	(1,630,449)	**(2,535,780)**	(1,630,449)
Fair value movement	**(74,781)**	974,982	**37,457**	371,943
Balance at the end of the year	**11,675,366**	11,355,739	**9,861,974**	9,555,109
Fair value movement attributable to assets held at the end of reporting period	**(74,781)**	974,982	**37,457**	371,943

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. Refer note 11.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONT.)

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) 2023 $	Net Profit/(Loss) 2022 $	Equity Increase/(Decrease) 2023 $	Equity Increase/(Decrease) 2022 $
Investments in unlisted entities				
EDC				
Favourable changes	**1,167,537**	1,135,575	**1,167,537**	1,135,575
Unfavourable changes	**(1,167,537)**	(1,135,575)	**(1,167,537)**	(1,135,575)
ECT				
Favourable changes	**986,198**	955,512	**986,198**	955,512
Unfavourable changes	**(986,198)**	(955,512)	**(986,198)**	(955,512)

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	Range of Inputs 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%

NOTE 21: SEGMENTAL 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.

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 activities relate to management of property investments, debt and unlisted funds.

EDC and ECT operate predominantly in Australia.

EDC	Direct Property Investment $	Funds Management $	Property Backed Lending $	Eliminations $	Total $
30 June 2023					
Revenue					
Segment revenue	16,410	3,745,910	5,206,569	-	8,968,889
Inter-Segment revenue	-	883,328	-	(883,328)	-
Corporate interest income					91,907
					9,060,796
Share of profit of equity accounted associate	230,525	-	-	-	230,525
Results					
Segment profit	246,934	3,335,063	4,298,651	-	7,880,648
Inter-Segment profit	-	883,328	-	(883,328)	-
Corporate expenses					(5,788,384)
Income tax expenses					(9,589)
Consolidated profit after tax					2,082,675
Disaggregation of revenue					
Timing of revenue recognition					
At a point in time	-	1,584,092	-	-	1,584,092
Over time	-	2,161,818	-	-	2,161,818
Revenue from contracts with customers	-	3,745,910	-	-	3,745,910
Other revenues	16,410	-	5,206,569	-	5,222,979
Segment revenue	16,410	3,745,910	5,206,569	-	8,968,889

NOTE 21: SEGMENTAL INFORMATION (CONT.)

EDC	Direct Property Investment $	Funds Management $	Property Backed Lending $	Eliminations $	Total $
30 June 2022					
Revenue					
Segment revenue	1,013,371	4,628,271	4,455,299	-	10,096,941
Inter-segment revenue	-	825,406	-	(825,406)	-
Corporate interest income					9,878
					10,106,819
Share of profit of equity accounted associate	2,067,568	-	-	-	2,067,568
Results					
Segment profit	3,080,939	3,974,802	4,022,526	-	11,078,267
Inter-segment profit	-	825,406	-	(825,406)	-
Corporate expenses					(4,211,488)
Income tax expenses					(663,225)
Consolidated profit after tax					6,203,554
Disaggregation of revenue					
Timing of revenue recognition					
At a point in time	-	2,734,858	51,033	-	2,785,891
Over time	-	1,893,413	50,000	-	1,943,413
Revenue from contracts with customers	-	4,628,271	101,033	-	4,729,304
Other revenues	1,013,371	-	4,354,266	-	5,367,637
Segment revenue	1,013,371	4,628,271	4,455,299	-	10,096,941

EDC	Direct Property Investment $	Funds Management $	Property Backed Lending $	Total $
30 June 2023				
Assets				
Segment assets	**15,621,831**	**3,460,077**	**41,664,487**	**60,746,395**
Unallocated amounts:				
Cash and cash equivalents				**6,639,807**
Other assets				**741,333**
Total assets				**68,127,535**
Liabilities				
Segment liabilities	**-**	**-**	**9,639,956**	**9,639,956**
Unallocated amounts:				
Other liabilities				**4,020,274**
Total liabilities				**13,660,230**
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	-	-	555,082	555,082
Unallocated amounts:				
Other liabilities				3,708,219
Total liabilities				4,263,301

NOTE 21: SEGMENTAL INFORMATION (CONT.)

ECT	Direct Property Investment $	Property Backed Lending $	Total $
30 June 2023			
Revenue			
Segment revenue	**128,647**	**5,206,569**	**5,335,216**
Corporate interest income			**463,086**
			5,798,302
Results			
Segment profit	**128,647**	**4,298,651**	**4,427,2982**
Corporate expenses			**(1,746,448)**
Profit after tax			**2,680,850**
Disaggregation of revenue			
Timing of revenue recognition			
Over time	**-**	**-**	**-**
Revenue from contracts with customers	**-**	**-**	**-**
Other revenues	**128,647**	**5,206,569**	**5,335,216**
Segment revenue	**128,647**	**5,206,569**	**5,335,216**
30 June 2022			
Revenue			
Segment revenue	410,332	4,455,300	4,865,632
Corporate interest income			357,299
			5,222,931
Results			
Segment profit	410,332	4,455,300	4,865,632
Corporate expenses			(1,025,684)
Profit after tax			3,839,948
Disaggregation of revenue			
Timing of revenue recognition			
Over time	-	101,033	101,033
Revenue from contracts with customers	-	101,033	101,033
Other revenues	410,332	4,354,267	4,764,599
Segment revenue	410,332	4,455,300	4,865,632

ECT	Direct Property Investment $	Property Backed Lending $	Total $
30 June 2023			
Assets			
Segment assets	**5,272,381**	**41,664,487**	**46,936,868**
Unallocated amounts:			
Cash and cash equivalents			**2,904,464**
Other assets			**4,961,462**
Total assets			**54,802,794**
Liabilities			
Segment liabilities	**-**	**9,639,956**	**9,639,956**
Unallocated amounts:			
Other liabilities			**1,185,950**
Total liabilities			**10,825,906**
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

There was no revenue from contracts with customers for 2023 financial year (2022: $101,033).

NOTE 22: RELATED PARTY INFORMATION

Parent entity

Eildon Capital Group is the head entity as at 30 June 2023.

Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Active Fund (STAM) is the ultimate parent entity of the group from 21 June 2023. However, both the companies operate independent to each other. For the prior periods to 30 April 2022, CVC Limited (CVC) was the ultimate parent entity.

Subsidiaries

Interest in subsidiaries is set out in note 2.

Associates

Interest in associates is set out in note 12.

	EDC	
	2023 **$**	2022 $
(a) Key management personnel		
Short-term employee benefits	**1,220,328**	933,918
Post-employment benefits	**98,535**	79,713
Share-based payments	**308,762**	19,400
	1,627,625	1,033,031

Details of remuneration disclosures are provided in the remuneration report.

Key management personnel of ECT includes persons who were directors of Eildon Funds Management Limited at any time during the financial year. No remuneration was paid by ECT directly to key management personnel.

	Company		Trust	
	2023 **$**	2022 $	**2023** **$**	2022 $
(b) Unsecured loan from/to stapled entity				
Loan from/(to) stapled entity				
Beginning of the year	**4,522,884**	4,201,542	**(4,522,884)**	(4,201,542)
Loans advanced	**-**	-	**-**	-
Interest charged	**366,423**	321,342	**(366,423)**	(321,342)
End of the year	**4,889,307**	4,522,884	**(4,889,307)**	(4,522,884)

The loan from/to stapled entity is for a period of 4 years. The loan attracts an interest rate of 8% per annum and is secured by all assets in the Company.

	EDC		ECT	
	2023	2022	**2023**	2022
	$	$	**$**	$

(c) Transactions with related parties

The following transactions occurred with related parties:

	2023 $	2022 $	**2023 $**	2022 $
Payment for management services provided by investment manager	**-**	-	**916,345**	721,585
Payment for services provided by subsidiary of the ultimate parent/related party (a)				
– Accounting fees	**-**	326,316	**-**	-
– Key management personnel management fees (b)	**-**	186,667	**-**	-
Received for services provided to subsidiaries of the ultimate parent/related party				
– Loan management services	**24,691**	598,169	**-**	-
– Project management services	**200,000**	240,000	**-**	-
Distribution/Dividend paid to ultimate parent/related party	**773,035**	1,327,073	**773,035**	1,327,073

(a) From 1 May 2022, CVC is no longer the ultimate parent of EDC. Amounts disclosed for EDC 2022 financial year relates to the period of 1 July 2021 to 30 April 2022. From 21 June 2023, STAM became the ultimate parent of EDC. However, no fees have been paid to STAM.

(b) Amounts disclosed for EDC 2022 financial year relates to key management personnel services provided by Messer Avery and Hunter from 1 July 2021 to 30 April 2022.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $	**2023 $**	2022 $
Current receivables:				
Trade receivables from subsidiaries of the ultimate parent/related party	**-**	447,744	**-**	-
Current payables:				
Distribution/dividend payables to ultimate parent/related party	**-**	263,535	**-**	263,535

(d) Performance fee

Commencing 1 January 2016, a performance fee is payable to Eildon Funds Management Limited where EDC achieves an annual return during the calculation period of greater than the hurdle rate of 9% per annum. The performance fee payable is calculated as 20% of the total return to securityholders of EDC in excess of the 9% hurdle rate, after factoring in dividends and other distributions. The performance fee is eliminated on consolidation.

No performance fee is payable for 2023 and 2022 financial years.

	EDC		ECT	
	2023	2022	**2023**	2022
	$	$	**$**	$

NOTE 23: COMMITMENTS AND CONTINGENT LIABILITIES

(a) Loans and other investments

	EDC 2023 $	EDC 2022 $	ECT 2023 $	ECT 2022 $
Amounts available to be drawn by borrowers under existing loan facility agreements:				
Unrelated entities	**96,000**	100,587	**96,000**	100,587
Amounts available to be called by investees for partially paid shares and units:				
Unrelated entities	**1,889,055**	1,139,055	**-**	-

(b) Financial Guarantees

Guarantees

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

	2023 **$**	2022 $
Guarantee (i)	**869,400**	869,400
Bank Guarantee (ii)	**93,914**	93,914

(i) Guarantee provided by the Company to Australia and New Zealand Banking Group Limited as security for a loan facility in relation to a property held by one of the Company's investments.

(ii) Bank guarantee provided by a subsidiary of EDC to landlord for office lease as well as for a corporate credit card facility.

NOTE 24: ASSET CLASSIFIED AS HELD FOR SALE

	2023 **$**	2022 $	**2023** **$**	2022 $
Asset held for sale				
Interest in unlisted corporation	**8,536,058**	-	**-**	-

On 05 April 2023, EDC entered into a binding agreement to dispose of its 35% interest in the 79 Logan Trust to the remaining two joint venture partners for an aggregate purchase price of $8.4 million, before any accounting adjustments.

The investment in 79 Logan Road Trust was previously equity accounted however as the agreement was signed prior to 30 June 2023 and completed on 04 July 2023, it has been reclassified as an asset held for sale.

NOTE 25: SUBSEQUENT EVENTS

A distribution of 1.6 cents per unit amounting to $782,674 was declared on 20 June 2023 and paid on 21 July 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 30 June 2023.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution 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), we state that:

In the opinion of the Directors:

(a) the financial statements and notes are in accordance with *Corporations Act 2001*, including:

(i) giving a true and fair view of EDC's and ECT's financial position as at 30 June 2023 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporation Regulations 2001*.

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that EDC and ECT will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ended 30 June 2023.

Signed in accordance with a resolution of the Board of Directors.

Dated at Melbourne 24 August 2023.

Matt Reid
Director

James Davies
Director

INDEPENDENT AUDITOR'S REPORT

To the Stapled Securityholders of Eildon Capital Limited and Eildon Capital Trust, together Eildon Capital Group

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the stapled entity Eildon Capital Group ("the Group"), comprised of Eildon Capital Limited ("the Company") and Eildon Capital Trust ("the Trust") and the entities they controlled, which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the director's declaration on behalf of the Group.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 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 Company and Responsible Entity of the Trust (collectively referred to as the Directors), would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of more significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Financial Assets at Amortised Cost (Refer to Note 10 Financial Assets at Amortised Cost)	
We focused our audit effort on the valuation of the Group's Financial Assets at Amortised Cost as it is the largest asset of the Group, and the assessment of recoverability requires significant judgement. As at 30 June 2023, the Group had Financial Assets at Amortised Cost of $37.4 million, including an allowance for expected credit losses of $nil. A significant portion of the balance relates to loans receivable provided to corporate entities associated with property development activities and asset backed finance lending. The Group applies the Expected Credit Loss ("ECL") model under AASB 9 *Financial Instruments*. The assessment to determine the ECL for impairment of Financial Assets at Amortised Cost involves significant estimates and judgements made by management. These include an assessment of the credit worthiness of the relevant counterparties, expected future collections, historical impairments, and consideration of the estimated value of any secured assets provided as collateral.	Our procedures included, amongst others: – Obtaining an understanding of and evaluating the design and implementation of controls surrounding asset backed finance lending; – Obtaining and reviewing loan agreements and other supporting documentation to gain an understanding of the loans provided and any related secured assets provided as collateral; – Evaluating compliance of management's methodology for determining the provision for the allowance for expected credit losses with AASB 9; – Reviewing and challenging significant estimates and judgements made by management in determining the recoverability of financial assets; and – Assessing the adequacy of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors are responsible for the preparation of the financial report 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Eildon Capital Group, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

John Gavljak
Partner

Pitch Partners
Sydney

24 August 2023

CORPORATE GOVERNANCE STATEMENT

EILDON CAPITAL GROUP

This Corporate Governance Statement, which has been approved by the Board, describes the corporate governance policies, framework and practices of Eildon Capital Group (ASX: EDC) (**Group**), which consists of Eildon Capital Limited (**Company**) and Eildon Capital Trust (**Trust**). Eildon Funds Management Limited (**Manager**) is a wholly-owned subsidiary of the Company and the responsible entity for the Trust.

This Corporate Governance Statement is current as at 30 June 2023 and has been approved by the Board.

Principle 1 – Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.

Recommendation 1.1 – A listed entity should disclose the respective roles and responsibilities of its board and management, and those matters expressly reserved to the board and those delegated to management.

The business of the Group is managed under the direction of the boards of the Company and the Manager (Board) which are responsible for its corporate governance. The Board comprises Mr James Davies, Mr Mark Avery, Ms Michelle Phillips, Mr Matthew Reid and Mr Frederick Woollard.

The Board meets on a regular basis and is required to discuss pertinent business developments, investment decisions and issues, and review the operations and performance of the Group. The Board will seek to ensure that the investment strategy is aligned with the expectations of Securityholders and the Group is effectively managed in a manner that is properly focused on its investment strategy as well as conforming to regulatory and ethical requirements.

Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues as they arise.

The primary objectives of the Board will be to:

- Set and review the strategic direction of the Group;
- Approve all material transactions;
- Approve and monitor financial policies and financial statements;
- Establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;
- Develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;
- Ensure Securityholders receive high quality, relevant and accurate information in a timely manner;

The Board has delegated responsibility for day-to-day management of the Group to the Chief Executive Officer and the Manager.

Recommendation 1.2 – A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to securityholders a candidate for election as a director; and

(b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to appointing a director or putting forward a new candidate for election, screening checks are undertaken as to the person's experience, education, criminal history and bankruptcy history.

When presenting a director for re-election, the Group provides Securityholders with details of the director's skills and experience, independence and current term served by the director in office and whether the Board supports the re-election.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Group's Non-Executive Directors have been engaged according to Letters of Appointment.

Recommendation 1.4 – The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Joint Company Secretaries are accountable to the Board, through the Chairperson, for all governance matters.

Each Director has access to the Joint Company Secretaries.

The appointment and removal of each Joint Company Secretary must be determined by the Board as a whole.

Recommendation 1.5 - A listed entity should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;

(c) disclose in relation to each reporting period:

(i) the measurable objectives set for that period to achieve gender diversity;

(ii) the entity's progress towards achieving those objectives; and

(iii) either:

(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Group's approach to business promotes a culture of equal opportunity and has the core principles of meritocracy based on ability, fairness and equality. The Group does not discriminate on gender, race, religion or cultural grounds.

The Board has adopted a diversity policy. However, given the size, nature and scale of the Group, it has not yet set out measurable objectives to achieve specific diversity targets. Instead, the Board aims to:

- promote the principles of merit and fairness when considering Board member appointments; and
- recruit from a diverse pool of qualified candidates, seeking a diversity of skills and qualifications.

The Board's composition is reviewed on an annual basis. In the event a vacancy exists, the Board will include diversity in its selection process.

Currently, 20% of the Board of EDC is represented by women. Further, women represent 44% of employees of the company.

Recommendation 1.6 – A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose for each reporting period whether a performance evaluation has been undertaken period in accordance with that process during or in respect of that period.

The Board of Directors' Charter requires the Board to undertake a performance evaluation of the Board collectively and each Director individually on an annual basis, as well as for each commit-tee of the Board.

The Board reviews its performance in terms of the Group's objectives, results and achievements. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate for the Board to function effectively.

As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures.

Independent professional advice may be sought as part of this process.

The Board did not undertake a formal performance evaluation during the year given the off-market takeover bid for the Group made in April 2023, which resulted in a new controlling securityholder (Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Active Fund) and the appointment of a new nominee Non-Executive Director. The Board intends to undertake this review during FY24.

Recommendation 1.7 – A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.

Performance reviews for senior executives will take place at least annually. Going forward, the Board intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.

Principle 2 – Structure the board to add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1 – The board of a listed entity should:

(a) have a nomination committee which:

(i) has at least three members, a majority of whom are independent directors; and

(ii) is chaired by an independent director, and disclose:

(A) the charter of the committee;

(B) the members of the committee; and

(C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Given the size, scale and nature of the Group, there is not a separate nomination committee. The full Board considers the issues that would otherwise be a function of a separate nomination committee.

The Group's policy is that the Board considers an appropriate mix of skills, experience, expertise and diversity (including gender diversity).

When evaluating, selecting and appointing Directors, the Board considers:

- the candidate's competencies, qualifications and expertise, addition to diversity of the Board and his/her fit with the current membership of the Board;
- the candidate's knowledge of the industry in which the Group operates;
- directorships previously held by the candidate and his/her current commitments to other boards and companies;
- existing and previous relationships with the Group and Directors;
- the candidate's independence status, including the term of office currently served by the director;
- criminal record and bankruptcy history (for new candidates);
- the need for a majority or equal balance on the Board; and
- requirements of the *Corporations Act 2001*, ASX Listing Rules, the Constitutions of the Company and the Trust and Board Charter.

The Board seeks to ensure that:

- its membership represents an appropriate balance between Directors with investment management and real estate industry experience and Directors with an alternative strategic perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Under the terms of the Company's Constitution:

- an election of Directors must be held at each Annual General Meeting and at least one Director must retire from office; and
- each Director must retire from office at the third Annual General Meeting following his/her last election.

Where eligible, a Director may stand for re-election.

Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Board of Directors' Matrix

	Skill, Experience and Expertise											Diversity
	Finance							Industry Knowledge				
Directors	*Financial Accounting & Audit*	*Audit Committee Experience*	*Risk Management*	*Legal*	*Strategy*	*Public Board Experience*	*Regulatory/Public Policy*	*Property Transactions*	*Property Management*	*Legal Compliance*	*Statutory Compliance*	*Gender*
	80%	80%	100%	100%	100%	100%	60%	100%	40%	100%	100%	80%M | 20%F

Recommendation 2.3 – A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Board currently comprises three Independent Directors:

- James Davies;
- Michelle Phillips;
- Matthew Reid.

James Davies and Michelle Phillips were appointed to the Board on 18 October 2016. Matthew Reid was appointed to the Board on 26 April 2022.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Group's policies.

The Group undertakes annual searches of Directors' officeholder positions. Details of offices held by Directors with other organisations are set out in the Directors' Report. Full details of related party dealings are set out in notes to the Group's accounts as required by law.

If a Director's independence status changes, this will be disclosed and explained to the market in a timely manner.

Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.

The composition of the Board is as follows:

- Mr James Davies – Independent Director;
- Ms Michelle Phillips – Independent Director;
- Mr Mark Avery – Non-Independent Director;
- Mr Matthew Reid – Independent Director; and
- Mr Frederick Woollard – Non-Independent Director.

The Board comprises a majority of independent directors.

Recommendation 2.5 – The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairperson of the Board is an Independent Director. Mr James Davies acts as Chair of the Group.

Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The annual performance assessment provides an opportunity for all directors to identify required training although directors can request professional development opportunities at any time.

Periodically, the directors are offered professional development training provided by internal and external presenters along with employees.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1 – A listed entity should articulate and disclose its values.

The Group's values are:

- Stakeholders;
- Passion;
- Integrity;
- Responsibility;
- Inclusiveness; and
- Transparency.

These values are set out in the Group's Code of Conduct.

Recommendation 3.2 – A listed entity should:

(a) have and disclose a code of conduct for its directors, senior executives and employees; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Board has adopted a Code of Conduct which is disclosed on the Group's website. It requires officers, employees, contractors, representatives, consultants and associates, and other persons that act on behalf of the Group to act honestly, in good faith, and in the best interests of the Group as a whole, whilst in accordance with the letter (and spirit) of the law.

Recommendation 3.3 – A listed entity should:

(a) have and disclose a whistle-blower policy; and

(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Board has adopted a whistle-blower policy which is disclosed on the Group's website.

Recommendation 3.4 – A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and

(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

The Board has adopted an anti-bribery and corruption policy which is disclosed on the Group's website.

Principle 4 – Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1 – The board of a listed entity should:

(a) have an audit committee which:

(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(ii) is chaired by an independent director, who is not the chair of the board, and disclose:

(A) the charter of the committee;

(B) the relevant qualifications and experience of the members of the committee; and

(C) in relation to each reporting period, the number of times the committee met throughout the the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner..

The Board has established an Audit and Risk Committee.

The Audit and Risk Committee has five members: Mr Matthew Reid (Chairperson), Ms Michelle Phillips, Mr James Davies, Mr Mark Avery and Mr Frederick Woollard.

The majority of the Audit and Risk Committee are Non-Executive Independent Directors, as is the Chairperson.

The Audit and Risk Committee operates under an approved charter.

The Audit and Risk Committee has authority (within the scope of its responsibilities) to seek any information it requires from Group employees or an external party. Members may also meet with auditors (internal and/or external) without management present and consult independent experts, where the Audit and Risk Committee considers it necessary to carry out its duties.

All matters determined by the Audit and Risk Committee are submitted to the full Board as recommendations for Board decisions. Minutes of an Audit and Risk Committee meeting are tabled at a subsequent Board meeting. Additional requirements for specific reporting by the Audit and Risk Committee to the Board are addressed in the Charter.

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Group.

Its key responsibilities are to:

- review and recommend to the Board the financial statements (including key financial and accounting principles adopted by the Group);
- review and monitor risks and the implementation of mitigation measures for those risks as appropriate;
- assess and recommend to the Board the appointment of external auditors and monitor the conduct of audits;
- monitor the Group's compliance with its statutory obligations;
- review and monitor the adequacy of management information and internal control systems; and
- ensure that any shareholder queries relating to such matters are dealt with expeditiously.

Attendance is recorded at Audit and Risk Committee meetings and the experience of the members is provided in the Directors' Report.

Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Before the Board approves the Group's financial statements, it receives declarations of the Chief Executive Officer and the Chief Financial Officer of the Company that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, and that their opinion has been formed on the basis of a sound risk management system and internal controls which are operating effectively.

Recommendation 4.3 – A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Group will disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Principle 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1 – A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Board has adopted a Disclosure and Communications Policy which is disclosed on the Group's website.

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in the Group's securities takes place in an efficient, competitive and informed market;
- complying with the Group's disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*; and
- ensuring the stakeholders have the opportunity to access externally available information issued by the Group.

The Joint Company Secretaries are responsible for coordinating the disclosure of information to Regulators and securityholders and ensuring that any notifications/reports to the ASX are promptly posted on the Group's website.

Recommendation 5.2 – A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Group ensures that all Directors receive copies of all material market announcements promptly after they have been made.

Recommendation 5.3 – A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Group will ensure that if it gives a new and substantive investor or analyst presentation it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Principle 6 – Respect the rights of securityholders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

Information about the Group and its corporate governance items are posted on its website at www.eildoncapital.com.

Principle 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1 – The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:
  - **(i) has at least three members, all of whom are independent directors; and**
  - **(ii) is chaired by an independent director, and disclose:**
    - **(A) the charter of the committee;**
    - **(B) the members of the committee;**
    - **(C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board, through the Audit and Risk Committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks;
- there are effective systems in place to identify, assess, monitor and manage the risks and to identify material changes to the risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to the Group.

Recommendation 7.2 – The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Audit and Risk Committee reviews the Group's risk management framework periodically.

Recommendation 7.3 – A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Given the size, scale and nature of the Group, it does not have an internal audit function. The Group has an Audit and Risk Committee which considers material business risks.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Board has adopted a Risk Management Statement which outlines the process for identifying, monitoring and mitigating risks as well as generic sources of risk.

Principle 8 – Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives to align their interests with the creation of value for securityholders.

Recommendation 8.1 – The board of a listed entity should:

(a) have a remuneration committee which:
  - **(i) has at least three members, a majority of whom are independent directors; and**

(ii) is chaired by an independent director, and disclose:

(A) the charter of the committee;

(B) the members of the committee; and

(C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Given the size, scale and nature of the Group, there is not a separate remuneration committee. The full Board considers the issues that would otherwise be a function of a separate remuneration committee.

Remuneration for the Independent Directors is set at market rates commensurate with the responsibilities borne by the Independent Directors. Independent professional advice may be sought.

The Board also regularly considers the level and composition of remuneration of the Group's employees.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Remuneration for the Independent Directors is set at market rates commensurate with the responsibilities borne by the Independent Directors. Independent professional advice may be sought.

Further information is provided in the Remuneration Report set out in the Directors' Report.

Recommendation 8.3 – A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Group adopted an employee incentive plan at its 2020 annual general meeting.

The Board has adopted a securities trading policy which restricts all directors, officers and employees of the Group from entering into hedging arrangements.

ADDITIONAL INFORMATION

The following information was current as at 18 August 2023.

Distribution schedule

The distribution of stapled securityholders and their security holdings was as follows:

Category (Size of Holding)	Number of Ordinary Stapled Securityholders
1 – 1,000	43
1,001 – 5,000	97
5,001 – 10,000	69
10,001 – 100,000	103
100,001 – over	34
Total	**346**

	Minimum Parcel Size	Number of Stapled Securityholders
Unmarketable parcels		
Minimum $500.00 parcel at $0.9200 per stapled security	544	33

Substantial holders

The names of the Company's substantial holders and the number of ordinary stapled securities in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

Stapled Securityholder	Number of Ordinary Stapled Securities in which Interest Held
J P Morgan Nominees Australia Pty Limited	23,597,833
Chemical Overseas Limited	3,069,377
H&G High Conviction Limited	2,795,000
Sam Terry Asset Mgt Pty ATF Sam Terry Abs Rtn A Fd	2,766,631

20 largest stapled securityholders - ordinary stapled securities

As at 18 August 2023, the top 20 stapled securityholders and their holdings were as follows:

Stapled Securityholder	Stapled Securities Held	% of Issued Capital Held
J P Morgan Nominees Australia Pty Limited	23,597,833	48.24
Chemical Overseas Limited	3,069,377	6.27
H&G High Conviction Limited	2,795,000	5.71
Sam Terry Asset Mgt Pty ATF Sam Terry Abs Rtn A Fd	2,766,631	5.66
Kaluki Pty Ltd <The Pinczewski Super A/C>	2,350,000	4.80
Barana Capital Pty Limited <Shand Family A/C>	1,939,547	3.96
Samuel Terry Asset Management Pty Ltd <Absolute Ret Active Fund Ac>	821,846	1.68
Buduva Pty Ltd <Baskerville Super Fund A/C>	550,000	1.12
Maxlek Pty Ltd <Jims And Joels Super A/C>	550,000	1.12
H&G High Conviction Limited	500,000	1.02
Buduva Pty Ltd <Baskerville S/F No 2 A/C>	490,000	1.00
Geat Incorporated <Geat-Preservation Fund A/C>	400,000	0.82
Hsbc Custody Nominees (Australia) Limited	354,281	0.72
Tyroc Pty Ltd <Beard Pension Fund A/C>	324,570	0.66
JPR Holdings Pty Ltd <JPR Holdings Pension A/C>	315,000	0.64
Delta Asset Management Pty Ltd <Super Fund A/C>	300,000	0.61
Tully Superannuation Pty Ltd <Tully Investments SF A/C>	297,753	0.61
T & M Properties Pty Limited <T & M Properties Pension A/C>	288,144	0.59
Oxley Super Pty Ltd <Pinczewski Superfund A/C>	250,005	0.51
Mr Michael Jefferies + Mrs Julie Jefferies <Jefferies Super Fund A/C>	240,000	0.49
	42,199,987	**86.27**

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary stapled security registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Suite 4, Level 6, 330 Collins Street, Melbourne VIC 3000.

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DESIGN - KETTLE OF FISH DESIGN

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