

30 July 2024

ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

DIVESTMENT OF PROPERTY INCOME FUNDS & FY24 PROFIT GUIDANCE

The Board of Eildon Capital Group (ASX: EDC) (**Group**) provides the following market update.

DIVESTMENT OF PROPERTY INCOME FUNDS

As part of the strategic review undertaken by the Board, the Group announces that it has entered into a binding sale agreement with Trilogy Group for the sale of its management rights and direct co-investment stakes in the following property income funds:

- EAM Berwick Motor Trust;
 - EAM Elara Village Property Fund;
 - EAM Caboolture Property Fund¹; and
 - EFM Harpley Town Centre Property Trust,
- (**Transaction**).

The total consideration for the Transaction is \$3.63 million, adjusted for net distributions, with completion expected to occur in August 2024. The key terms of the Transaction are set out in Appendix 1.

As part of the continual review of all investments, the Board determined that disposal of the management rights and co-investment stakes in the property income funds would unlock value for the Group's securityholders over time, as the Group simplifies its core operations and business.

¹ The Group does not hold a co-investment stake in EAM Caboolture Property Fund.

SUMMARY OF BUSINESS POST TRANSACTION:

A summary of the Group's business post transaction, as compared to 31 December 2023 is as follows:

- Board oversight with a 60% reduction in employee cost base;
- 7 debt and 3 equity investments (reduced from 13 debt investments² and 6 equity investments); and
- Significant reduction in the cost base relating to insurance and occupancy costs.

The Transaction further allows the Board to assess the business model and opportunities available to the Group through funds management given its rationalised structure. During this time the investments of the business are anticipated to continue to generate attractive returns. A summary of the Group's post-Transaction status is:

- ASX-Listed stapled security which can be leveraged for growth;
- AFSL permitting management of retail and wholesale investor products;
- \$49 million of net tangible asset backing;
- Cash balance of approximately \$10 million; and
- Low ongoing cost base.

FY24 PROFIT GUIDANCE

The Group would like to provide guidance that the net profit after tax to securityholders for the financial year ended 30 June 2024, before the impact from the divestment of management rights and co-investments adjustments, is expected to be in the range of \$3.1 to \$3.3 million (30 June 2023: \$3.3 million), subject to final adjustments and completion of the Group's audit for the period.

Impact of the Transaction

The divestment of management rights and co-investments has brought about the following adjustments:

- **Reduction to carrying value of Goodwill** – due to the divestment of the management rights associated with the property income funds as outlined above, the carrying value of goodwill associated with property income funds has been reduced by approximately \$0.8 million. This is subject to year-end audit assessment and sign off.
- **Write down of units sold** – The sale of units in the property income funds as outlined above, occurred at an 11.1% or \$0.4 million discount to carrying value, resulting in an impairment of \$0.4m in the FY24 financial statements.

After adjusting for the \$1.2 million in one-off adjustments associated with the Transaction (i.e. sale of the co-investments and management rights), the net profit after tax to

² Due to repayment in the ordinary course, not as a result of the Transaction.

securityholders for the financial year ended 30 June 2024 is expected to be in the range of \$2.0 to \$2.2 million subject to final adjustments and completion of audit.

NAV / NTA Guidance

Inclusive of the one-off impacts outlined above, the Net Asset Value (**NAV**) and Net Tangible Assets (**NTA**) as at 30 June 2024 are approximately \$1.08 and \$1.02 per stapled security, respectively (31 December 2023 - NAV: \$1.11 and NTA: \$1.04).

Once the Transaction has settled, NAV and NTA will be \$1.07 and \$1.04 per stapled security, respectively.

Other financial effects of the Transaction are set out in Appendix 1.

Distributions

The June 2024 year end distribution of 4.0 cents per stapled security was paid to securityholders on 24 July 2024 and comprises the following components:

Income component	Amount (cps)
Interest income	3.307112
Other income	0.063987
Tax deferred	0.628901
Cash payment	4.000000

Distributions for the financial year ended 30 June 2024 totalled 7.5 cents per stapled security. Distributions were paid from Eildon Capital Trust.

More detailed commentary regarding the Group's performance will be provided when full year audited results are released in mid to late August 2024.

This announcement has been authorised by the Board for release.

For further information, please contact:

James Davies
Chairman
T +61 3 7003 7006

Appendix 1

A summary of the key terms of the Transaction.

Purchase Price	<p>The Purchase Price payable by the Trilogy Group³ for the Transaction is \$3,630,000, comprising:</p> <ul style="list-style-type: none">• \$2,929,996 for the co-investment stakes held by the Group in the EAM Berwick Motor Trust, EAM Elara Village Property Fund and EFM Harpley Town Centre Property Trust; and• \$700,004 for the management rights in respect of the EAM Berwick Motor Trust, EAM Elara Village Property Fund, EFM Harpley Town Centre Property Trust and EAM Caboolture Property Fund. <p>The sale of the management rights will be achieved by the sale of the Group's 50% holding in Eildon Asset Management Pty Ltd and the Eildon Asset Management Trust, the sale of certain wholly-owned subsidiaries of the Group (EFM Nominee Services Pty Ltd, EFM Caboolture Shopping Village Pty Ltd and EFM Caboolture LFR Pty Ltd) and a novation of the Group's rights under an investment management agreement for the EFM Harpley Town Centre Property Trust.</p> <p>The Purchase Price is calculated based on an effective date of 1 July 2024, with all revenues from 1 July 2024 in respect of the above-mentioned entities being retained by the Trilogy Group.</p>
Conditions Precedent	<p>The Transaction is conditional upon:</p> <ul style="list-style-type: none">• the Group completing a pre-completion restructure to change the trustee of the MNL Property Trust and the Eildon Health and Education Fund from EFM Nominee Services Pty Ltd (which is being disposed of as part of the Transaction) to EFM Nominee Services No.2 Pty Ltd; and• the obtaining of necessary approvals and consents from financiers.

³ The Trilogy Group entities that are party to the binding agreement for the Transaction are TG Investments APAC Pty Ltd, TG Investments APAC Pty Ltd as trustee for the TG Investments APAC Trust, Trilogy Services Pty Ltd as trustee for the Trilogy Services Trust and SFPM No 2 Pty Ltd ACN 612 360 933 as trustee for the SFPM No 2 Unit Trust.

Warranties	<p>The sale agreement contains usual warranties and indemnities given by the Group entities that are sellers under the sale agreement.</p> <p>Eildon Capital Limited also provides a guarantee in respect of those warranties and indemnities and the sellers' other obligations in favour of the Trilogy Group under the sale agreement.</p>																		
Financial effects of Transaction	<p>EDC has assessed the financial impact of the Transaction on total assets, annual revenue and annual profit before tax and before extraordinary items as follows:</p> <table> <tr> <th></th><th>FY24 - pre transaction (\$m)</th><th>FY24 - post transaction (\$m)</th><th>% change</th></tr> <tr> <td>Annual revenue</td><td>9.4</td><td>8.2</td><td>12%</td></tr> <tr> <td>Annual profit before tax before extraordinary items</td><td>3.4</td><td>3.2</td><td>6%</td></tr> <tr> <td>Total Net Assets</td><td>51.2</td><td>50.1</td><td>2%</td></tr> </table>				FY24 - pre transaction (\$m)	FY24 - post transaction (\$m)	% change	Annual revenue	9.4	8.2	12%	Annual profit before tax before extraordinary items	3.4	3.2	6%	Total Net Assets	51.2	50.1	2%
	FY24 - pre transaction (\$m)	FY24 - post transaction (\$m)	% change																
Annual revenue	9.4	8.2	12%																
Annual profit before tax before extraordinary items	3.4	3.2	6%																
Total Net Assets	51.2	50.1	2%																