



Half-Year Financial Report

Eildon Capital Trust

ARSN 635 077 753

ABN 48 664 282 105

For the half-year ended 31 December 2020

The financial report was authorised for issue by the Directors of the Responsible Entity.
The Responsible Entity has the power to amend and reissue the financial report.

Eildon Capital Trust

Trust Particulars

RESPONSIBLE ENTITY

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

CUSTODIAN

Certane CT Pty Ltd
Suite 19.03, Level 19
60 Castlereagh Street
Sydney NSW 2000

REGISTERED OFFICE

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

AUDITORS

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

DIRECTORS OF THE RESPONSIBLE ENTITY

Mark A Avery
Craig G Treasure (Appointed 17 November 2020)
James R Davies (Appointed 17 November 2020)
Michelle E Phillips (Appointed 17 November 2020)
Jonathan T M Sim (Resigned 17 November 2020)
John A Hunter (Resigned 17 November 2020)

SECRETARY

John A Hunter
Tiffany L McLean (Appointed 14 January 2021)

UNIT REGISTRY

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

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Directors' Report

The Directors of Eildon Funds Management Limited (the "Responsible Entity") present their report together with the financial report of Eildon Capital Trust (the "Trust") for the half year ended 31 December 2020 and the Auditors' Report thereon. The Trust was incorporated on 6 May 2019 and did not operate until 24 April 2020, when the restructure of Eildon Capital Limited was completed and stapled to the Trust.

Directors

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

Mark Avery (Managing Director)
Craig Treasure (appointed 17 November 2020)
James Davies (appointed 17 November 2020)
Michelle Phillips (appointed 17 November 2020)
John Hunter (resigned 17 November 2020)
Jonathan Sim (resigned 17 November 2020)

Principal activities

The Trust is an active property investment trust which participates in retail, industrial, residential and commercial opportunities. The Trust did not have any employees during the year.

Review and results of operations

For the half-year ended 31 December 2020 the Trust recorded a profit after tax of \$2,059,734. The Trust's investment portfolio comprised of 6 debt positions totalling \$30.9 million as at 31 December 2020 as well as holding \$5.4 million of cash reserves available for investment.

Although the COVID-19 pandemic has created a significant amount of uncertainty in the property market, the Responsible Entity is pleased to report that all the investments are performing as expected and are forecast to deliver returns consistent with original investment assumptions. There are currently no investments in the loan portfolio that is in arrears and all covenants are being maintained. However, we are cognisant there is likely to be increased volatility in the short-medium term as the overall impact of COVID-19 is unknown at this point.

Distributions

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

	Cents Per unit	Total \$	Date of Payment
2020 June quarter distribution on ordinary units	1.5569	637,298	24-Jul-20
2020 September quarter distribution on ordinary units	1.925	788,021	23-Oct-20
2020 December quarter distribution on ordinary units	2.000	818,702	22-Jan-21

Directors' Report

Events subsequent to balance date

A distribution of 2 cents per unit amounting to \$818,702 was declared on 16 December 2020 and paid 22 January 2021.

Subsequent to the half year end, the Trust and its stapled entity issued employees of the Responsible Entity performance rights under the Long Term Incentive Plan (LTIP) for a vesting period of 3 years. A total of 409,300 performance rights have been issued with a three year term with the terms summarised as follows:

- 50% subject to a Total Security Holders Return hurdle

Return (p.a.)	Vesting Amount
< 8%	nil
8% - 10%	50%
10% - 12%	75%
>12%	100%

- 50% subject to a Return on Assets hurdle

Return	Vesting Amount
< 12%	nil
12%	50%
12% - 13.5%	50% - 100%
>13.5%	100%

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 the Trust, the results of those operations or the state of affairs of the Trust in financial periods subsequent to 31 December 2020.

Rounding of amounts

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

Auditors' independence declaration

A copy of the independence declaration given to the Directors of the Responsible Entity by the auditor for the review undertaken by Pitcher Partners is included on page 12.

Dated at Sydney 23 February 2021.

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



Mark Avery
Director



James Davies
Director

Eildon Capital Trust

Condensed Statement of Comprehensive Income

For the Half-Year Ended 31 December 2020

	Notes	31 Dec 2020 \$	31 Dec 2019 \$
INCOME			
Interest income		2,445,324	-
Fee income		7,041	-
Total income		<u>2,452,365</u>	<u>-</u>
EXPENSES			
Audit fees		10,000	-
Management fees		306,971	-
Share registry		28,304	-
Trustee fees		11,735	-
Other expenses		35,621	-
Profit attributable to unitholders		<u>2,059,734</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to unitholders		<u><u>2,059,734</u></u>	<u><u>-</u></u>
Earnings per unit			
Basic and diluted earnings per unit (cents)	5	<u><u>5.03</u></u>	<u><u>-</u></u>

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

Eildon Capital Trust

Condensed Statement of Financial Position As at 31 December 2020

	Notes	31 Dec 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		5,389,104	7,308,276
Trade and other receivables		13,152	7,689
Financial assets at amortised cost		26,910,998	19,915,799
Financial assets at fair value through profit or loss	7	799,315	-
Total current assets		33,112,569	27,231,764
NON-CURRENT ASSETS			
Financial assets at amortised cost		4,038,653	10,949,440
Financial assets at fair value through profit or loss	7	1,505,000	-
Total non-current assets		5,543,653	10,949,440
TOTAL ASSETS		38,656,222	38,181,204
CURRENT LIABILITIES			
Trade and other payables		916,642	893,735
Total current liabilities		916,642	893,735
TOTAL LIABILITIES		916,642	893,735
NET ASSETS		37,739,580	37,287,469
EQUITY			
Contributed equity	4	37,285,086	37,285,986
Retained earnings		454,494	1,483
TOTAL EQUITY		37,739,580	37,287,469

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

Eildon Capital Trust

Condensed Statement of Changes in Equity For the Half-Year Ended 31 December 2020

	Contributed equity \$	Retained earnings \$	Total \$
At 1 July 2020	37,285,986	1,483	37,287,469
Profit for the period	-	2,059,734	2,059,734
Total comprehensive income for the period	-	2,059,734	2,059,734
<i>Transactions with unitholders:</i>			
Distribution provided or paid	-	(1,606,723)	(1,606,723)
Transaction costs on unit buyback	(900)	-	(900)
At 31 December 2020	37,285,086	454,494	37,739,580

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

Eildon Capital Trust

Condensed Statement of Cash Flows For the Half-Year Ended 31 December 2020

	31 Dec 2020 \$	31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(587,125)	-
Cash receipts in the course of operations	37,575	-
Interest and fee income received	2,128,574	-
Loan repaid	4,341,200	-
Loans provided	(4,135,000)	-
Net cash provided by operating activities	1,785,224	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for equity investments	(3,489,427)	-
Proceeds from equity investments	1,211,250	-
Net cash used in investing activities	(2,278,177)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(1,425,319)	-
Payment for transaction costs on units bought back	(900)	-
Net cash used in financing activities	(1,426,219)	-
Net decrease in cash and cash equivalents	(1,919,172)	-
Cash at the beginning of the half-year	7,308,276	-
CASH AT THE END OF THE HALF-YEAR	5,389,104	-

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

Eildon Capital Trust

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

Note 1: Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with Australian Accounting Standards and International Financial Reporting Standards. The accounting policies adopted are also consistent with those of the previous financial year.

The Trust was incorporated on 6 May 2019 and did not operate until 24 April 2020, when the restructure of Eildon Capital Limited was completed and stapled to the Trust. As such comparative figures for the period ending 31 December 2019 are nil.

Rounding of amounts

The Trust 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.

Note 2: Subsequent events

A distribution of 2 cents per unit amounting to \$818,702 was declared on 16 December 2020 and paid 22 January 2021.

Subsequent to the half year end, the Trust and its stapled entity issued employees of the Responsible Entity performance rights under the Long Term Incentive Plan (LTIP) for a vesting period of 3 years. A total of 409,300 performance rights have been issued with a three year term with the terms summarised as follows:

- 50% subject to a Total Security Holders Return hurdle

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Return	Vesting Amount
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12%	50%
12% - 13.5%	50% - 100%
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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 the Trust, the results of those operations or the state of affairs of the Trust in financial periods subsequent to 31 December 2020.

Eildon Capital Trust

Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

Note 3: Segment information

The Trust operates in one business segment being an investment trust and in one geographical location being Australia.

Note 4: Contributed equity

	31 Dec 2020		31 Dec 2019	
	Number	\$	Number	\$
<i>Fully paid ordinary Units</i>				
Balance at the beginning of the half-year	40,935,102	37,285,986	-	-
Transaction costs on unit buyback	-	(900)	-	-
Balance at the end of the half-year	40,935,102	37,285,086	-	-

Note 5: Earnings per unit

	31 Dec 2020	31 Dec 2019
	Cents	Cents
Basic and diluted earnings per unit	5.03	-
	\$	\$
Net profit attributable to unitholders used in calculation of basic and diluted earnings per unit	2,059,734	-
	Number	Number
Weighted average number of units – Basic and diluted	40,935,102	-

Eildon Capital Trust

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

Note 6: Distributions

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

	Cents Per Unit	Total \$	Date of Payment
2020 December quarter distribution on ordinary units	2.000	818,702	22-Jan-21
2020 September quarter distribution on ordinary units	1.925	788,021	23-Oct-20
2020 June quarter distribution on ordinary units	1.5569	637,298	24-Jul-20

Note 7: Fair Value Measurement

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

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

Judgements and estimates were made in determining the fair values of certain financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Trust has 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.

**Valuation technique – non market
observable inputs (Level 3)
\$**

At 31 December 2020

Financial assets at fair value through profit or loss

Shares in unlisted entities	2,304,315
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There is no financial assets at fair value as at 30 June 2020.

Eildon Capital Trust

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

Note 7: Fair Value Measurement (Cont.)

	Dec 2020 \$	Dec 2019 \$
Reconciliation of Level 3 fair value movements:		
Opening balance at the beginning of the period	-	-
Purchases	3,489,427	-
Sales	(1,211,250)	-
Revaluation	26,138	-
Closing balance at the end of the period	2,304,315	-

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

Sensitivity analysis

The table below shows the pre-tax sensitivity of a 10% change in value as a reasonable possible alternative assumptions for Level 3 assets whose fair values are determined in whole or in part using unobservable inputs.

	Net profit/(loss) Dec 20 \$	Equity increase/(decrease) Dec 20 \$
Shares in unlisted entities		
Favourable changes	230,432	230,432
Unfavourable changes	(230,432)	(230,432)

There is no sensitivity analysis for comparison period as there is no financial assets as at 30 June 2020.

Significant unobservable inputs

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

	Valuation Techniques	Significant Unobservable Inputs	Range of Inputs	
			Minimum	Maximum
Shares in unlisted entities	Net asset backing	Value per security	Down 10%	Up 10%
Shares in unlisted entities	Recent arm's length market transactions	Value per security	Down 10%	Up 10%

Eildon Capital Trust

Directors' Declaration

In the opinion of the directors of the responsible entity:

- a) the financial statements and notes, set out on pages 3 to 10, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the financial position of the Trust as at 31 December 2020 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney 23 February 2021.



Mark Avery
Director



James Davies
Director

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

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
to the Directors of Eildon Funds Management Limited
ABN 72 066 092 028**

In relation to the independent auditor's review for the half-year ended 31 December 2020, 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 Trust.



John Gavljak
Partner

Pitcher Partners
Sydney

23 February 2021

**Independent Auditor's Review Report
to the Members of Eildon Capital Trust
ABN 48 664 282 105**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Eildon Capital Trust ("the Trust"), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration

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

- (a) giving a true and fair view of the Eildon Capital Trust's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

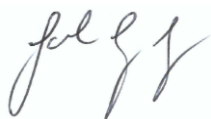
Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



John Gavljak
Partner

23 February 2021



Pitcher Partners
Sydney