

9 June 2023

ASX Limited  
20 Bridge Street  
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

## Supplementary Target's Statement

Eildon Capital Group (ASX: EDC) (**Eildon** or **Group**) refers to the unsolicited off-market takeover bid for its stapled securities by Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Active Fund (**STAM**) announced on 24 April 2023 (**Takeover Offer**).

Enclosed is a copy of a supplementary target's statement to Eildon's target's statement dated 9 June 2023 in relation to the Takeover Offer (**Supplementary Target's Statement**).

The Supplementary Target's Statement has been sent to STAM and lodged with the Australian Securities and Investments Commission today.

This announcement has been authorised for release by the Independent Board Committee of the Group.

For further information, please contact:

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## About Eildon Capital Group

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

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

- Enhanced returns; and
- Capital protection.

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

## Supplementary Target's Statement

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the supplementary target's statement (**Supplementary Target's Statement**) issued by Eildon Capital Limited (ACN 059 092 198) and Eildon Funds Management Limited (ACN 066 092 028) as Responsible Entity of Eildon Capital Trust (ARSN 635 077 753) (together, **Eildon**, the **Group** or **EDC**) in relation to the offer by Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Active Fund (**STAM**) to acquire all of the fully-stapled securities on issue in EDC (**Eildon Securities**) for \$0.93 per Eildon Security (the **Offer**). This Supplementary Target's Statement supplements, and should be read together with, EDC's Target's Statement dated 22 May 2023 (**Original Target's Statement**). This Supplementary Target's Statement prevails over the Original Target's Statement to the extent of any inconsistency.

Unless otherwise specified, capitalised terms that are used but not defined in this Supplementary Target's Statement have the same meaning given to them in the Original Target's Statement.

A copy of this Supplementary Target's Statement has been lodged with ASIC and sent to the ASX on 9 June 2023. Neither ASIC, ASX, nor any of their respective officers take any responsibility for the contents of this Supplementary Target's Statement.

### 1. Extension of Offer Period

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On 8 June 2023, STAM lodged a change in substantial holding notice noting it held a relevant interest of 53.44% in EDC. As a result, the Offer Period has been automatically extended and is now scheduled to close at **7.00pm (Sydney time) on 21 June 2023**.

### 2. IBC continues to recommend rejecting the STAM Offer

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The Eildon Independent Board Committee (**IBC**) continues to believe that the Offer of \$0.93 per Eildon Security undervalues Eildon Securities for the reasons set out in the Original Target's Statement<sup>1</sup>, including that:

- the Offer Price is a 17.7% discount to the Group Net Asset Value (NAV)<sup>2</sup> of \$1.13 per Eildon Security; and
- the Offer Price is a 12.3% discount to the Group Net Tangible Assets (NTA)<sup>3</sup> of \$1.06 per Eildon Security.

The IBC notes that the NAV per Eildon Security and NTA per Eildon Security has reduced as compared to the figures quoted in the Original Target's Statement as a result of the dilution effect of the vesting of Performance Rights (see section 4 for further information) and transaction costs. As a result, the Offer Price is now at a lesser discount when compared to those original figures.

However, the Offer remains at a substantial discount to the NAV per Eildon Security and NTA per Eildon Security and the IBC maintains its unanimous recommendation that Eildon Securityholders reject the Offer.

Each member of the Independent Board Committee continues to intend to reject the Offer in respect of all Eildon Securities they own or control and the other directors, Mr Avery and Mr Davies, have informed the IBC that have not sold the Eildon Securities they own or control into the Offer, nor do they intend to do so at the Offer Price.

To reject the Offer you should do nothing and take no action.

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<sup>1</sup> Refer to section 2 of the Original Target's Statement.

<sup>2</sup> As at 31 December 2022

<sup>3</sup> As at 31 December 2022

### **3. Considerations as a result of STAM's majority ownership of EDC**

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The IBC recognises that the personal circumstances of Eildon Securityholders may vary. The IBC considers that, if you have a short term investment horizon or liquidity is your priority, you should consider accepting the Offer, given that there is a risk that the trading price for Eildon Securities falls after the end of the Offer Period, and there may be reduced liquidity for Eildon Securities.

There are a number of other potential consequences for Eildon Securityholders who continue to reject the Offer now that STAM has acquired a majority ownership interest in EDC. A summary of the key risk factors in rejecting the Offer are as follows:

- STAM has stated, as set out in section 3.4 of the Bidder's Statement, that if it were to acquire a Relevant Interest in more than 50% but less than 90% of Eildon Securities on issue, STAM will review EDC's listing on the ASX and consider whether the benefits of a listing on the ASX justify the additional corporate and compliance costs of maintaining this listing. If, following the Offer, EDC delists from ASX, Eildon Securities would no longer be able to be traded on the ASX, and Eildon Securityholders would become securityholders in an unlisted vehicle and may find it difficult to sell their Eildon Securities, or to sell their Eildon Securities at a price equal to the Offer Price;
- if EDC maintains its listing on the ASX, Eildon Securityholders should be aware that the liquidity of Eildon Securities on the ASX may be materially diminished;
- STAM's intention is to seek representation on the EDC Board so that STAM's nominees are commensurate with STAM's holding of Eildon Securities. The identity of STAM's proposed nominees to the Board will be the subject of discussion with the Board at the relevant time, however, STAM has stated that they are likely to appoint Fred Woollard to the Board. Given STAM is in a position to cast the majority of votes at a general meeting of EDC, STAM will be able to control the composition of the Board and influence EDC's dividend policy;
- the Corporations Act permits STAM to increase its Relevant Interest in EDC by up to 3% every six months without making a takeover offer, which may result in STAM's voting power in EDC increasing over time; and
- if you chose not to accept the Offer and STAM acquires a Relevant Interest in at least 90% of the Eildon Securities and subsequently exercises compulsory acquisition rights, you will be compelled to sell your Eildon Securities to STAM but may not receive the consideration for some time.

Eildon Securityholders should have regard to their own personal circumstances and seek professional advice when deciding whether to accept the Offer or maintain their holding in EDC.

### **4. Additional information**

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As set out in section 7.7 of the Original Target's Statement, under the terms of the Performance Rights, the Performance Rights automatically vest in the event that a person acquires a Relevant Interest in more than 50% of the Eildon Securities as a result of a takeover bid, or a similar change of control event occurs.

As STAM has acquired a Relevant Interest in more than 50% of Eildon Securities as a result of the Offer, the Performance Rights have automatically vested and Eildon expects to issue securities representing approximately 3.5% of its current issued capital.

As noted in section 7.8 of the Original Target's Statement, EFM Nominee Services Pty Ltd, a subsidiary of EFM, in its capacity as trustee for various funds is party to various agreements for debt facilities provided to the relevant fund. Those facility agreements contain change of control provisions which are triggered where a person obtains control of Eildon, including where that person has the ability to direct the management and other policies of Eildon. Unless the prior consent of the relevant lenders are obtained, the lenders may cancel the facilities and / or require Eildon to repay all outstanding amounts under the facility agreements.

EDC has approached the relevant lenders under the facility agreements to seek the consent of the relevant lenders to the change in control of Eildon which has occurred as a result of STAM obtaining a Relevant Interest in more than 50% of Eildon Securities.

## **5. Governance**

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As noted in the Bidder's Statement, STAM will review its representation on the Board and may seek additional representation that is commensurate with its Relevant Interest in Eildon Securities. Any proposal for STAM to have representation on the Board will be considered by the Board on its merits at the appropriate time.

The Board will endeavour to ensure EDC's governance structure is consistent with the current board charter, including that the Board comprises directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues.

## **6. Timetable and process**

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The Offer is scheduled to close at 7.00pm (Sydney time) on 21 June 2023 (unless extended).

If you have any questions about the Offer or any other matter in the Original Target's Statement or this Supplementary Target's Statement, please contact the Eildon Information Line on 1300 109 678 (within Australia) or +61 3 9415 4006 (outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday.

## **7. Authorisation**

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This Supplementary Target's Statement has been approved by a resolution passed by the Board of Eildon Capital Limited and Eildon Funds Management Limited. All members of the Board voted in favour of that resolution.

Signed for and on behalf of Eildon Capital Limited and Eildon Funds Management Limited as responsible entity for Eildon Capital Trust.



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**Matthew Reid**

Chair of the Eildon Independent Board Committee  
9 June 2023