EILDON CAPITAL GROUP

22 May 2023

ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

Lodgement of 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**).

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), enclosed is a copy of the target's statement prepared by Eildon in relation to the Takeover Offer (**Target's Statement**).

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

The Target's Statement will be electronically despatched to Eildon securityholders shortly.

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.

Eildon Capital Group
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)

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Active Fund (ABN 67 302 926 069) (**STAM**)

The Eildon Independent Board Committee unanimously recommends that you

REJECT

the opportunistic Offer that significantly undervalues your Eildon Securities

TO REJECT THE OFFER YOU SHOULD TAKE NO ACTION

This is an important document.
If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser immediately.

Corporate Adviser

Legal Adviser

Important Notices

NATURE OF THIS DOCUMENT
This document is a 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) (collectively, **Eildon**, the **Group** or **EDC**) under Part 6.5 of the Corporations Act in response 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 Eildon Securities on issue pursuant to the Bidder's Statement dated 24 April 2023, and the Supplementary Bidder's Statement dated 9 May 2023, issued by STAM.

DEFINED TERMS
Capitalised terms used in this Target's Statement are defined in the glossary in Section 8.

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

All references to time in this Target's Statement are references to the time in Melbourne, Australia.

INVESTMENT DECISIONS
This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each securityholder or any other particular person. The IBC encourages you to seek independent financial, tax or other professional advice before making a decision whether or not to accept the Offer.

DISCLAIMER REGARDING FORWARD LOOKING STATEMENTS
This announcement includes certain forward-looking statements, forecasts, estimates, projections and comments about future events and opinions, including expectations about the value and/or performance of the Group (**Forward Looking Statements**).

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

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

FOREIGN JURISDICTIONS
The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws and regulations. This Target's Statement has been prepared solely in accordance with Australian law.

DISCLAIMER AS TO INFORMATION
The information on STAM contained in this Target's Statement has been prepared by Eildon using publicly available information. The information in this Target's Statement concerning STAM has not been independently verified by Eildon. Accordingly, Eildon does not, subject to the Corporations Act and general law, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

PRIVACY
Eildon has collected your information from its securities register for the purpose of providing you this Target's Statement. The type of information Eildon has collected about you may include your name, contact details and information about your securityholding in Eildon. Without this information, Eildon would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of Eildon Securityholders to be held in a public register. Your information may be disclosed to Eildon and its Related Bodies Corporate, STAM, print and mail service providers, authorised securities brokers, and may be required to be disclosed to regulators such as ASIC and ASX.

Eildon Securityholders have the right to access personal information that has been collected. They should contact Eildon's securityholder registry in the first instance if they wish to exercise this right. A copy of Eildon's Privacy Policy is available on its website.

EILDON INFORMATION LINE
If you have any questions about the Offer or any other matter in this 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.

EILDON WEBSITE
The content of Eildon's website does not form part of this Target's Statement and Eildon Securityholders should not rely on any such content.

DATE
This Target's Statement is dated 22 May 2023.

Letter from the Chair of the Eildon Independent Board Committee

22 May 2023

Dear Eildon Securityholder

REJECT the opportunistic Offer that significantly undervalues your Eildon Securities

You have recently received a Bidder's Statement from Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Active Fund (**STAM**), outlining an unsolicited off-market takeover offer to acquire all of the Eildon Securities at $0.93 cash per security (the **Offer**). This Target's Statement sets out Eildon's formal response to the Offer.

The recommendation in this Target's Statement is provided by the Eildon Independent Board Committee (**IBC**) members, which excludes Mr Mark Avery and Mr James Davies.[1]

The IBC appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to prepare an independent expert's report on whether or not the Offer is fair and reasonable to Eildon's securityholders not associated with STAM. The Independent Expert has concluded that the Offer is **not fair and not reasonable**.

The IBC has carefully assessed the Offer and unanimously recommends that you **REJECT** the Offer.

In summary, the IBC believes that the Offer significantly undervalues your Eildon Securities and recommends you **REJECT** the Offer for the following reasons:

1. The Offer is materially below the Independent Expert's assessment of value.
2. The Offer Price is an opportunistic offer by STAM at a **20.5% discount** to the Group Net Asset Value (NAV) of $1.17 per Eildon Security.[2]
3. The Offer Price is a **15.5% discount** to the Group Net Tangible Assets (NTA) of $1.10 per Eildon Security.[3]
4. The Offer is at a substantially larger discount to NTA than precedent transaction involving Australian real estate investment companies.[4]
5. Eildon Securities have traded on the ASX above the Offer Price in the range of $0.93 - $0.96 since the Offer was announced.
6. The Offer ignores the intrinsic value of the Funds Management platform.
7. If you accept the Offer, you may be unable to accept a superior proposal if one emerges.
8. Eildon's existing Board and management team are best placed to maximise the value of your Eildon Securities.

To **REJECT** the Offer, please ignore all communications from STAM and do nothing. Ms Michelle Phillips and I, being the members of the IBC, intend to **REJECT** the Offer in respect of all Eildon Securities we own or control.

I encourage you to read this Target's Statement (including the Independent Expert's Report set out in Appendix 1 of this Target Statement) and carefully consider the Offer having regard to your own personal risk profile, investment strategy and tax position. You should seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

If you have any questions, 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.

We thank you for your ongoing support.

Yours sincerely

Matthew W Reid

Matthew Reid
Chair of Eildon Independent Board Committee

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[1] Refer to sections 1.3 and 1.4 of this Target's Statements for the reasons why Mr Avery and Mr Davies make no recommendation.

[2] NAV as at 31 December 2022.

[3] NTA as at 31 December 2022.

[4] Refer to Section 2.4.

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Key Dates

Date of Offer	**8 May 2023**
Date of this Target's Statement	**22 May 2023**
Offer Period ends (unless extended or withdrawn)	**7:00pm (Sydney time) on 8 June 2023**

1. Recommendation

1.1 Eildon Independent Board Committee recommendation

The IBC unanimously recommends that you **REJECT** the Offer, having carefully considered each of the matters in this Target's Statement including the Independent Expert's Report set out in Appendix 1 and in the Bidder's Statement and Supplementary Bidder's Statement.

The IBC encourages you to:

- read this entire Target's Statement (including the Independent Expert's Report set out in Appendix 1 of this Target's Statement), the Bidder's Statement and the Supplementary Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial and other circumstances; and
- consult your legal, financial or other professional adviser.

1.2 Eildon Independent Board Committee reasons for recommendation

In summary, the Offer significantly undervalues your Eildon Securities. The IBC unanimously recommends that you **REJECT** the Offer for the following reasons:

1. The Offer is materially below the Independent Expert's assessment of value.
2. The Offer Price is an opportunistic offer by STAM at a **20.5% discount** to the Group Net Asset Value (NAV) of $1.17 per Eildon Security.[5]
3. The Offer Price is a **15.5% discount** to the Group Net Tangible Assets (NTA) of $1.10 per Eildon Security.[6]
4. The Offer is at a substantially larger discount to NTA than precedent transaction involving Australian real estate investment companies.[7]
5. Eildon Securities have traded on the ASX above the Offer Price in the range of $0.93 - $0.96 since the Offer was announced.
6. The Offer ignores the intrinsic value of the Funds Management platform.
7. If you accept the Offer, you may be unable to accept a superior proposal if one emerges.
8. Eildon's existing Board and management team are best placed to maximise the value of your Eildon Securities.

1.3 Mr Avery's reasons for not making a recommendation

Mr Mark Avery is the Managing Director of CVC Limited (**CVC**). CVC sold a 19.9% securityholding in EDC to STAM on 21 April 2023, and subsequently disposed of its remaining securityholding on market on 24 April 2023. For this reason, Mr Avery has not participated in the consideration of the Offer on behalf of EDC and will not make a recommendation on whether the Offer should be accepted.

Mr Avery has informed the IBC that he has not sold the Eildon Securities he owns or controls into the Offer, nor does he intend to do so at the Offer Price.

1.4 Mr Davies' reasons for not making a recommendation

STAM has previously nominated, or supported the appointment of, Mr James Davies as a director of two other companies in which STAM is a substantial shareholder. For this reason, Mr Davies has not participated in the consideration of the Offer on behalf of EDC and will not make a recommendation on whether the Offer should be accepted.

Mr Davies has informed the IBC that he has not sold the Eildon Securities he owns or controls into the Offer, nor does he intend to do so at the Offer Price.

To REJECT the Offer, please ignore all communications from STAM and DO NOTHING.

[5] NAV as at 31 December 2022.

[6] NTA as at 31 December 2022.

[7] Refer to Section 2.4.

2. Reasons to REJECT the Offer

2.1 The Offer Price is materially below the Independent Expert's assessment of value

The IBC appointed Grant Thornton Corporate Finance Pty Ltd to prepare an Independent Expert's Report to address the fairness and reasonableness of the Offer.

The IBC notes the Independent Expert has concluded that STAM's Offer is **NOT FAIR AND NOT REASONABLE** for Eildon Securityholders.

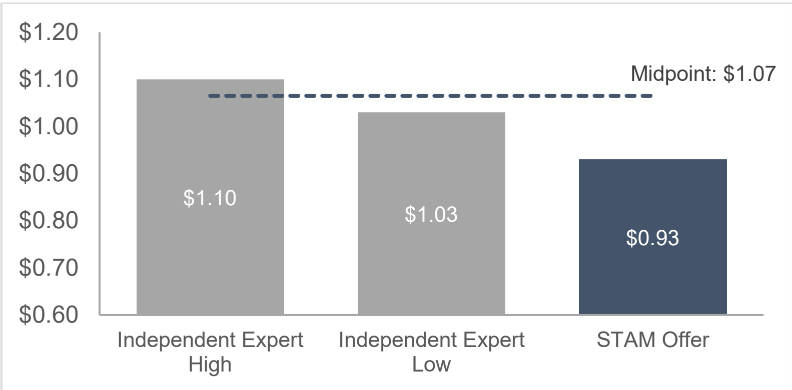
The Independent Expert has estimated the fair market value of the Eildon Securities to be in the range of $1.03 and $1.10 per Eildon Security (refer to section 6 of Independent Expert's Report). STAM's Offer Price of $0.93 per Eildon Security is **12.7%** lower than the midpoint of this valuation range of $1.07 per Eildon Security.

In assessing the value of the Offer, the Independent Expert based its valuation on a sum-of-the-parts (SOP) method, aggregating the market value of net assets held in ECT and ECL and considering the fair market value of EFM based on a number of relevant funds management platform transactions.

The Independent Expert has commented that the Offer has been timed when the trading prices of Eildon Securities were depressed and that, while the Offer Price is at a 17.7% premium to the undisturbed Eildon Security price of $0.79 before the announcement of the Offer, this is not an appropriate assessment of the fair market value of Eildon Securities.[8]

Chart 1 below highlights that STAM's Offer Price is materially below the Independent Expert's valuation range.

Chart 1: Offer Price Relative to Independent Expert's Valuation Range



A copy of the Independent Expert's Report is set out in Appendix 1 of this Target's Statement in full. The IBC recommends that you carefully read the Independent Expert's Report in its entirety before making a decision with respect to the Offer.

2.2 The Offer Price is an opportunistic offer by STAM at a 20.5% discount to the Group Net Asset Value (NAV) of $1.17 per Security

The IBC believes the STAM Offer has been opportunistically timed to take advantage of the current volatility in domestic debt and equity markets, influenced by macroeconomic uncertainty and higher inflation levels. STAM have positioned the Offer as a 17.7% premium to the undisturbed Eildon Security price of $0.79,[9] however, the IBC believes the Offer is inadequate given the Offer price of $0.93 per Eildon Security represents a discount of **20.5%** to EDC's NAV (Net Asset Value) backing of $1.17.[10]

The value of the NAV for this purpose is a combination of the Group's balance sheet investments and the value of its funds management business, as reviewed by EDC's auditors at 31 December 2022. The IBC believes that NAV is one of the key value benchmarks that Eildon Securityholders should consider when assessing the Offer made by STAM. The reviewed NAV of EDC primarily derives its value from the net tangible asset (**NTA**) value of EDC's Cash, Debt and Equity investments, as well as the intangible value attributed to EDC's funds

[8] Refer to pages 3 to 13 of the Independent Expert's Report.

[9] Being the closing price on 21 April 2023, the last Business Day before the Offer was announced.

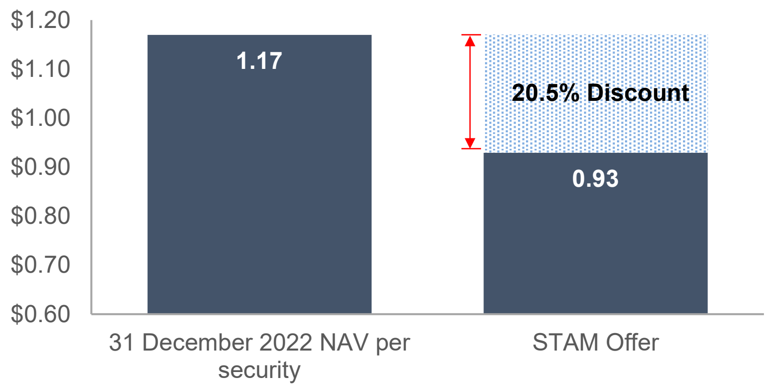
[10] NAV as at 31 December 2022.

management platform. The values outlined below are as at 31 December 2022, and the Group believes there are no material changes to the Group's total NTA and NAV as at the date of this Target's Statement.

Group Balance Sheet[1]	*Value ($m)*	*Value per Security ($)*
Eildon Direct Equity investments (within ECL)	10.3	0.22
Preferred Equity Investment (within ECT)	5.1	0.11
Eildon Equity Investments – Co-investments (within ECT)	4.6	0.10
Eildon Debt Investments – Co-investments (within ECT)	24.9	0.53
Group Cash	7.6	0.14
Other Assets & Liabilities	(0.64)	(0.01)
Group Net Tangible Assets	**51.9**	**1.10**
Eildon Funds Management – Goodwill	3.5	0.07
Group Net Asset Value	**55.3**	**1.17**

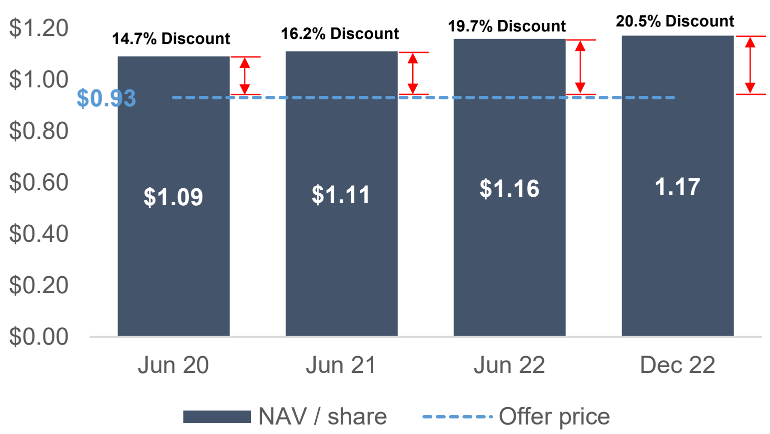
Chart 2 below sets out a comparison of the Offer Price to EDC's reviewed net asset value per Eildon Security as at 31 December 2022.

Chart 2: Discount of the Offer to EDC NAV



The Offer also fails to reflect the consistency, strength and growth of EDC's NAV over time, which has remained at or above $1.09 over the past three financial years, and the half-year ended 31 December 2022. STAM's Offer is materially below the NAV of EDC at the end of each of the past three financial years and the half-year ended 31 December 2022, as reflected by Chart 3 below.

Chart 3: Historical EDC NAV

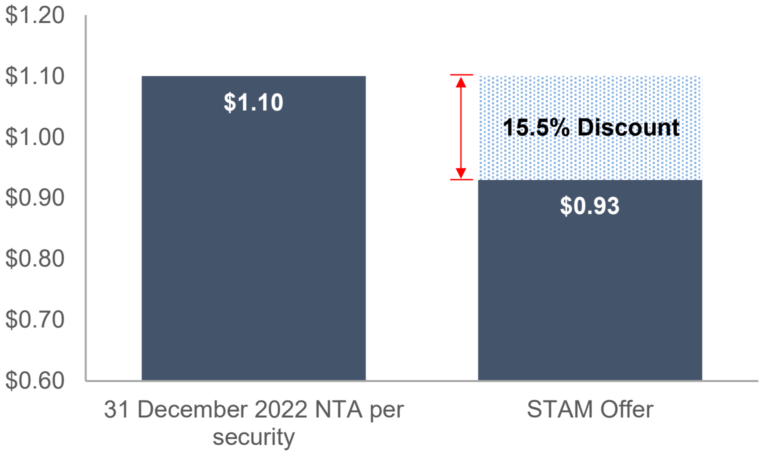


2.3 The Offer Price is a 15.5% discount to the Group Net Tangible Assets (NTA) of $1.10 per Eildon Security

The Offer fundamentally undervalues EDC given the Offer price of $0.93 per Eildon Security is a discount of **15.5%** to EDC's NTA backing of $1.10 as at 31 December 2022. The IBC believes NTA is one of the key value benchmarks that Eildon Securityholders should consider when assessing the Offer made by STAM.

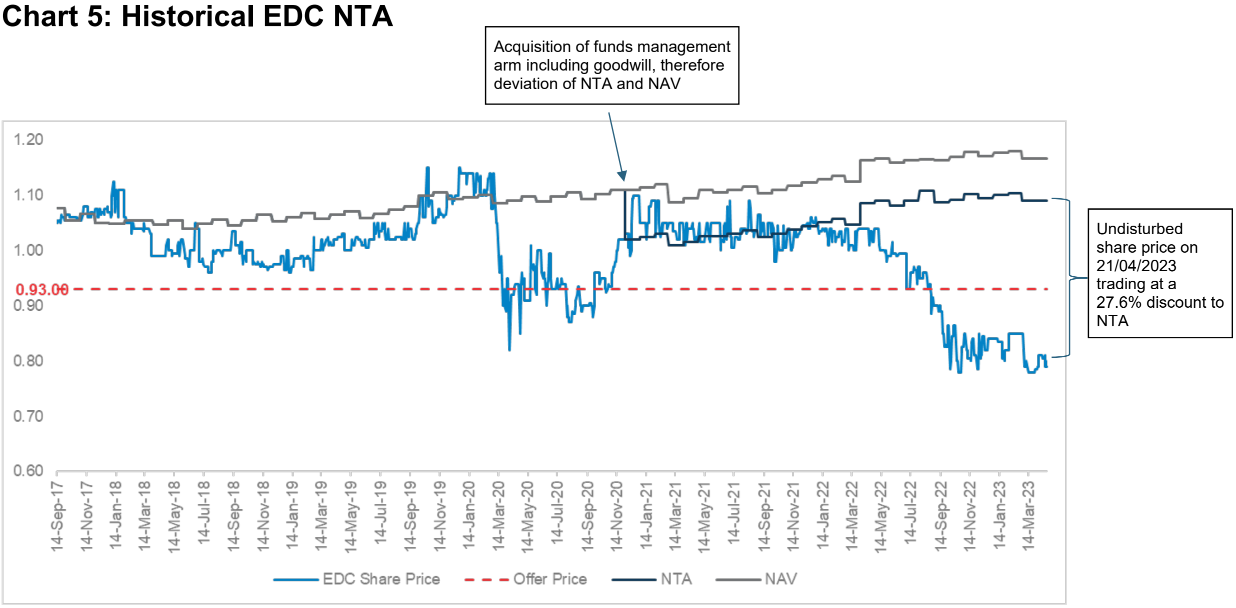
Chart 4 below sets out a comparison of the Offer Price to EDC's reviewed NTA value per Eildon Security as at 31 December 2022.

Chart 4: Discount of the Offer to EDC NTA



The Offer also fails to reflect the consistency and strength of EDC's NTA which has remained at or above $1.08 over the three years to 30 June 2022, with STAM's Offer materially below the NTA of EDC at the end of each of the past three financial years, and the half-year ended 31 December 2022. Furthermore, as shown in Chart 5 below, the Offer is significantly below EDC's monthly historical NTA, a position that has only strengthened since EDC's Initial Public Offering.

Chart 5: Historical EDC NTA

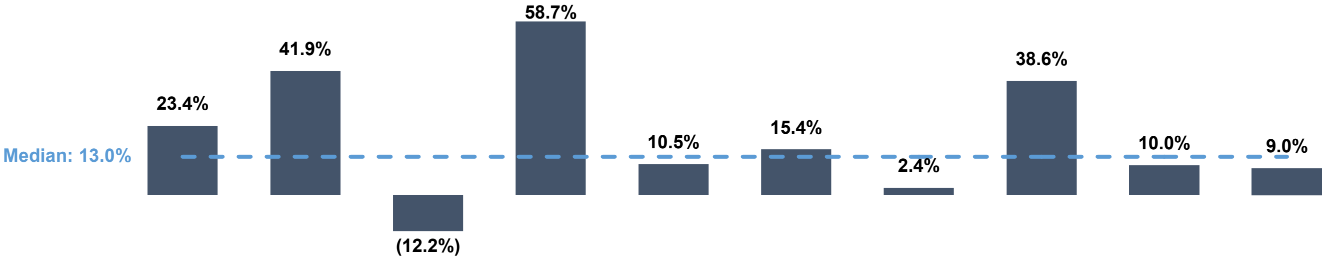


The IBC considers that STAM has taken advantage of a widening gap where the Eildon Security price has been trading substantially lower than its NAV and NTA. As indicated in Chart 5, the delta between these metrics has historically been much tighter, with the Eildon Security price reaching a peak of 7.8% premium to NTA on 30 December 2020.

2.4 The Offer is at a substantially larger discount to NTA than precedent transactions involving listed Australian Real Estate Investment companies

STAM's Offer, at a 15.5% discount to EDC's NTA of $1.10 per Eildon Security, also represents a significantly larger discount to NTA than recently completed transactions involving Australian real estate investment and funds management companies. The IBC believe this further demonstrates the Offer is inadequate and substantially undervalues your Eildon Securities. A median premium of 13.0% to NTA has been observed in the market across a range of relevant precedent transactions from 2014 onwards (as outlined in Chart 6 below), further reiterating the significantly undervalued and opportunistic nature of STAM's bid at a 15.5% discount to NTA.[11]

Chart 6: Precedent A-REIT Transactions



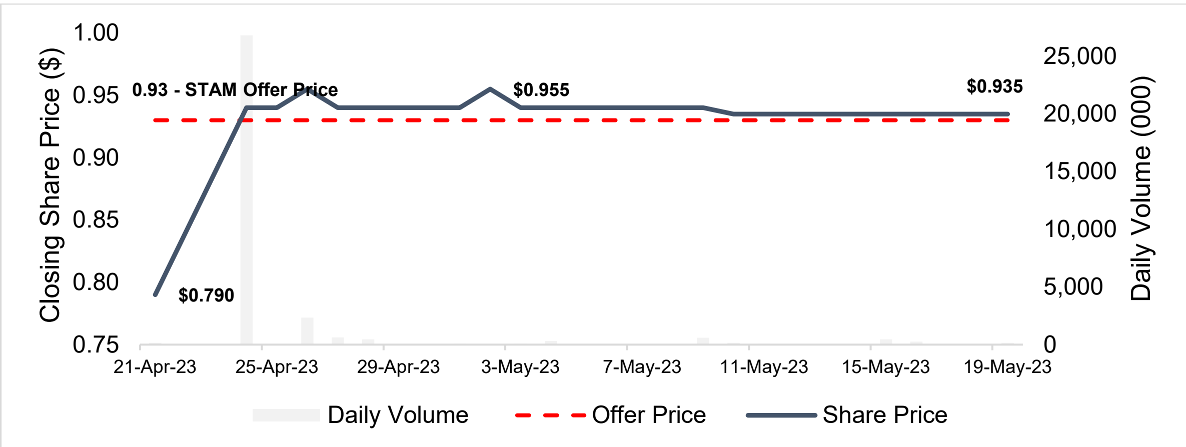
Target	Irongate	Aventus	Redcape Hotel	ALE Property	Australian Unity	Propertylink	Investa	Generation Healthcare REIT	Growthpoint Metro Office Fund	Mirvac Industrial Trust
Date	Jan-22	Oct-21	Aug-21	Jul-21	Jan-20	Sep-18	Sep-18	Apr-17	Apr-16	Sep-14

2.5 Securities have traded on the ASX above the Offer Price since the Offer was announced

Eildon Securities have consistently traded above STAM's Offer Price since the Offer was announced on 24 April 2023, most recently closing at $0.935 (on 19 May 2023), and reaching an intraday high of $0.96 (on 26 April 2023), which reflect a premium to the Offer Price of 0.5% and 3.1% respectively. The IBC believes that the equity market clearly concurs with the IBC's view and considers STAM's Offer to be inadequate.

Chart 7 below sets out a comparison of the Offer Price to the closing price of Eildon Securities on ASX since the Offer was announced.

Chart 7: Comparison of Offer Price to Eildon Security Price since Offer



[11] The target entities in the precedent A-REIT transactions identified in Chart 6 have a predominant direct equity investment profile, whereas EDC's investment profile covers both credit and equity investments.

The IBC cannot guarantee that Eildon Securities will continue to trade at the current level should the STAM Offer be unsuccessful. The future price of Eildon Securities is dependent on both EDC's performance and external macroeconomic and market factors.

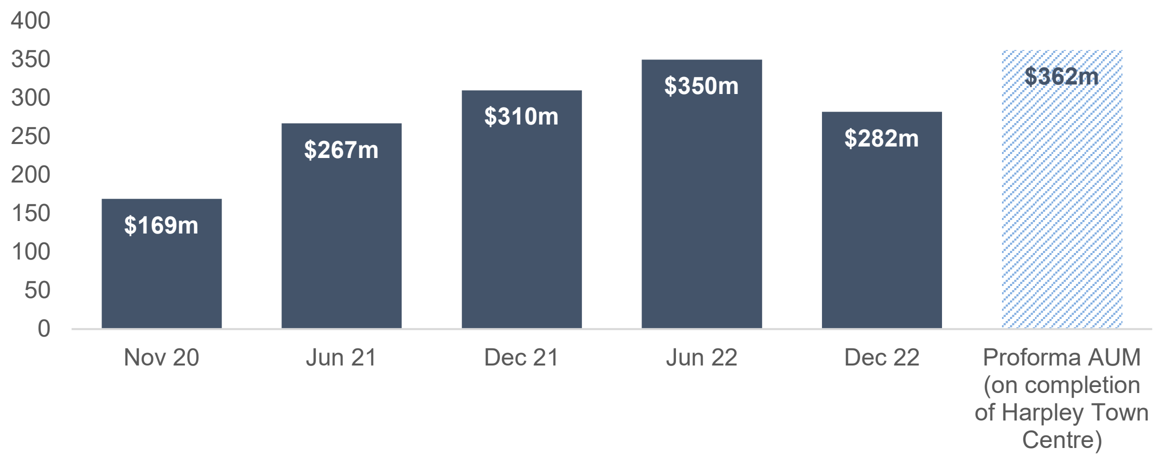
2.6 The Offer ignores the intrinsic value of the Funds Management platform

The Offer Price attributes no value to EDC's growing and scalable funds management business, which had $282 million of assets under management as at 31 December 2022 and contributed $2.2 million (51%) to Operating Revenue in 1H FY2023. EDC is a specialist real estate fund manager operating across real estate equity and credit, creating investment opportunities for sophisticated investors. EDC co-invests alongside its investor clients utilising its $52 million (net assets) balance sheet capacity, demonstrating strong alignment of interest.

The Funds Management platform, EFM, which sits within Eildon Capital Limited and contributed $0.07 to NAV (as of 31 December 2022), accounting for 6% of NAV, or $3.5 million. The carrying value relates to the acquisition of EFM in November 2020 when the EFM managed assets totalled $169 million. The Group has since grown AUM to $282 million with the Group's AUM expected to increase to approximately $362 million upon practical completion of Harpley Town Centre, a new neighbourhood shopping centre currently being developed. Chart 8 shows historical AUM growth achieved by EDC, and expected near term growth.

Property funds management businesses typically require significant upfront investment in licensing requirements, compliance, and talent. However, once established, they can be highly scalable and profitable businesses. The Group has made significant investment in its funds management platform which now delivers revenues and profits to the Group which has not been recognised by the Offer. Further success in adding to AUM will leverage the established platform and is expected to lead to increased profitability and value over time.

Chart 8: EFM AUM Growth ($m)[12]



2.7 If you accept the Offer, you may be unable to accept a superior proposal if one emerges

The IBC believes that the Offer fundamentally undervalues Eildon Securities, and the Group's strong balance sheet and cash reserves provide the ability to fund growth initiatives and new strategies within the Australian Real Estate market across credit and equity. Given EDC's strong balance sheet and cash position, in a highly attractive sector with diversified investments, EDC may be strategically attractive to parties interested in obtaining or increasing their exposure to the real estate investment and funds management sectors.

If you accept the Offer, you may not be able to obtain the benefit of any subsequent superior proposal by another party, should one emerge during the Offer Period, unless in limited circumstances you are eligible to revoke or withdraw your acceptance or the Offer lapses.

[12] There was a net $68 million decrease in AUM from June 2022 to December 2022 attributable to the successful repayment of over $88 million of investor funds during the period.

Eildon Securityholders should however be aware that EDC is not currently in discussions with any third parties in relation to a competing proposal being made for EDC and there is no certainty that a competing proposal will emerge or that a competing proposal will be at a price that the IBC views as appropriately reflecting the underlying value of EDC.

2.8 Eildon's existing Board and management team are best placed to maximise the value of your Eildon Securities

STAM has indicated that in the event it acquires a Relevant Interest in more than 50%, but less than 90%, of Eildon Securities on issue, it will endeavour to implement a general strategic and operational review, conduct a review of Eildon's management and employees and review EDC's listing on the ASX and consider whether it is justified. STAM has also indicated that it would seek board representation commensurate with its securityholding. These intentions introduce material uncertainty surrounding the expertise and intentions of STAM in the event a Relevant Interest between 50% and 90% is obtained.

The existing Board comprises four non-executive Directors (three of whom are independent) and the management team is led by Chief Executive Officer, Laurence Parisi, all of whom have extensive industry experience, expertise and leadership ability. Refer to Section 4.5 for further detail on the experience of the Board and management.

The IBC acknowledges that Eildon Securities have traded at a material discount to EDC's NTA per security within the last 12 months. As previously disclosed, the Board and management team continue to employ value maximisation strategies to address this situation including:

1) recycling the Group's non-core investments and reweighting for improved diversification;

2) continuing to redeploy the Group's balance sheet capital into higher returning investments that support growth in EFM, its product line as well as support this growth with co-investment; and

3) increasing the incremental returns on the Group's investments to improve returns for securityholders.

Initiatives include the recently announced disposal of EDC's 35% interest in the 79 Logan Road Trust for an aggregate sale price of approximately $8.4 million, which is in line with the book value of the investment at 31 December 2022 after accounting for settlement adjustments. The sale price represents a gross return before tax of over 20% per annum since acquisition. The sale price of $8.4 million would result in net proceeds of approximately $6.9 million (taking into account a deferred tax liability balance of approximately $1.5 million) and is in line with the asset's 31 December 2022 book value, which represents approximately 15% of the Group's net assets.

The IBC believes that the existing Board and management team are best placed to continue to employ these strategies, which when coupled with EDC's strong NTA, a stable distribution outlook and expected AUM growth, are anticipated to result in a re-rating over time of the price of Eildon Securities and substantially reduce the discount to NTA at which Eildon Securities currently trade.

The IBC cannot guarantee that under the existing Board and management's leadership, Eildon Securities will increase to trade at a lower discount to NTA. The future price of Eildon Securities is dependent on both EDC's performance and external macroeconomic and market factors.

3. Frequently Asked Questions

This Target's Statement contains detailed information regarding the Offer. This Section 3 provides summary answers to some questions you may have and will assist you to locate further detailed information in this Target's Statement. It is not intended to address all relevant issues for Eildon Securityholders. This Section 2.6 should be read together with the Bidder's Statement, the Supplementary Bidder's Statement and this Target's Statement.

	Question	Answer
1.	**Why have I received this document?**	You have received this Target's Statement because you are an Eildon Securityholder. This Target's Statement is EDC's formal response to the Bidder's Statement. It contains important information prepared by the IBC to help you determine whether or not to accept the Offer.
2.	**Who is making the Offer?**	The Offer is being made by Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Active Fund (ABN 67 302 926 069) (**STAM**). Further details on STAM are set out in section 1 of the Bidder's Statement. As at the Last Practicable Date, STAM holds 18,091,876 Eildon Securities, representing a 38.3% interest.
3.	**What is the Offer?**	Under the terms of the Offer, Eildon Securityholders will be entitled to receive $0.93 cash per Eildon Security.
4.	**What is the current price of Eildon Securities?**	The closing price of Eildon Securities on the Last Practicable Date (being 19 May 2022), was $0.935.
5.	**What choices do I have as an Eildon Securityholder?**	As an Eildon Securityholder, you have several choices available to you in relation to how you respond to the Offer. Each of these choices carries certain implications which you should carefully consider in light of your personal circumstances and having regard to any advice you receive from your broker or other professional adviser(s), which advice you are encouraged to seek. As an Eildon Securityholder, you may: • **REJECT** the Offer by doing nothing; • accept the Offer for some or all of your Eildon Securities; or • sell all or part of your Eildon Securities to a third party, including on market (unless you have previously accepted the Offer and have not validly withdrawn your acceptance), which as at the Last Practicable Date would be expected to deliver you a higher price for your Eildon Securities than you would obtain through accepting the Offer.
6.	**What does the IBC recommend?**	The IBC unanimously recommend that you **REJECT** the Offer for the reasons set out in Section 2.
7.	**Who are the members of the IBC?**	The IBC comprises Mr Matthew Reid and Ms Michelle Phillips.
8.	**What do the IBC members intend to do with their Eildon Securities?**	Each IBC member intends to **REJECT** the Offer in respect of the Eildon Securities owned or controlled by them.
9.	**Why are the IBC members recommending that I REJECT the Offer?**	The reasons for the IBC's recommendation are set out in Section 2.
10.	**What is the opinion of the Independent Expert?**	The IBC has appointed the Independent Expert to prepare an Independent Expert's Report assessing the Offer, and to provide an opinion on whether or not the Offer is fair and reasonable to Eildon Securityholders.

	Question	Answer
		The Independent Expert has concluded that the Offer is **not fair and not reasonable** to Eildon Securityholders. Appendix 1 of this Target's Statement includes a copy of the Independent Expert's Report. You should read the report carefully and in its entirety as part of your assessment of the Offer.
11.	**How do I REJECT the Offer?**	To **REJECT** the Offer, you do not need to do anything.
12.	**How do I accept the Offer?**	Details on how to accept the Offer are set out in the Bidder's Statement.
13.	**What happens if I accept the Offer now and the Offer Price is increased?**	STAM has indicated in its Supplementary Bidder's Statement that the Offer is its **best and final offer** (in the absence of a superior proposal) for EDC. If STAM does improve the Offer Price, in event that a superior proposal was to emerge, all Eildon Securityholders, whether or not they have accepted the Offer before that improvement in the Offer Price, will be entitled to the benefit of that improved Offer Price. You will **not** be entitled to any improved Offer price if you sell your Eildon Securities on-market (refer to question 14).
14.	**What happens if I sell my Eildon Securities on ASX?**	If you sell your Eildon Securities on ASX, you will receive payment on a T+2 basis. You will **not** receive the benefit of any increase in the Offer Price (even if you sell to STAM on-market) and you will not be able to participate in any superior proposal in respect of those Eildon Securities.
15.	**Will STAM increase the Offer Price?**	STAM has indicated in its Supplementary Bidder's Statement that the Offer is its best and final offer in the absence of a superior proposal for EDC.
16.	**What are the consequences of accepting the Offer now?**	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Eildon Securities on the ASX or otherwise deal with your Eildon Securities while the Offer remains open. You may only withdraw your acceptance if STAM varies the Offer in a way that postpones the time when STAM is required to satisfy its obligations by more than one month. Section 5.6 of this Target's Statement contains further details on withdrawing your acceptance.
17.	**When does the Offer Period close?**	The Offer Period is currently scheduled to close at 7:00 pm (Sydney time) on 8 June 2023, unless it is extended or withdrawn. STAM has indicated in its Supplementary Bidder's Statement that unless it is required to do so by the Corporations Act, it will not extend the Offer Period.
18.	**What are the conditions to the Offer?**	The Offer is subject to the Condition that, from the date of the Bidder's Statement until the end of the Offer Period, there are no Prescribed Occurrences. These Prescribed Occurrences are set out in section 7.6 of the Bidder's Statement.
19.	**What happens if I accept the Offer and the conditions are not satisfied?**	According to Section 7.7 of the Bidder's Statement, if the Condition described in Section 7.6 is breached or not fulfilled, and the Bidder decides to rely on that breach or non-fulfillment, then any contract resulting acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period and the relevant Eildon Securities will be returned to the holder.
20.	**When will I receive the consideration under the Offer?**	According to Section 7.9 of the Bidder's Statement, if you accept the Offer in accordance with the instructions contained in the acceptance form and the Offer becomes unconditional, STAM will pay or provide you the consideration under the Offer by the earlier of:

Question	Answer
	• while the Offer is subject to the Condition, 10 Business Days after the Offer is declared to be or becomes unconditional; • if the Offer is declared to be or becomes unconditional, 10 Business Days after the date that you accept the Offer; or • 21 calendar days after the end of the Offer Period.
21. **Can I accept the Offer for only part of my holding?**	Yes. According to Section 7.1 of the Bidder's Statement, you may accept the Offer for part of the Eildon Securities held by you. However, the IBC recommends that you **do not accept** the Offer for any of your Eildon Securities.
22. **Can I be forced to sell my Eildon Securities?**	You cannot be forced to sell your Eildon Securities unless STAM proceeds to compulsory acquire your Eildon Securities. STAM will need to hold a relevant interest in at least 90% of the Eildon Securities in order to exercise compulsory acquisition rights.
23. **What are the tax implications of accepting the Offer?**	A general outline of the tax implications for certain Australian resident Eildon Securityholders of accepting the Offer is set out in section 5 of the Bidder's Statement. Eildon Securityholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.
24. **Who should I call if I have any questions?**	If you have any questions about the Offer or any other matter in this 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. Announcements made to ASX by Eildon and other information relating to the Offer can be obtained from the ASX website at www.asx.com.au (ASX code: EDC).

4. Information about EDC

4.1 Overview of EDC

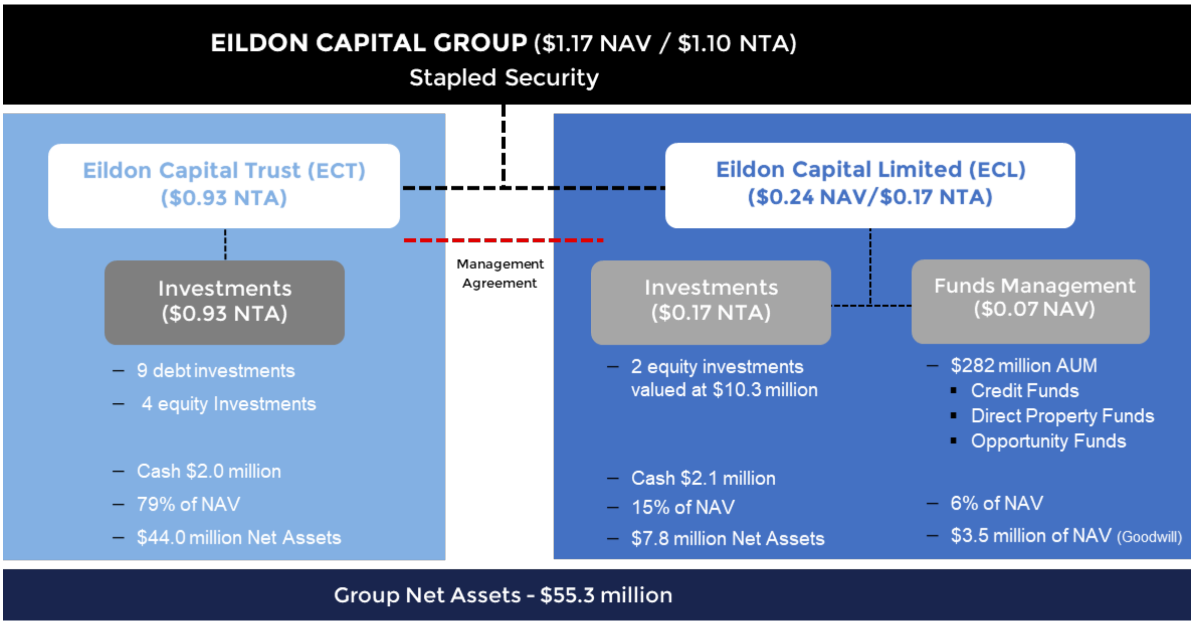
EDC is an ASX-listed real estate investment and funds management business with $282 million in assets under management as at 31 December 2022. EDC is a stapled group comprising Eildon Capital Limited (**ECL**) and Eildon Funds Management Limited (**EFM**) as responsible entity for Eildon Capital Trust (**ECT**). The Group aims to provide income yield through its balance sheet investments within ECT while also generating fees from its funds management platform within ECL. EDC's investment activities cover both credit and equity in real estate. EDC co-invests alongside its investor clients utilising its $52 million (net assets) balance sheet capacity, demonstrating strong alignment of interest.

ECL listed on the ASX in 2017 as a real estate focussed listed investment company. In November 2020, Eildon undertook a process to internalise the manager of the listed investment company, which transformed the entity from being purely a listed investment company to a real estate investor with an emerging funds management platform. The internalisation provided investors with exposure to both the consistent returns inherent in investing in real estate equity and credit, and the potentially higher growth and return on equity characteristics which can be generated from funds management businesses once sufficient scale is achieved.

The Group had Assets Under Management of $169 million in November 2020, which is expected to increase to approximately $362 million upon practical completion of Harpley Town Centre, a new neighbourhood shopping centre currently being developed, representing growth of 114% since the internalisation.

As at 30 April 2023, EDC's platform comprises 10 employees located across Sydney and Melbourne, with its headquarters and registered office in Melbourne, Australia. EDC has a market capitalisation of $44.16m as at the close of trading on the ASX on the Last Practicable Date.

An overview of the corporate structure of Eildon Capital Group as at 31 December 2022 can be found below, as well as a summary of the Group's key business segments:



Key Business Segments	**Key Focus**
Property Investment Portfolio	EDC's investment portfolio comprised of 9 debt and 6 equity investments representing 94% of net assets as at 31 December 2022. The investments are diversified across Victoria, Queensland and New South Wales.

Key Business Segments	Key Focus
Eildon Funds Management (EFM)	EFM is a specialist real estate fund manager within Australia's Commercial Real Estate market. The Group intends to focus on growing its exposure in convenience retail, large format retail and health and education sectors across its fund management strategies in credit, income and opportunity funds which are supported by strong investor demand. EFM has undertaken 40 investments since launching across credit funds, property income funds, opportunity funds.

The charts below set out a breakdown of revenue contributions for EDC as a whole, and the standalone funds management business.

Chart 1: EDC Revenue Contributions at 31 December 2022

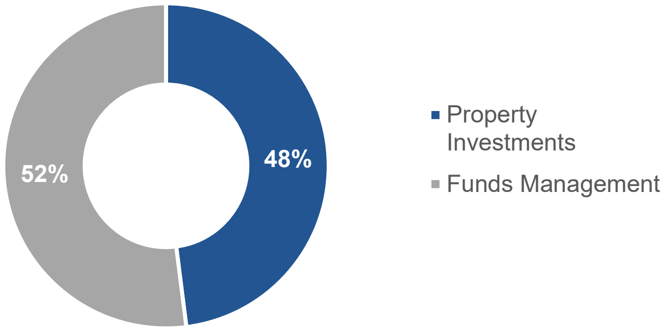
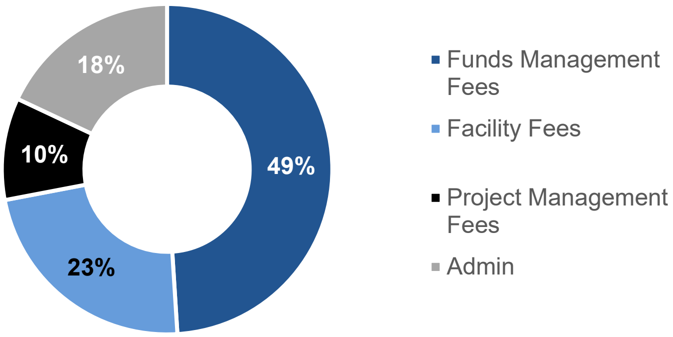


Chart 2: EDC Funds Management Revenue Breakdown



4.2 Eildon Net Asset Breakdown

EDC Balance Sheet (31 December 2022)	Value ($m)	NAV per security ($)	Description
Eildon Direct Equity Investments (ECL)	10.3	0.22	Two investments include Burnley Maltings ($1.8m) and 79 Logan Road Woolloongabba ($8.5m). 79 Logan Road Woolloongabba is a 9,361 sqm mixed use development site located in Woolloongabba, Brisbane. On 5 April 2023, the Group announced it had entered into a binding agreement to, subject to securityholder approval, dispose of its 35% interest in the 79 Logan Road Trust to joint venture partners CVC and Urban for an aggregate purchase price of $8.4 million ($6.9 million net proceeds adjusted for deferred tax liability), which is in line with the book value of the investment at 31 December 2022 after accounting for settlement adjustments

EDC Balance Sheet (31 December 2022)	Value ($m)	NAV per security ($)	Description
Preferred Equity Investment (ECT)	5.1	0.11	Preferred equity investment totalling $5.1m in the development of 13 apartments located in the suburb of Toorak, Melbourne, with all planning and building approvals in place and at the basement stage of construction. Two sales have been achieved with a third subject to FIRB approval, and good levels of enquiry on the balance of the apartments.
Co-investments - Equity (ECT)	4.6	0.10	3 co-investments in Eildon Direct Property Funds totalling $4.6 million, including the EAM Berwick Motor Trust ($0.5m), EAM Elara Property Fund ($1.3m) and EFM Health & Education Fund ($2.8m)
Co-investments - Debt (ECT)	24.9	0.53	9 debt co-investments in Eildon Debt Fund totalling $24.8 million with a weighted average Loan to Value (LVR) ratio of 66% and weighted average yield of 8.6%.The Group has no impairments on its debt investments.
Group Cash	7.6	0.16	Cash on deposit as at 31 December 2022
Other Assets & Liabilities	(0.6)	(0.01)	
Group Net Tangible Assets Per Security	**51.9**	**1.10**	
Eildon Funds Management - Goodwill	3.5	0.07	The carrying value relates to the acquisition of EFM in November 2020 when EFM managed assets totalled $169 million. The Group has since grown AUM to $282 million. The Group's AUM is expected to increase to approximately $362 million upon practical completion of Harpley Town Centre, a new neighbourhood shopping centre currently being developed. EFM is a specialist real estate fund manager operating across real estate equity and credit, creating investment opportunities for sophisticated investors.
Group NAV Per Security	**55.3**	**1.17**	

4.3 Funds Management (EFM)

EFM is a specialist real estate fund manager in 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. EDC co-invests alongside its investor clients utilising its $52 million (net assets) balance sheet capacity, demonstrating a strong alignment of interest. As of 31 December 2022, EFM contributed to 6% of Group NAV.

Group Assets Under Management (AUM) was $282 million as at 31 December 2022.

1. **Eildon Direct Property Funds**[13]
    - Managed four direct property income funds with $164 million assets under management as at 31 December 2022.
    - Key highlight is the completion of the Coles anchored neighbourhood centre within EAM Caboolture Property Fund.
    - The Eildon Health & Education Fund which was seeded in CY22 increased its gross asset value to $25 million with the successful completion of a newly built childcare centre in Swan Hill, Victoria which has been leased to Montessori Beginnings. This fund benefits from a strong pipeline of development opportunities.
    - Eildon Capital Trust had $4.6 million co-invested as at 31 December 2022.

[13] EFM owns 50% of Eildon Asset Management Pty Ltd (the investment manager of EAM Berwick Motor Trust, EAM Elara Village Property Fund and EAM Caboolture Property Fund, which total to $138.5 million in AUM as at 31 December 2022).

- The Group announced on 21 April 2023 that it had successfully secured commitments for $31.5 million to develop a new neighbourhood shopping centre in Werribee, a suburb of Melbourne, Victoria. As part of the Group's commitment to an alignment of interest, EDC has committed to co-invest $1.5 million into the EFM Harpley Town Centre Property Fund.

2. **Eildon Debt Fund (EDF)**
   - EDF is the Group's flagship credit fund, which continues to perform well with $75 million AUM as at 31 December 2022 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 delivered investors strong risk-adjusted returns of 10%+ p.a. and reflect the sharp increase in the risk-free rate.
   - EDF's investment pipeline includes land and construction financing for both first and second mortgage opportunities which will generate fee revenue and provide the EDC balance sheet with co-investment opportunities. The Group is working on launching a pooled credit fund which will broaden the investor client base and product suite.
   - Eildon Capital Trust had $24.9 million co-invested in the Eildon Debt Fund as at 31 December 2022.

3. **Eildon Opportunity Funds**
   - EFM currently manages $21 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 2023.

4.4 Historical financial information

The selected income statement, balance sheet and statement of cash flows information contained below for EDC is extracted from the audited consolidated financial statements of EDC for the years ended 30 June 2021, 30 June 2022 and the reviewed consolidated financial statements of EDC for the half year ended 31 December 2022.

The financial information has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

Complete copies of EDC's audited and reviewed consolidated financial statements can be viewed on ASX's website at www.asx.com.au or on EDC's website at www.eildoncapital.com.

4.4.1 Historical Statement of Profit and Loss

Profit & Loss Statement			
A$	**FY21A**	**FY22A**	**1H 23A**
Interest income	4,358,780	3,950,835	2,202,122
Fee income	3,422,941	4,729,304	1,803,120
Distribution income	212,097	518,968	308,242
Revaluation of financial assets at fair value through profit or loss	-	907,712	-
Total income	**7,993,818**	**10,106,819**	**4,313,484**
Share of net profit of associate accounted for using the equity method	**2,633,008**	**2,067,568**	**132,458**
Expenses			
Accountancy	340,147	350,323	15,004
Audit fees	-	-	33,045
Employee and director costs	1,508,025	3,002,093	1,718,974

Profit & Loss Statement			
A$	FY21A	FY22A	1H 23A
Insurance	79,126	179,274	96,639
Interest expenses	42,119	439,633	305,564
Net loss on financial assets at fair value through profit	1,351,145	-	105,000
Legal fees	49,218	56,747	36,497
Publications and subscriptions	26,015	86,480	-
Management and consultancy fees	1,311,401	609,660	59,281
Restructure cost	138,354	-	-
Share registry	64,950	85,018	45,267
Trustee fees	-	-	13,680
Other expenses	328,916	498,380	252,353
Total expenses	**5,239,416**	**5,307,608**	**2,681,304**
Profit before income tax	**5,387,410**	**6,866,779**	**1,764,638**
Income tax expense	460,227	663,225	243,493
Net profit after tax	**4,927,183**	**6,203,554**	**2,008,131**
Net profit after tax attributable to:			
Owners of the Company	1,006,181	2,242,252	115,356
Owners of the Trust	3,887,843	3,839,948	1,779,040
Non-controlling interests	33,159	121,354	113,735
Net profit after tax	**4,927,183**	**6,203,554**	**2,008,131**
Basic earnings per company share/ trust unit (cents)	*2.36*	*4.76*	*0.24*
Diluted earnings per company share/ trust unit (cents)	*2.35*	*4.74*	*0.24*
Basic earnings per stapled security (cents)	*11.49*	*12.91*	*4.01*
Diluted earnings per stapled security (cents)	*11.45*	*12.87*	*4.01*

4.4.2 Historical Statement of Financial Position

Statement of Financial Position			
A$	30-Jun-21	30-Jun-22	31-Dec-22
Current Assets			
Cash and cash equivalents	11,100,354	8,180,442	8,847,578
Financial assets at amortised cost	27,659,310	21,820,695	7,070,007
Financial assets at fair value through profit or loss	1,133,708	5,526,424	6,572,137
Other assets	65,540	87,601	220,639
Current tax assets	-	672,983	902,980
Assets classified as held for sale	-	-	8,494,691
Total current assets	**39,958,912**	**36,288,145**	**32,108,032**
Non-current Assets			
Financial assets at amortised cost	911,096	4,364,322	20,460,826
Financial assets at fair value through profit or loss	3,559,954	5,829,315	6,387,681
Investments accounted for using the equity method	6,669,865	8,471,783	-
Intangible assets	3,460,077	3,460,077	3,460,077
Right-of-use asses	281,857	198,686	157,101
Plant and Equipment	14,070	20,239	19,823
Deferred tax assets	763,656	352,709	413,413
Total non-current assets	**15,660,575**	**22,697,131**	**30,898,921**
Total Assets	**55,619,487**	**58,985,276**	**63,006,953**

Statement of Financial Position			
A$	30-Jun-21	30-Jun-22	31-Dec-22
Current Liabilities			
Trade and other payables	1,764,215	1,895,542	1,451,038
Lease liabilities	82,686	83,794	84,380
Provisions	84,099	112,562	145,449
Other liabilities	-	555,082	4,400,560
Current tax liabilities	111,000	-	-
Total current liabilities	**2,042,000**	**2,646,980**	**6,081,427**
Non-current Liabilities			
Other liabilities	137,046	-	-
Lease liabilities	201,595	117,802	75,749
Provisions	-	25,225	30,392
Deferred tax liabilities	1,217,535	1,473,294	1,479,021
Total non-current liabilities	**1,556,176**	**1,616,321**	**1,585,162**
Total Liabilities	**3,598,176**	**4,263,301**	**7,666,589**
Net Assets	**52,021,311**	**54,721,975**	**55,340,364**
Equity			
Contributed equity	8,210,699	8,237,201	8,245,527
Retained earnings	679,345	2,921,597	3,036,953
Other reserves	8,237	12,050	21,821
Equity attributable to shareholders/unitholders	8,898,281	11,170,848	11,304,301
Non-controlling interests			
Trust unitholders	43,123,127	43,551,224	44,036,160
Other non-controlling interests	(97)	(97)	(97)
	43,123,030	**43,551,127**	**44,036,063**
Total Equity	**52,021,311**	**54,721,975**	**55,340,364**

4.4.3 Historical Cash Flow Statement

Cash Flow Statement			
A$	FY21A	FY22A	1H 23A
Cash flows from operating activities			
Cash receipts in the course of operations	4,033,187	4,975,348	2,186,168
Cash payments in the course of operations	(4,251,478)	(5,005,978)	(2,840,668)
Distribution received	311,612	438,177	315,172
Loans repaid	8,402,908	9,892,580	16,091,433
Loans provided	(2,511,034)	(9,077,770)	(26,761,171)
Interest and fee income received	2,951,099	5,938,150	7,978,729
Interest paid	(108,361)	(373,110)	(236,726)
Income tax paid	(70,119)	(780,503)	(44,787)
Net cash provided by operating activities	**8,757,814**	**6,006,894**	**(3,311,850)**
Cash flows from investing activities			
Payments for financial assets at fair value through profit or loss	(6,042,500)	(10,057,544)	(1,711,813)
Proceeds from financial assets at fair value through profit or loss	2,320,171	4,637,532	3,366,050
Payments for plant and equipment	(14,787)	(13,880)	(4,998)
Payments for acquisition of subsidiary, net of cash acquired	(3,877,681)	-	-
Net cash (used in) investing activities	**(7,614,797)**	**(5,433,892)**	**1,649,239**

Cash Flow Statement			
A$	FY21A	FY22A	1H 23A
Cash flows from financing activities			
Dividends paid	(3,187,117)	(3,892,639)	(1,441,736)
Proceeds for stapled security/unit issued	6,324,199	130,897	36,310
Payment for stapled security/unit issue transaction costs	(348,943)	-	-
Payment for stapled security/unit buyback transaction costs	(1,076)	-	-
Proceeds from borrowings	135,487	351,513	7,676,640
Payment of borrowings	(1,451,242)	(82,685)	(3,941,467)
Net cash (used in)/provided by financing activities	**1,471,308**	**(3,492,914)**	**2,329,747**
Cash and cash equivalents at the beginning of the financial year	*8,486,029*	*11,100,354*	*8,180,442*
Net (decrease)/increase in cash and cash equivalents	*2,614,325*	*(2,919,912)*	*667,136*
Cash and cash equivalents at the end of the financial year	*11,100,354*	*8,180,442*	*8,847,578*

4.5 Board and senior management of EDC

The EDC team is highly experienced with a proven track record of delivering growth through various cycles and is well positioned to lead the Group moving forward. The Group's Board and management have remained disciplined when assessing new opportunities and continually evaluate the allocation of capital between new and strategic funds management growth initiatives versus balance sheet investments.

4.5.1 Board of Directors

Mr James Davies

Independent, Non-Executive Director of Eildon Capital Limited
Independent, Non-Executive Director of Eildon Funds Management Limited

BSC (Comp) (UNE), MBA (LBS), GAICD

Skills and Experience

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.

Ms Michelle Philips

Independent, Non-Executive Director of Eildon Capital Limited
Independent, Non-Executive Director of Eildon Funds Management Limited

B.A. (UNSW), LLB (UNSW), GAICD

Skills and Experience

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 Services Committees.

Mr Mark Avery

Non-Executive Director of Eildon Capital Limited
Non-Executive Director of Eildon Funds Management Limited

B.Com.Pl.Ds (UOM)

Skills and Experience

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-executive

Director in April 2022. Mr Avery holds bachelor's degrees in commerce and Planning & Design from the University of Melbourne and an MBA from the University of New South Wales. He is currently the Managing Director of CVC Limited.

Mr Matthew Reid

Independent, Non-Executive Director of Eildon Capital Limited
Independent, Non-Executive Director of Eildon Funds Management Limited

B Ec. (Monash), CA ANZ

Skills and Experience

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 various sub committees including the property sub-committee.

4.5.2 Key Management

Mr Laurence Parisi

Chief Executive Officer and Joint Company Secretary of Eildon Capital Limited and Eildon Funds Management Limited

Diploma of Business Accounting, Diploma of Financial Markets and a Graduate Diploma of Applied Finance and Investments

Skills and Experience

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. Mr Parisi 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.

Ms Tiffany McLean

General Counsel and Joint Company Secretary of Eildon Capital Limited and Eildon Funds Management Limited

LLB (Bond University), GDLP (GU)

Skills and Experience

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 EFM.

Mr Varun Sachdev

Chief Financial Officer

Master of Finance (UOM), CPA

Skills and Experience

Mr Sachdev is a seasoned Corporate Finance professional with extensive experience across financial services specialising in property developments. Prior to joining EDC, Mr Sachdev worked at MaxCap Group, leading their Finance team as a Financial Controller. He has also held various senior accounting positions at the Winslow Group in their property development division.

5. Information about the Offer

5.1 The Offer

STAM lodged its Bidder's Statement on 24 April 2023 and a Supplementary Bidder's Statement on 9 May 2023 which sets out the terms of the Offer. A copy of the Bidder's Statement has been sent to all Eildon Securityholders by post and is also available on the ASX website at www.asx.com.au.

5.2 Consideration payable to Eildon Securityholders who accept the Offer

The consideration being offered by STAM under the Offer is $0.93 cash per Eildon Security. The closing price of Eildon Securities on the Last Practicable Date was $0.935.

However, Eildon Securityholders will not receive payment for Eildon Securities tendered into the Offer until the Offer becomes unconditional. If the Offer becomes unconditional, Eildon Securityholders will be paid or provided the consideration by the earlier of:

- while the Offer is subject to the Condition, 10 Business Days after the Offer is declared to be or becomes unconditional;
- if the Offer is declared to be or becomes unconditional, 10 Business Days after the date that you accept the Offer; or
- 21 calendar days after the end of the Offer Period.

5.3 Conditions of the Offer

The Offer is subject to the Condition in section 7.6 of the Bidder's Statement being satisfied or waived. The Condition is that, until the end of the Offer Period, no 'Prescribed Occurrence' occurs.

STAM may choose to waive the Condition in accordance with the Offer.

STAM has set 1 June 2023 as the date on which it will give Eildon Securityholders and ASX the notice required under section 630(3) of the Corporations Act on the status of the Condition (subject to an extension in accordance with section 630(2) of the Corporations Act). STAM may free the Offer, and any contract resulting from its acceptance, from the Condition by giving notice to Eildon and ASX in accordance with section 650F of the Corporations Act not later than three Business Days after the end of the Offer Period (i.e. by 12 June 2023).

5.4 Offer Period

Unless the Offer is extended or withdrawn by STAM, the Offer will be open for acceptance until 7.00pm (Sydney time) on 8 June 2023.

STAM may extend the Offer Period at any time before giving the notice of status of the Condition (referred to in Section 5.3 above) while the Offer is subject to the Condition. However, if the Offer is unconditional, STAM may extend the Offer Period at any time before the end of the Offer Period. STAM has indicated in its Supplementary Bidder's Statement dated 9 May 2023 that unless it is required to do so by the Corporations Act, it will not extend the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- STAM improves the Offer Price;[14] or
- STAM's voting power in Eildon increases to more than 50%.

If either of the above events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

Under the Corporations Act, the Offer Period may not be extended so that it lasts for more than 12 months.

STAM may not withdraw the Offer if you have already accepted it. Before you accept the Offer, STAM may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

[14] STAM has indicated in its Supplementary Bidder's Statement that the Offer is its best and final offer (in the absence of a superior proposal) for EDC.

5.5 Effect of acceptance

The effect of acceptance of the Offer is set out in sections 7.4 and 7.5 of the Bidder's Statement. Eildon Securityholders should read those provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Eildon Securities and the representations and warranties which they give by accepting the Offer.

5.6 Your ability to withdraw your acceptance

If you accept the Offer, you only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if STAM varies the Offer in a way that postpones, for more than one month, the time when STAM needs to meet its obligations under the Offer. This will occur if STAM extends the Offer Period by more than one month and the Offer is still subject to the Condition.

5.7 Compulsory acquisition

STAM will be able to compulsorily acquire any outstanding Eildon Securities for which it has not received acceptances on the same terms as the Offer if during, or at the end of, the Offer Period STAM (taken together with its Associates):

- has a Relevant Interest in at least 90% (by number) of the Eildon Securities; and
- has acquired at least 75% (by number) of the Eildon Securities for which it has made the Offer.

If these thresholds are met, STAM will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Eildon Securityholders who have not accepted the Offer. The consideration payable by STAM will be the Offer price last offered under the Offer.

Eildon Securityholders may challenge any compulsory acquisition but this would require the relevant Eildon Securityholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Eildon Securities.

If Eildon Securities are compulsorily acquired, Eildon Securityholders are not likely to receive payment until at least one month after the compulsory acquisition notices are sent.

Alternatively, if STAM does not become entitled to compulsorily acquire Eildon Securities at the end of the Offer Period, in accordance with the above procedures, it may nevertheless subsequently become entitled to acquisition rights under Part 6A.2 Division 1 of the Corporations Act after the end of the Offer Period.

5.8 Effect of an improvement in Offer Price on Eildon Securityholders who have already accepted the Offer

If STAM improves the Offer Price, all Eildon Securityholders, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved Offer Price. However, STAM has indicated in its Supplementary Bidder's Statement dated 9 May 2023 that the Offer is its best and final offer in the absence of a superior proposal for EDC.

Eildon Securityholders should note that they will **not** receive any improved offer price, or be able to participate in any superior proposal, if they sell their Eildon Securities on-market.

5.9 Taxation Considerations for Eildon Securityholders

Acceptance of the Offer by you is likely to have tax consequences. You may incur a capital gain or loss if you accept the Offer. Your tax consequences will depend on your individual circumstances.

Section 5 of the Bidder's Statement sets out a general overview of the Australian tax implications of an Eildon Securityholder accepting the Offer and disposing of their Eildon Securities to STAM. You should not rely on it as advice on your own affairs. It does not deal with the position of all Eildon Securityholders. You should seek your own independent financial and taxation advice, which takes into account your individual circumstances, before making a decision as to whether or not to accept the Offer for your Eildon Securities.

6. Risks

6.1 Introduction

In considering the Offer, Eildon Securityholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Eildon Securities.

In deciding whether to accept the Offer, Eildon Securityholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of EDC and the IBC and cannot be mitigated.

The risks set out in this section 6 do not take into account the individual investment objectives, financial situation, position or particular needs of Eildon Securities. These risks are general in nature only and do not cover every risk that may be associated with an investment in Eildon now or in the future.

6.2 Risks associated with accepting the Offer

There are risks associated with accepting the Offer, including those described below.

- **Possibility of superior proposal emerging**

  A third party with a superior proposal to the Offer may emerge (although the IBC can give no assurances that this will occur).

  By accepting the Offer, you will not be able to accept any superior proposal that may be made by a competing bidder, unless the Offer is still conditional and you withdraw your acceptance. As such, you may not be able to obtain any potential benefit associated with any such superior proposal.

- **Possible appreciation of Eildon Securities in the future**

  The closing price of Eildon Securities on the Last Practicable Date was $0.935. Accordingly, it is possible to sell Eildon Securities on market for a price greater than the Offer Price. You may be able to sell your Eildon Securities in the future for more valuable consideration than at the Offer Price of $0.93 per security (although the IBC can give no assurances and make no forecast as to whether this will occur).

- **Taxation consequences of accepting the Eildon Offer**

  The taxation consequences of disposing of your Eildon Securities pursuant to the Offer depend on a number of factors and your particular circumstances. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

6.3 Risks associated with rejecting the Offer

Rejecting the Offer and maintaining your investment in Eildon may have the following risks, depending on the outcome of the Offer:

- **Compulsory acquisition**

  If you choose not to accept the Offer and STAM subsequently exercises compulsory acquisition rights and exercises those rights, you will be compelled to sell your Eildon Securities to STAM but may not receive the consideration for some time.

- **Minority ownership consequences**

  If you choose not to accept the Offer and STAM acquires more than 50.1% of the Eildon Securities, but is not entitled to exercise its compulsory acquisition rights (as discussed in Section 5.7), STAM will have acquired control of Eildon, and any remaining Eildon Securityholders will be minority securityholders. As at the Last Practicable Date, STAM holds 38.3% of the Eildon Securities, and even if it does not acquire more than 50.1% of the Eildon Securities it will hold significant influence over Eildon.

  STAM's intentions in relation to Eildon in various scenarios where STAM acquires different levels of relevant interests in Eildon are set out in section 3 of the Bidder's Statement. This has a number of possible implications for remaining Eildon Securityholders.

- **Eildon Security price may fall and liquidity may be reduced**

  It is possible that when the Offer closes, the price of Eildon Securities may fall to levels below the Offer Price, and there may be reduced liquidity for Eildon Securities.

6.4 Key risks associated with an investment in EDC

There are various risks associated with an investment in EDC that Eildon Securityholders should be aware of before deciding whether or not to accept the Offer.

6.4.1 Credit and default risk

Credit risk is the risk that one or more assets in which the Group's monies have been invested may decline in price or fail to pay interest or principal when due because the credit counterparty or borrower experiences a decline in its financial status. Losses may occur because the value of the asset is affected by the creditworthiness of the borrower or by general economic and specific industry conditions.

While all debt assets are subject to credit risk, to the extent the Group invests in sub-investment grade and un-rated debt, it will be exposed to a greater amount of credit risk than an investment in investment grade rated credit assets. The prices of lower grade debt instruments are more sensitive to negative developments, such as a decline in the borrower's cash earnings or a general economic downturn, than are the prices of higher-grade debt instruments. Debt instruments of sub-investment grade quality are higher risk with respect to the counterpart's capacity to pay interest and repay principal when due and therefore involve a greater risk of default.

Default risk is the risk that a borrower defaults on their obligations, for instance by failing to make a payment due or to return the principal. The taking of security or the provision of third party guarantees may not fully mitigate the risk of credit loss.

6.4.2 Realisation of existing assets

The Group's assets represent arm's length loan facilities and investments in respect of property development projects. These investments are subject to term periods which will see a return of capital and additional income to the Group. These funds may then be deployed onto additional projects within the bounds of the Group's investment mandate. There is a risk that these investments may become distressed, by which the principal and income components due may not be forthcoming. Any change in the payment schedule of principal or income may adversely affect the Group and its ability to engage in transactions. If the existing investments fall in value, become distressed or become in default of the terms, the options available to the Group are to seek a recovery of any costs or losses through the courts, or to engage in a sale of the security or loan facility to another party.

6.4.3 Unforeseen events or circumstances may cause a breach of debt covenants

In the event that the Group undertakes to fund a project or operation by way of debt funding, it is possible that some unforeseen circumstance or event may cause the covenants imposed by the Group to become in breach. Any breach in the debt covenants imposed by the Group may result in the requirement to enforce security over the relevant assets. A breach in covenants may result in the need to sell the assets at an earlier time to enable a repayment of the facility. This sale may be at a price lower than the optimal sale price. There may be further consequences as a result of any default which are not specifically mentioned in this Target's Statement.

6.4.4 Availability of suitable investment opportunities

The performance of the Group is tied to the real estate sector due to its investment mandate. The opportunities available to the Group are to a large extent dependent on the Group sourcing and identifying suitable investment opportunities. The availability of these opportunities is tied to market conditions and other market factors outside of the Group's control. Any failure by the Group to identify and/or source appropriate transactions and opportunities will adversely affect any returns available to Eildon Securityholders.

6.4.5 Investment strategy risk

There is a risk that the Group's failure to deliver or effectively execute its stated investment strategy, or its failure to redefine its strategy to meet changing conditions, could result in a decline in the trading price of the Eildon Securities and/or distributions paid to Eildon Securityholders.

The investment strategy to be used by the Group includes inherent risks. These include, but are not limited to, the following:

- the Group's success and profitability is reliant upon the ability of the Group to devise and maintain a portfolio that achieves the Group's investment strategy and guidelines within its mandate and the law; the ability of the Group to continue to manage its portfolio in accordance with its mandate and the law which may be compromised by such events as the loss of its licence or registrations; and

- the Group's portfolio may not be as diversified as other comparable investment entities.

There is no guarantee that the investment strategy of the Group will be managed successfully or will meet its objectives. Failure to do so could negatively impact the performance of the Group.

EFM may not manage the Group in a manner that consistently meets the Group's investment strategy over time. In addition a key employee of EFM may leave, requiring EFM to find an alternative replacement employee to assist in managing the Group and continue to meet the Group's investment strategy, which may affect the Group's success and profitability.

6.4.6 Capital values

The day-to-day value of an asset is influenced by the market and any changes in market conditions, including supply and demand movements and fluctuations. There are no guarantees on the generation of profits of any investment on its repayment, realisation or sale, or that the investments value will not fall as a result of unfavourable conditions outside of the control of the Group.

6.4.7 Income returns

Any payment to Eildon Securityholders will include some degree of reliance upon the income return achieved in connection with the investments made by the Group. There is a risk that a contract entered into as part of an investment may fall into default, which could result in a reduced amount of income and associated expenditure with any cost recovery action required. Any default may have adverse effects on income earnings, the capacity of the Group to pay distributions to Eildon Securityholders, the capacity to service any debt facilities engaged, the capital value of investments as well as potentially affecting the net asset values of the members of the Group and the trading price of the Eildon Securities.

6.4.8 Risk profile

The Group undertakes property investments which can be considered specialised in nature based on the structure and type of investments. The specialisation referred to includes providing debt finance to levels that may exceed loan to value ratios of 50% and/or investments by the Group where the investment is subordinated by other debt capital. The Group seeks to mitigate the risks from its investments by actively managing each investment and/or influencing its investments (including by way of contractual provisions in the relevant investment documentation, board appointments and project group participation (where applicable)), and seeking appropriate registered security collateral security arrangements for certain investments. The security arrangements may comprise a combination of mortgages, general security agreements, guarantees and indemnities and or priority agreements with other secured parties. Whilst the Group and each of its members' boards have experience in the procurement and management of investments of this nature, that experience is no guarantee of the Group's future financial performance.

6.4.9 Liquidity

If a circumstance or circumstances arise resulting in a need for the Group to dispose of an asset for a defined purpose, there is a risk that the Group may not be able to realise the assets in either a timely manner, or at an optimised sale price. A transaction of this nature may adversely affect the net asset values of the members of the Group and the trading price of the Eildon Securities.

The investments of the Group are generally not liquid investments compared to other exchange traded instruments, as the investments that the Group is exposed to may be long dated and not traded in the public domain. The ability of the Group to realise an investment will depend on market liquidity for unlisted loans and property investments, and the terms including, in relation to loans, the maturity date of the loans. The liquidity of the investments in the Group will also be dependent on borrowers' ability to repay loans, and the underlying value of the security in relation to both loans and direct property investments.

6.4.10 Trading price of Eildon Securities

The market price of Eildon Securities will be exposed to fluctuations due to a range of factors including but not limited to general movements in interest rates and borrowing conditions, the Australian and international general investment markets, economic conditions, global geopolitical events and hostilities, investor perceptions and other unidentified factors that may have some impact on the financial performance of Eildon or the Eildon Securities. The trading price of Eildon Securities is tied to the share market and any factors influencing the market. This includes any potential rerating of the Eildon Securities or other property investments, either listed or unlisted being rerated.

There is a risk that the Eildon Securities may trade on ASX at a discount to the Group's net asset value. There can be no guarantee that the total number of buyers multiplied by the number of Eildon Securities that each buyer wants to buy at any point in time in the market will match or exceed the total number of sellers multiplied by the number of Eildon Securities each seller wants to sell, or that Eildon Securityholders will be able to buy or sell Eildon Securities for a price which they believe fairly reflects the value of their Eildon Securities. In addition, the net asset value per Eildon Security will fluctuate with changes in the value of the underlying investments held by the Group.

6.4.11 Due diligence risk

There is a possibility that some investments may be made on limited due diligence conducted only with the records made available. This has the potential to increase the risk of individual investments and could lead to an adverse impact on the investment that may be material.

6.4.12 Refinancing risk and gearing

The capacity of the Group to raise funds, either through debt or equity financing is tied to a number of factors, including but not limited to, general economic conditions, political, capital and credit market conditions and the reputation and performance of the Group. Any movement or change in these factors could increase the cost of providing funding to the Group, or reduce the available funding sources to which the Group has access. If a debt facility is utilised by the Group, there is a risk that any potential refinancing of the facility could require the Group to realise assets at a price that is not optimal, or less than their fair value, which could impact the net asset value of the Group.

6.4.13 Ranking on a winding up

In the event of a winding up of Eildon, Eildon Securityholders will rank behind secured and unsecured creditors of Eildon (as applicable). If there is a shortfall of available funds upon winding up, there is a risk that Eildon Securityholders will receive less than the net asset value per Eildon Security.

6.4.14 Investment manager risk

EFM is responsible for sourcing opportunities and recommending investments to the Board and on behalf of the Eildon. As a result, the performance and profitability of the Group is in part dependent on the expertise and investment recommendations of EFM and EFM's expertise in sourcing, recommending and managing property investments that increase in value over time. There is no guarantee that EFM will be able to source appropriate investments for the Group or that any property investments made by the Group will generate returns. The success and performance of the Group is also in part dependent on the holding of an AFSL by EFM to facilitate the property investments of the Group and the retention by EFM of key personnel that are responsible for managing property investments of the Group.

As a consequence, if EFM ceased to be the responsible entity for the Eildon Capital Trust, if EFM ceased to hold its AFSL, or if EFM ceased to retain key personnel, this could have a material adverse impact on the management and the financial performance of the Group. There can be no guarantee that the Group will be able to identify an appropriately qualified replacement for EFM or, if such person or entity is appointed, that they will be able to perform their duties to the standard required by the Group or to a level that matches or exceeds the performance of EFM.

6.4.15 Force majeure

There are risks of events beyond the control of EFM including fire, flood, earthquakes and other natural events, civil unrest, terrorist attacks, epidemics, pandemics and war which may reduce the earnings of the Group.

6.4.16 Reliance on third party service providers

There is a risk that third party service providers engaged in connection with the management of the Group do not perform their contractual obligations, including the benchmark returns, which may affect the value of, and returns from, an investment in the Group.

6.4.17 Conflict of interest risk

Mr Mark Avery is a director of Eildon Capital Limited, a director of EFM and is also the managing director of CVC Limited.[15] This creates a potential for conflicts of interest to arise. The potential conflicts of interest include but are not limited to, the:

- assessment and procurement of investment opportunities; and
- allocation of co-participation in investments between the Group and CVC.

EFM is required to have in place certain policies and procedures to identify, manage and mitigate conflicts of interest. EFM also has an obligation to operate efficiently, honestly and fairly. These statutory duties are in addition to the fiduciary duties owed by EFM to the members of the Eildon Capital Trust in its role as trustee. EFM has implemented policies and procedures to comply with its statutory and fiduciary obligations.

For investment opportunities presented by EFM to the Group, the Group adopts the following process to control and avoid conflicts of interest:

- the Group maintains a detailed conflicts register to:
    - identify potential conflicts to help avoid conflicts occurring in the first instance; and
    - assess and evaluate the nature and scope of potential conflicts between EFM and the Group; and
- given EFM's role is to make investment recommendations to the Group, the board of Eildon Capital Limited are required to approve any investment transactions undertaken by Eildon Capital Trust.

Despite these policies and procedures, it is possible that EFM may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Group.

6.4.18 Dilution due to capital raising

Future capital raising and equity-funded acquisitions made by the Group may create a form of dilution to the holdings of Eildon Securityholders. In the normal course of management, EFM will seek to increase distributable income to Eildon Securityholders and provide the potential for capital growth. In order to make this growth available, capital raisings may be required to undertake property investments. In some circumstances, a capital raising may be required in order to reduce debt levels to allow the Group to maintain its compliance with any imposed debt covenants.

6.4.19 Distribution may vary

The ability of the Group to pay distributions is dependent upon the Group having the available cash and retained profits. While a degree of certainty can be placed on the income to be received from the investments, any failure to meet repayment deadlines may result in a position where the available cash to pay a distribution is not sufficient.

The Group's ability to pay a distribution is contingent on the income it earns from its loan investments. No guarantee can be given concerning the future earnings of the Group or the return on an Eildon Securityholder's investment. EFM may make poor investment decisions which may result in the Group's return being inadequate to pay distributions to Eildon Securityholders.

Payment of distributions is at the discretion of the Directors. Eildon Securityholders should be aware that while the present intention of the Directors is to pay quarterly distributions, distributions will only be paid having regard to the financial circumstances of the Group and there is no guarantee that any or all distributions will be paid.

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[15] CVC Limited has disposed of all Eildon Securities previously held by it. Refer to Section 1.3 for further information.

6.4.20 Natural phenomena

There is a risk that natural phenomena may affect an investment. There are certain events for which insurance cover is not available or for which the Group does not have cover. If the Group is affected by an event for which it has no insurance cover, this would result in a loss of capital and a reduction to the Group's net asset values and returns to investors. This could also result in an increase in insurance premiums applicable to other areas of cover.

6.4.21 Property contamination

Property income, distributions or property valuations could be adversely affected by discovery of environmental contamination or incorrect assessment of costs associated with environmental contamination or with property preservation. This risk may occur irrespective of whether the contamination was caused by the Group or prior owners.

6.4.22 Concentration of investments

The Group will look to build and maintain a diversified portfolio of property investments including senior finance and mezzanine loans, equity positions and other transaction types that both create value for investors and diversify against concentration risks. However, at any point in time, the Group's portfolio may consist of a small number of investments which exposes the Group to investment concentration risk. The lower the number of investments the higher the concentration and, in turn, the higher the potential volatility. The strategy of the Group's management team is to actively manage investments to reduce the risk of a decrease in value of an individual investment that could have an impact on the portfolio as a whole.

6.4.23 Utilisation risk

The Group will invest in both drawn and undrawn loans that may be drawn up and down by the borrower over time. Returns will vary depending on the utilisation of such loan facilities and amounts drawn by borrowers.

6.4.24 Investment risk

The value of an investment in the Group and/or the Group's investments may fall over the short or long term for a number of reasons, which means an investor may receive less than their original investment when the Eildon Securities are sold. The price of an individual financial instrument may fluctuate or underperform other asset classes over time. An investor is exposed to these risks through the life of their holding of Eildon Securities in the Group and through the Group's investment strategy.

6.4.25 Performance of other asset classes

Good performance (or anticipated performance) in other asset classes can encourage individuals to divert money away from listed investments such as the Group. This may have a negative impact on any trading of the Eildon Securities.

6.4.26 Insurance

Although the Group will hold insurance over certain of its assets, the extent of any insurance coverage will be limited to the terms and conditions of the insurance policy. Any losses that are incurred by the Group due to uninsured risks may have an adverse effect on the performance of the Group. Any increase in insurance premiums to mitigate an identified risk may also have a negative impact on the Group's performance. An increase in insurance premiums may arise from a claim being made by the Group for any significant loss. Any failure on the part of the Group or companies providing insurance may adversely affect the capacity of the Group to make a claim to recover losses under its policy. All insurance policies have a minimum excess.

6.4.27 Litigation

Whilst under ordinary operation, the Group may become involved in disputes or potential litigation. While the extent of any possible disputes and litigation cannot be ascertained at this time, it is possible that any disputes or litigation may be costly and may adversely affect the income of the Group or the value of its assets.

6.4.28 Compliance risk

EFM as responsible entity for ECT is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy intended to protect investors. EFM is required to, among other things, have in place adequate arrangements for the management of conflicts of interest and operate efficiently, honesty and fairly. Non-compliance by EFM may affect the value of the Eildon Securities. If EFM fails and another replacement responsible entity cannot be found there is a risk of a court ordered wind up of Eildon Capital Trust.

6.4.29 Cyber risk

There is a risk of fraud, data loss, business disruption or damage to the information of the Group or Eildon Securityholders' personal information as a result of a threat or failure to protect this information or data.

6.4.30 Interest Rates

If the Group provides floating rate loans, as the underlying base rate of these investments rises and falls, the relative attractiveness to other instruments may change. There is a strong correlation between the RBA cash rate and the base rates upon which loans are priced. Absolute returns on loans therefore rise and fall largely in correlation with the RBA cash rate.

To the extent that the Group uses leverage to fund investments, unfavourable movements in interest rates could lead to increased interest expense, to the extent that interest rates are not hedged. This could impact the level of distributions available to Eildon Securityholders.

6.5 General risks

There are a number of general risks applicable to an investment in EDC that are generally applicable to any ASX-listed entity, including those set out below.

6.5.1 General fundamental risks

Underlying risks in the Group's investments may include: Australian and international economic conditions, inflation, interest rates, equity market conditions, environmental concerns, regulatory and compliance issues, geopolitical instability or investor sentiment.

6.5.2 Economy and market conditions

There is a risk that any change or movement in economic or market conditions may have an effect on the returns and values of the Group's investments which may affect the value of Eildon Securities. The performance of the Eildon Securities may be impacted by changing economic or property market conditions. These changes may include movements in interest rates, exchange rates, securities, markets, inflation, consumer spending, employment and the performance of localised economies at a domestic level, as well as an international level.

6.5.3 Tax

There is a risk that taxation treatment of companies or trusts in general could change. Any change in the general treatment of companies or trusts for taxation purposes may impact on investors' returns. There is also a risk that the taxation treatment of the Group in particular may change, which could in turn impact on the treatment of distributions for income tax purposes and the taxation treatment of capital gains to investors.

6.5.4 Legal and other regulatory matters

There is a risk that any changes in law, regulation or government policy affecting the operation of the Group (which may or may not be enforced retrospectively) will have an impact on the investment portfolio of the Group and/or its performance. This may include changes to the tax system.

6.5.5 Accounting Standards

The Accounting Standards to which the Group will adhere to are set by the Australian Accounting Standards Board (AASB) and are consequently outside the control of the Group. Changes to Accounting Standards issued by the AASB or changes to the commonly held interpretation of those standards could materially adversely affect the financial performance and position reported in the Group's financial statements.

6.5.6 Pandemic risk

The spread of COVID-19 has caused significant volatility in local and global markets, and disrupted a number of industries (including the property industry). There is significant uncertainty regarding the breadth and duration of the business disruptions associated with COVID-19, including impacts on supply chain and the workforce.

7. Additional information

7.1 Capital structure

As at the Last Practicable Date, EDC's total issued securities consisted of:

- 47,240,617 Eildon Securities; and
- 1,676,500 Performance Rights.

7.2 Substantial holders of Eildon Securities

As at the Last Practicable Date, and based on information available to EDC, the substantial holders of Eildon Securities, the number of Eildon Securities in which they had a Relevant Interest and their voting power in Eildon is as set out below:

Substantial holder	Number of Eildon Securities	Voting power
Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Active Fund (ABN 67 302 926 069)	18,091,876	38.3%
Hancock and Gore Ltd (ACN 009 657 961)	3,977,765	8.42%
Chemical Overseas Limited (ARBN 637 569 085)	3,069,377	6.5%

7.3 Interests of Directors in Eildon Securities

As at the date of this Target's Statement, the Directors had the following Relevant Interests in Eildon Securities.

Name of Director	Number of Eildon Securities
James Davies	29,076
Mark Avery	64,285
Michelle Phillips	19,523
Matthew Reid	6,029
TOTAL	118,913

As at the date of this Target's Statement, no Director held any interest in any Performance Rights.

7.4 Dealings by Directors in Eildon Securities

No Director has acquired or disposed of a Relevant Interest in any Eildon Securities in the four month period ending on the date immediately before the date of this Target's Statement.

7.5 Interests and dealings in STAM

No Director has a Relevant Interest in any securities of:

- Samuel Terry Asset Management Pty Ltd (ACN 108 611 785); or
- Samuel Terry Absolute Return Active Fund,

(**STAM Securities**).

No Director has acquired or disposed of a Relevant Interest in any STAM Securities in the four month period ending on the date immediately before the date of this Target's Statement.

7.6 Benefits to Directors

As a result of the Offer, no benefit (other than a benefit which can be given without member approval under the Corporations Act) has been paid or will be paid to any person in connection with the retirement of that person, or someone else, from a board or managerial office of EDC or its related bodies corporate.

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Eildon Securities.

None of the Directors have agreed to receive, or are entitled to receive, any benefit from STAM which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Eildon Securities.

None of the Directors (other than Mr Mark Avery) has any interest in any contract entered into by STAM. Mr Mark Avery (who is not making a recommendation in this Target's Statement) has an interest in agreements entered into between CVC Limited (in his capacity as managing director of that entity) and STAM. Refer to Section 1.3 for further information.

7.7 Effect of Offer on Performance Rights

As at the date of this Target's Statement, Eildon has 1,676,500 Performance Rights on issue. Each of these rights that vests entitles the holder to receive one Eildon Security.

These rights have no exercise price and vest between 1 January 2024 and 15 January 2025 subject to the fulfilment of the relevant vesting conditions relating to total securityholder return and return on assets.

The Offer does not extend to the acquisition of any Performance Rights. However, the Offer does extend to Eildon Securities that are issued or otherwise come into existence before the end of the Offer Period as a result of the vesting or conversion of Performance Rights that are on issue as at the Register Date (refer to section 2.7 of the Bidder's Statement).

In light of this, EDC expects that STAM will not rely on its right to withdraw the Offer for breach of the Condition (as referred to in Section 5.3 of this Target's Statement) in the event that any new Eildon Securities are issued during the Offer Period as a result of the vesting and conversion of the Performance Rights.

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.

7.8 Potential impact of Offer on material contracts

EDC has the following material contracts which contain provisions regarding a change of control which may be triggered as a result of the Offer. This information has been included in this Target Statement because it may impact the future prospects of Eildon, which would be relevant to any Eildon Securityholder who remains an Eildon Securityholder.

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. In such circumstances, 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.

7.9 Material litigation

As at the Last Practicable Date, EDC is not aware of any material disputes or litigation being undertaken, commenced or threatened against EDC or any of its Related Bodies Corporate.

7.10 Consents

7.10.1 Consent to be named

The following parties have given and have not, before the lodgement of this Target's Statement with ASIC, withdrawn their written consent to be named in this Target's Statement in the form and context in which they are so named:

- Jones Day, as Australian legal adviser to EDC; and
- Ord Minnett Limited, as corporate adviser to EDC.

Each of these parties have not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's

Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement in the form and context in which it is named as the Independent Expert and to the inclusion of the Independent Expert's Report, as set out in Appendix 1 to this Target's Statement. Grant Thornton has not authorised or caused the issue or preparation of this Target's Statement and, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Target's Statement other than the references specified above.

7.11 Legislative relief

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by STAM with ASIC or given to the ASX. Pursuant to the Class Order, the consent of STAM is not required for the inclusion of such statements in this Target's Statement. Any Eildon Securityholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting 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.

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or published book, journal or comparable publication. In addition, as permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement contains share price trading data sourced from IRESS without its consent.

On 17 May 2023, ASIC granted EDC a modification of section 648C of the Corporations Act in connection with the Offer. The effect of this modification was to allow EDC to:

- deliver an electronic copy of this Target's Statement via electronic mail to the nominated email address of those Eildon Securityholders who have elected to receive communications electronically from EDC; and

- send a letter or postcard, in lieu of the Target's Statement, to those Eildon Securityholders who have not elected to receive communications electronically from EDC, providing details of where Eildon Securityholders can access an electronic copy of the Target's Statement or how to request a hard copy of the Target's Statement.

7.12 Continuous disclosure

EDC is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed entity, EDC is subject to the listing rules of the ASX which require continuous disclosure of any information Eildon has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities (subject to certain exceptions).

Copies of the documents filed with ASX by EDC may be obtained from the ASX website at www.asx.com.au (ASX code: EDC) or from the Eildon website at www.eildoncapital.com. EDC's ASX announcements between the announcement of the Offer on 24 April 2023 and the Last Practicable Date are listed in Appendix 2.

7.13 Other material information

This Target's Statement is required to include all the information that Eildon Securityholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for Eildon Securityholders and their professional advisers to expect to find this information in this Target's Statement; and

- only if the information is actually known to any Director.

The Board is of the opinion that the information that Eildon Securityholders and their professional advisers would reasonably require to make an informed assessment whether to reject the Offer is:

- the information contained in the Bidder's Statement and the Supplementary Bidder's Statement;

- the information contained in this Target's Statement; and

- the information contained in Eildon's releases to the ASX prior to the date of this Target's Statement.

The Board has assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement and Supplementary Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and Supplementary Bidder's Statement and are not taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Eildon Securities;
- the matters that Eildon Securityholders may reasonably be expected to know; and
- the fact that certain matters may reasonably be expected to be known to Eildon Securityholders' professional advisers.

8. Glossary and interpretation

8.1 Glossary

The meanings of the following capitalised terms used in the Target's Statement are as follows:

AFSL means Australian Financial Services Licence.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to it in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the securities exchange operated by it.

Bidder's Statement means the bidder's statement prepared by STAM dated 24 April 2023.

Board means the board of Directors of ECL and EFM.

Business Day means any day that is each of the following:

- a 'Trading Day' within the meaning of the ASX listing rules; and
- a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of ECL and EFM.

ECL means Eildon Capital Limited ACN 059 092 198.

ECT means Eildon Capital Trust ARSN 635 077 753.

EFM means Eildon Funds Management Limited (ACN 066 092 028).

Eildon, EDC or Group means the stapled group comprising ECL and ECT.

Eildon Security means a fully paid stapled security comprising a fully paid ordinary share in ECL and a fully paid ordinary unit in ECT.

Eildon Securityholder means a person who is registered as a holder of Eildon Securities from time to time.

IBC or **Eildon Independent Board Committee** means the independent board committee of Eildon formed to consider the Offer on behalf of Eildon Securityholders, comprising Mr Matthew Reid and Ms Michelle Phillips.

Independent Expert means Grant Thornton Corporate Finance Pty Ltd.

Independent Expert's Report means the independent expert's report prepared by the Independent Expert contained in Appendix 1 to this Target's Statement.

Last Practicable Date means 19 May 2023.

NAV means net asset value.

NTA means net tangible assets.

Offer means the off-market takeover offer by STAM to acquire all Eildon Securities, under Chapter 6 of the Corporations Act on the terms and conditions set out in the Bidder's Statement.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with section 7.2 of the Bidder's Statement.

Offer Price means the consideration offered under the Offer, being $0.93 cash for each Eildon Security.

Performance Rights means performance rights convertible into Eildon Securities.

Prescribed Occurrence has the meaning given in the Bidder's Statement.

Register Date means the date set by STAM under section 633(2) of the Corporations Act as the date for determining the persons to whom the Bidder's Statement and the Target's Statement will be sent, being 7.00pm (Sydney time) on 25 April 2023.

Related Body Corporate has the meaning given to it in the Corporations Act.

Relevant Interest has the meaning given to it in sections 608 and 609 of the Corporations Act.

STAM means Samuel Terry Asset Management Pty Ltd (ACN 108 611 785) as trustee for Samuel Terry Absolute Return Active Fund (ABN 67 302 926 069).

Supplementary Bidder's Statement means the supplementary bidder's statement prepared by STAM dated 9 May 2023.

Target's Statement means this document.

8.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- headings and bold type used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a Section is a reference to a section of this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- words of any gender include all genders;
- a reference to time is a reference to Sydney, Australia time; and
- Australian dollars, dollars, A$, $ or cents is a reference to the lawful currency of Australia.

9. Authorisation

This 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:

Matthew W Reid

____

Matthew Reid
Chair of the Eildon Independent Board Committee
22 May 2023

Appendix 1 – Independent Expert's Report

Eildon Capital Group

Independent Expert's Report and Financial Services Guide

22 May 2023

Grant Thornton

Independent Board Committee
Eildon Capital Group
Suite 4, Level 6,
330 Collins Street,
Melbourne, Victoria 3000

22 May 2023

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Introduction

Eildon Capital Group ("the Group" or "EDC") is a real estate investment and funds management group focused on both credit and equity investments. EDC is a stapled group comprising Eildon Capital Limited ("ECL") and Eildon Capital Trust ("ECT"). The Group is listed on the ASX and it had a market capitalisation of A$44.17 million[1] as at 15 May 2023 and reported net assets ("NA") and net tangible assets ("NTA") of A$55.3 million and A$51.9 million respectively as at 31 December 2022.

The Group is internally managed by Eildon Funds Management Limited ("EFM") which is the fund manager for EDC and the responsible entity for ECT. EFM also provides management services externally and had assets under management ("AUM") of c. A$282 million as at 31 December 2022[2].

Samuel Terry Asset Management Pty Ltd atf Samuel Terry Absolute Return Active Fund ("STAM" or "the Bidder") is a boutique investment management company based in Sydney and established in April 2004. Refer to the Bidder's Statement for further details.

On 24 April 2023, STAM launched an off-market takeover offer ("Takeover" or "Offer") to acquire all the issued stapled securities ("Stapled Securities") of the Group at a cash price of A$0.93 per Stapled Security ("Offer Price"). The Takeover is only conditional on no "Prescribed Occurrences" occurring as described in the Bidder's Statement. In accordance with the relevant regulatory requirements, the Bidder has appointed a broker to undertake on-market acquisitions of the Stapled Securities from the launch of the Offer until the end of the Offer period. On 9 May 2023, the Bidder released a Supplementary Bidder's Statement stating the Offer Price was the Bidder's best and final offer in the absence of a superior proposal.

At the time of releasing the Bidder's Statement, STAM had a 19.9% interest in the Group (or 9,400,882 Stapled Securities) following an acquisition of Stapled Securities from CVC Limited ("CVC") which reduced CVC's interest in the Group from c. 37.19% to c. 17.32% of the Stapled Securities in EDC. CVC subsequently sold its remaining interest (a further 8,163,090 Stapled Securities) on-market on 24 April 2023. As at 19 May 2023, STAM had a relevant interest in 18,091,876 Stapled Securities (or 38.3% of the total Stapled Securities on issue).

The Group has formed an Independent Board Committee ("IBC") comprising Independent, Non-Executive directors Ms Michelle Phillips and Mr Matthew Reid to consider the Offer. The IBC recommends that EDC Securityholders reject the Offer.

[1] Calculated as the spot security price as at 15 May 2023 of c. A$0.94 multiplied by the number of Stapled Securities of 44.24 million.
[2] Includes c. A$3 million of EDC's direct investments

Purpose of the report

Whilst there is no legal requirement for the preparation of an independent expert's report in conjunction with the Offer, the IBC has decided to commission this independent expert's report ("IER" or "Report") to assist EDC Securityholders to assess the merits of the Offer.

When preparing the IER, Grant Thornton Corporate Finance has had regard to the Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the STAM Offer is NEITHER FAIR NOR REASONABLE to EDC Securityholders in the absence of a superior proposal.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Takeover is fair and reasonable to EDC Securityholders and other quantitative and qualitative considerations.

Fairness Assessment

For the purpose of assessing whether the Takeover is fair to EDC Securityholders, we have compared the value of EDC Stapled Securities on a 100% basis with the Offer Price of A$0.93 cash per Stapled Security. The following table summarises our valuation assessment:

Fairness Table A$ per Stapled Security	*Reference*	Low	High
Fair market value of EDC	*6*	1.03	1.10
Offer Price		0.93	0.93
Premium/(discount)		(0.10)	(0.17)
Premium/(discount) %		(9.7)%	(15.3)%
FAIRNESS ASSESSMENT		**NOT FAIR**	

Source: GTCF Calculations

The Offer Price falls below the fair market value of EDC and is therefore NOT FAIR to EDC Securityholders.

EDC Securityholders should be aware that the valuation of EDC represent the range of possible outcomes for which there are numerous different value comparisons that can be made.

Valuation approach

Entities that hold portfolios of investment in real estate and real estate related assets are commonly valued by reference to their underlying net asset values. For such entities, investment properties are generally carried on the balance sheet at market value and the appropriate valuation methodology is to aggregate the market value of the individual properties. In our valuation assessment of EDC, we have adopted the net asset backing method for the portfolio of investment assets and the AUM Multiple[3] method for the EFM business having regard to the following:

- Review and adjust the carrying value of ECT's property portfolio[4] and ECL's direct investments in Logan Rd and Burnley Maltings in accordance with our independent review of the fair market value as at 31 December 2022 and taking into account the current market conditions.

- Value the EFM business, which is part of ECL, based on the AUM Multiple.

- Deduct the capitalised value of corporate costs incurred to manage the investments portfolio and any other assets and liabilities not captured in the above.

A summary of our valuation assessment is presented below.

Valuation assessment based on the SOP A$ per Stapled Security	*Reference*	Low	High
Total ECT property investments	*Note 1*	32,637,933	34,270,964
Total ECL property investments	*Note 2*	10,221,813	10,221,813
Less: ECT operating expenses capitalised	*Note 3*	(5,052,632)	(4,761,905)
Other Assets & Liabilities	*Note 4*	6,960,173	6,960,173
Realisable net assets excluding EFM		**44,767,287**	**46,691,046**
Fair market value of EFM	*Note 5*	5,600,000	7,000,000
Fair market value of ECT Stapled Securities		**50,367,287**	**53,691,046**
Stapled Securities on issue		48,917,117	48,917,117
Value per Stapled Security		**1.03**	**1.10**

Source: GTCF analysis

In our valuation assessment, we have undertaken the following adjustments compared with the balance sheet as at 31 December 2022:

- *Note 1 ECT property investments* – Based on our review of the independent property valuations and the carrying value of the assets, we have adjusted and considered the following:

  - The capitalisation rate for EDC's passive yielding properties has been increased to between 25bps and 50bps to reflect the expected expansion of the underlying capitalisation rates (refer to section 6 for details).

  - The c. A$15.4 million mezzanine debt provided to the South Kingsville property development is by far the largest investment on the balance sheet of EDC, accounting for c. 28% of the carrying value of NA and 30% of NTA as at 31 December 2022. The "as is" value of the property was estimated at A$55 million in an independent valuation assessment in April 2023. With the senior debt at A$19.9 million, there is headroom of A$19.7 million before the mezzanine debt is impaired. This is equivalent to a potential reduction in the "as is" property value of c. 35% without affecting the recoverable amount of the mezzanine debt. EFM is also exploring a potential transaction to

[3] Enterprise value divided by AUM ("AUM Multiple").
[4] ECT held 9 debt investments and 4 equity investments as at 31 December 2022.

reduce this concentration risk which may provide a partial liquidity event for this investment in the short/medium term. EFM has not made any decision at this time in relation to such a transaction.

- We have reduced the fair market value of the Malvern Road Toorak's preferred equity investment from A$5.0 million as at 31 December 2022 to c. A$3.8 million at the low-end of our range to take into account some of the challenges faced by the development of the project.

- *Note 2 ECL property investments* – These investments mainly include the equity investment in Logan Road. This property is being sold to ECL's joint venture partners (CVC and Urban), subject to approval from EDC's non-associated Securityholders, for a price of A$8.4 million. The EGM is expected to be held in late June 2023. Our valuation assessment is based on the agreed purchase price.

- *Note 3 Capitalised operating expenses* – The valuation of the properties do not reflect the costs of management and administration. We have estimated that ECT, as a stand-alone entity, incurs ongoing management costs of c. A$1.2 million per annum. However, based on previous comparable transactions, we have assumed that a pool of potential purchasers may be able to realise synergies and costs savings of 60% of the ongoing cost. The corporate costs post synergies have been capitalised at the WACR[5] assessed at between 12% and 13%.

- *Note 4 Other assets and liabilities* – It mainly includes the cash balance, the tax liabilities associated with the sale of Logan Road and other working capital items as at 31 December 2022.

- *Note 5 Fair market value of EFM* – We have adopted an AUM Multiple of between 2.0% and 2.5% based on our analysis of comparable transactions which we have applied to the assessed AUM balance as at 31 December 2022 of c. A$280 million.

The Offer Price of A$0.93 per Stapled Security is below Grant Thornton's valuation range per share of A$1.03 to A$1.10 per security. Accordingly, the Offer is not fair.

Other key considerations

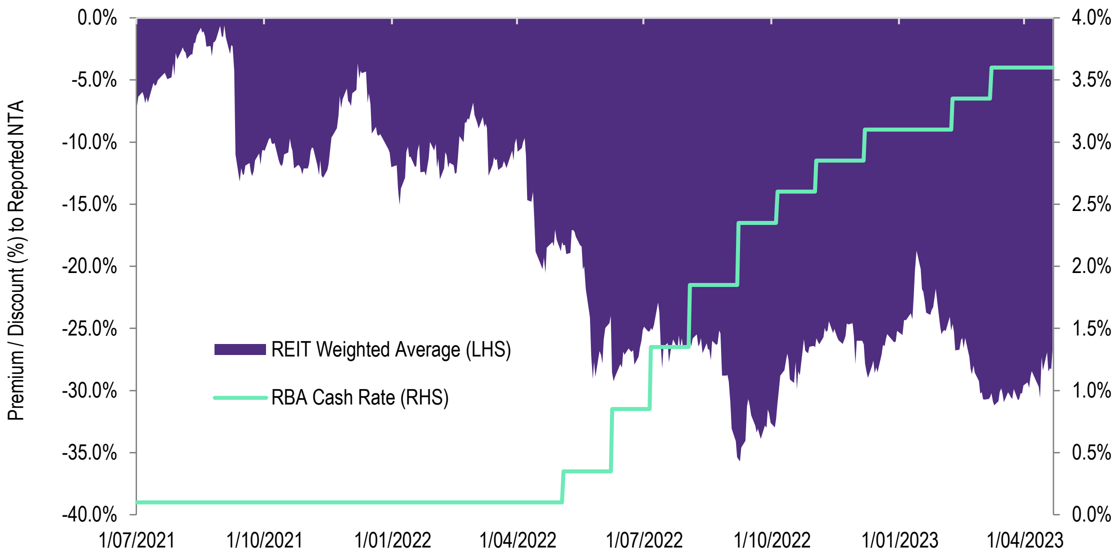
EDC securities trading and premium/discount to net assets

Since 1 July 2021, and prior to the increase in the cash rate by the RBA in May 2022, the trading prices of the selected A-REITs[6] traded at a discount to the underlying NAVs between c. 5% and 10%. However, since the increase in RBA's target cash rate in May 2022, the discount has widened to c. 30% as set out in the graph below, which illustrates the correlation between the trading prices of A-REITs and the RBA target cash rate.

[5] Weighted Average Capitalisation Rate

[6] Refer to Appendix B

Comparable REITs discounted to NAV



Source: GTCF analysis

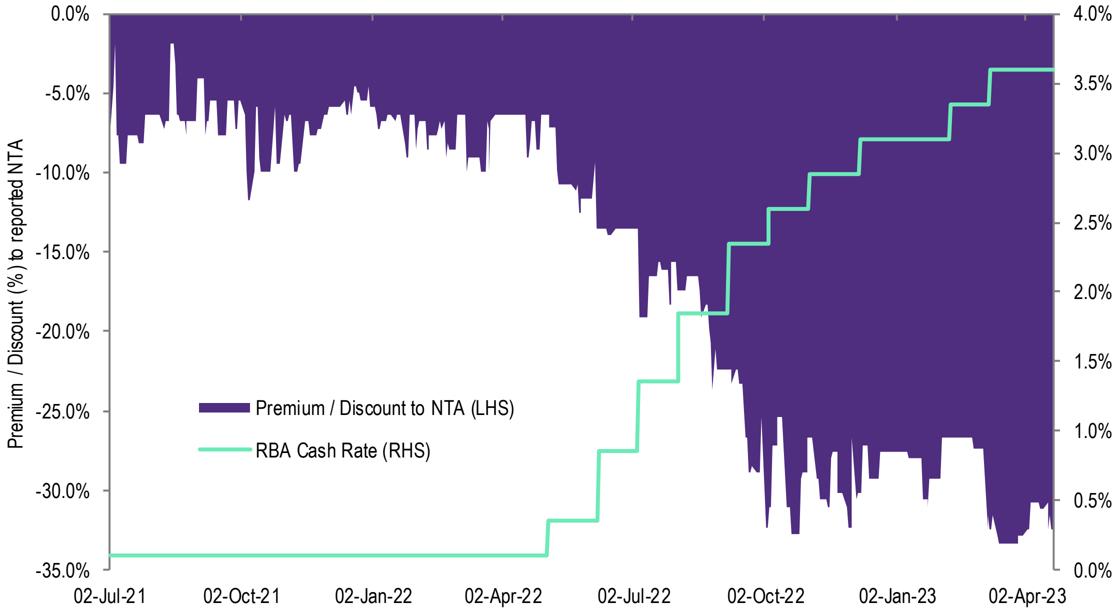
Based on a review of the opinions of market commentators and investment analysts, the increasing discount of the traded price of A-REITs reflects the circumstance that the carrying values of their real estate portfolios have not directly reflected the change in market rates of return. Therefore, the discount to NAV has widened as the trading prices reflect expected mark-down of investment properties to meet the required rate of return by the market. [7]

This thematic has similarly affected EDC's Stapled Securities which have traded at increasing discounts to NTA from a low of 1.8% to a high of 33.3%. At the time of the announcement of the Takeover by STAM on 24 April 2023, the discount had reached 28% from the carrying value of NTA as it stood on 31 December 2022. During that time, EDC's business had been pursuing its revised business strategy, moving away from direct real estate holdings to funds management and development co-investment, which was approved by EDC Securityholders in November 2020.

Similarly to the selected REITs, the increase in the discount to NTA of the Stapled Securities was directly correlated to the RBA increasing its target cash as illustrated in the graph below.

[7] For example, see Macquarie Research's June 2022 report on Centuria Industrial REIT and its August 2022 report on Dexus Industria REIT.

EDC Premium/ Discount to report NTA



Source: GTCF analysis

The trading prices of EDC Stapled Securities have closely followed the trend of the selected listed A-REITs by increasing the discount to NTA, however, based on our review of the investments there is no evidence or expectations that the underlying valuations will materially reduce as a result of the increased interest rates. We set out below part of EDC's response to the Offer by STAM, where EDC provides more details on the composition of the net assets as at 31 December 2022.

Net assets per Stapled Security - EDC response to Takeover			
31 December 2022	(A$)	% of NTA	% of NAV
Direct equity investments	0.22	20.2%	19.0%
Preferred equity investments	0.11	10.0%	9.4%
Co-investments - equity	0.10	9.1%	8.6%
Co-investments - credit	0.53	48.5%	45.6%
Group cash	0.14	13.1%	12.3%
Other assets and liabilities	(0.01)	(0.9%)	(0.9%)
Net tangible assets per Stapled Security	**1.10**	**100.0%**	**94.0%**
Intangibles	0.07	0.0%	6.0%
Net asset value per Stapled Security	**1.17**	**100.0%**	**100.0%**

Source: EDC IBC's announcement 26 April 2023 and GTCF analysis.

Whilst the discount of the prices of the EDC Stapled Security to NTA has increased due to the Group being broadly categorised together with the A-REITs, we are of the opinion that this is not appropriate due to the following:

- Circa 80% of the carrying value of EDC's NTA and c. 75% of its NAV are made up of investments and other assets other than direct holdings of real estate. Furthermore, c. 59% of NTA and c. 55% of NAV are pure credit or credit-like assets.

- On 5 April 2023, EDC announced that it had entered into a binding agreement for the sale for cash of its interest in Logan Road. The cash consideration represents A$0.18 of the A$0.22 per Stapled Security making up the direct equity investments at 31 December 2022. It follows, therefore, that the effective amount of cash making up the NTA per EDC Stapled Security will increase to A$0.32 (being the A$0.14 group cash plus the proceeds from the sale of the Logan Road), or 35% of the Offer Price.

- Only the co-investments in EAM Berwick Motor Trust, EAM Elara Village Property Fund, and the Eildon Health and Education Fund are passive yielding investments, similar to a traditional A-REIT. These equity investments only accounted for 8.8% of the NTA as at 31 December 2022. For these types of assets, the fund usually collects the lease payments from the leaseholders and distributes the profit to the equity investors after servicing the debt. These passive investments are more prone to be adversely affected by an increase in interest rates compared with the active management style of EDC's other investments. Nonetheless, in our assessment of the fair market value of EDC, we have increased the capitalisation rates for these co-investments by between 25bps and 50bps to take into account of the current market conditions.

- The credit investment portfolio at 31 December 2022 contained nine separate investments and only one of those credit assets had a maturity of greater than one year at one year and three months. The average time to maturity (weighted by the amount) of the credit assets at 31 December 2022 was three months and one week. Subsequently, the maturities for a number of these investments were extended by between three months to 12 months. As at the date of this report, the longest dated maturity is now 1.5 years and the weighted average time to maturity is seven months. The portfolio of credit assets is less affected by the rising interest rates than equity assets or direct property investment. There are two reasons for this reduced effect, first; two thirds of them rely on variable intertest rates, and second; the short term to maturity of the remaining third of the portfolio operates to limit the effect on value and recovery of the amount advanced.

- The largest balance sheet position is the A$15.4 million mezzanine debt to the South Kingsville project (accounting for c. 30% of the net assets). As previously discussed, based on the current "as-is" valuation, the value needs to reduce by more than 35% for the investment to be impaired.

Consequently, the increase in the discount of EDC's net assets embedded in trading prices appears to be inconsistent with the composition of EDC's balance sheet, and the relatively minor proportion of EDC's portfolio invested in passive real estate assets in comparison to more traditional A-REITs.

The dislocation between the market associating the valuation of EDC to those of listed A-REITs compared with the composition of the balance sheet may be due to a number of reasons, including the following:

- *Low level of liquidity* – The liquidity of the trading prices is low by several measures, and this affects the ability to rely on the trading prices as representative of fair market value. Specifically, we note the following:

  - The current level of free float for EDC Stapled Securities is c. 35.6%[8] which is relatively low. From October 2021 to March 2023, approximately 19.7% of the free float Stapled Securities were traded with an average monthly volume of 0.4% of the total free float Stapled Securities.

[8] Calculated as at 21 April 2023 based on Capital IQ data of total securities (excluding closely held securities) as a percentage of total securities.

- During the same period, EDC Stapled Securities experienced zero traded volumes on approximately c. 49% of trading days.

- Typically, if a company's stock is not actively traded, the market observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. The bid/ask spread during the period between October 2021 and April 2023[9] was 3.4%, which would suggest a relatively illiquid security. The observed bid/ask spread was above 10.0% on seven days in the period assessed.

- *Lack of analysts' coverage* – EDC is currently not actively covered by any market analysts or brokerage houses. Active analyst coverage aids price discovery in financial markets by facilitating the dissemination of company information and analysis to the market. The absence of active market coverage results in less informational exchange and can result in increased price dislocation among market participants.

- *Limited institutional investors* – Increased ownership by institutional market participants often results in higher trading volume and activity, and increased liquidity of traded securities. EDC does not have a high percentage of institutional ownership, and as a result, does not benefit from such liquidity advantages.

As a result, whilst the Offer Price is at a premium of 17.7%[10] to the undisturbed EDC security price before the announcement of the Takeover, we are of the opinion that it is not appropriate to rely on this approach to assess the fair market value of the Stapled Securities.

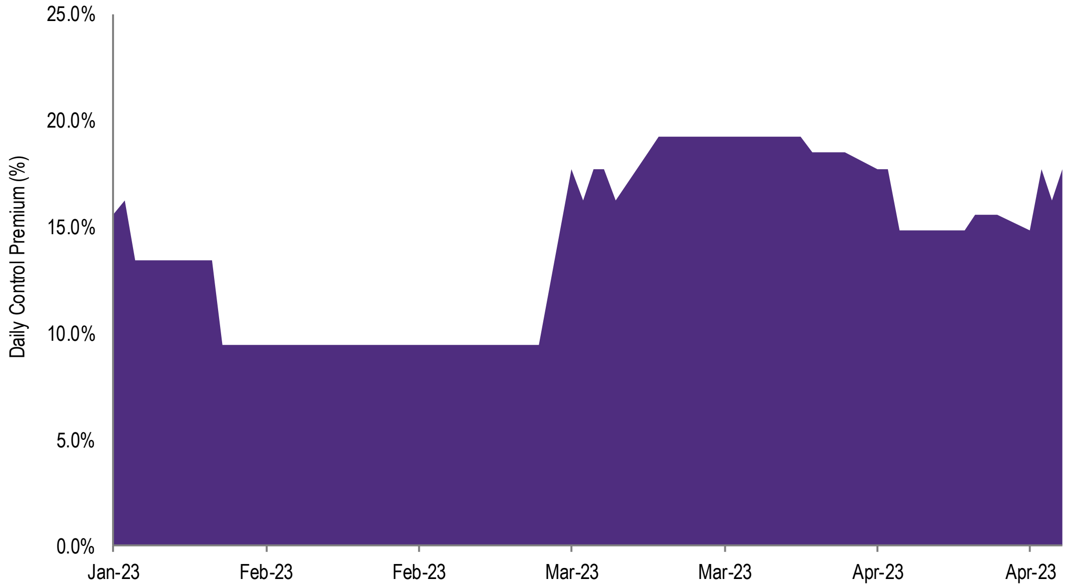
Premium over the trading prices

The Offer Price of A$0.93 per EDC Stapled Security represents a premium over the trading prices before the announcement of the Offer as outlined below.

[9] Trading data post announcement date of 24 April 2023 has been excluded.

[10] Being the closing price on 21 April 2023.

Daily control premium implied by the Offer price



Whilst the Offer represents an opportunity for minority shareholders to exit their investment at a premium, the timing of the takeover seems opportunistic when the trading prices of EDC were depressed. EDC traded on or around A$0.85 per Stapled Security during the whole month of February which would reduce the premium over the trading prices to only 9.5%. The average premium for control paid in Australia for successful takeovers averaged 35% as set out in Appendix F.

Notwithstanding the above discussion, in the context of EDC, the implied premiums do not provide any useful evidence as to value as, in our opinion, the pre-bid prices did not necessarily reflect fair market value due to the following:

- As discussed above, there is limited liquidity in the trading prices of EDC which, accordingly, may not be representative of the underlying fair market value of EDC. For example, between October 2021 and March 2023, EDC Stapled Securities experienced zero traded volumes on approximately 49.7% of the trading days.

- Before the release of the FY23 half year results, EDC had historically provided limited details on the composition of the balance sheet and of the underlying investments. Whilst the level of disclosure was enhanced recently, it is still not feasible for investors to form a view on the risks attached to the underlying investments given that they fall outside traditional real estate investments.

- Following the announcement of the Takeover, Hancock and Gore Ltd ("H&G"), a sophisticated and institutional investor, has purchased 3.43 million Stapled Securities, representing c. 7.26% of the issued capital, at a price between A$0.94 and A$0.95 per Stapled Security, in excess of the Offer Price[11]. As announced on 17 May 2023 H&G subsequently increased its holding to 8.42%. H&G targets long terms investment returns from a portfolio of companies with differing maturity profiles, which combine to both maximise short term income generation and longer-term capital profits.

[11] 435,085 securities were purchased on 24 March 2023 at A$0.80 per security

Accordingly, while the Offer does represent a premium to EDC's pre-offer share price, premium analysis is not particularly meaningful in relation to the assessment of the Offer.

Sale of CVC interest in EDC

CVC is a sophisticated and institutional investor and it has sold its large security holding in EDC of 37.2% at the Offer Price, which we have assessed to be below fair market value of the Stapled Securities. Whilst we are not pretending to know the circumstances which led CVC to sell their holding at A$0.93 per Stapled Security, we note the CVC has been attempting to reduce its exposure and involvement in EDC for a period of time as outlined below:

- CVC completed a restructure in 2020 which resulted in its holding in EDC to increase to 45.5% on 25 May 2020. Mr Avery, a director of CVC, was also the Managing Director of EDC and Mr Hunter was the CFO and company secretary of both CVC and EDC.
- During FY21, EDC completed a A$6.32 million placement with new and existing investors. CVC did not participate and as a result, its holding reduced to 39.6%.
- Subsequently, in November 2021 and in April 2022, both Mr Hunter and Mr Avery respectively stepped down from their roles at EDC which appointed a new CEO and CFO, both independent of CVC, notwithstanding that CVC was still, by far, the major shareholder.
- During FY22, CVC's holding was further reduced to 37.2% following both the sale of shares and the dilution of ownership during the year.
- On 21 April 2023, CVC sold 19.9% of its holding to STAM at a price of A$ 0.93 per EDC Stapled Security
- CVC's residual holding was sold on market on 24 April 2023 at A$ 0.93 per EDC Stapled Security. CVC indicated in the divestment of its holding that it released capital earmarked for future capital commitments relating to contracted investments and to undertake new transactions in the medium term.

CVC had net assets of A$170.2 million as at 31 December 2022. Its investments in EDC and Logan Road included among the "Investments accounted for using the equity method" in CVC's balance were equivalent to A$23.2 million or 13.7% of the net assets. Given the proportion of CVC's capital allocated to EDC and Logan Rd, it seems reasonable to conclude from CVC's pattern of conduct that it may not have been a long term holder. This conclusion is further supported given that CVC has progressively reduced its ability to influence the business by: giving up its Management and Board positions, not participating in the 2021 capital raising and the sale of securities on the market.

The Takeover offered an opportunity to CVC to realise its investment in EDC immediately at a premium to the prevailing market prices. In our opinion, the difficulty of alternative liquidity opportunities for its investment in EDC may have led CVC to accept a price below our assessment of fair market value. In particular, we note the following:

- The depth of trading volumes of EDC is limited and accordingly it was not feasible for CVC to sell its interest on market.

- CVC may have opted to engage a broker to implement a cross sale outside the ASX platform, but this would have been likely to occur at a discount to the prevailing trading prices. Further, cross sales usually involve one or more institutional investors purchasing the securities, however as discussed throughout this Report, the ability of EDC to attract these types of investors is limited.

- From the review of the events which led to the sale of CVC's interest in EDC, it would appear that whilst CVC was not a forced seller, it may not have had the appetite to wait for the possibility of the trading prices of EDC to trade more in line with NA as they did at the beginning of 2022.

- The disposal of an interest greater than 19.9% in a public listed company is highly regulated under the Corporations Act, which would normally operate to reduce the realms of possibility for CVC to dispose of its interest.

Reasonableness considerations

RG111 establishes that the offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the Securityholders to accept the offer in the absence of any superior proposal.

In assessing the reasonableness of the Offer, we have considered the following:

- The Offer Price is at a discount of c. 10% to the low-end of our assessment fair market value. It is further at a discount of 15.5% and 20.5% to the NTA and NA respectively as at 31 December 2022.

- As at the date of this Report, STAM has a 38.3% interest in EDC following the acquisition of CVC's security holding in the Group. Whilst this is a large security holding and it will allow STAM to affect the strategic and operational directions of the Group, the circumstances for the minority Stapled Security holders have not changed compared to CVC holding the same stake. STAM's current shareholding should not further depress the liquidity of EDC Stapled Securities, given that it essentially represents the acquisition of CVC's interest.

- If, during the Offer period, STAM increases its holdings to above 50% and hence obtain control over the Board of Directors, we will consider the implications for the minority security holders. There are potential adverse consequences of remaining as a minority interest shareholder in EDC if STAM acquires a controlling (50.01% or more) interest but does not achieve the 90% compulsory acquisition threshold.

- After the end of the Offer period, EDC Stapled Securities could trade at prices below the Offer Price. However, the EDC Stapled Security price should be supported by the additional information provided in EDC's Target's Statement and IER, realisation of certain investments and implementation of the new strategy which security holders supported at the EGM in 2020.

- The Independent Directors and Management aim to reduce the trading price's discount to NA via the following:

  - Realising assets on or around carrying value as it has recently occurred for Logan Rd with EDC selling its 35% interest in the 79 Logan Road Trust for an aggregate sale price of approximately A$8.4 million, which was broadly in line with the carrying value as at 31 December 2022. If the transaction completes, the pro-forma cash balance as at 31 December 2022 will increase to c. A$17.3 million (before associated tax liabilities), or A$0.37 per security. The sale price of Logan Road represents a gross return before tax of over 20% per annum since acquisition.

- Among the balance sheet positions, the A$15.4 million mezzanine debt to South Kingsville project represents A$0.32 per security or c. 30% of the net assets. Whilst there is a headroom of A$19.7 million to ensure that the value is preserved, EFM is exploring potential transactions to reduce this concentration risk which may provide a partial liquidity event in the short/medium term.
- Recycling the Group's non-core investments and reweighting for improved diversification.

Reasonableness conclusion

Having regard to the other key considerations and reasonableness considerations, it is our opinion that the Takeover is **NOT REASONABLE**.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Takeover is a matter for each EDC Securityholder to decide based on their own views of the value of EDC and expectations about future market conditions, EDC's performance, risk profile and investment strategy. If EDC Securityholders are in doubt about the action they should take in relation to the Takeover, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN	JANNAYA JAMES
Director	Director

Grant Thornton

22 May 2023

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by EDC to provide general financial product advice in the form of an independent expert's report in relation to the Takeover. This report is included in EDC's Target's Statement.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in our report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the IER, Grant Thornton Corporate Finance's client is EDC. Grant Thornton Corporate Finance receives its remuneration from EDC. In respect of the IER, Grant Thornton Corporate Finance will receive from EDC a fee of A$100,000 (plus GST), which is based on commercial rates plus reimbursement of out-of-pocket expenses for the preparation of the IER. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of the Group in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with EFM and EDC *(and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover.*

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

In relation to our engagement, we note the following:

- *Grant Thornton is currently engaged by the Group to prepare an IER in relation to the sale of 79 Logan Road to CVC. This IER will be released to the market shortly.*
- *Grant Thornton is the external auditor of STAM.*

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

1 Other key terms of the Takeover

In addition to the details provided in the executive summary of this IER, the other key terms of the Takeover pursuant to the Bidder's Statement are outlined below:

- The Offer is only subject to no Prescribed Occurrences occurring during the Offer period. The Prescribed Occurrences are relatively standard for a transaction of this type and they are described in section 7.6 of the Bidder's Statement.
- The Offer will remain open for acceptance until 7pm on 8 June 2023 unless the Offer is withdrawn or extended in accordance with the Corporations Act. On 9 May 2023, the Bidder released a supplementary Bidder's statement indicating that, unless required to do so by the Corporations Act, it will not extend the Offer period.

Refer to the Bidder's Statement and Target's Statement for further details.

2 Purpose and scope of the report

2.1 Purpose

Section 640 of the Corporations Act requires that a target's statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is, or includes, an individual – the bidder is a director of the target company; or
- for a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target company.

The independent expert's report must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's independent Securityholders and provide the reasons for forming that opinion.

At the time that STAM launched the Takeover, there was no legal requirement to prepare an independent expert's report as STAM did not hold an interest greater than 30% in the Group and there is no common director. However, the IBC has requested Grant Thornton Corporate Finance to prepare an independent expert's report to assist EDC Securityholders to assess the merits of the Offer and whether the Takeover is fair and reasonable to the EDC Securityholders for the purposes of Section 640 of the Corporations Act.

2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton Corporate Finance has had regard to RG 111 which establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer.

As the Takeover is a takeover bid, Regulatory Guide 111 "Content of expert reports" requires the following assessment:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.
- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
  - The offeror's pre-existing entitlement, if any, in the securities of the target company.

- Other significant Security holding blocks in the target company.
- The liquidity of the market in the target company's securities.
- Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.
- Any special value of the target company to the offeror, such as particular technology or the potential to write off outstanding loans from the target company.
- The likely market price if the offer is unsuccessful.
- The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Takeover is fair to EDC Securityholders by comparing the fair market value range of EDC Stapled Securities on a 100% and control basis with the Offer Price.

In considering whether the Takeover is reasonable to the EDC Securityholders, we have considered a number of factors, including:

- Whether the Takeover is fair.
- The implications for EDC if the Takeover lapses.
- The implications for EDC of STAM acquiring between 50.1% and 90% of EDC Stapled Securities.
- The current security holdings of STAM in EDC.
- Other likely advantages and disadvantages associated with the Takeover as required by RG111.
- Other costs and risks associated with the Takeover that could potentially affect EDC Securityholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Takeover with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the Takeover Offer other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Takeover.

In relation to our engagement, we note the following:

- Grant Thornton is currently engaged by the Group to prepare an IER in relation to the sale of 79 Logan Road to ECL's joint venture partners (CVC and Urban), subject to approval from EDC's non-associated Securityholders. This IER will be released to the market shortly.
- Grant Thornton is the external auditor of STAM.

In our opinion, Grant Thornton Corporate Finance is independent of EDC and its Directors and all other relevant parties of the Takeover Offer.

2.4 Consent and other matters

Our report is to be read in conjunction with the Target's Statement dated on or around 22 May 2023 in which this report is included, and is prepared for the exclusive purpose of assisting EDC Securityholders in their consideration of the Takeover. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Target's Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Takeover to EDC Securityholders as a whole. We have not considered the potential impact of the Takeover on individual EDC Securityholders. Individual EDC Securityholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Takeover on individual EDC Securityholders.

The decision of whether or not to accept the Takeover is a matter for each EDC Securityholder based on their own views of the value of EDC and expectations about future market conditions, EDC's performance, their individual risk profile and investment strategy. If EDC Securityholders are in doubt about the action they should take in relation to the Takeover, they should seek their own professional advice.

2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

3 Industry overview

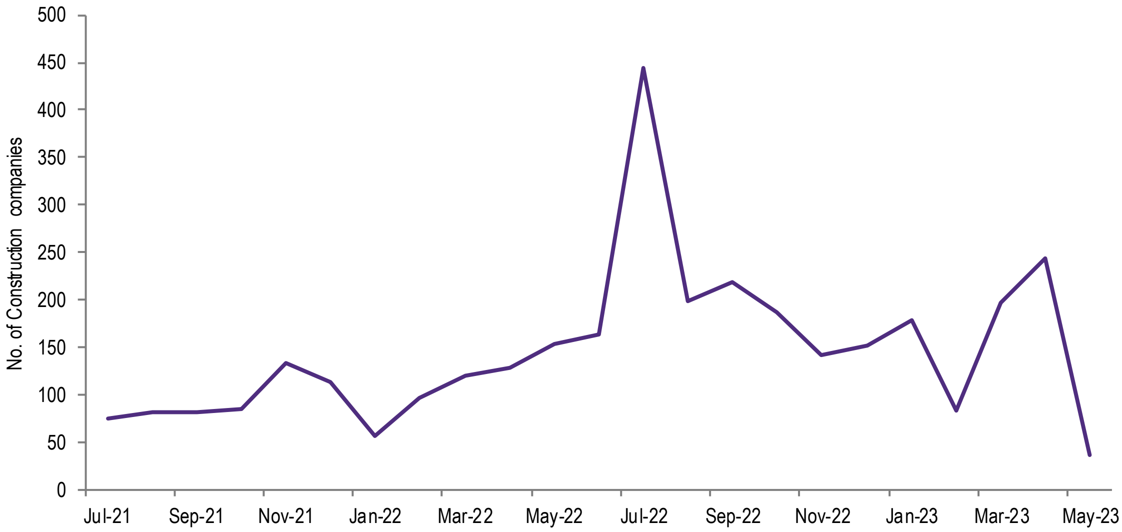
EDC is an ASX-listed real estate investment and funds management business with over A$280 million AUM. The investment activities of EDC cover both credit and equity in real estate. The portfolio managed by EDC is predominantly within the residential sector (50%) with the balance in the commercial, social infrastructure and retail sectors.

3.1 Overview of the real estate market

In response to the COVID-19 pandemic, the RBA decreased the cash rate target to 0.1% in November 2020 to lower funding costs and increase the disposable income. However in the last twelve months, to combat rising inflation, the RBA has steadily increased the cash rate to 3.85% in May 2023. For the REITs and property developers, the current increasing interest rates mean a higher cost of debt which is expected to cause a decline in earnings and distributions or increased the holding costs. In addition, an increasing interest rate environment would usually lead to an expansion in the cap rates and as a consequence, a decrease in market value of the underlying assets held by the REIT.

Higher interest rates have affected affordability for both buyers and developers, resulting in longer lead times for developers to sell properties and higher overall costs. In the following chart, we present monthly insolvencies in the construction sector. Although the number of construction sector insolvencies has declined since July 2022, they remain well above levels in 2021. Furthermore, it is the cumulative impact of insolvencies which negatively impacts supply.

Australian Construction Insolvency statistics



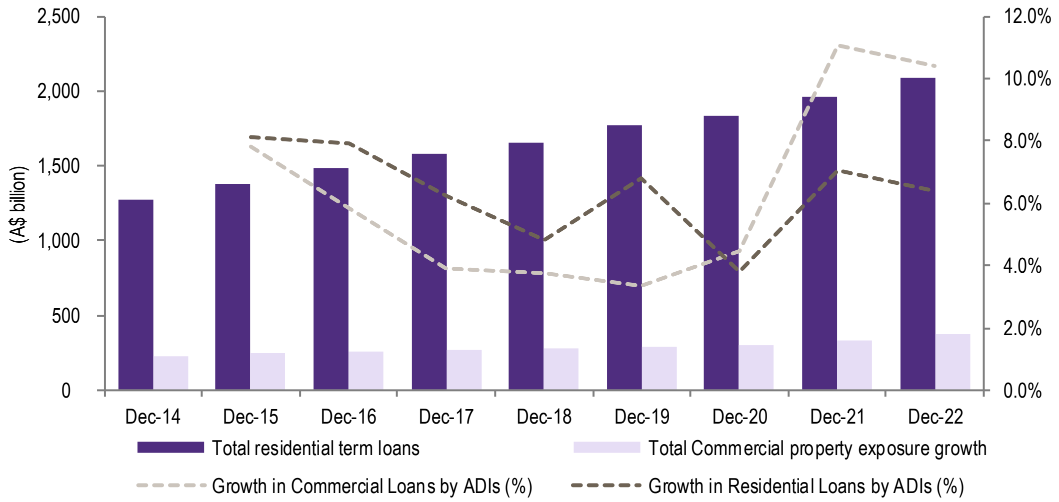
Source: Construction Sector Insolvency ASIC

The low interest rates environment (up to May 2022) has historically positively impacted the availability of capital in the property sector as evidenced by the growth in exposure to commercial and residential loans of Authorised Deposit-taking Institutions[12] ("ADIs") as observed in the graph below. Whilst data for the

[12] A financial institution licenced by the Australian Prudential Regulatory Authority to carry on banking business, including accepting deposits from the public or issue loans. Typical ADIs include banks and credit unions.

March 2023 quarter is not yet available, there is an evident decline in the growth rate of commercial and residential loans by the December 2022 quarter following the first interest rate hike in May 2022.

ADI's exposure to Commercial & Residential property



Source: Australian Prudential Regulatory Authority

Recognising the growing risk of indebtedness affecting the economy after the record low interest rates, the Australian Prudential Regulatory Authority ("APRA") introduced measures under the macroprudential policy to mitigate risks to financial stability at a system wide level. These measures include two key sets of credit measures: lending standards set by banks for individual loans at origination, and lending limits that operate at a portfolio level. These measures impacted the lending ability of ADIs[13] and consequently, the overall lending to the commercial and industrial property market. Whilst APRA has powers that can be used to extend macroprudential policy to non-APRA regulated lenders (i.e. non-ADI lenders), APRA has assessed that there is no requirement to apply these measures to non-ADI lenders. As a result of the restrictions imposed by APRA, ADI's incremental lending was constrained, creating a market opportunity for non-ADI lenders such as EDC and other participants.

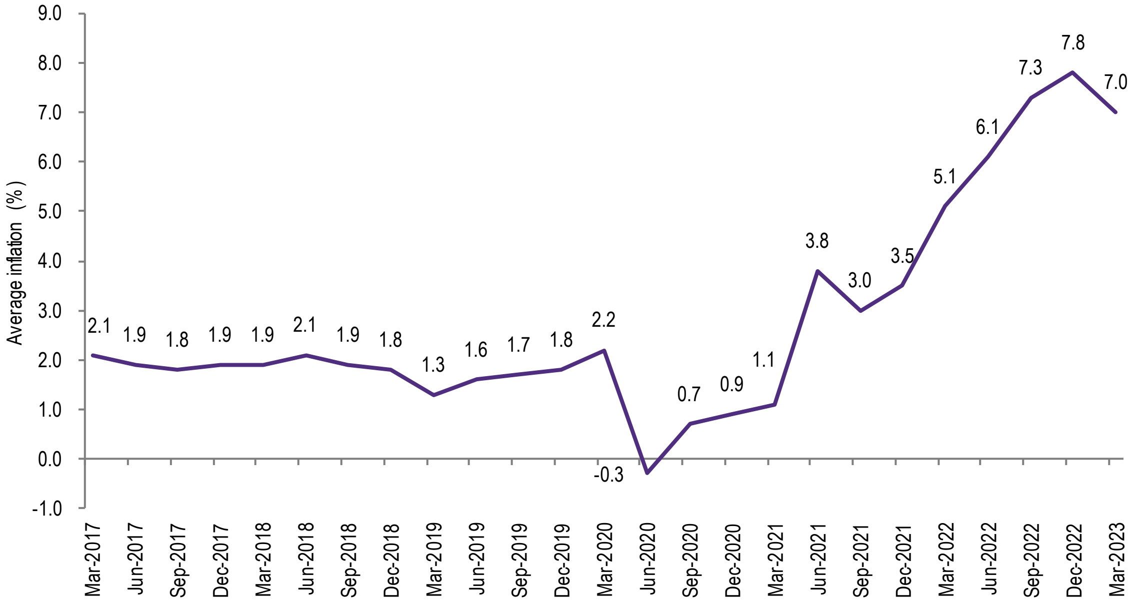
Given the above, there has been a shift in lending for property towards non-ADI lenders, positively impacting EDC and its peers. Since 2015, non-bank lending in Australia has grown rapidly driven mostly by mortgage lending. Despite this growth, the share of non-bank credit remains below 5%.

REITs primarily derive their revenue from property rentals which are usually linked to inflation. Higher inflationary expectations tend to improve rental yields and can potentially improve the distributions to investors[14]. Presented below is the historical average inflation rate in Australia covering the period from March 2017 to March 2023.

[13] These are financial institutions that have the necessary approvals to collect deposits from the people and lend it to businesses. Since these financial institutions operate using public funds, they are subject to higher levels of scrutiny and accountability by regulatory bodies such as APRA compared with financial institutions that do not accept deposits from the public ("Non-ADIs')

[14] The macroeconomic forces that drive REIT returns in Australia by Woon Weng Wong as presented to the School of Property Construction and Project Management, RMIT University.

Historical Average Inflation Rate



Source: Reserve Bank of Australia

Evident in the graph above is the decline in the average inflation rate during the outbreak of COVID-19 due to significant initial reduction in discretionary spending. This was followed by an extended increase in the average inflation rate from June 2021 due to the increase in disposable income as a result of the expansionary fiscal policies implemented by governments around the world as well as the global supply chain issues and increase in energy prices. Based on the forecast of the International Monetary Fund, the inflation rate is expected to fall to 3.2% in FY24 and to 3.0% in FY25.

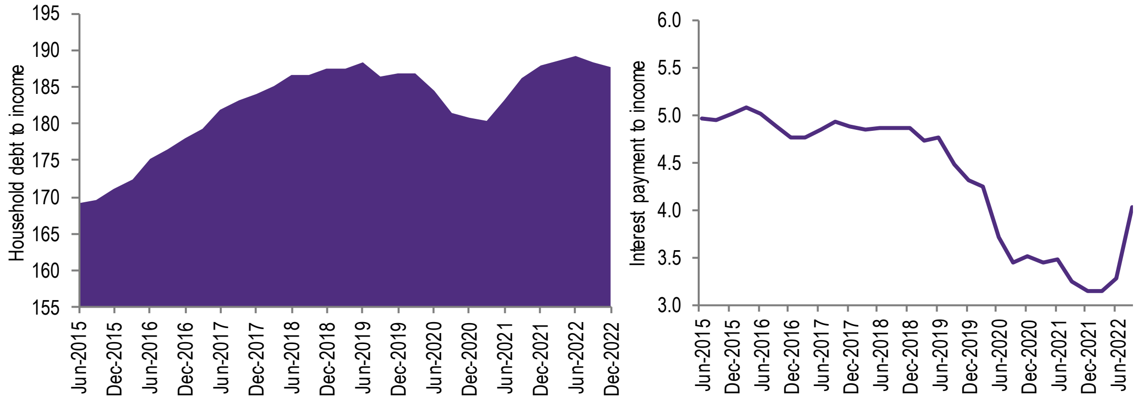
3.2 Residential property market

Whilst EDC's investments in the residential property sector have decreased from 75% in FY21 to 56% in FY22,[15] the residential property sector remains a significant focus for the Group. The residential property sector in Australia has grown over the past five years primarily driven by the population increase and availability of capital. We have summarised the drivers of this sector below:

- *Housing affordability:* Mortgage affordability represents the cost of mortgage payments relative to a household's income and is one of the parameters of gauging the housing affordability.

[15] Eildon Capital Group AGM Presentation, 17 November 2022

Housing debt to income and housing interest charged to income ratio



Source: RBA E2 Household Finances – Selected Ratios, RBA E13 Housing Loan Payments

Based on the above, mortgage affordability has deteriorated significantly in the last five years with the housing debt to income ratio increasing cumulatively at a rate of 0.3% per quarter since June 2015. Interest payments as a proportion of income have declined (up until around May 2022) due to historically low interest rates, but it has increased sharply since.

- *Population growth*: According to the 2022-23 Budget published by the Centre for Population, Australia's population growth is forecast at 1.4% by 2024-25 and then to gradually decline to 1.2% by the end of the medium-term in 2032-33.

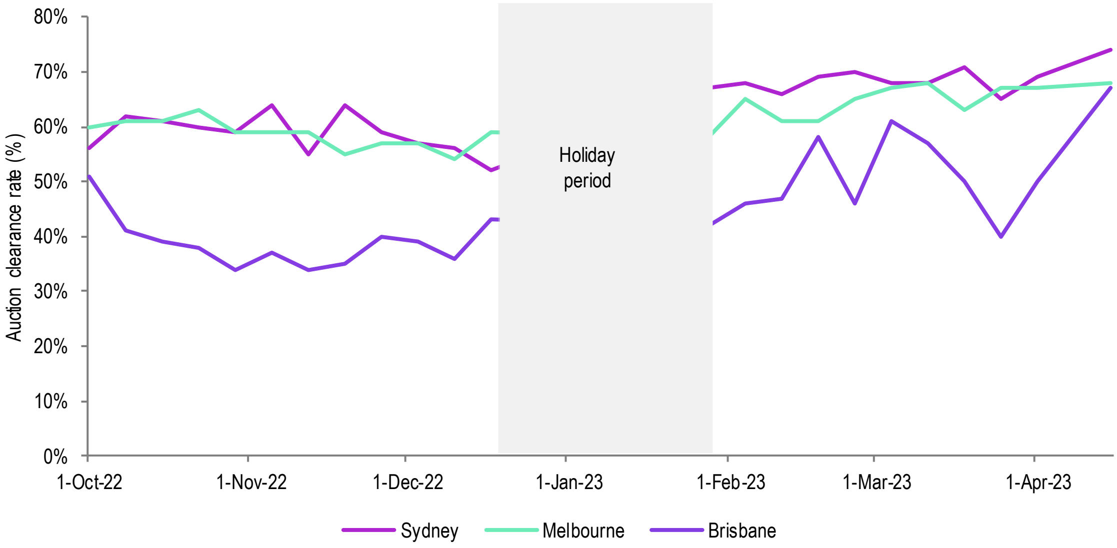
- *Rezoning opportunities*: Australian capital cities are currently reviewing the development control plans on the use of land, and the properties in areas that could be potentially rezoned. This could be highly lucrative as there is an upside potential in value if the rezoning was to be announced. Whilst EDC has property investments across NSW and QLD, it predominantly focuses on VIC, where the projected population is forecast to grow up to 10 million by 2050 and numerous strategic planning for the transformation of cities and region are currently underway. [16] Similarly in New South Wales, the State Government has been undertaking the Local Environmental Plan (LEP) in suburban areas which involves potential rezoning. For instance, the Western Sydney Aerotropolis Precinct Plan provides a roadmap for the rezoning of five precincts planned for a c. 11,200-hectare[17] airport city in the Badgerys Creek areas. The development plans undertaken by the State Governments will result in sequence precinct planning and rezoning in the planned precincts as well as the adjoining areas.

- *House prices*: According to the NAB Residential Property Survey in March 2023, house prices in the next 12 months are expected to decline by 2.3% nationally, led by VIC (-3.6%), the ACT (-3.3%), NSW (-3.2%) and QLD (-2.7%). However, the pace of decline has moderated significantly in late-2022 and there are early signs of an inflection point in early-2023. This is also evident based on the weekly auction clearance rates in Sydney, Melbourne and Brisbane as set out below.

[16] Victoria Planning Authority

[17] Western Sydney Aerotropolis Precinct Plan – March 2022

Weekly Auction Clearance Rates



Source: Domain.com.au Auction Clearance Rates

3.3 Commercial property market

3.3.1 Introduction

REITs are trust structures that provide security holders with an opportunity to invest in a vehicle that owns/holds investments in property assets. Investors generally evaluate REITs by assessing the security of the rental and other property income, quality of the individual property portfolio and diversification, tenant covenants, distribution yield, WALE, gearing and quality of management.

REITs usually invest in a range of properties in various sub-sectors and geographical locations. Among them are the following:

- Retail – investment in shopping malls and community shopping centres.
- Industrial – investment in industrial warehouses and distribution properties.
- Office – investment in office buildings and office parks.
- Residential – investment in residential properties including housing, apartments and student housing.
- Hotel – investment in properties that provide accommodation on a room and/or suite.
- Diversified – investment across a range of property sectors.
- Bulky goods – investment in retail warehouses which contain white goods and hardware
- Healthcare/Social – includes investment in hospitals, medical centres, childcare and early learning, as well as retirement communities, aged care and other healthcare & wellness adjacencies. HCW falls within this category.

3.3.2 Retail

Despite interest rate pressures, retail sales have been growing rapidly, increasing by 11.2% on a moving annual turnover basis in the year to November 2022. This growth has largely been driven by spending on clothing and cafes, both of which have grown by 25.4% over the past year. This growth in discretionary spending is particularly beneficial for shopping centres with a higher proportion of discretionary tenants, such as regional and subregional centres.

Notwithstanding the above, retail sales growth is expected to slow significantly in H1 2023 as cost of living pressures increase and household savings decline. This slowdown is primarily expected in discretionary categories.

Whilst e-commerce spending experienced significant growth following the onset of the global pandemic, in-person shopping has since recovered as restrictions have eased. On a moving annual basis, in-store sales have grown 11.5%, while e-commerce sales have grown a more modest 7.3%[18]. As a result, vacancy rates for shopping centres have begun to tighten. Sydney regional shopping centres saw vacancy rates peak at 5.1%, but fall to 3.4% in Q4 2022. Vacancy rates in Brisbane are lower now than it was before the pandemic for Regional, Subregional and Neighbourhood centres. Vacancy rates for city retail, however, remain very high at 10% attributable to a slow return of office workers and tourists to the cities.

3.3.3 Industrial

Underpinned by record levels of tenant demand which is largely attributable to the booming e-commerce sector off the back of the COVID-19 pandemic, new building developments have struggled to keep pace resulting in vacancy rates reaching record lows. This has had the impact of increasing industrial rental growth rates in most markets into unprecedented territory. According to CBRE, with all capital cities in Australia facing a “chronic undersupply” of warehouse space, super prime industrial rents surged 13% in the 12 months to June 2022. Accordingly, it is expected that there will be increased appetite for prime quality industrial assets in good locations with shorter lease terms from investors seeking reversionary upside that is linked to both inflationary pressures and current rental growth performance to drive total returns from income growth.

Whilst the macroeconomic environment is uncertain, the industrial sector is well positioned for another strong year of rent growth as consumer demand remains solid across the markets. As supply of industrial properties increased in 2022, vacancy continued to tighten indicating that take-up continues to outpace supply. National industrial completions finished at 2.5 million sqm in 2022, being nearly double the historical average. Onshoring of manufacturing will likely continue following the global supply chain uncertainty of the pandemic and warehouse demand is being supported by growing inventory levels as businesses adopt a ‘just in case’ business model as a long term strategy.

The below table provides a summary of the industrial market by region.

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[18] Dexus Australian Real Estate Quarterly Review Q1 2023

Australian industrial market	
Region	Comments
Outer West Sydney	The Outer West Sydney market experienced the highest level of completions in 2022 at 765,000 sqm. The region boasts the strongest rent growth (+38.6% yoy) which is likely to continue with vacancy rates at a low, nationally and globally, at 0.2%.
West Melbourne	Gross leasing volumes in West Melbourne were at 820,000 sqm in 2022, marginally below the prior record year. West Melbourne continues to be a hotspot for e-commerce leasing, accounting for 53% of national demand. Victorian markets are experiencing strong rent growth given low vacancy rates (which have stabilised at 1.1%).
Brisbane (South & Australian Trade Coast)	The Brisbane markets have experienced record levels of gross leasing over 2022, totalling 788,000 sqm and experienced the largest decline in vacancy rates nationally from 1.4% to 0.5%.

Source: Dexus Australian Real Estate Quarterly Review Q1 2023

3.3.4 Childcare sector

In 2022-23, approximately 1.3 million children aged 12 and under attend some form of government-approved or government-funded childcare service. The key drivers for early childhood education/care include the level of social assistance, the level of females in the labour force, the number of dependent children and real household discretionary income.

The industry's growth over the last decade has primarily been driven by steady increases in funding from the Federal Government. On 2 July 2018, the Child Care Benefit and the Child Care Rebate schemes was replaced with the Child Care Subsidy, a single means- and activity-tested subsidy paid directly to childcare providers. This new funding arrangement was aimed to make childcare more flexible, accessible and affordable. Further examples of increased funding from the Federal Government include:

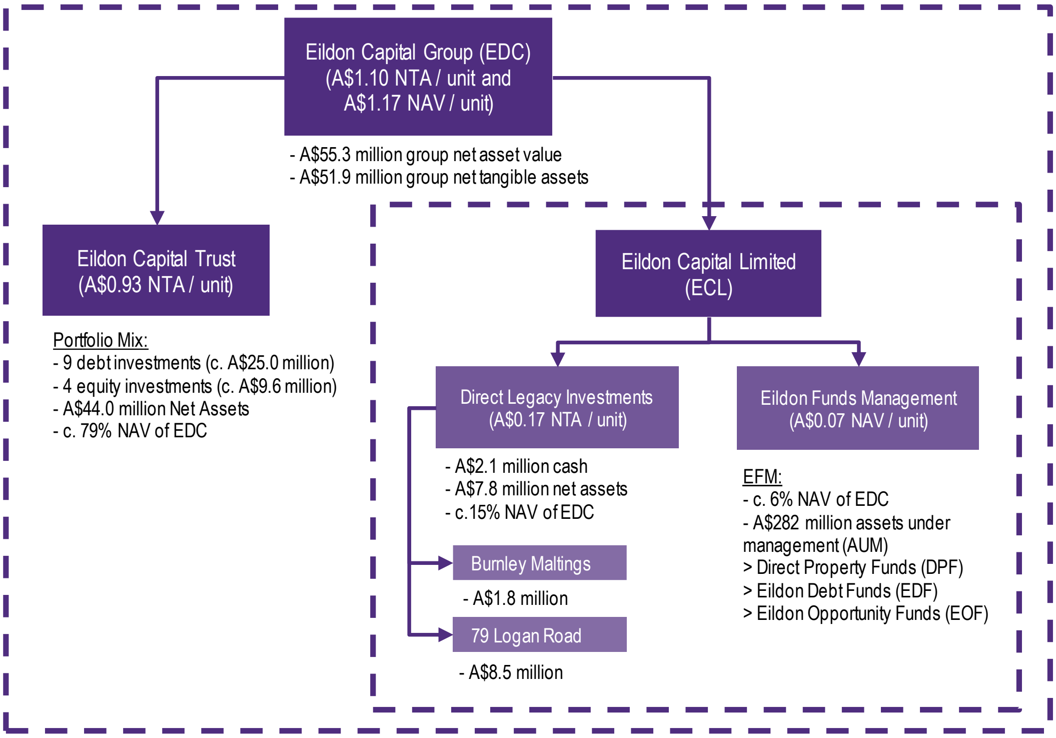
- The Australian Government subsidy for childcare grew by approximately 6% per annum between 2014 and 2019, improving accessibility to childcare services.
- Through COVID-19, the government offered the Early Childhood Education and Care Relief package which paid centres to offer free childcare to Australians between April and July 2020, and a recovery package continued support from September 2020 to January 2021, highlighting the essential nature of childcare services; and
- The 2023-24 Federal Budget has brought significant changes to the childcare sector including:
  - A revision of the childcare subsidy: The government announced an increase in the maximum subsidy rate removing the annual cap on the amount childcare subsidies that can be paid for families with incomes above $189,390. The subsidy rate will decrease gradually for families with a combined income of up to $80,000, lifting the maximum Child Care Subsidy (CCS) rate from 85% to 90% for families earning up to $80,000 per year. The government has committed approximately $55 billion on childcare subsidies in the four years from 2023-24.
  - Increased support for workforce: The Government will spend $72.4 million to support the skills development of early childhood education and care sector workers. This will include financial assistance for ongoing professional development and to complete practical components of higher education courses.

With childcare subsidies facilitating the number of parents working full-time, there is a forecast increase in demand for childcare services. Notwithstanding this, ongoing skilled labour shortages are expected to curb the growth of childcare services as data from the National Skills Commission showed over 7,000 vacancies in the sector in late 2022 with many childcare centres forced to cap enrolments due to staff shortages.

4 Profile of Eildon Capital Group

4.1 Corporate overview

EDC is an ASX-listed real estate investment and funds management business with A$282 million of AUM[19] and NTA and NA of A$51.9 million and A$55.3 million respectively as at 31 December 2022. The activities of EDC focus on both credit and equity investments in real estate, with EDC co-investing alongside its investor clients to ensure alignment of interest. EDC is a stapled group comprising of ECL and ECT with EFM as the responsible entity for ECT.



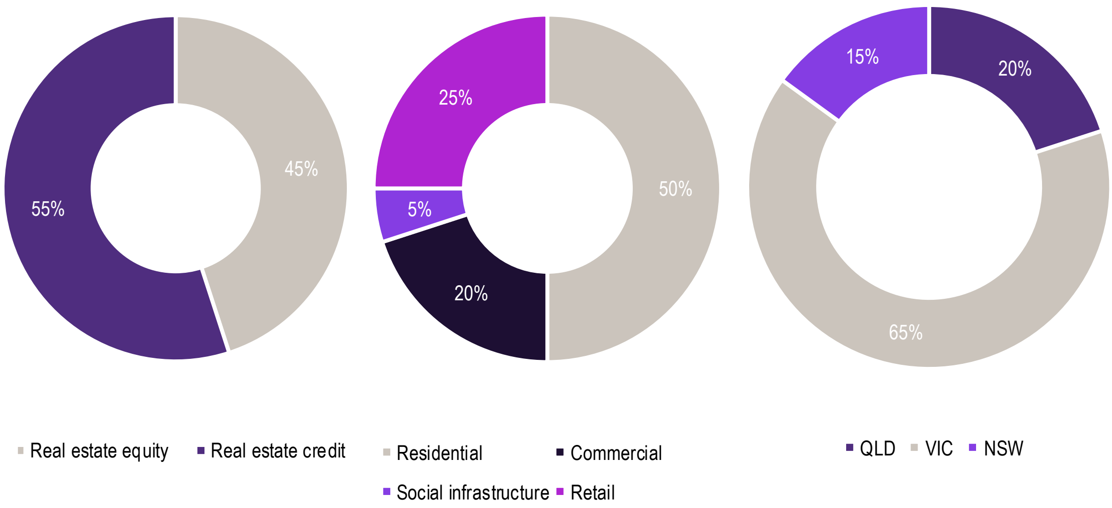
Source: EDC Half Year Results Presentation FY23 dated 24 February 2023
Note: All figures as at 31 December 2022

The following chart sets out the breakdown of the investment portfolio of EDC by type, sector and location.

[19] Including third party AUM and direct investments.

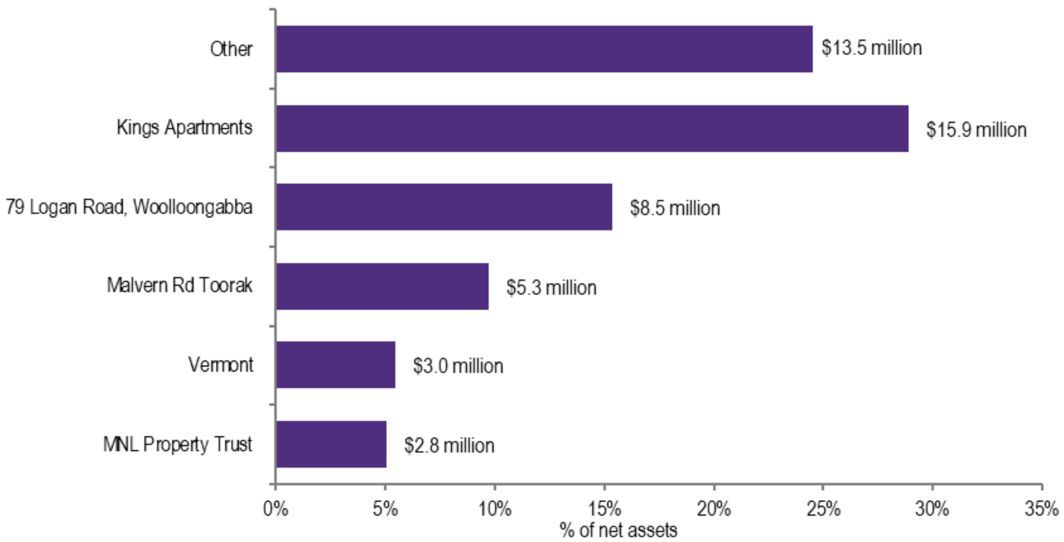
Investment by type, sector and location as at 31 December 2022

Source: Management



Over the past two years, the investment portfolio of EDC has changed significantly with increasing exposure to the social infrastructure and industrial sectors. The concentration risk in the portfolio is outlined in the graph below.

Portfolio concentration as at 31 March 2023



Source: Management

We note, in particular, two investments accounting for c. A$20 million, one for the provision of c. A$15 million in mezzanine debt for the South Kingsville project and c. A$5 million for the provision of preferred equity for the Malvern Road Toorak project.

4.2 Overview of operations

4.2.1 Eildon Capital Trust

ECT primarily provides debt and equity investments for residential and industrial property development projects. ECT has nine debt and four equity investments with a carrying value of A$34.6 million as at 31 December 2022. A brief overview of the key debt[20] and equity investments is set out below.

South Kingsville Apartments A$15.4 million (mezzanine).

This mezzanine debt loan relates to a development for 420 dwellings located in Kingsville, Melbourne. The current product breakdown includes 269 apartments and 113 townhouses and delivery is via three stages. Based on a review of the information provided to us, we understand the following:

- Stage 1 townhomes and apartments of the project are to be delivered over the coming 18 to 24 months and is expected to realise approximately A$104 million of revenue across 97 apartments, 36 townhomes and two commercial units. The stage 1 pre-sale status is as follows:
  - 43 out of 97 apartments sold (A$24.7 million in pre-sales; 41% of total forecast apartment revenue);
  - 14 out of 36 townhomes sold (A$16.4 million in pre-sales; 39% of total forecast townhome revenue);
- On-site earth works and civil infrastructure works were expected to be completed late-22/early-23, however, in early 2023, the contractor went into liquidation. The contractor in charge for building the apartments and one of the equity JV partners has stepped in to complete the works with limited disruption to the overall project.
- Upon completion of the onsite civil and earthworks, the borrower will source a construction funding package for the stage 1 townhomes.

Bundalong A$2.2 million (senior debt).

The senior debt loan in Bundalong relates to a seven-lot residential sub-division project, with five lots fronting the Murray River. In relation to this project, we note the following:

- Four of the seven lots (three of which are waterfront) have been sold on a pre-sale basis.
- Commencement of the internal civil works were expected in late 2022, however they have been delayed due to council approvals and authority. Whilst approval has since been obtained (in late March 2023), the final delivery of the project may be delayed by one to three months which the borrower has already requested.
- As a result of the delays, the drawdown of the facility has been slower than anticipated with larger drawdowns expected from May/June upon commencement of the works. Forecast cost overruns are

[20] We note that we have not provided an overview of the Cheltenham facility as it was fully repaid in April 2023.

expected to be covered from the existing facility which currently has c. A$158,000 in undrawn contingency costs.

Cheltenham A$1.7 million (senior debt).

The senior debt loan in Cheltenham relates to a property with DA approval for an industrial unit/showroom development. A marketing campaign is underway to secure pre-sales for a construction facility. Management has advised that this loan has been fully repaid on 19 April 2023.

Werribee A$0.8 million (senior debt).

This senior debt loan is provided to assist with the settlement for the Harpley Town Centre in Werribee where the facility will be used to pursue planning and development approvals for an early learning centre under the Montessori Beginnings brand for up to 90 children.

Malvern Road Toorak A$5.0 million (preferred equity).

This preferred equity investment relates to a development of 13 apartments and a two-level basement apartment building located in the suburb of Toorak, Melbourne called 'Clendon' in joint venture. Two apartment pre-sales have been achieved to date, with a third sale conditional on Foreign Investment Review Board approval. Whilst market conditions are challenging for off-the-plan sales, it is expected that interest and sales activity will pick up once construction is well-progressed. Construction commenced on site in December 2022 and completion is scheduled for the first half of 2024. A valuation for the property was prepared on 7 September 2022 and was assessed to be valued at A$27.1 million excluding GST on an "as completed" basis.

Eildon Health and Education Fund A$2.8 million (equity).

This relates to a 19.9% equity investment in a trust containing newly constructed Early Learning Centres in Victoria which are fully tenanted on long-term leases to Montessori Beginnings[21]. The remaining 80.1% is held by MacArthur National Limited ("MNL"), a developer and owner of early learning centres and Residential Landlease Security Housing since 2014. The Eildon Health & Education Fund was seeded by EDC in CY22, which increased the portfolio's gross asset value to A$25 million with the successful completion of a newly built childcare centre in Swan Hill, Victoria.

A brief breakdown of the assets is set out below:

- Malvern: A long day care centre which was opened in January 2021 with a land size of c. 800 sqm and a configured capacity of 58 places.

- Greenvale: A long day care centre which was opened in December 2020 with a land size of c. 2,150 sqm and a configured capacity of 88 places valued.

[21] Established in 2018, Montessori Beginnings provides long day care childcare services and currently operates eight centres across Victoria. Montessori Beginnings utilises the 'Montessori' philosophy in teaching young children which is widely used in Western Europe and the USA, providing a distinct choice for parents, enabling Montessori Beginnings to distinguish itself within the early learning and childcare sector.

- Maribyrnong: A long day care centre which was opened in August 2021 and is part of a strata complex within a neighbourhood shopping precinct. It has a configured capacity of 88 places.

- Swan Hill: A long day care centre which was opened in December 2022[22].

- Other assets including 30% ownership in CC1 Partnership, equity in Harpley land and the head office located at Southbank.

EAM Elara Village Property Fund A$1.3 million (equity).

This equity investment relates to a new 8,137 sqm town centre, in 'Elara Estate' Marsden Park, Sydney ("Elara Village Town Centre"). The premises is anchored by Coles, Goodstart Early Learning and Castle Medical Centre. The three anchor tenants occupy over 77% of the centre on long-term leases (WALE of 10.3 years). The premises is fully occupied with the fund gross asset value at A$64 million. According to an investor update for the quarter ended 31 March 2023:

- A total distribution of 1.3125 cents per unit will be paid for the March 2023 quarter which represents a 5.25% annualised income yield on the original application unit price. This quarterly distribution rate was marginally reduced due to increasing interest rates.

- The passing rent for the Elara Village Town Centre has increased to A$3.3 million per annum as of February 2023 after the tenant's annual rental increases. The Elara Village Town Centre benefits from a combination of fixed rental and CPI linked rental increases.

EAM Berwick Motor Trust A$0.5 million (equity).

This equity investment relates to a BMW Dealership and Service Centre located in Narre Warren, Victoria. The premises is fully tenanted on a long-term lease with the fund gross asset value at A$18.8 million. In relation to this asset, we note the following:

- A total distribution of 1.625 cents per unit will be paid for the March 2023 quarter which represents a 6.50% annualised income yield on the original application unit price.

- The passing rent for the asset increased to A$1.23 million per annum as of November 2022 after the tenant's annual 2.5% rental increase.

- The ongoing income stream of the asset is well supported, being 100% occupied by a multi-national branded tenant, with 0% arrears and an 11 year Weighted Average Lease Expiry (WALE).

Vermont South (A$3.0 million senior debt)

This investment is a senior debt facility related to the refinance of a 25,830 sqm property at Vermont South, 30 kms east of Melbourne Central Business District. The site includes purpose-built properties such as a small head-office, a workshop and two townhouses that were previously leased to the Australian Roads Research Board. The site is currently vacant and the borrower is seeking to re-zone it from a Public Use Zone to a Residential Growth Zone, ahead of a potential sale. The site was acquired for A$25.9

[22] Macarthur National Limited Q2F23 Update

million in May 2017 on a vacant possession basis and was last valued by an independent property valuer at A$31 million in October 2022 for first mortgage security purposes.

Other investments

The table below summarises the residual investments not covered in detail in the section above.

Residual investments				
Investment	Investment Type	Facility Limit	EDC co-investment	Description
Rouse Hill	Senior Debt	3,920,000	580,000	The senior debt facility was provided to assist with the settlement of a property at Rouse Hill. The sponsor is seeking development approval for a 4-level / 80-unit development.
Kiama	Senior Debt	4,140,500	790,500	The senior debt facility was provided to assist with the settlement of a property at Kiama. Development consent has been granted to subdivide the property into 11 lots to then be sold with the purchasers ultimately building dwellings on the lots at their cost post settlement.
Lilydale	Senior Debt	2,541,500	416,500	The senior debt facility was provided to assist with the settlement of a property at Lilydale. A permit has been issued for the development of a childcare centre with the borrower now seeking a buildnig permit and construction drawings for the project.
Irymple	Senior Debt	715,000	135,000	The senior debt facility was provided to assist with the settlement of a property at Irymple. A planning permit has been issued for the development of a childcare centre with final plans still with the council for endorsement.

Source: Information memorandums, Investor updates and Management

4.2.2 Eildon Capital Limited and Eildon Funds Management Limited

ECL holds two equity investments valued at c. A$10.3 million and operates the funds management business under Eildon Funds Management Limited with c. A$282 million of AUM as at 31 December 2022.

Funds management business

EFM operates as a real estate investment management firm providing alternative funding solutions to the real estate sector, investing capital (as debt and / or equity) on behalf of institutional and wholesale investors in Australia. EFM has historically focussed on property development funding. As at 31 December 2022, EFM had AUM of c. A$282 million with a breakdown presented below:

- *Eildon Direct Property Funds:* The Eildon Direct Property Funds consists of four funds with gross assets of A$164 million, including the completion of the Coles anchored neighbourhood centre within the EAM Caboolture Property Fund.

  The Eildon Health & Education Fund was also seeded in CY22 which increased its gross asset value to A$25 million with the successful completion of a newly built childcare centre in Swan Hill, Victoria which has been leased to Montessori Beginnings.

- *Eildon Real Estate Credit Funds:* The flagship credit fund, the Eildon Debt Fund ("EDF") offers wholesale investors deal specific access to commercial real estate lending opportunities secured by registered first and second mortgages. Since inception, 40 deals have been funded totalling c.

A$380 million and current AUM is c. A$75 million. The investment opportunities target investor returns of 9% to 11% per annum for senior positions, and 12% to 14% for mezzanine investments. EDF generates revenues from the establishment fees paid by borrowers at the time of providing the financing, as well as the margin between the interest rate charged to the borrower and the return required to be paid to investors who have provided the financing. EFM is in the process of launching the Eildon Real Estate Pooled Credit Fund to broaden the investor client base and product suite with a product disclosure statement being finalised.

- *Eildon Opportunity Funds:* There are two funds valued at c. A$21 million which include the Harpley Town Centre located in Werribee in Victoria and the Big Fish Retail and Commercial Centre located in Caboolture in Queensland.

    - The Harpley Town Centre relates to a development into a corporate medical centre, neighbourhood centre, service station, fast food and other commercial uses in a structure totalling 10,080 sqm of net lettable area. In an announcement released on 21 April 2023, EFM announced that it has successfully secured commitments for A$31.5 million for a seven-year, fixed term direct property fund. The property has been independently valued at A$80 million on an "as completed" basis and therefore, upon practical completion of the centre, expected on or around mid-2024, AUM is expected to be c. A$360 million.

    - The Big Fish Retail and Commercial Centre is a 15ha site located on the Bruce Highway between Brisbane and the Sunshine Coast and relates to a development of a combined retail and commercial precinct including Bunnings Warehouse. EFM earns a development management fee and has the potential to earn performance fees.

We note that the AUM for the EAM Elara Village Property Fund, EAM Berwick Motor Trust and the EAM Caboolture Property Fund, the latter part of Eildon Direct Property Funds, are managed by Eildon Asset Management Trust ("EAM") in which EFM owns a 50% interest.

The pipeline of opportunities for EDC amounts to over A$190 million and it is discussed in further detail in the valuation assessment. A summary of the fee structure for some of the various funds of EFM is set out in Appendix D.

Direct property investments

The two equity investments are legacy direct investments which were implemented prior to internalising the funds management business in FY20 and are expected to mature over the next one to three years. The two investments are summarised below:

- *Burnley Maltings A$1.8 million (equity):* This investment relates to a 4,500 sqm development site located in Burnley, Melbourne. It comprises 37 three-story dwellings and three silo apartments containing 63 carparks in a full basement with the planning permit obtained in June 2022. Senior debt development funding is yet to be raised.

- *Logan Road Woolloongabba A$8.5 million (equity)*: This investment relates to a 9,361 sqm development site located in Woolloongabba, Brisbane. The site includes office/warehouse with totally lettable area of 9,887 sqm and is currently leased to an ASX-listed tenant. This property is being sold to ECL's joint venture partners (CVC and Urban), subject to approval from EDC's non-associated Securityholders, for a price of A$8.4 million. The EGM is expected to be held in late June 2023.

4.3 Financial information

4.3.1 Financial performance

The table below illustrates EDC's reviewed consolidated statements of comprehensive income for the last two financial years and the first half of FY23.

Consolidated statements of financial performance A$ '000	FY21 Audited	FY22 Audited	1H23 Reviewed
Total Income	7,994	10,107	4,313
Operating expenses	(5,197)	(4,868)	(2,376)
EBITDA	**2,797**	**5,239**	**1,938**
EBITDA margin	*35.0%*	*51.8%*	*44.9%*
EBIT	**2,797**	**5,239**	**1,938**
EBIT margin	*35.0%*	*51.8%*	*44.9%*
Share of net profit of associate accounted for using equity method	2,633	2,068	132
Net interest (expense) / revenue	(42)	(440)	(306)
Net profit before tax	**5,387**	**6,867**	**1,765**
Tax expense	(460)	(663)	243
Net profit / (loss)	**4,927**	**6,204**	**2,008**
Net profit margin	*61.6%*	*61.4%*	*46.6%*

Source: EDC's annual and interim reports

The breakdown of revenue is set out below:

Revenue Breakdown A$ '000	FY21 Audited	FY22 Audited	1H23 Reviewed
Property Investment Income	4,503	4,023	2,120
Mark to Market Revaluation	1,324	3,081	-
Fund Management Fees	562	1,530	1,139
Fund Establishment Fees	749	246	-
Facility Fees	791	1,365	528
Project Management Fees	275	575	240
Admin and Other	32	288	405
Total Revenue	**8,235**	**11,108**	**4,432**

Source: EDC's results presentation[23]

We make the following observations:

[23] We note that whilst the profit presented in the results presentation reconciles to the audited financial statements, there is a discrepancy in the revenue breakdown presented. Management has advised that the difference in presentation is a result of the netting off of income and expenses.

- Property investment income relates to interest income from property loans with majority of this revenue stream being derived from the mezzanine loan relating to the South Kingsville Apartments in 1H23.
- The mark to market revaluation relates to the revaluation and/or impairment of the direct property investments recognised on the balance sheet. A large portion of this amount relates to the revaluation of the property at 79 Logan Road, Woolloongabba bringing the value recognised as at 30 June 2020 of c. A$4.4 million to c. A$8.5 million as at 31 December 2022.
- Fund management fees are typically calculated as a percentage of the gross asset value of the relevant property and paid monthly in consideration for the management and administration of the fund.
- Facility fees are primarily related to income received in Eildon Investment Services Pty Limited, the manager of EDF.
- The majority of the operating expenses comprise of employee and director costs as well as management and consultancy fees.
- The share of net profit of associate accounted for using the equity method relates to EDC's interest in the 79 Logan Road Trust, a commercial property in Woolloongabba.

4.3.2 Financial position

The table below illustrates EDC's reviewed consolidated statements of financial position as at 30 June 2021 to 30 June 2022 and 31 December 2022.

Consolidated statements of financial position A$ '000	30-Jun-21 Audited	30-Jun-22 Audited	31-Dec-22 Reviewed
Assets			
Cash and cash equivalents	11,100	8,180	8,848
Trade and other receivables	-	-	
Investment properties	28,793	27,347	22,137
Current tax assets	-	673	903
Other current assets	66	88	221
Total current assets	**39,959**	**36,288**	**32,108**
Investment properties	11,141	18,665	26,849
Property, plant and equipment	14	20	20
Right of use assets	282	199	157
Intangible assets	3,460	3,460	3,460
Deferred tax assets	764	353	413
Total non-current assets	**15,661**	**22,697**	**30,899**
Total assets	**55,619**	**58,985**	**63,007**
Liabilities			
Trade and other payables	1,764	1,896	1,451
Lease liabilities	83	84	84
Provisions	84	113	145
Other liabilities	111	555	4,401
Total current liabilities	**2,042**	**2,647**	**6,081**
Lease liabilities	202	118	76
Deferred tax liabilities	1,218	1,473	1,479
Provisions	-	25	30
Other liabilities	137	-	-
Total non-current liabilities	**1,556**	**1,616**	**1,585**
Total liabilities	**3,598**	**4,263**	**7,667**
Net assets	**52,021**	**54,722**	**55,340**

Source: EDC's annual and interim reports

We make the following observations:

- Cash and cash equivalents have been maintained at a relatively consistent level over the period.
- Investment properties have been reviewed in detailed in the previous section.
- The intangible assets balance of c. A$3.5 million as at 31 December 2022 relates to the goodwill attributable to the acquisition of the funds management business of EFM on 17 November 2020 which is tested for impairment on a yearly basis.
- The other liabilities balance of c. A$4.4 million as at 31 December 2022 relates to ECT's interest in the EDF. Units issued in EDF meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity. As such, the units in the funds are not eliminated on consolidation and are recognised as other liabilities.

- The deferred tax liabilities balance of c. A$1.5 million as at 31 December 2022 relates to the investment in 79 Logan Road Trust held as an asset for sale.

4.4 Share Capital Structure

As at the date of this report, EDC's capital structure comprised the following securities:

- 47,240,617 ordinary Stapled Securities.
- 1,676,500 performance rights which have a nil exercise price and each contain a right to receive one Stapled Security in EDC per performance right subject to satisfaction of certain vesting conditions relating to total Securityholder return, return on assets, AUM, and discretionary factors. STAM is not offering to acquire any performance rights but the offer extends to all Stapled Securities of EDC that are issued or otherwise come into existence before the end of the offer period (i.e. 7:00pm on 8 June 2023) as a result of the vesting or conversion of performance rights that are on issue on the register date (i.e. 7:00pm on 25 April 2023).[24]

The total performance rights issued comprise 251,500 performance rights issued in January 2021, and 1,425,000 issued in March 2023. We understand through discussions with management that the January 2021 performance rights are due to vest to employees in January 2024.

Further, under the terms of all the EDC performance rights, the performance rights automatically vest in the event that an entity acquires a relevant interest in more than 50% of the Stapled Securities as a result of a takeover bid, or a similar change of control event occurs.

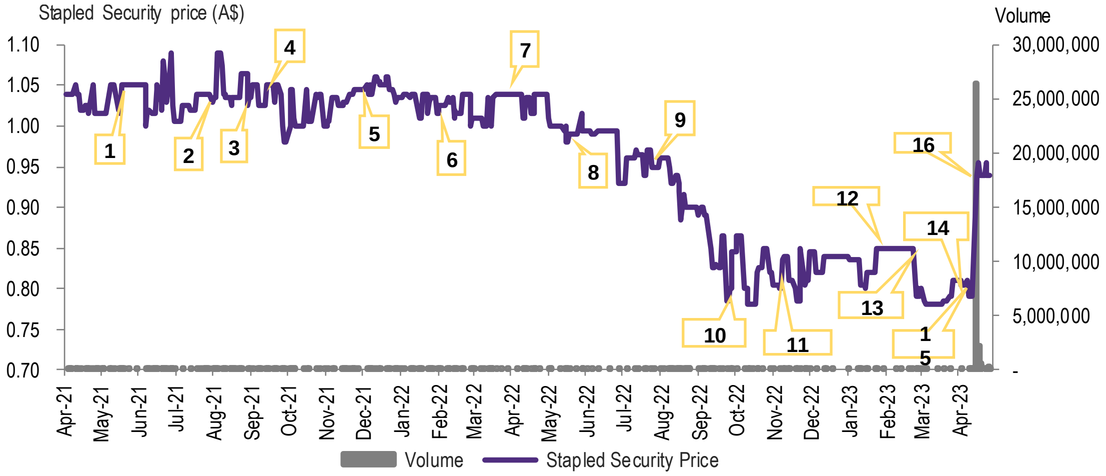
For the purposes of our valuation we have had regard to the above mentioned performance rights conditions, and have included the full amount of performance rights in our securities issued calculation, under the assumption that all current performance rights would be fully vested in the event of the Takeover succeeding.

4.4.1 Stapled Security price and market analysis

Our analysis of the daily movements in EDC's trading price and volume for the period from March 2021 is set out below. The VWAP on 21 April 2023 (the last trading day prior to the offer on 24 April 2023 was A$0.79 per Stapled Security.

[24] Bidder's Statement dated 24 April 2023

Historical Stapled Security price and volume for EDC from March 2021



Source: Capital IQ, GTCF analysis

The following table describes the key events which may have impacted the stapled security price and volume movements recently as shown above.

Event	Date	Comments
1	1-Jun-21	EDC released a business update where it reported a A$57 million increase in assets under management under EFM. The business update emphasised EDC's commitment to maintain its current balance sheet mix and to develop its pipeline for EDF. EDC also reported positive construction progress for its two development funds – Elara Village Property and Caboolture Retail and Commercial Precinct.
2	24-Aug-21	EDC released their preliminary final report for FY21 reporting a net profit after tax of A$4.9 million (up from A$4.7 million in the prior year). The report sets out that as at 30 June 2021, EDC's investment portfolio totalled A$39.2 million. Net assets as at 30 June 2021 was A$52.0 million, up from A$44.6 million in the prior year.
3	28-Sept-21	CVC announced the disposal of 600,000 ordinary securities.
4	22-Oct-21	EDC released their annual report for FY21. EDC noted a 4.3% growth in net profit after tax and during the year, distributions of 8.0 cents per security were paid to Securityholders. As at 30 June 2021, AUM totalled A$267 million which included balance sheet and third-party assets.
5	15-Dec-21	EDC released a business update announcing that EAM successfully completed a A$31.4 million equity raising for the EAM Caboolture Property Fund, a new unlisted, seven-year, fixed term direct property fund. As a result of this, AUM increased to approximately A$320 million.
6	22-Feb-22	EDC released its half year results for FY22 with AUM of A$310 million, up 41% in 12 months. EDC reported net profit after tax of $2.7 million in 1HFY22 with total net assets of $52.9 million as at 31 December 2021.
7	26-Apr-22	EDC announced the appointment of Laurence Parisi to the role of CEO of EDC commencing 1 May 2022.
8	27-Jun-22	EDC announced that it had resolved to pay a distribution from ECT for the quarter ending 30 June 2022 of an estimated 1.5 cents per Stapled Security.
9	24-Aug-22	EDC released their preliminary final report for FY22 reporting a net profit after tax of A$6.2 million (up from $4.9 million in the prior year). Net assets as at 30 June 2022 was $54.7 million, up from $52.0 million in the prior year.

Event	Date	Comments
10	17-Oct-22	As at 30 June 2022, AUM totalled $350 million, up 31%. The report notes that a strong pipeline of credit and equity opportunities in place should see the AUM increase over FY23.
11	17-Nov-22	EDC released its AGM presentation setting out key financial metrics for FY22 including net profit after tax of A$6.2 million, up 26%.
12	3-Feb-23	EDC released a market update providing guidance that the net profit after tax to Securityholders for the half year ended 31 December 2022 was forecast to be in the range of A$1.9 to A$2.1 million. NAV and NTA was forecast to be approximately A$1.17 and A$1.10 per security as at 31 December 2022.
13	24-Feb-23	EDC released its half year results for FY23 with AUM of A$282 million. EDC reported net profit after tax of A$2.0 million in 1HFY23, a decline from the prior corresponding period, with total net assets of A$55.3 million as at 31 December 2022.
14	5-Apr-23	EDC announced that it had entered into a binding agreement to dispose of its 35% interest in the 79 Logan Road Trust to joint venture partners CVC and Urban for an aggregate purchase price of $8.4 million, which is in line with the book value of the investment as at 31 December 2022 after accounting for settlement adjustments.
15	21-Apr-23	EDC released an announcement noting that EFM Nominee Services Pty Ltd as trustee for the EFM Harpley Town Centre Property Trust has successfully secured commitments for A$31.5 million from wholesale investors for a new seven-year, fixed term direct property fund.
16	24-Apr-23 - 26-Apr-23	CVC entered into an agreement with Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Active Fund on 21 April 2023 to sell 9,400,882 Stapled Securities in EDC, representing 19.9% of the Stapled Securities on issue in EDC. Samuel Terry Asset Management Pty Ltd as trustee for Samuel Terry Absolute Return Active Fund announced an off-market takeover offer of A$0.93 cash per Stapled Security to acquire all of the Stapled Securities in EDC.

Source: ASX announcements, GTCF analysis

The monthly stapled security price performance of EDC since April 2022 and the weekly stapled security price performance of EDC over the last 16 weeks is summarised below:

Eildon Capital Group	Share Price High $	Share Price Low $	Share Price Close $	Average weekly volume 000'
Month ended				
Apr 2022	1.040	0.995	1.040	45
May 2022	1.040	0.975	0.990	62
Jun 2022	1.040	0.975	0.995	39
Jul 2022	0.995	0.930	0.970	14
Aug 2022	0.960	0.885	0.900	22
Sep 2022	0.910	0.825	0.865	34
Oct 2022	0.865	0.780	0.825	28
Nov 2022	0.850	0.785	0.785	34
Dec 2022	0.850	0.805	0.840	22
Jan 2023	0.850	0.800	0.820	15
Feb 2023	0.860	0.850	0.850	8
Mar 2023	0.850	0.775	0.785	46
Apr 2023	0.960	0.772	0.940	7,530
Week ended				
20 Jan 2023	0.850	0.805	0.805	29
27 Jan 2023	0.820	0.800	0.820	25
3 Feb 2023	0.850	0.820	0.850	19
10 Feb 2023	0.860	0.850	0.850	13
17 Feb 2023	0.850	0.850	0.850	1
24 Feb 2023	0.850	0.850	0.850	7
3 Mar 2023	0.850	0.850	0.850	6
10 Mar 2023	0.810	0.790	0.800	42
17 Mar 2023	0.800	0.780	0.780	92
24 Mar 2023	0.785	0.775	0.780	74
31 Mar 2023	0.785	0.785	0.785	5
7 Apr 2023	0.810	0.790	0.810	10
14 Apr 2023	0.810	0.772	0.805	20
21 Apr 2023	0.810	0.785	0.790	266
28 Apr 2023	0.960	0.930	0.940	29,824
5 May 2023	0.955	0.940	0.940	481

Source: S&P Global, GTCF analysis

4.4.2 Substantial EDC Securityholders

We have set out in the table below the top six relevant EDC Securityholders as at 17 May 2023:

Top 6 Security holders in EDC as at 17 May 2023		
Security holders	Number of securities	Holding
Samuel Terry Asset Management Pty Ltd	18,205,776	38.5%
Hancock and Gore Ltd and associated entities	3,977,765	8.4%
Finclear Nominees Pty Ltd	3,084,311	6.5%
Chemical Overseas Limited	3,069,377	6.5%
Comsec Nominees Pty Limited	2,888,528	6.1%
Rubi Holdings Pty Ltd	2,000,000	4.2%
Remaining securities	14,014,860	29.7%
Shares in issue	47,240,617	100%

Source: Management

Grant Thornton

5 Valuation methodologies

5.1 Introduction

As part of assessing whether or not the Takeover is fair to the Non-Associated EDC Securityholders, Grant Thornton Corporate Finance has compared the fair market value of EDC Stapled Securities on a control basis to the Offer Price.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, Security buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets ("DCF Method").
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets ("FME Method").
- Amount available for distribution to security holders in an orderly realisation of assets ("NAV Method").
- Quoted price for listed securities, when there is a liquid and active market ("Quoted Security Price Method").
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

The fair market value of EDC Stapled Securities has been assessed based on a sum-of-the-parts (“SOP”) method, which comprises the market value of net assets of ECT plus the value of the funds management business and the other direct investments held by ECL.

In our valuation assessment based on the SOP method, we have aggregated the following:

1. *Market value of net assets* – This comprises two components:
   - The value of the direct investments held by ECT and the other assets and liabilities on the balance sheet as at 31 December 2022.
   - The value of the direct investments held by ECL plus ECL’s cash balance.
2. *Funds management business* - The fair market value of the funds management of EFM based on the market approach having regards to the AUM Multiple.

As a cross check to the overall valuation, we have considered the trading prices and the premium and discount to net assets.

6 Valuation assessment of EDC

As discussed in the previous section, in our valuation assessment of EDC, we have adopted the SOP method having regard to the reviewed balance sheet as at 31 December 2022. Specifically, our procedures have considered the following:

- Review and adjust to the carrying value of ECT's property portfolio and ECL's direct investments in Logan Rd and Burnley Maltings in accordance with our independent review and taking into account the current market conditions.
- Valuation assessment of EFM based on the AUM Multiple, which we have cross-checked having regard to the implied EBIT Multiple.
- Consider whether any adjustments are required for other assets and liabilities.
- Deduct the capitalised value of corporate costs incurred to manage the investments which are not captured in the reported net assets.

We have set out below a summary of our valuation assessment:

Fair market value assessment of EDC A$	*Section reference*	Low	High
Direct investments of ECT			
Malvern Rd Toorak	*6.1.2*	3,780,000	5,059,200
Elara Property Trust	*6.1.2*	1,064,039	1,165,691
Health & Education Fund	*6.1.2*	2,351,427	2,567,619
Berwick Motor Trust	*6.1.2*	463,922	499,910
South Kingsville Apartments	*6.1.3*	15,401,626	15,401,626
All other ECT debt assets	*6.1.3*	9,576,919	9,576,919
Total ECT property investments		**32,637,933**	**34,270,964**
Direct investments of ECL			
79 Logan Road, Woolloongabba	*6.1.4*	8,421,183	8,421,183
Burnley Maltings	*6.1.4*	1,800,630	1,800,630
Total ECL property investments		**10,221,813**	**10,221,813**
Less: ECT operating expenses capitalised	*6.4*	(5,052,632)	(4,761,905)
Other Assets & Liabilities	*6.2*	6,960,173	6,960,173
Realisable net assets excluding EFM		**44,767,287**	**46,691,046**
EFM			
Enterprise value of EFM	*6.4.2*	5,600,000	7,000,000
Fair market value of EFM		**5,600,000**	**7,000,000**
Fair market value of ECT Stapled Securities		**50,367,287**	**53,691,046**
Stapled Securities on issue	*6.5*	48,917,117	48,917,117
Value per Stapled Security		**1.03**	**1.10**

Source: Management information, Colliers Property valuation report, GTCF analysis

6.1 ECT's property portfolio and ECL's direct investments

6.1.1 Introduction

Grant Thornton Corporate Finance has been provided access to the independent, third-party property valuations commissioned by EDC to support the underlying carrying value of the investments. We note that all the equity investments are carried at cost and the credit investments are carried at the face value of the loans provided. The properties were assessed on a standalone individual basis between June 2022 and April 2023. As part of our procedures, we have reviewed the approaches utilised for each individual property and we note the following:

- The valuers were independent of EDC.
- The property valuations were undertaken by well-regarded valuation practitioners who have the necessary experience and qualifications in accordance with the standards of the Australian Property Institute.
- The valuers undertook a site visit where appropriate, necessary or relevant for the purpose of undertaking the valuation assessment. The independent valuations are based on a number of valuation methodologies but generally consider both income and market approaches in their assessment, which is common in the industry.
- We have held discussions with the Management Team of EDC to gain an understanding of the current status of each of the properties and any material developments since the last available valuation.

6.1.2 ECT's equity investments

Malvern Road Toorak – Preferred Equity – Carrying value A$5.0 million

This preferred equity investment relates to the development in joint venture of 13 apartments and a two-level basement apartment building located in the suburb of Toorak, Melbourne called 'Clendon'. The joint venture structure includes the Group contributing 80% of the equity capital for a 15% per annum coupon and 40% profit share. The sponsor contributes the balance of 20% equity capital and participate to 60% in the profit share (no coupon). The Group's capital and coupon is in priority to the sponsor's equity capital.

An independent valuation for the property assessed the value at A$27.1 million on a "as if completed basis" in September 2022. The valuation was based on a direct comparison approach which considered recent off-plan apartment sales within close proximity to Clendon, with adjustments made for relative location, proximity to transport and other local amenities. The valuation also considered Clendon's 2022 pre-sales.

In relation to this project, we note the following:

- Three pre-sales were achieved in 2022 and beginning of 2023 but pre-sales have slowed down since due to more challenging market conditions. However, interest for pre-sales is expected to increase closer to completion which is scheduled for second quarter of 2024.

- Construction is progressing in accordance with the timetable and the basement, which is usually the riskiest part of a development project, is substantially completed. Construction is funded by senior debt facility totalling A$18.6 million, including a cost overrun component which is substantially drawn. The senior debt is provided by an alternative lender and it reflects the current difficult market conditions for development projects.

- The carrying value of A$5.0 million as at 31 December 2022 includes the capital provided plus the capitalised coupon. The total drawn capital and coupon is expected to increase to c. A$6.3 million if completion occurs by second quarter of 2024.

We are of the opinion that an impairment of the carrying value is possible due to the following:

- The project cash waterfall based on the “as completed” value presents limited headroom for the full payment of the coupon (EDC capital is senior in the waterfall) in case of delays or challenges with completion.

- Whilst the construction contractor is performing in line with expectations and it has experience with the development of similar projects, as discussed in the industry overview, lately there have been several failures of construction businesses, even large ones like Porter Davies. Further, the operating environment in terms of the costs for raw materials and skilled labour remains difficult and further contractor insolvencies are expected.

- Pre-sales have been limited so far to three units. Although one of these pre-sales was in 2023, the level of interest has softened in the last few months. However, on the flip side, the 2023 pre-sale was slightly in excess to the independent valuations which provide support of the “as completed” value.

- The cost overrun facility is already fully drawn and hence in case of additional unforeseen costs, the capital providers may be required to contribute additional cash without the “as completed” value necessarily changing.

We have assessed the fair market value between A$3.78 million and A$5.0 million with the low-end at a discount to the carrying value of A$5 million as at 31 December 2022. To recognise valuation risk, at the low-end of the range, we have written the value down to the “as is” value of the land and the current balance of drawn senior debt and preferred equity and accumulated coupon.

Health & Education Fund – Equity – Carrying value A$2.8 million

This relates to a 19.9% equity investment in a trust containing newly constructed Early Learning Centres (“ELC”) in Victoria, which are fully tenanted on long-term leases to Montessori Beginnings[25]. The remaining 80.1% is held by MNL, a developer and owner of ELCs and Residential Landlease Security Housing since 2014. The Eildon Health & Education Fund was seeded by ECT in CY22, which increased the portfolio’s gross asset value to A$25 million with the successful completion of a newly built childcare centre in Swan Hill, Victoria.

[25] Established in 2018, Montessori Beginnings provides long day care childcare services and currently operates eight centres across Victoria. Montessori Beginnings utilises the ‘Montessori’ philosophy in teaching young children which is widely used in Western Europe and the USA, providing a distinct choice for parents, enabling Montessori Beginnings to distinguish itself within the early learning and childcare sector.

The trust's gross asset value is the aggregation of the individual independent valuations of the Early Learning Centres based on an income capitalisation method, a partnership whereby the trust holds 30% ownership in two more childcare assets located in Officer and Truganina, the Harpley Land equity and available cash. A summary of the various assets is outlined below.

Assets A$	Gross value	Debt	Net Vaue
EDC share of childcare assets	21,275,000	(10,637,500)	10,637,500
EDC share of other assets [1]	3,351,500	-	3,351,500
Total value	**24,626,500**	**(10,637,500)**	**13,989,000**
EDC direct interest			*19.90%*
EDC equity value			**2,783,811**

Note 1 - Other assets include EDL's 30% ownership interest in a JV, Harpley Land Equity, and cash

In our valuation assessment, we have considered the following:

- Based on recent market analyses, cap rates are forecast to soften due to pressures associated with rising borrowing costs, investor uncertainty and interest rate hikes as a result of RBA's strategy to reduce inflation[26].

- Based on discussions with Management, the ELCs are performing well even if they have opened recently with extensive waiting lists. However, the occupancy rates are low due to skilled labour shortages.

- Montesorri Beginnings has a conservative business model and is a supportive operator of its ELCs by levying affordable rentals to ensure the viability of the ELCs at a time when occupancy, and hence profitability, is low due to labour shortages.

Based on the above, and a review of the current market conditions, we have increased the cap rates between 25bps and 50bps which reduces the fair market value to between A$2.35 million to A$2.57 million.

EAM Elara Village Property Fund A$1.3 million (equity).

The 8,137 sqm Elara Village Town Centre is anchored by Coles, Goodstart Early Learning and Castle Medical Centre which occupy over 77% of the centre on long-term leases (WALE of 10.3 years). The premises is fully occupied with the fund gross asset value at A$64 million. This is based on an independent valuation undertaken on 30 June 2022 using a capitalisation rate of 5.0%. Total equity value of the fund is A$30.1 million of which EDC has a co-investment of 4.3% or A$1.3 million.

Based on the above, and a review of the current market conditions, we have increased the cap rates by between 25bps and 50bps which reduces the fair market value to between A$1.1 million to A$1.2 million.

[26] Source: JLL Asia Pacific sector report Q4 2022

EAM Berwick Motor Trust A$0.5 million (equity).

The premises is fully tenanted on a long-term lease to a BMW Dealership and Service Centre located in Narre Warren, Victoria. The fund gross asset value is A$18.8 million based on an independent valuation undertaken on 18 June 2022 using a capitalisation rate of 6.25%. The senior debt is equal to A$8.5 million. Total equity value of the fund is A$10.1 million of which EDC has a co-investment of A$0.5 million.

Similar to our approach for some of the other assets, in our valuation assessment, we have increased the cap rate by between 25bps and 50 bps to take into account the increase in interest rates which is likely to impact future distributions, in particular considering that the lease increases at a fixed rate of 2.5% rather than being inflation linked. This reduces the fair market value to between A$0.46 million to A$0.50 million.

6.1.3 ECT's credit investments

South Kingsville – Mezzanine Debt – Carrying value A$15.4 million

This mezzanine debt loan relates to a development for 420 dwellings located in Kingsville, Melbourne. The current product breakdown includes 269 apartments and 113 townhouses and delivery expected in three stages.

NAB is the senior lender with a first mortgage over the property and project whereas the Group is the mezzanine lender (with ECT the sole investor) with a second mortgage and deed of priority with NAB. NAB's current senior debt exposure is A$19.9 million. Upon completion of the onsite civil and earthworks, the developer will source a construction funding package for stage 1 of the project as discussed in section 4.2.1.

This project has experienced some challenges in the last six months as on-site earth works and civil infrastructure works were delayed due to the contractor going into liquidation. Whilst normal trading conditions have now resumed, contractor risk remains high in the industry.

A valuation of the project was prepared in April 2023 with a valuation of c. A$55 million on an 'as is' basis based on a direct sales comparison approach by analysing sites that have transacted within the immediate and broader locality.

In our valuation assessment, we have adopted the carrying value of A$15.4 million as at 31 December 2022 due to the following:

- Based on the current "as is" valuation of A$55 million and senior debt of A$19.9 million, there is a headroom of A$19.7 million before the mezzanine debt is impaired. This is equivalent to a potential reduction in the "as is" property value of c. 35% without affecting the recoverable amount of the mezzanine debt.

- Whilst the mezzanine debt is, by far, the largest position in the portfolio accounting for c. 28% of the net assets as at 31 December 2022, the Group is exploring potential transactions to reduce this concentration risk which may provide a partial liquidity event in the short/medium term.

- Any remaining mezzanine debt is likely to be repaid from capital raised for the stage 1 townhouse development. This could include one or a combination of senior debt, alternative mezzanine debt or non-bank funding (which could take-out all senior and mezzanine debt). Potential sale of the land ear-marked for stage 2 and 3 development is a further source of potential liquidity.

Vermont South –Senior debt – Carrying value of A$3 million

The maturity of the senior debt was originally March 2023, however, EDC is in discussions to extend the facility by a further 12-months to facilitate a due diligence process and potential sale of the site. The sale is conditional upon the completion of the re-zoning process which has passed certain hurdles but still requires approval from the Minister of Planning. Although the maturity has been extended, we have not adjusted the carrying value of the investment for the following reasons:

- The borrower has continued to pay cash interest on time and in full.

- An offer has been received for the site at a price higher than the last independent property valuation done in 2021. The loan to value ratio (“LTVR”) implied in the offer received is below 50% which provides ample headroom.

- The maturity of the loan remains short-term in nature and therefore, the effect of rising interest rates is likely to be immaterial. Further, the loan’s interest rate is c. 13% per annum and it is senior secured.

Bundalong, Cheltenham and Werribee projects – Senior Debt – Carrying value A$4.7 million across the three major projects

We have not made any adjustments in relation to the face value of these senior secured loans due to the following:

- *Bundalong A$2.2 million* - It relates to a seven-lot residential sub-division project, with five lots fronting the Murray River. The EDF debt facility was commenced in December 2022 and matures in October 2023. The seven lots were valued by an independent property valuer in September 2022 for a total of c. A$15.8 million on an as-completed basis. Four of the seven lots (three of which are waterfront) have been sold on a pre-sale basis, providing full debt cover of the senior debt civil works construction and development facility.

- *Cheltenham A$1.7 million* – This facility was fully repaid in April 2023.

- *Werribee A$0.8 million* – This senior debt is provided to assist with the settlement for the Harpley Town Centre in Werribee where the facility will be used to pursue planning and development approvals for an early learning centre under the Montessori Beginnings brand for up to 90 children. The facility limit is A$812,500 with interest serviced monthly at a floating interest rate linked to the Bank Bill Swap rate. The primary source of loan repayment is via a construction facility to develop the childcare centre and the secondary source of loan repayment is via a land facility post-DA. Based on an independent “as is” land valuation of A$1.25 million done in November 2022, there is an impairment headroom of A$437,500 (more than 50% of the face value of the loan).

Other debt investments

ECT also has five other senior debt investments with a combined value of A$1.9 million as at 31 December 2022 and maturities between March 2023 and June 2023. These investments are presented in the table below.

Remaining Senior Debt Investments at 31 December 2022

Project	Loan (A$)	Fixed/Floating	Secured/Unsecured	Maturity	LVR	Comment
Kiama[1]	790,500	Fixed	Subordinated Senior Tranche, Secured over first mortage	21/04/2023	65%	The short maturities and associated LVRs suggest property values would need to decline by at least 30% over the next 12 months, before the buffer on any of the investments is depleted and the value of the loans is eroded. As such, we have not adjusted the value of the investments.
Rouse Hill[2]	580,000	Fixed	Subordinated Senior Tranche, Secured over first mortage	14/04/2023	70%	
Lilydale[3]	416,500	Floating	Secured over first mortage	11/05/2023	65%	
Irymple	135,000	Floating	Secured over first mortage	23/08/2023	65%	
Total	**1,922,000**					

Source: GTCF analysis
Note 1: Subsequent to 31 December 2022 the maturity for this facility has been extended to April 2024.
Note 2: Subsequent to 31 December 2022 the maturity for this facility has been extended to April 2024. The ECT tranche is subordinated to other EFM investors.
Note 3: Although the facility expires in May 2023, the loan has been extended by 6 months .

6.1.4 ECL's direct investments

ECL owns the following legacy direct investments:

- *Burnley Maltings A$1.8 million (equity):* This investment relates to a 4,500 sqm development site located in Burnley, Melbourne. The development comprises 37 three-story dwellings and three silo apartments containing 63 carparks in a full basement with the planning permit obtained in June 2022. Senior debt development funding is yet to be raised. At 31 December 2022, the net asset value of Burnley Maltings was A$11.2 million, comprising mostly the A$16.1 million purchase price of the land less senior debt of A$5.4 million. ECL's shareholding in Burnley Maltings is 16.1%.

- *Logan Road Woolloongabba A$8.5 million (equity)*: This investment relates to a 9,361 sqm development site located in Woolloongabba, Brisbane. The site includes office/warehouse with totally lettable area of 9,887 sqm and is currently leased to an ASX-listed tenant. This property is being sold to ECL's joint venture partners (CVC and Urban), subject to approval from EDC's non-associated Securityholders, for a price of A$8.4 million. The EGM is expected to be held in late June 2023. The related tax liability on disposal of A$1.5 million is included in the other assets and liabilities.

6.2 Other assets and liabilities

The other net assets and liabilities as at 31 December 2022 include cash of A$8.8 million, trade debtors and creditors, distributions payable, a current tax asset relating to a tax refund owing for FY22, deferred tax liability of A$1.5 million which relates to tax payable on the disposal of Logan Rd, and a deferred tax asset largely due to timing differences and tax losses.

6.3 Corporate costs

The valuation of the investments included in the net assets approach does not reflect the costs of their management and administration. EDC is a stapled group with ECT being internally managed by EFM. Whilst ECT pays fees to EFM, these are eliminated on consolidation. Given that we are undertaking a valuation assessment of the Group on the SOP approach and we have separately valued ECT and EFM on a stand-alone basis, we have deducted from our valuation assessment the capitalised value of the costs that would be incurred by ECT as a stand-alone entity. We have set out below a summary of the costs historically incurred by ECT:

ECT expenses A$	FY21	FY22	H1FY23
Employee and director costs	40,373	18,684	47,890
Legal fees	15,694	13,235	6,190
Management and consultancy fees (1)	610,537	721,142	430,643
Share registry	55,062	70,621	36,020
Other expenses	118,576	126,527	93,578
Total expenses	840,242	950,209	614,321
Annualised expenses	**840,242**	**950,209**	**1,228,642**

Source: Audited and reviewed accounts, GTCF analysis
Note 1 – This is eliminated on consolidation as they represent revenue for EFM

Given our valuation assessment is on a 100% and control basis, we have considered whether a pool of potential purchasers may achieve any savings in relation to these costs. The quantum and extent to which such savings may be realised is inherently uncertain and will vary based upon both the different types of potential acquirers and the circumstances of individual potential acquirers. In the case of any other hypothetical buyer, it is likely that such a buyer may have an existing investment platform given the number of internalisation transactions over the last few years and accordingly it should be capable of absorbing the management of the underlying assets within its existing structure with limited increases.

In our assessment of the potential synergies, we have also considered the synergies adopted by Independent Experts or disclosed by acquirers in other transactions as set out in the table below.

Synergies in precedent transactions Date	Target	Acquirer	REIT Management	Proportion of synergies (%)
Acquirer / Target disclosed synergies:				
2016	Investa Office Fund	Dexus	External	73.3%
2016	Commonwealth Office Property Fund	GPT	External	82.9%
2016	Growthpoint Properties	GPT	External	50.0%
Date	Target	Acquirer	REIT Management	Proportion of synergies (%)
Synergies in IERs:				
2022	Irongate Funds Management Limited	CHPIP	External	40% to 60%
2019	Australian Unity Retail Property Fund	AU DPF	External	50% to 75%
2019	Australian Unity Retail Property Fund	CHC / ABP	External	50% to 75%
2018	Centuria Urban[1]	Centuria Office	External	68%
2018	Investa Office Fund	Blackstone	Internal	70% to 80%
2018	Propertylink	ESR	Internal	40% to 60%
2017	Brookfield Prime[1]	Brookfield	External	69% to 77%
2017	Generation Healthcare[1]	NWH	External	70%
2016	GPT Metro Office Fund[1]	Growthpoint	External	72% to 86%

Source: GTCF analysis, Target Statements, Independent Experts Report and other publicly available information
Note (1): The synergies are sourced from the Independent Expert Report prepared for Investa Office Fund in November 2018; (2) Other information is based on information published in Target Statements or the respective Independent Expert's Report prepared in connection with the transactions.

Based on the above, we have assumed that a pool of potential purchasers will be able to achieve synergies of 60% of the ongoing cost incurred by ECT which we have capitalised at a rate between 12% and 13%. In our estimate of the capitalisation rate, we have considered that 1) the weighted average yield on credit investments was 8.6% as at 31 December 2022; 2) the coupon on the preferred equity for Malvern Road Toorak is 15%; 3) the Group has historically achieved an average equity IRR of c. 20%. We set out our calculations in the table below.

Capitalised ECT operating expenses A$	*Note*	Low	High
Operating expenses (rounded)	*Note 3*	1,200,000	1,250,000
Assessed synergies		60%	60%
Operating expenses post synergies		480,000	500,000
Capitalisation rate		12.0%	13.0%
Assumed inflation		2.5%	2.5%
Capitalised corporate costs (post synergies)		**5,052,632**	**4,761,905**

Source: GTCF analysis

6.4 Valuation assessment of EFM

The valuation assessment of EFM based on the AUM Multiple is outlined in the tables below.

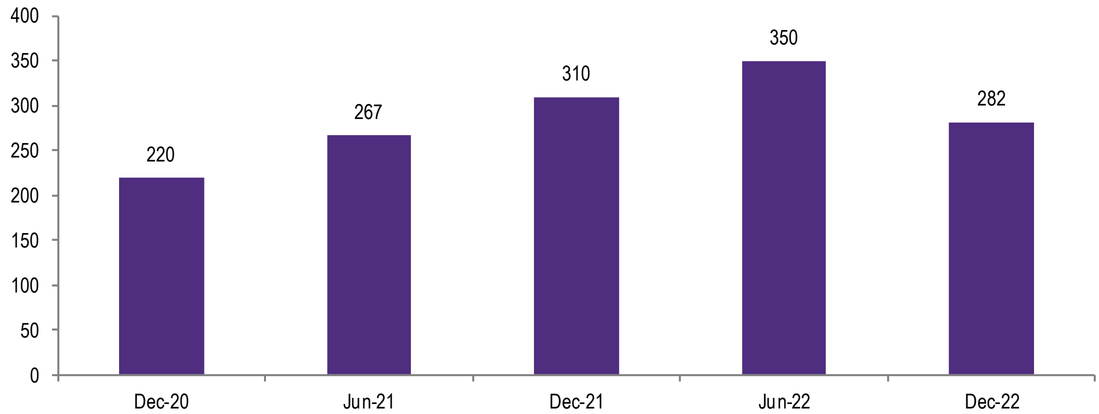
EFM Fair Market Valuation (AUM Multiple) A$	*Reference*	Low	High
Assessed AUM (rounded)	*6.4.1*	280,000,000	280,000,000
EV/AUM rate	*6.4.2*	2.00%	2.50%
EFM enterprise value		**5,600,000**	**7,000,000**

Source: Company Interim results presentation

6.4.1 AUM

EFM operates as a real estate investment management firm providing alternative funding solutions to the real estate sector, investing capital (as debt and / or equity) on behalf of institutional and wholesale investors in Australia. EFM has historically focussed on property development funding. We have set out below historical AUM of EFM.

EFM's AUM (including direct investments of EDC)



Source: EDC's annual and interim reports

As at 31 December 2022, EFM had AUM of c. A$282 million which reduced from c. A$350 million as at 30 June 2022 primarily due to the repayment of a large construction facility of c. A$67 million. Management has advised that whilst EFM has been actively reinvesting the available funds, the investments made have been on a smaller scale resulting in the decrease in AUM as at 31 December 2022. The key contributors to the AUM are 1) the Eildon Direct Property Funds consisting of four funds with gross assets of A$164 million; 2) Eildon Real Estate Credit Funds with AUM of A$75 million, including the flagship EDF which since inception, has completed 40 deals totalling c. A$380 million; 3) the Eildon Opportunity Funds with AUM of c. A$21 million.

We note that the AUM for the EAM Elara Village Property Fund, EAM Berwick Motor Trust and the EAM Caboolture Property Fund, the latter part of Eildon Direct Property Funds, are managed by EAM in which EFM owns a 50% interest.

The pipeline of opportunities for EDC currently is c. A$190 million and it is summarised below with certain opportunities redacted for confidentiality reasons.

Pipeline of opportunities			
Location	Type	Current AUM	As if Complete value
Opportunity Funds			
Harpley Town Centre - Werribee	Equity	3,000,000	16,000,000
Big Fish Retail and Commercial Centre - Caboolture	Equity	5,300,000	8,000,000
		8,300,000	**24,000,000**
Other opportunities			
Pipeline 1	Senior debt - land	n/a	6,000,000
Pipeline 2	Senior debt - land	n/a	17,000,000
Pipeline 3	Senior debt - land	n/a	16,000,000
Pipeline 4	Senior debt - construction	n/a	2,000,000
Pipeline 5	Equity	n/a	5,000,000
Pipeline 6	Equity	n/a	40,000,000
Harpley Property Fund	Equity	n/a	80,000,000
			166,000,000

Source: Management

Among the key pipeline opportunity is the EFM Harpley Town Centre Property Trust for which EFM has recently secured commitments for A$31.5 million to develop a new neighbourhood shopping centre in Werribee, VIC which is anticipated to be completed and opened for trading around mid-2024. This property has been independently valued at A$80 million on a “as completed” basis, which all other things being the same, will increase AUM to over A$350 million.

For the purpose of our valuation assessment, we have conservatively adopted AUM of A$280 million.

6.4.2 AUM Multiple

The selection of an appropriate multiple to apply is a matter of professional judgement and involves consideration of a number of factors including the stability and quality of earnings, the nature of the business, the financial structure of the company and gearing levels, future prospects of the business, and the cyclical nature of the industry.

There are a number of listed companies in Australia that provide similar services as EFM , however, they manage significantly larger AUM and more diversified portfolios and hence we have placed limited reliance on listed companies. Instead, there have been a number of relevant transactions involving the acquisition of funds management platforms which we have considered more relevant for the purpose of our analysis.

The comparable transactions considered in our valuation assessment are set out below.

Summary of recent transactions and internalisation transactions							
Date	Target	Acquirer	EV ($m)	AUM ($m)	EV/AUM (%)	EBIT multiple	EBIT / AUM
Transactions involving issued capital of EDC							
Nov-20	Eildon Funds Management[1]	Eildon Capital Group	4	169 - 205	2.0 - 2.4%	4.7x	0.5 - 0.6%
Aug-19	Eildon Funds Management Ltd	CVC Limited	6	100	6.0%	6.0x	1.0%
Average					**4.1%**	**5.4x**	**0.8%**
Median					**4.1%**	**5.4x**	**0.8%**
Internalisation Transactions							
Oct-20	Investec Australia Property Fund	Irongate Group	40	1,385	2.9%	9.1x	0.3%
Sep-19	Garda Capital Group[2]	Garda Diversified Property Fund	31	405	7.7%	9.4x	0.8%
Aug-18	Aventus Capital Limited	Aventus Retail Property Fund	146	2,000	7.3%	8.8x	0.8%
Nov-14	Arena Investment Management	Arena REIT	12	411	2.8%	10.5x	0.3%
Dec-13	Commwealth Investment Management	CFS Retail Property Trust	460	13,900	3.3%	9.5x	0.3%
Oct-13	GDI[3]	GDI Property Group	32	742	4.3%	5.7x	0.8%
Jul-13	Kiwi Income Property Pty Ltd	Kiwi Income Property Trust	62	1,809	3.5%	6.6x	0.5%
Average					**4.7%**	**9.3x**	**0.5%**
Median					**3.9%**	**9.2x**	**0.5%**
Other management platform transactions							
Jul-22	PMG Property Funds Management Limited	Oriens Capital IM Ltd	Na	900	Na	Na	Na
Jan-22	PMG Property Funds Management Limited	360 Capital Group (TGP)	40	833	4.8%	16.5x	0.3%
Aug-22	Fortius Funds Management Pty Limited	Growthpoint Properties Australia	45	1,900	2.4%	Na	Na
May-21	APN Property Group	Dexus	320	3,208	10.0%	25.4x	0.4%
Apr-21	PrimeWest Group	Centuria Capital Group	428	5,000	8.6%	14.5x	0.6%
Jun-20	GoFARM Asset Management	PrimeWest Group	10	275	3.6%	Na	Na
Jun-20	Augusta Capital Limited	Centuria Platform Investments	81	1,681	4.8%	12.9x	0.4%
May-19	Heathley Limited	Centuria Capital Group	32	620	5.1%	10.0x	0.5%
Nov-18	Heathley Limited	Dexus Property Group	40	528	7.5%	Na	Na
Nov-18	Propertylink Limited	ESR Real Estate	39	1,028	3.8%	9.6x	0.4%
Aug-18	Folkstone Management Platform	Charter Hall Group	56	1,609	3.5%	8.0x	0.4%
May-17	Armada Funds Management	Moelis Australia	31	800	3.8%	6.5x	0.6%
Nov-16	360 Capital Management Platform	Centuria Capital Group	92	1,397	6.5%	10.1x	0.7%
Average					**5.4%**	**12.6x**	**0.5%**
Median					**4.8%**	**10.1x**	**0.4%**

Source: Company annual reports and other publicly available information
NA = Not available
Note (1) See the below discussion for context on the range of values provided; (2) The EBIT multiple for GARDA internalization is a forward FY20 multiple; (3) the GDI internalisation transaction has been calculated based on the average EBIT for the past three years
In the table above, if the transaction involved both a manager and a trust with property investments, we have relied on the AUM and EBIT Multiples adopted by independent experts.

The large basket of transactions included in the table above is due to consolidation trends in the property market wherein asset managers are being internalised owing to perceived conflicts of interest and large variable expenses such as performance fees. Further, some of the institutional investors are unable to invest in stand-alone fund management entities and therefore tend to prefer internalised fund management functions.

Among the above transactions, we are of the opinion that the transactions that have historically occurred in the issued capital of EFM are the most relevant. Specifically, we note the following:

- *August 2019* – CVC acquired the remaining 60% interest that it did not already own in EFM for a consideration of A$3.6 million which implied a value of A$6 million on a 100% basis. At the time, EFM provided management services to Eildon Capital Limited and Eildon Debt Fund with a combined AUM of c. A$100 million[27]. Based on discussions with Management, we understand that at the time of the acquisition, CVC expected significant growth in the AUM in the short-term as a result of the establishment of new funds which, however, did not eventuate.

- *September 2020* – EDC announced the internalisation of its management function via the acquisition of 100% of the issued capital of EFM for A$4.0 million payable in cash. The AUM at completion was A$169 million comprising Real Estate Credit Funds for A$54 million, EDC for A$45 million and Property Income Funds for A$70 million. The Property Income Funds would increase to A$106 million if "as completed" Directors' valuations were adopted to value the underlying investment which would increase the AUM to A$205 million. As a result, this transaction occurred at an AUM multiple between 2.4% and 1.96%.

For the balance of the transactions, we have considered both the internalisation/acquisition of the asset managers (collectively, "Internalisation Transactions") and transactions that are not internalisations ("Other Management Platform Transactions").

The transaction multiples are impacted by several factors which can be broadly classified into three categories:

- Level of entrenchment such as tenure of the management agreement, the mechanism of appointing an alternative responsible entity and the ability of the responsible entity and its associates to control resolutions of unit holders. Higher levels of entrenchment tend to make the removal of the fund manager more difficult, which may result in larger multiples being realised.

- All else being equal, a larger EBIT as a percentage of AUM will result in higher transaction multiples. The EBIT as a percentage of AUM is the operating profit per dollar embedded in the existing assets under management and it is largely dependent on the fee structure under the IMA and the efficient operations of the manager.

- Other qualitative factors such as the reputation of management team, historical returns generated and depth of services.

We are of the opinion that the EFM level of entrenchment is high. We understand through discussions with management that for the Caboolture, Elara, Berwick, Harpley, and Health & Education Funds the respective Trust Deeds stipulate that the removal of the trustee requires a 75% special resolution vote. In the instance that the special resolution for removal of the trustee is passed, a replacement fee of 2% of Gross Asset Value ("GAV") is payable.

We have also considered the transaction metrics such as size of AUM and EBIT as a percentage of AUM, which are set out in the table below for the Internalisation Transactions. We have chosen to present the transaction metrics for the Internalisation Transactions as in our opinion they are the most comparable transactions to the EFM business. By nature, the Internalisation Transactions are more likely to involve an entity that is a pure-play property funds management business, whereas Other Management Platform

[27] CVC annual report released on the ASX in October 2019.

Transactions may include entities that have exposure to direct investments. For the purposes of our valuation, we are assessing the value of EFM on a standalone basis as a pure-play funds management business and therefore believe the Internalisation Transactions provide the most relevant comparison.

Transcation metrics for the Internalisation Transactions							
A$ m	Irongate	GARDA	Aventus	Arena	CFS	GDI	KIWI
Transaction year	2020	2019	2018	2014	2013	2013	2013
EBIT	4.4	3.3	16.6	1.1	48.5	5.7	9.5
EBIT Multiple	9.1x	9.4x	8.8x	10.5x	9.5x	5.7x	6.6x
AUM	1,385	405	2,000	411	13,900	742	1,809
EBIT as a % of AUM (%)	0.32%	0.81%	0.83%	0.27%	0.35%	0.77%	0.52%
EV as a % of AUM (%)	2.89%	7.65%	7.30%	2.80%	3.31%	4.34%	3.45%

Source: GTCF Calculations

In relation to the above metrics, we note that:

- EFM's FY22 reported EBIT as a percentage of AUM was c. 0.39% at the lower end of the range observed from the Internalisation Transactions, however EFM has a significantly lower AUM of c. A$282.4 million relative to the transactions noted above. All else equal, we would expect the significantly lower absolute size of EFM's AUM to result in a lower transaction multiple.

- The AUM multiple varied between a range of 2.89% and 7.65% across the observed Internalisation Transactions. The previous transactions involving the securities of EDC occurred at an AUM multiple of 6.0% and 2.0% to 2.4% for the August 2019 and November 2020 transactions respectively.

We also note that EFM do not own 100% of the management rights to all the funds included in its AUM. For the Berwick, Elara, and Caboolture Property Funds, EFM own 50% of the management rights and accordingly receive a proportional amount of the total management fees generated under these funds. For these funds, the remaining property management rights are owned by Strategic Property Partners ("SPP"). For the purposes of our valuation, we have considered this partial ownership of management rights as part of the adopted AUM multiple.

In our valuation assessment, we have adopted an AUM Multiple between 2.0% and 2.5% which is mainly based on the recent transactions for EFM. This is at the low-end of the AUM Multiple of comparable transactions, which in our opinion is reasonable considering the smaller AUM, the distribution of management rights for a portion of the total AUM, and the greater risk profile of the underlying investments.

6.5 Number of units on issue

The Group has 47,240,617 Stapled Securities and 1,676,500 performance rights on issue. For the purposes of our valuation, we have included the full amount of performance rights in our securities on issue as the performance right vest on a change of control and we have undertaken our valuation assessment on a 100% basis.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- EDC's ASX announcements and related updates regarding the Takeover
- EDC's historical annual reports, investor presentations, and financial results updates
- Various broker reports
- Other publicly available information;
- IBISWorld Report
- S&P Capital IQ
- Discussions with Management
- Other materials provided by Management

7.2 Qualifications and Independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to EDC and all other parties involved in the Takeover with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to EDC, its Securityholders and all other parties involved in the Takeover.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any Securityholding in or other relationship with EDC or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by EDC and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by EDC and other experts through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of EDC.

Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, disclaim all responsibility for EDC's failure to inform us of any changes to any information and/or material which impacts upon the services we have agreed to provide. EDC must take all necessary steps to immediately correct any announcement, communication or document issued which contains, refers to, or is based upon such information.

This report has been prepared to assist the EDC Securityholders in relation to the Takeover. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Takeover is fair and reasonable to the Non-Associated EDC Securityholders.

7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to EDC Securityholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

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Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which Securities in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to Securityholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to Securityholders.

Market value of quoted securities

Market value is the price per issued security as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the securities of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of securities, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Representative REITs

Comparable companies	
Company	Description
Centuria Industrial REIT	CIP is Australia's largest domestic pure play industrial REIT and is included in the S&P/ASX 200 Index. CIP's portfolio of high-quality industrial assets is situated in key metropolitan locations throughout Australia and is underpinned by a quality and diverse tenant base. CIP is overseen by a hands on, active manager and provides investors with income and an opportunity for capital growth from a pure play portfolio of high quality Australian industrial assets. Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with $10.2 billion in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.
Garda Property Group	Garda Diversified Property Fund is a real estate investment trust externally managed by Garda Capital Group. It invests in real estate markets of Australia. The fund intends to invest in commercial offices in city and suburban markets as well as industrial facilities along the eastern seaboard of Australia. Garda Diversified Property is domiciled in Australia.
Centuria Office REIT	COF is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. COF owns a portfolio of high quality assets situated in core office markets throughout Australia. COF is overseen by a hands-on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets. Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Office REIT (COF). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with $10.2 billion in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax effective investment bonds.
Charter Hall Retail REIT	Charter Hall Retail REIT is the leading owner of property for convenience retailers. Charter Hall Retail REIT is managed by Charter Hall Group (ASX:CHC). Charter Hall is one of Australia's leading fully integrated property investment and funds management groups. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We've curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities grow.
Carindale Property Trust	Westfield Carindale is situated in an affluent quarter of Brisbane's south-eastern suburbs approximately 12 kilometres from the Brisbane CBD. The centre services a trade area population of approximately 690,000 with the nearby Gateway Motorway offering residents to the north and south of the centre convenient access. One of the city's leading retail and lifestyle destinations, Westfield Carindale is home to many of Australia's most well-known retailers including David Jones, Myer, Harris Scarfe, Big W, Target, Coles, Woolworths, ALDI and Apple, as well as a host of premium fashion brands. An Event Cinemas complex and a range of other retailers including approximately 400 specialty stores complete the retail offer while the adjoining Carindale Home & Leisure Centre offers bulky goods retail.
Australian Unity Office Fund	AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.

Source: S&P Global, GTCF analysis

Appendix C – Comparable Transactions

Appendix C – Comparable Transactions

Comparable transactions	
Target	Description
Investec Australia Property Fund	Irongate Group has its origins as the Investec Group's Australian and New Zealand property investment and asset management business. Having invested in and managed over A$3bn of assets for the Investec Group, the long-standing management team evolved to become the Irongate Group to continue its growth trajectory and expand its third-party funds management platform. Our strength lies in our disciplined, measured and value-based approach to multi-sector property investment and asset management in Australia and New Zealand. We have dedicated teams that specialise in acquisitions, hands on active asset management, effective balance sheet management and developing trusted capital partnerships.
Garda Capital Group	Garda Capital Group is property funds management headquartered in Brisbane, Queensland, Australia. As of November 29, 2019, Garda Capital Group operates as a subsidiary of Garda Diversified Property Fund.
Aventus Property Group	Aventus Holdings Limited was founded in 2018 and is based in Sydney, Australia.
Arena Investment Management	Arena REIT is an ASX300 listed property group that owns, manages and develops social infrastructure properties across Australia. Our current portfolio of social infrastructure properties is leased to a diversified tenant base in the growing early learning and healthcare sectors.
Commwealth Investment Management	Vicinity Holdings Limited acts as a trustee or manager for managed investment schemes registered under the Managed Investments Act. The company was founded in 2013 and is based in Chadstone, Australia.
GDI	GDI Property Group (GDI) is an ASX listed property owner and fund manager. We have a proud history of delivering strong returns to investors for over 25 years. Our Board and employees are passionate about property and about funds management. We aim to continue to grow the wealth of our investors, provide exceptional accommodation to our customers and be a highly respected brand in our community. Our success has been founded on a sound investment philosophy of buying well, managing well and selling well.
Kiwi Property Management Limited and Kiwi Income Properties Limited	Kiwi Property Management Limited has been amalgamated into Kiwi Property Group Limited. Kiwi Property Management Limited operates as a subsidiary of Kiwi Income Properties Limited. Kiwi Property (NZX: KPG) is one of the largest listed property companies on the New Zealand Stock Exchange and is a member of the S&P/NZX 20 Index. We've been around for over 25 years and proudly own and manage a significant real estate portfolio, comprising some of New Zealand's best mixed-use, retail and office buildings. Our objective is to provide investors with a reliable investment in New Zealand property through the ownership and active management of a diversified, high-quality portfolio. S&P Global Ratings has assigned Kiwi Property an issuer credit rating of BBB (stable) and an issue credit rating of BBB+ for each of its fixed rate senior secured bonds. Kiwi Property is the highest rated New Zealand company within CDP (Carbon Disclosure Project) and is a member of FTSE4 Good, a series of benchmark and tradable indices for ESG (Environmental, Social and Governance) investors. Kiwi Property is licensed under the Real Estate Agents Act 2008.
PMG Property Funds Management Limited	Pmg (Property Management) Limited operates as a real estate operating and management company. It was incorporated in 1999 and is based in Cardiff, United Kingdom.
Fortius Funds Management Pty Limited	Fortius Funds Management Pty Limited is a real estate investment firm based in Australia. As of September 15, 2022, Fortius Funds Management Pty Limited operates as a subsidiary of Growthpoint Properties Australia.
APN Property Group	APN Property Group Limited operates as a real estate investment fund manager in Australia and internationally. It operates through Real Estate Securities Funds, Industrial Real Estate Fund, Direct Real Estate Funds, and Investment Revenue segments. The company manages open ended properties securities funds, listed property trusts, fixed term Australian funds, and wholesale funds. It manages direct property and listed funds, and managed investment schemes. The company provides its products to institutional and retail investors directly, as well as through independent financial planner networks and financial institutions. APN Property Group Limited was founded in 1996 and is headquartered in Melbourne, Australia. As of August 13, 2021, APN Property Group Limited operates as a subsidiary of Dexus.
PrimeWest Group	Primewest Group Limited is a real estate investment firm specializing in investment in real estate assets. It seeks to invest in commercial, industrial, retail, large format retail, tourism, residential, land & agricultural property assets located in Australia. Primewest Group Limited is based in Perth, Australia with an additional office in Sydney, Australia.
GoFARM Asset Management	goFARM Australia Pty Ltd. provides agricultural investment advisory services. The company's services include designing investment strategies, leading acquisition and divestment activities, implementing asset development/repositioning, preparing financial modeling and sensitivity analysis, and providing ongoing management and operational solutions. Its client base includes ASX-listed companies, institutional asset managers, corporates, large family-farm enterprises, high net worth individuals, banking institutions, and real estate agents. The company was founded in 2014 and is based in Melbourne, Australia. As of June 18, 2020, goFARM Australia Pty Ltd operates as subsidiary of Primewest Group Limited.

Comparable transactions	
Target	Description
Augusta Capital Limited (nka:Centuria Capital Limited)	Augusta Capital Limited engages in the investment of commercial and industrial properties in New Zealand. The company owns five commercial properties comprising commercial office towers, office buildings, finance center, and business parks located in Auckland. It also provides property syndication services. The company was formerly known as Kermadec Property Fund Limited and changed its name to Augusta Capital Limited in March 2012. Augusta Capital Limited was incorporated in 2006 and is based in Auckland, New Zealand.
Heathley Limited	Heathley Limited is a real estate investment firm specializing in multi–property and single property funds investing in prime commercial office, industrial, and medical sectors. Heathley Limited was founded in 1977 and is based in Sydney, Australia. Heathley Limited operates as a subsidiary of Centuria Platform Investments Pty Ltd.
Propertylink Limited	PropertyLink Investment Management Ltd. is a real estate investment firm based in Australia.
Folkstone Management Platform	Folkstone Management Ltd operates as a specialized consumer services company. It provides personal care services. It was incorporated in 2019 and is headquartered in Dartford, United Kingdom.
Armada Funds Management	Armada Funds Management Pty Limited is a real estate investment firm specializing in wholesale direct property investments. Armada Funds Management Pty Limited based in Australia. As of June 1, 2017, Armada Funds Management Pty Limited operates as a subsidiary of Moelis Australia Limited.
360 Capital Management Platform	360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.

Source: S&P Global Capital

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Appendix D – Summary of fee structure

Summary of key terms	
Fund	Description
EFM Harpley Town Centre Property Trust	
Investment Manager	EFM
Fund set up costs	A one off expense of $150,000 (excl. GST).
Facilitation fee	Up to $300,000 (excl. GST) or 0.40% of the gross asset value
Development management fee	Up to $300,000 (excl. GST) or 0.40% of the gross asset value
Management fee	0.40% per annum (excl. GST) of the gross asset value
Performance fee	20.0% of the return of the Fund once Investors have received an equity IRR return of 9.0% per annum (pre-tax and post fees, excluding the Performance Fee).
EAM Elara Village Property Fund	
Investment Manager	EAM
Fund set up costs	A one-off expense of $265,500 (excl. GST)
Management fee	0.55% per annum of gross asset value
Performance fee	20.0% of the amount by which the IRR to unitholders exceeds 9.0% per annum
EAM Berwick Motor Trust	
Investment Manager	EAM
Fund set up costs	A one-off expense of $127,500 (excl. GST)
Management fee	0.55% per annum of gross asset value
Performance fee	20.0% of the amount by which the IRR to unitholders exceeds 9.0% per annum
EAM Caboolture Property Fund	
Investment Manager	EAM
Fund set up costs	A one-off expense of $279,000 (excl. GST)
Funds raising fee	1.0% of the equity raised
Asset acquisition fee	2.0% of the acquisition price
Management fee	0.55% per annum of gross asset value
Asset disposal fee	1.0% of the gross sale price
Project management fee	$450,000
Debt arrangement fee	0.5% of any debt facility arranged
Performance fee	20.0% of the amount by which the IRR to unitholders exceeds 9.0% per annum
Malvern Road Toorak	
Investment Manager	EIS
Establishment fee	$128,400 (excl. GST) of which $86,028 (2% of the Preferred Equity Facility) will be paid to Eildon Investment Services Pty Ltd and $42,372 (1% of the Preferred Equity Facility) to Quattro for deal origination / brokerage.
Financial management fee	$7,000 (excl. GST) per month, capped at $160,000 (excl. GST)
Project management fee	$24,400 (excl. GST) per month, capped at $588,000 (excl. GST) of which $147,000 (excl. GST) will be capped for the pre-construction phase to be drawn on a cost to complete basis.
Bundalong	
Investment Manager	EIS
Establishment fee	0.55% (excl. GST) of the facility limit
Management fee	1.0% (excl. GST) of the facility limit

Appendix E – EDC trading price - liquidity analysis

EDC – Trading volume analysis from October 2021 to March 2023

Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of securities traded ($'000)	Volume traded as % of total securities	Cumulative Volume traded as % of free float securities	Volume traded as % of free float securities	Cumulative Volume traded as % of total securities
Oct 2021	310	1.0193	316	0.7%	1.8%	1.8%	0.7%
Nov 2021	316	1.0323	326	0.7%	3.7%	1.9%	1.3%
Dec 2021	296	1.0504	311	0.6%	5.5%	1.8%	2.0%
Jan 2022	168	1.0292	173	0.4%	6.5%	1.0%	2.3%
Feb 2022	294	1.0195	300	0.6%	8.2%	1.8%	2.9%
Mar 2022	307	1.0100	310	0.7%	10.1%	1.8%	3.6%
Apr 2022	190	1.0136	192	0.4%	11.2%	1.1%	4.0%
May 2022	273	0.9961	272	0.6%	12.8%	1.6%	4.6%
Jun 2022	171	0.9994	171	0.4%	13.8%	1.0%	4.9%
Jul 2022	60	0.9583	57	0.1%	14.2%	0.4%	5.1%
Aug 2022	101	0.9426	95	0.2%	14.8%	0.6%	5.3%
Sep 2022	147	0.8749	129	0.3%	15.7%	0.9%	5.6%
Oct 2022	118	0.7971	94	0.2%	16.4%	0.7%	5.8%
Nov 2022	152	0.8184	124	0.3%	17.3%	0.9%	6.2%
Dec 2022	99	0.8258	82	0.2%	17.9%	0.6%	6.4%
Jan 2023	68	0.8181	56	0.1%	18.3%	0.4%	6.5%
Feb 2023	32	0.8523	28	0.1%	18.5%	0.2%	6.6%
Mar 2023	213	0.7876	168	0.5%	19.7%	1.3%	7.0%
Min				**0.07%**		**0.19%**	
Average				**0.39%**		**1.10%**	
Median				**0.36%**		**1.01%**	
Max				**0.67%**		**1.88%**	

Sources: S&P Global and GTCF Analysis

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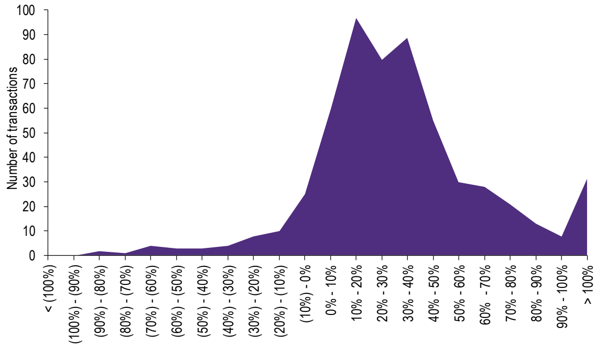
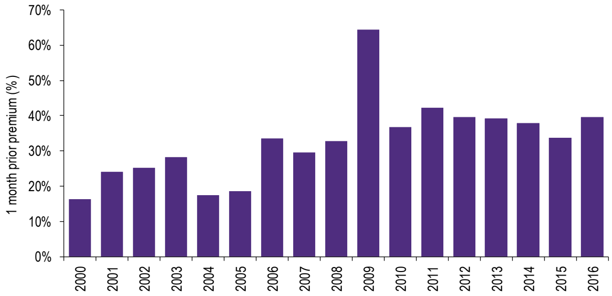
Appendix F – Premium for control analysis

Evidence from studies indicates that premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium vary significantly for each transaction.

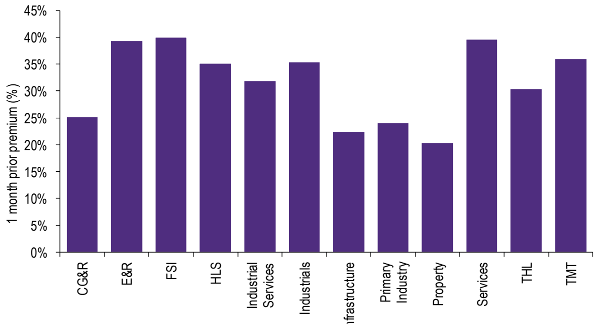
1 Month Prior Control Premium



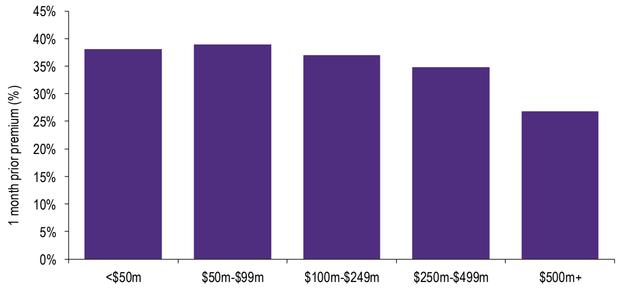
Control premium per completion date



Control premium per industry



Control premium and size



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF analysis.

Appendix G – Glossary

A$	Australian Dollar
ADI	Authorised Deposit-taking Institutions
AFSL or AFS Licence	Australian Financial Services Licence
APES 225	Accounting Professional and Ethical Standards 225 Valuation Services
APRA	Australian Prudential Regulatory Authority
A-REIT Index	S&P ASX 200 A-REIT index
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX LR10.1	Australian Securities Exchange Listing Rules 10.1 Transactions with related parties
AUM	Asset under management
AUM Multiple	Enterprise Value divided by AUM
CBRE	CBRE Group, Inc.
Corporations Act	Corporations Act 2001
CVC	CVC Limited
DCF	Discounted Cash Flow
EAM	Eildon Asset Management Trust
EBIT	Earnings before, interest and tax
EBIT Multiple	Enterprise Value divided by underlying EBIT
ECT	Eildon Capital Trust
EDC or Group	Eildon Capital Group
EDF	Eildon Debt Fund
EFM	Eildon Funds Management Limited
ECL	Eildon Capital Limited
Elara Village Town Centre	'Elara Estate' Marsden Park, Sydney
ELC	Early Learning Centres
EV	Enterprise Value
FSG	Financial Services Guide
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Services Guide
FYxx	12 month financial year ended 30 June 20xx
GAV	Gross Asset Value
GARDA	GARDA Capital Group
GDI	GDI Property Group
GDI Internalisation	The transaction in October 2013 to internalise GDI
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
H&G	Hancock and Gore Ltd
IBC	Independent Board Committee
IER or Report	Independent Expert Report
IMA	Investment Management Agreement
Internalisation	The transaction that EDC announced to acquire 100% of the issued capital of EFM to internalise the management of EDC
Internalisation Transactions	The comparable transactions involving internalisation of the asset managers (with the exception of Centro Business Services Limited)
LEP	Local Environment Plan

LTVR	Loan-to-Value-Ratio – expresses the ratio of a loan to the value of an asset purchased
MNL	MacArthur National Limited
NAB	National Australia Bank
NA	Net assets
Non-ADI	Non-Authorised Deposit-taking Institutions
NTA	Net tangible assets
Offer Price	Cash offer price of A$0.93 STAM launched for the off market takeover offer
Other Management Platform Transactions	The comparable transactions that are not Internalisation Transactions
RBA	Reserve Bank of Australia
RG	Regulatory Guide
RG 74	ASIC Regulatory Guide 74 "Acquisition approved by members"
RG111	ASIC Regulatory Guide 111 “Contents of expert reports”
RG112	ASIC Regulatory Guide 112 “Independence of experts”
RG5	ASIC Regulatory Guide 5 "Relevant Interests and Substantial Holding Notices"
RG60	ASIC Regulatory Guide 60 “Scheme of arrangement”
Securityholder	A person or legal entity in whose name a Security is registered
SOP	Sum of the parts
SPP	Strategic Property Partner Investments Pty Ltd
STAM or Bidder	Samuel Terry Asset Management Pty LTD atf Samuel Terry Absolute Return Active Fund
Stapled Securities	Stapled Securities of EDC
Takeover or Offer	STAM launched an off market takeover offer to acquire all the issues Stapled Securities of EDC for the cash price of A$0.93 per Stapled Security on 24 April 2023
WACC	Weighted Average Cost of Capital.
WALE	Weighted Average Lease Expiry
Woolloongabba Investment	EDC's equity investment located on Logan Road in Woolloongabba

Appendix 2 – Eildon's ASX announcements

The following table lists announcements made to the ASX by Eildon over the period between 24 April 2023 (being the date on which the Offer was announced) and the Last Practicable Date.

Date	**Title**
24 April 2023	Change in substantial holding from CVC
24 April 2023	Becoming a substantial holder
24 April 2023	Intention to Make Takeover Bid
24 April 2023	Bidder's Statement
24 April 2023	Response to Takeover Announcement
24 April 2023	Ceasing to be a substantial holder from CVC
26 April 2023	Change in substantial holding
26 April 2023	Response to Takeover Offer
27 April 2023	Becoming a substantial holder from HNG
27 April 2023	Ceasing to be a substantial holder
8 May 2023	Bidder's Statement – Notice of Despatch
9 May 2023	Supplementary Bidder's Statement
17 May 2023	Change in substantial holding from HNG
17 May 2023	ASIC Relief for Electronic Delivery of Target's Statement

Corporate Directory

Eildon Capital Group

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)

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Mr Matthew Reid (Chair)
Ms Michelle Phillips

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