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ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

INVESTMENT IN BURDEKIN, NORTH QUEENSLAND AND OPERATING MODEL UPDATE

Eildon Capital Group (ASX:EDC) (**EDC or the Group**) is pleased to advise that it has entered into a joint venture with AAG Investment Management Pty Ltd (**AAG**) to form the Dalmil Sugar Land Trust (**Joint Venture**). The purpose of the Joint Venture is to acquire and convert a sandalwood plantation located in Burdekin, North Queensland, 60km South West of Ayr (**Transaction**), to be funded by a combination of equity and bank debt.

Under the terms of the Joint Venture, EDC will invest 90% of the equity capital for the Transaction and AAG will invest 10%.[1] AAG which will act as Investment Manager of the Joint Venture.

As part of the Transaction, the Joint Venture has entered into a sale contract with the receivers and managers of Sandalwood Properties Ltd (receivers and managers appointed) (in liquidation) and Quintis Forestry Pty Ltd (receivers and managers appointed) (in liquidation) to acquire the Millaroo and Dalbeg Sandalwood Plantation Aggregations and water allocations, which comprise approximately 1,835 hectares of irrigable land within the Burdekin Irrigation District in Queensland (**Property**), for $20.8 million (excluding stamp duty, fees and costs). EDC and AAG will provide a combined equity contribution of $10.8 million and the balance $10 million will be funded by bank debt from a leading Australian bank. The Burdekin Irrigation District is one of Queensland's premier irrigation regions, primarily growing sugarcane with a secondary focus on irrigated grains, oilseeds and tropical horticulture. The Property also includes water allocations and delivery infrastructure. The sale is conditional on all steps and notifications required to transfer the water allocations effecting the property being completed on or before 30 September 2025. Completion is expected in September 2025.

The Joint Venture does not intend to operate the properties as a long-term agricultural enterprise. The Investment Manager role includes removing and disposing of the standing plantation and remediating the land to a condition suitable for sugar cane farming. The Property sits across a number of separate titles and the Joint Venture intends to sell the land and any other assets over a 3-year investment term.

[1] AAG's 10% equity stake will be funded by way of secured loan from EDC on arms' length terms.

Under the terms of an investment management agreement entered into between the Joint Venture and AAG, AAG will receive an annual management fee in addition to a performance fee, which would be payable upon the sale of the assets for an amount exceeding the hurdle rate of return.

The Investment Manager has an 18-year track record in institutional-scale forestry-to-agriculture conversion with over 100,000 hectares of experience to date including direct management of all harvesting, biomass removal and land remediation activities.

EDC and AAG have entered into a securityholders' agreement governing the terms of the Joint Venture, including customary provisions relating to voting and board appointment rights, funding and dealings with securities (including drag along, tag along and exit provisions).

OPERATING MODEL UPDATE

EDC announced a general and strategic review of the operating model of the Group in August 2023 and, following completion of that review, provides the following operational update. To respond to prevailing market conditions and maximise long-term value for securityholders by enhancing returns, maintain disciplined capital allocation and provide transparency to securityholders, the Board intends to adopt a revised operating model.

EDC will seek to position itself as a low cost, listed investment platform with the following priorities:

- **Investment focus**: EDC will concentrate on a select number of investment opportunities in Australia, primarily sourced through third party investment managers, maintaining a strong focus on real estate.
- **Targeted return**: the Group will seek investments that are expected to deliver returns in excess of the prevailing cash rate by at least 10%.
- **Listed entity**: EDC will offer securityholders access to a listed vehicle focused on smaller-scale private market opportunities with defined investment terms which will be held to maturity or exited via structured processes.
- **Portfolio composition**: EDC's portfolio will comprise a combination of yield and capital growth-focused assets, with an emphasis on total return.
- **Deal origination**: EDC will continue to leverage its extensive network of investors and investment managers to originate high-quality opportunities.

In light of the revised operating model, the Group is forecasting a material reduction in corporate overheads and running costs from $3.8m p.a. in FY24 to approximately $1.5m p.a. in FY26.[2] EDC has also returned approximately $3.3 million to securityholders via an on-market buyback since April 2025.

This announcement has been authorised by the Board for release.

[2] Excluding fees for one-off items and fees paid to Benchmark Property Group (which manages the Eildon Debt Fund investments).

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