

Appendix 4D

Preliminary financial statements for the six months ended 31 December 2024 as required by ASX listing rule 4.2A.3

Results for announcement to the market (All comparisons to the 6 months ended 31 December 2023)	31 Dec 2024 (\$'000)	Up/ down	Movement (%)
Revenue from ordinary activities	22,557	Up	11.3%
Underlying EBITDA ¹	8,165	Up	15.7%
Profit from ordinary activities after tax attributable to members	6,362	Up	1.0%
Net profit for the period attributable to members	6,362	Up	1.0%

Additional financial information (All comparisons to half-year ended 31 December 2023)	31 Dec 2024 (cents)	Up/ down	Movement (%)
Earnings per share (EPS)	1.86	Down	-10.9%
Diluted earnings per share	1.85	Down	-11.4%

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit (%)
Interim 2025 dividend	0.73	0.00	N/A
Final 2024 dividend	0.70	0.00	N/A

Interim dividend dates	
Ex-dividend date	3 March 2025
Record date	4 March 2025
Payment date	18 March 2025

The Company's Dividend Reinvestment Plan (DRP) will not apply to the interim dividend.

¹ Refer Definitions on page 2

Net tangible assets per security

	31 Dec 2024	31 Dec 2023
	(cents)	(cents)
Net tangible asset per security	52.3	46.3

Details of associates and joint venture entities

	31 Dec 2024	31 Dec 2023
Joint venture		
Affordable Living Unit Trust, Affordable Living Services Unit Trust Holding (%)	50	50
Aggregate share of profits from the joint venture (\$'000)	447	1,621
Contributions to net profit from the joint venture (\$'000)	447	1,621
Associate		
Eureka Villages WA Fund Holding (%)	27.1	32.8
Aggregate share of profits from the associate (\$'000)	651	56
Contributions to net profit from the associate (\$'000)	651	56

This information should be read in conjunction with the 2024 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the 6 months ended 31 December 2024 Financial statements.

This report is based on the Interim Financial Report for the six months ended 31 December 2024 which has been reviewed by Ernst and Young.

Definitions

EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements.

Underlying EBITDA is an unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.



Eureka Group Holdings Limited

Interim Financial Report

For the 6 months ended 31 December 2024

(ASX Code: EGH)



Eureka Group Holdings Limited

ABN 15 097 241 159

Interim report – Six months ended 31 December 2024

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Directors' report

Your directors present their report on the consolidated entity consisting of Eureka Group Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2024 (the half-year). Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were directors of Eureka Group Holdings Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

- Murray Boyte
- Russell Banham
- Sue Renkin
- Greg Paramor AO
- John Whiteman - appointed on 2 September 2024

Principal activities

During the half-year, the principal continuing activities of the Group consisted of:

- Accommodation and services to independent senior residents, and
- Specialist property management and caretaking services for seniors' independent living communities.

Review of operations and financial review

The Group has reported a half-year profit before tax of \$9.21 million (2023: \$9.09 million) and a profit after tax of \$6.36 million (2023: \$6.30m). Underlying EBITDA¹ increased by 15.6% to \$8.16 million (2023: \$7.06 million) while underlying profit before tax² increased by 24.2% to \$5.38 million (2023: \$4.33 million). Underlying earnings per share³ was 1.57 cents (2023: 1.44 cents).

Growth in the Group's revenue and underlying results reflects organic growth in existing rental villages, the impact of current and prior period acquisitions and developments and improved maintainable earnings. Full period contributions from the completion of the 51-unit expansion of the village in Brassall, Qld and the investment in the Eureka Villages WA Fund (the Fund) in the prior half-year, along with the acquisition of the village in Mount Barker, SA during the half-year were key drivers of the growth.

Occupancy remained stable across the portfolio and was 97.3% at balance date (30 June 2024: 98%).

Despite the growth in the underlying results during the half-year, the Group's statutory profit after tax was in line with the prior period, due to a lower net revaluation increment in the half-year.

The Group recorded a \$4.59 million net gain on change in the fair value of the Group's investment properties (2023: \$5.62 million), including its share of the Western Australian (WA) assets which are owned by the Fund and the Tasmanian assets which are owned in a joint venture, in which the Group has a 50% interest. The net revaluation increment was lower than the prior period due to lower revaluations in certain Tasmanian assets as scheduled rent increases were delayed or partially reduced following a number of resident complaints regarding the size of the rent increases in the Tasmanian villages. In addition, a review of the level of rental increases was also undertaken across all other villages. There has been improvement in maintainable earnings in other villages which supports the revaluation amounts, while capitalisation rates remained stable. Delayed rent increases were processed in early 2025 and will be captured in the next valuation cycle scheduled for June 2025. The weighted average capitalisation rate at balance date was 8.15% (30 June 2024: 8.17%).

At balance date, Eureka owned 34 villages (30 June 2024: 33), of which 5 are held in a joint venture. It also has 19 villages under management including the 6 in the Fund which is managed by Eureka (30 June 2024: 19). Total units at balance date were 2,872 (30 June 2024: 2,835 units).

The Group's statutory tax rate is 30% (2023: 25%). Deferred tax balances have been stated at 30% (30 June 2024: 30%), resulting in an effective tax rate of 31% for the half-year (2023: 31%). No cash income tax will be payable until the Group has utilised its carry forward revenue tax losses.

Net operating cash flow for the half-year was \$1.24 million (2023: \$3.77 million) which included payment of costs defending the Aspen Group Limited (Aspen) takeover bid of \$1.21m (2023: \$nil) and payment of annual insurance premiums earlier than in the prior year. Interest payments were \$1.41 million higher than the prior half-year due to higher interest rates and higher average debt levels prior to the capital raise in November 2024.

^{1 2, 3} Refer definitions on page 4

A summary of the Group's performance and reconciliation to the Group's Underlying EBITDA¹ is shown below:

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Performance summary		
Profit before tax	9,210	9,088
Profit after tax	6,362	6,299
Basic earnings per share (cents)	1.86	2.09
Diluted earnings per share (cents)	1.85	2.09
Underlying EBITDA¹ reconciliation		
Profit after tax	6,362	6,299
Income tax expense	2,848	2,789
Depreciation and amortisation	250	402
Finance costs	2,376	2,323
EBITDA¹	11,836	11,813
Net (gain)/loss on change in fair value of:		
Investment properties	(4,601)	(4,515)
Investment properties classified as non-current assets held for sale	285	-
Investment properties held in equity accounted investments	(277)	(1,100)
	7,243	6,198
Transaction costs including acquisitions, disposals and asset realisations	167	113
Capital management projects	351	286
Technology project	134	324
Other	270	135
Underlying EBITDA¹	8,165	7,056
Underlying profit before tax ²	5,376	4,331
Underlying earnings per share³ (cents)	1.57	1.44

- EBITDA (Earnings before interest, tax, depreciation, and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements.

Underlying EBITDA is an unaudited non-IFRS measure that represents the operating performance of the Group's villages and managed investments, less recurring support office overheads and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.

- Underlying profit before tax is an unaudited non-IFRS measure and equals Underlying EBITDA less finance costs, depreciation and amortisation.
- Underlying profit before tax divided by weighted number of shares on issue.

Financial position

Summary information in relation to the Group's financial position is shown below:

		31 Dec 2024	30 Jun 2024
Total assets	\$'000	297,660	275,230
Net assets	\$'000	229,319	154,241
Cash and cash equivalents	\$'000	3,254	2,257
Debt – bank loan	\$'000	39,092	91,331
Shares on issue	'000	424,179	303,859
Net tangible assets per share	cents	52.3	48.3
Balance sheet gearing ¹	%	13.5	36.6

1. Balance sheet gearing is calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity.

Significant balance sheet movements during the half-year are disclosed below.

Acquisitions and asset management

During the half-year, the Group made the following investment property acquisitions:

- Boutique over 50's rental village in Mount Barker, SA comprising 55 units for consideration of \$10.30m, and
- 26 additional units in its managed strata-titled villages in Qld and SA for consideration of \$3.18 million.

The Group spent \$0.23 million on village developments including:

- planning for the 124-unit Kingaroy greenfield development (\$0.16 million), and
- completion of the 51-unit Brassall, Qld expansion (\$0.06 million).

A further \$1.78 million was spent on enhancing owned villages through capital improvements.

There were no other significant acquisitions made during the half-year.

Disposals
Reduction in Eureka Villages WA Fund Investment

The Group reduced its holding in the Eureka Villages WA Fund from 9 million units (32.6%) to 7.73 million units (27.1%) for consideration of \$1.27 million and intends to maintain its current holding for the duration of the Fund. The disposal proceeds were the same as the initial investment in the units sold, resulting in no gain or loss on disposal.

Asset recycling program

The Group has identified a series of planned divestments to improve overall asset portfolio quality and operating performance and release capital for investment in further acquisition, expansion and development opportunities.

The Eureka Mount Gambier community located in South Australia, was contracted for sale on 27 December 2024 for \$5.0 million, in line with book value. Settlement occurred subsequent to balance date on 28 January 2025.

A further \$25 million to \$30 million of asset sales are planned over the next 12 months.

Capital management – debt & equity
Debt

During the half-year, the Group's core National Australia Bank (NAB) facilities remained at \$101.00 million (30 June 2024: \$101.00 million). The Group was in compliance with all banking covenants during the half-year. Under the terms of its NAB debt facility, Eureka can deposit and withdraw funds in accordance with its working capital needs, subject to satisfaction of the bank covenants.

At balance date, the drawn amount under the facility was \$39.09 million (30 June 2024: \$91.33 million). Funds from the capital raise that was completed during the half-year were partially used to repay debt during the half-year and will be redrawn to fund future acquisitions and developments as they occur.

\$30 million or 77% (30 June 2024: \$50 million or 55%) of the debt was hedged using interest rate swaps. One interest rate swap for \$20 million matured on 30 December 2024.

A \$5.00 million facility which was due to expire on 31 October 2025 was extended to 31 March 2026 during the half-year. The total facility of \$101.00 million expires on 31 March 2026.

A refinancing project is underway to extend and increase the size of the debt facilities which will be completed before 30 June 2025.

Equity

The Group completed a fully underwritten \$70.4 million equity raise to fund future acquisitions and developments during the half-year comprising of a:

- \$55.4 million 1 for 3.4 accelerated non-renounceable pro-rata entitlement offer, and
- a \$15.0 million institutional placement.

Details of the equity movements for the half-year are as follows:

- Dividends of \$2.15 million (2023: \$2.02 million) were paid, comprising:
 - cash dividends of \$0.86 million (2023: \$1.72 million), and
 - shares issued to existing shareholders pursuant to the Dividend Reinvestment Plan (DRP) of \$1.29 million (2023: \$0.30 million), resulting in 2,040,534 shares being issued.
- On 19 September 2024, 2,872,462 new fully paid ordinary shares were issued to Simon Owen, the Group's Chief Executive Officer for a cash offer price of \$0.5222 per share, totalling \$1,500,000.
- On 4 November 2024, 24,590,164 new fully paid ordinary shares were issued under an institutional placement at an offer price of \$0.61 per share totalling \$15.0 million.
- On 4 November 2024, 79,984,932 new fully paid ordinary shares were issued under an institutional component of the entitlement offer at an offer price of \$0.61 per share totalling \$48.8 million.
- On 18 November 2024, 10,830,955 new fully paid shares were issued under the retail component of the entitlement offer at an offer price of \$0.61 per share totalling \$6.6 million.

There were also the following movements in equity instruments during the half year:

- On 19 September 2024, 2,872,462 options were issued to Mr Owen with an exercise price of \$0.5222. These will vest on 12 September 2027, subject to the satisfaction of service conditions.
- 126,953 share rights lapsed during the half-year as the performance hurdles were not satisfied.
- On 14 October 2024, 962,772 share rights were issued to Mr Owen pursuant to the Eureka Omnibus Equity Plan. The share rights have an exercise price of \$nil and will vest on 30 September 2027, subject to the satisfaction of performance and service conditions.

Likely developments and expected results

Eureka is committed to:

- Expanding its operations by growing and executing on its pipeline of opportunities in the affordable rental sector, including seniors' rental and all-age rental, as we continue to target quality acquisitions, expansion of existing communities, re-purposing existing built form into rental communities and greenfield development
- Implementing its environmental, social and governance framework. The Group's Environmental, Social & Governance (ESG) Committee is responsible for overseeing social, governance and environmental initiatives in accordance with the Group's 'resident-first' philosophy, its social licence to provide affordable rental accommodation to a growing number of seniors and minimising the Group's environmental impact
- Maximising its core business of providing rental accommodation for independent seniors through the active management of existing assets, the acquisition of additional villages and units, and the realisation of development opportunities, including development of the Group's greenfield sites in Kingaroy, Qld and Gladstone, Qld
- Improving the performance of the existing portfolio with continued focus on maintaining and improving occupancy through the ongoing strengthening of our relationships within our communities
- Implementing operational efficiencies, cost reduction and streamlined support services through process and systems improvements across our villages and support office, and
- Recycling of capital through the divestment of the Group's non-core assets and active portfolio management including the disposal of assets which may cease to meet target performance levels, risk appetite levels or efficiency metrics.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group, other than those addressed in the Directors' Report.

Events since the end of the half-year

Subsequent to balance date, the following significant transactions have occurred:

Dividend

The Company declared an interim dividend in respect of the half-year of 0.73 cents per share, payable on 18 March 2025 amounting to \$3.10 million. The record date is 4 March 2025. The Group's dividend reinvestment plan is not effective for this interim dividend.

Sale of Mount Gambier village

During the half-year, the Group entered into an unconditional contract for the disposal of the village for \$5.0 million, which was in line with book value. Settlement occurred subsequent to balance date on 28 January 2025.

Acquisition of residential home village and caravan park in Kin Kora, Gladstone, Qld

On 5 February 2025, the Group entered into an unconditional contract for the acquisition of a mixed-use residential home village and caravan park in Gladstone, Qld for \$4.5 million with settlement expected on 13 March 2025. The acquisition will enable the Group to expand by providing affordable rental homes in the all-age rental sector.

Board and management changes

During, and subsequent to, the end of the half-year, there have been a number of changes to the Board and management team. Mr Simon Owen was appointed as Chief Executive Officer (CEO) with effect from 12 September 2024, with Mr Murray Boyte transitioning from executive duties to Non-Executive Chairman on the same date.

Mr John Whiteman joined the Board as an independent non-executive director on 2 September 2024. From 25 February 2025, Mr Boyte will retire from the Board and his Chairman role. At that time, independent non-executive director Mr Russell Banham will assume the role of Non-Executive Chairman and Ms Carolyn Tregarthen will join the Board as an independent non-executive director and Chair of the Audit and Risk Committee.

It has also been announced that Ms Laura Fanning has resigned as Chief Financial Officer (CFO) and Joint Company Secretary of Eureka Group Holdings Limited, effective from 21 March 2025. The Company has commenced a search process to appoint a new CFO.

There were no other significant events since the end of the half-year for the Group, other than those addressed in the Directors' Report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Murray Boyte
Non-Executive Chair

Brisbane
24 February 2025



**Shape the future
with confidence**

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Auditor's independence declaration to the directors of Eureka Group Holdings Limited

As lead auditor for the review of the half-year financial report of Eureka Group Holdings Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Eureka Group Holdings and the entities it controlled during the financial period.

Ernst & Young

Wade Hansen
Partner
Brisbane
24 February 2025

Consolidated statement of comprehensive income

for the half-year ended 31 December 2024

	Notes	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Rental income		16,496	14,286
Catering income	3	3,057	2,991
Service and caretaking fees	3	3,004	2,995
Total revenue	2	22,557	20,272
Finance income	2	16	10
Other income	2	8	10
Total revenue and other income		22,581	20,292
Village operating expenses	4	(10,382)	(9,367)
Employee expenses		(3,547)	(3,271)
Finance costs		(2,376)	(2,323)
Marketing expenses		(70)	(80)
Depreciation and amortisation expense		(250)	(402)
Other expenses		(2,146)	(1,980)
Total operating expenses		(18,771)	(17,423)
Share of net profit of equity accounted investments	10	1,097	1,677
Net gain/(loss) on change in the fair value of:			
Investment properties	9	4,601	4,515
Investment properties classified as non-current assets held for sale	8	(285)	-
Impairment (expense)/reversal of:			
Financial assets		-	27
Other assets		(13)	-
Profit before tax		9,210	9,088
Income tax expense	5	(2,848)	(2,789)
Profit after tax		6,362	6,299
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Decrease in the fair value of cash flow hedges	16	(250)	(519)
Share of other comprehensive expense of equity accounted investment	16	(44)	(92)
Income tax benefit	16	88	183
Other comprehensive expense, net of tax	16	(206)	(428)
Total comprehensive income		6,156	5,871
		Cents	Cents
Earnings per share attributable to ordinary equity holders of the Company:			
Basic earnings per share		1.86	2.09
Diluted earnings per share		1.85	2.09

Consolidated statement of financial position

As at 31 December 2024

	Notes	31 Dec 2024 \$'000	30 Jun 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		3,254	2,257
Trade and other receivables	6	824	741
Other financial assets at amortised cost		37	37
Derivative financial instruments	13	19	56
Other current assets	7	2,782	1,364
		6,916	4,455
Non-current assets classified as held for sale	8	5,000	10,492
Total current assets		11,916	14,947
Non-current assets			
Investment properties	9	257,989	231,391
Investments accounted for using the equity method	10	19,313	20,219
Intangible assets	11	7,355	7,505
Derivative financial instruments	13	-	214
Property, plant and equipment		72	75
Right-of-use assets		693	540
Other financial assets at amortised cost		322	339
Total non-current assets		285,744	260,283
Total assets	2	297,660	275,230
LIABILITIES			
Current liabilities			
Trade and other payables	12	3,391	5,899
Lease liabilities		158	188
Employee benefit obligations		1,236	1,088
Total current liabilities		4,785	7,175
Non-current liabilities			
Trade and other payables	12	152	161
Borrowings	13	38,991	91,223
Lease liabilities		617	435
Deferred tax liabilities	14	23,734	21,931
Employee benefit obligations		52	54
Provisions		10	10
Total non-current liabilities		63,556	113,814
Total liabilities	2	68,341	120,989
Net assets		229,319	154,241
EQUITY			
Share capital	15	199,729	128,775
Reserves	16	153	245
Retained earnings		29,437	25,221
Total equity		229,319	154,241

Consolidated statement of changes in equity

For the half-year ended 31 December 2024

		Attributable to owners of Eureka Group Holdings Limited			
	Notes	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023		127,378	434	16,144	143,956
Profit after tax		-	-	6,299	6,299
Other comprehensive expense, net of tax		-	(428)	-	(428)
Total comprehensive income/(expense),		-	(428)	6,299	5,871
Transactions with owners in their capacity as owners:					
Contributions of equity		300	-	-	300
Share-based payments expense reversal		-	(29)	-	(29)
Dividends paid		-	-	(2,017)	(2,017)
		300	(29)	(2,017)	(1,746)
Balance at 31 December 2023		127,678	(23)	20,426	148,081
Balance at 1 July 2024		128,775	245	25,221	154,241
Profit after tax		-	-	6,362	6,362
Other comprehensive expense, net of tax		-	(206)	-	(206)
Total comprehensive income/(expense)		-	(206)	6,362	6,156
Transactions with owners in their capacity as owners:					
Contributions of equity	15	73,184	-	-	73,184
Transaction costs - contributions of equity, net of tax	15	(2,230)	-	-	(2,230)
Share-based payments expense	16	-	114	-	114
Dividends paid	17	-	-	(2,147)	(2,147)
		70,954	114	(2,147)	68,922
Balance at 31 December 2024		199,729	153	29,436	229,319

Consolidated statement of cash flows

For the half-year ended 31 December 2024

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities		
Receipts from customers	22,740	19,597
Payments to suppliers and employees	(18,712)	(14,035)
Distributions received	715	300
Interest received	14	10
Interest paid	(3,513)	(2,104)
Net cash inflow from operating activities	1,244	3,768
Cash flows from investing activities		
Payments for investment properties	(16,647)	(13,153)
Payments for investments in associates	-	(9,000)
Payments for property, plant and equipment	(17)	(20)
Payments for intangible assets	(6)	-
Payments for other assets	(326)	(482)
Proceeds from disposal of investment in associate	1,270	-
Repayment of loans by third party	18	30
Net cash outflow from investing activities	(15,708)	(22,625)
Cash flows from financing activities		
Proceeds from borrowings	28,502	32,841
Repayment of borrowings	(80,740)	(10,556)
Proceeds from issues of shares	71,896	-
Payments for share issue transaction costs	(3,185)	-
Dividends paid	(860)	(1,718)
Principal elements of lease payments	(123)	(168)
Payment of transaction costs related to borrowings	(29)	(127)
Net cash inflow from financing activities	15,461	20,272
Net increase in cash and cash equivalents	997	1,415
Cash and cash equivalents at the beginning of the half-year	2,257	1,815
Cash and cash equivalents at end of the half-year	3,254	3,230

1. Basis of preparation of half-year report

This condensed interim financial report is a general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Group's annual report for the year ended 30 June 2024.

The financial report is presented in Australian dollars, and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(a) Summary of material accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2024 annual report, except for new amended standards and interpretations which have been applied as required.

(b) New and amended standards adopted by the Group

Several amendments and interpretations apply for the first time for the half-year but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, or which are not yet effective.

(c) New standards and interpretations not yet adopted

Other new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for the current reporting period and are not expected to have a material impact on the Group's future financial reporting.

(d) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current period amounts and other disclosures.

(e) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions used turning out to be different. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- fair values, measurement and classification of investment properties – note 9
- investments accounted for using the equity method - note 10
- amortisation of management rights – note 11
- goodwill – note 11
- deferred taxes – note 14
- fair value measurement hierarchy – note 18
- impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimates and judgements are evaluated regularly. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2. Segment information

(a) Description of segments and principal activities

The Group's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) examine the Group's performance from an ownership and management perspective and has identified two reportable segments of its business:

(i) Rental villages

Rental villages relate to the ownership of seniors' rental villages.

(ii) Property management

Property management relates to the management of seniors' independent living communities.

The operating segments have been identified based upon reports reviewed by the CEO and CFO who are identified as the chief operating decision makers and are responsible for assessing performance and determining the allocation of resources. There is no aggregation of operating segments, and the CEO and CFO views each segment's performance based on profit after tax. The accounting policies adopted for internal reporting to the chief operating decision makers are consistent with those adopted in the financial statements.

Segment information is prepared in conformity with the accounting policies of the Group per note 1 and Australian Accounting Standards.

Balances have been allocated to segments as follows:

- Rental villages include equity accounted investments
- Property management includes management rights, and
- Unallocated includes support office costs, corporate overheads, cash and support office right of use assets. Segment liabilities include a deferred tax asset which is netted off against deferred tax liabilities in the Group balance sheet.

Cash flows are not measured or reported by segment.

2. Segment information

	Rental villages		Property management		Unallocated		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	19,821	17,279	2,736	2,993	-	-	22,557	20,272
Finance income	-	-	-	-	16	10	16	10
Other income	-	10	-	-	8	-	8	10
Total revenue and other income	19,821	17,289	2,736	2,993	24	10	22,581	20,292
Village operating expenses	(8,759)	(7,628)	(1,623)	(1,739)	-	-	(10,382)	(9,367)
Employee benefits expense	-	-	-	-	(3,547)	(3,271)	(3,547)	(3,271)
Finance costs	(2,311)	(2,233)	(58)	(78)	(7)	(12)	(2,376)	(2,323)
Marketing expenses	(34)	(46)	-	(2)	(36)	(32)	(70)	(80)
Depreciation and amortisation expense	-	(6)	(143)	(236)	(107)	(160)	(250)	(402)
Other expenses	-	-	(5)	-	(2,141)	(1,980)	(2,146)	(1,980)
Total operating expenses	(11,104)	(9,913)	(1,829)	(2,055)	(5,838)	(5,455)	(18,771)	(17,423)
Share of net profit of equity accounted investments	1,097	1,677	-	-	-	-	1,097	1,677
Net gain/(loss) on change in the value of:								
Investment properties	4,601	4,515	-	-	-	-	4,601	4,515
Investment properties classified as non-current assets held for sale	(285)	-	-	-	-	-	(285)	-
Impairment (expense)/reversal	-	-	-	-	(13)	27	(13)	27
Profit/(loss) before tax	14,130	13,568	907	938	(5,827)	(5,418)	9,210	9,088
Income tax (expense)/benefit	(4,368)	(4,164)	(280)	(288)	1,801	1,663	(2,848)	(2,789)
Profit/(loss) after tax	9,762	9,404	627	650	(4,026)	(3,755)	6,362	6,299
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	284,629	263,491	7,003	7,081	6,028	3,938	297,660	275,230
Segment liabilities	39,059	91,964	3,506	3,670	25,776	25,355	68,341	120,989

3. Revenue from contracts with customers

4. Village operating expenses

3. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time (catering) and services over time (service and caretaking fees) in the following revenue streams in Australia:

	Rental villages		Property management		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Segment revenue</i>						
Catering services	2,022	1,848	1,035	1,143	3,057	2,991
Service and caretaking fees	1,303	1,146	1,701	1,849	3,004	2,995
Revenue from external customers	3,325	2,994	2,736	2,992	6,061	5,986
Timing of revenue recognition						
At a point in time	2,022	1,848	1,035	1,143	3,057	2,991
Over time	1,303	1,146	1,701	1,849	3,004	2,995
	3,325	2,994	2,736	2,992	6,061	5,986

The Group does not derive any revenue from any single external customer which is greater than 10% of total revenue.

4. Village operating expenses

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Staff and village manager expenses	4,795	4,365
Catering expenses	2,074	1,793
Other village expenses	3,513	3,209
	10,382	9,367

5. Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

(a) Income tax expense

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Deferred income tax	2,848	2,789
Income tax expense reported in the statement of profit or loss	2,848	2,789

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Profit before tax	9,210	9,088
Tax at the Australian tax rate of 30% (2023: 25%)	2,763	2,272
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences	46	7
Deferred tax assets not recognised	39	44
Tax effect of recognising deferred tax balances at 30% tax rate	-	466
Income tax expense	2,848	2,789

(c) Movement in deferred tax balances charged/(credited)

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
In profit or loss	2,848	2,789
In other comprehensive income	(88)	(183)
Directly in equity – transaction costs	(957)	-
Total deferred tax recognised	1,803	2,606

6. Trade and other receivables

7. Other assets

6. Trade and other receivables

	31 Dec 2024	30 June 2024
	\$'000	\$'000
Current		
Trade receivables from contracts with customers	187	198
Loss allowance	(15)	(15)
	172	183
Other receivables	652	558
	824	741

(i) Classification as trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

(ii) Other receivables

This includes distributions receivable from the Group's equity accounted investments.

Significant estimate

At each reporting date the Group assesses the recoverability of trade, loan and other receivables by reference to the expected future cash flows, the credit worthiness of the borrowers and the value of security provided. For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

7. Other assets

	Note	31 Dec 2024	30 Jun 2024
		\$'000	\$'000
Current			
Prepayments		2,630	1,195
Capital replacement funds		152	169
		2,782	1,364
Non-current			
Other	(i)	-	-
		-	-

(i) Other non-current assets include:

Bartercard dollars

Bartercard is an alternative currency and operates as a trade exchange. At balance date, the Bartercard carrying value was \$nil (30 June 2024: \$nil). The Group continues to hold Barter dollars with a face value of \$2.63 million (30 June 2024: \$2.63 million).

Couran Cove loan

The assessed fair value of the loan receivable is \$nil (30 June 2024: \$nil).

The carrying value of the loan receivable from CCH Developments No 1 Pty Ltd (with a face value of \$3.00 million), including land option, which gives the Group a first right of refusal to purchase 60 proposed cabin sites for \$50,000 per site at Couran Cove, Qld has been assessed based on a review including independent assessment of the land held as security for the loan.

There has been no change to the Group's security arrangements, including a mortgage over the land. The loan expiry date was 31 August 2021. Eureka has reserved its rights in relation to the recovery of this loan. This loan is guaranteed by Onterran Ltd. No interest accrues on this loan.

Although the loan and land option give Eureka a right of first refusal to purchase the proposed cabin sites for \$50,000 per site, to be paid by way of set off against the loan on settlement, the Directors do not consider this to be the most viable means of realising the asset.

8. Assets held for sale

	Note	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Opening balance		10,492	-
Capitalised subsequent expenditure		25	-
Disposal costs		209	-
Net loss on change in fair value		(285)	-
Transfer (to)/from investment properties	9	(5,441)	10,492
Closing balance		5,000	10,492

(a) Description

The Mount Gambier village was contracted for sale as at balance date and the disposal was completed in January 2025. The asset was consequently presented as non-current assets held for sale in this financial report.

The asset will continue to be measured at fair value until disposal. The carrying value reflects the sale price.

The non-current asset is presented under the Rental villages operating segment in accordance with AASB 8 *Operating Segments*.

The expression of interest campaign for the disposal of the Whyalla village did not result in a sale. This asset has been transferred back to investment properties.

9. Investment properties

	Note	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Non-current assets – at fair value			
Opening balance		231,391	213,072
Acquisitions ¹		14,499	2,845
Development costs ²		234	9,471
Capitalised subsequent expenditure ³		1,781	3,474
Net gain on change in fair value		4,601	12,978
Transfer from intangibles – management rights		42	43
Transfer (to)/from assets held for sale	8	5,441	(10,492)
Closing balance		257,989	231,391

1 Acquisitions during the half-year include a village in Mount Barker, SA, along with units across various strata-titled villages. Prior year acquisitions included land in Gladstone, Qld and units across various strata-titled villages.

2 The Group spent \$0.23 million (30 June 2024: \$9.47 million) on village developments including \$0.16 million (30 June 2024: \$0.72 million) planning for the proposed 124-unit Kingaroy greenfield development. In the prior year, the Group also invested \$8.72 million in the 51-unit expansion of the village in Brassall, Qld.

3 A further \$1.78 million (2023: \$3.47 million) was spent on enhancing the Group's owned villages through capital improvements.

(i) Amounts recognised in profit or loss for investment properties, including non-current assets held for sale

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Rental income	16,496	14,286
Catering income	2,022	1,848
Direct operating expenses generating rental and catering income	(8,759)	(7,628)
Net gain on change in fair value recognised in profit or loss	4,316	4,515

(ii) Measuring investment property at fair value

Investment properties consist of 29 rental village assets (30 June 2024: 28) along with managers' units and individual rental units in managed villages. It also includes land for development in Kingaroy, Qld and Gladstone, Qld and land in Lismore, NSW. The Group considers investment properties reside in one class of asset, being seniors' rental villages. They are carried at fair value. Changes in fair values are presented in profit or loss.

The Group's external valuation program continued during the half-year, with 1 rental village and 5 management rights businesses and associated real estate being independently valued. Seven (7) rental village properties were independently valued at 30 June 2024.

The net gain on change in fair value adjustment related to all assets in the asset class and was based on inputs and assumptions disclosed below and in Note 18.

The Group has no restrictions on the realisability of its investment property and there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Note 13 contains details of assets pledged as security for borrowings.

9. Investment properties

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see Note 18).

Description	Valuation technique	Significant unobservable inputs	Range (weighted average)		Relationship of unobservable input to fair value
			31 Dec 2024	30 Jun 2024	
Investment properties – rental villages	Capitalisation method ¹	Capitalisation rate	6.25% - 11.0% (8.15%) ^{2,4}	6.5% - 11.0% (8.17%) ^{2,4}	Capitalisation rate has an inverse relationship to valuation.
		Stabilised occupancy	90% - 99% (97.3%) ^{3,4}	93% - 99% (97.9%) ^{3,4}	Occupancy has a direct correlation to valuation (i.e. the higher the occupancy, the greater the value).
Investment properties – individual village units	Direct comparison approach	Comparable sales evidence	N/A	N/A	Comparable sales evidence has a direct relationship to valuation.

- 1 Significant changes in any of the significant unobservable valuation inputs under the capitalisation method would result in a significantly lower or higher fair value measurement.
- 2 Excludes a village in which National Disability Insurance Scheme services revenue is earned with a capitalisation rate of 7.5% (30 June 2024: 7.5%).
- 3 Excludes one short stay village with a stabilised occupancy rate of 73% (30 June 2024: 73%).
- 4 Excludes one held for sale asset with a capitalisation rate of 9.5% (30 June 2024: Excludes two held for sale assets with a capitalisation rate of 9.5%).

(iv) Significant judgements

Measurement

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The best evidence of fair value is current selling prices in an active market for similar investment properties. Where such information is not available, the Group determines a property's value within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

1. Valuations undertaken by accredited external independent valuers
2. Acquisition price paid for the property
3. Recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and
4. Capitalised income projections based upon a property's estimated maintainable earnings and capitalisation rate.

Classification

The Group classifies property as investment property when it meets the following key criteria:

1. The property is held by the Group to generate long term investment growth and ongoing rental returns, and
2. Ancillary services are insignificant to the arrangement as a whole.

The returns from the Group's investment properties include rental income and income from provision of ancillary services, including food services to residents. Judgement is required as to whether the ancillary services are significant. Management has determined that the ancillary services are not significant by assessing qualitative factors, which include both operational and legislative considerations, and quantitative factors, which includes comparing the:

1. Value of the ancillary services to the total income generated from the property, and
2. Profit generated from ancillary services to the total profit generated from the property.

Properties that do not meet these criteria are classified as property, plant and equipment.

(v) Significant estimate – fair value of investment properties

Information about the valuation of investment properties is provided in (ii) and (iii) above.

10. Investments accounted for using the equity method

10. Investments accounted for using the equity method

Set out below are the joint ventures and associates of the Group which are accounted for using the equity method of accounting. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of ownership interest		Nature of relationship	Carrying amount	
	31 Dec 2024	30 Jun 2024		31 Dec 2024	30 Jun 2024
	%	%		\$'000	\$'000
Affordable Living Unit Trust and Affordable Living Services Unit Trust ¹	50.0	50.0	Joint venture	11,248	11,176
Eureka Villages WA Fund ²	27.1	31.6	Associate	8,065	9,043
				19,313	20,219

1. Owns five rental villages in Tasmania. The joint venture comprises Affordable Living Unit Trust and Affordable Living Services Trust, the latter of which has been dormant since May 2020 and was deregistered on 2 September 2024.

2. Owns six rental villages in Western Australia. The Fund was established in November 2023. The fund comprises two stapled trusts being the Eureka Villages Operating Trust and the Eureka Villages Property Trust. The trustee is a licensed corporate trustee.

Significant judgements

The Group's investment in the Eureka Villages WA Fund (the Fund) has been classified as an investment in an associate. Judgement is required in the Group's assessment that it has significant influence over the financial and operating policies of the Fund and, accordingly, has adopted the equity method of accounting.

Movements in carrying amount	Affordable Living Unit Trust		Eureka Villages WA Fund	
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
Opening balance	11,176	10,934	9,043	-
Acquisition of units	-	-	-	9,000
Disposal of units	-	-	(1,270)	-
Share of profit for the period	447	2,152	650	454
Share of other comprehensive expense	-	-	(44)	(2)
Distributions received	(375)	(1,910)	(314)	(410)
Closing balance	11,248	11,176	8,065	9,043

(i) Commitments and contingencies

Neither the Affordable Living Unit Trust nor the Eureka Villages WA Fund had any contingent liabilities or commitments at balance date (30 June 2024: \$nil).

10. Investments accounted for using the equity method

(ii) Summarised financial information for joint ventures and associates

The tables below provide summarised financial information for the investment in a joint venture and an associate. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and associate and not the Group's share of those amounts.

Summarised statement of financial position	Affordable Living Unit Trust		Eureka Villages WA Fund	
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
Current assets ¹	619	392	2,291	3,548
Non-current assets ²	33,812	33,573	48,730	47,218
Current liabilities	(1,007)	(659)	(1,170)	(2,208)
Non-current liabilities ³	(10,929)	(10,955)	(21,123)	(20,936)
Net assets	22,495	22,351	28,727	27,622
Group's share in %	50.0%	50.0%	27.1% ⁴	31.6%
Group's share in \$'000	11,248	11,176	7,791	8,728
Carrying amount	11,248	11,176	8,065	9,043

1 Including cash and cash equivalents

2 Comprising investment property

3 For Affordable Living Unit Trust – includes non-current borrowings of \$11.37 million (30 June 2024: \$11.26 million)

For Eureka Villages WA Fund – includes non-current borrowings of \$21.00 million (30 June 2024: \$21.00 million)

4 For Eureka Villages WA Fund - the Group's share reduced from 31.6% at 30 June 2024 to 28.6% from 1 July 2024 and to 27.1% from 1 October 2024

Summarised statement of comprehensive income	Affordable Living Unit Trust		Eureka Villages WA Fund	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Revenue	2,781	2,678	3,754	507
Costs of sales	(1,479)	(1,325)	(1,858)	(243)
Other income	1	12	-	-
Net gain/(loss) from change in fair value of investment properties	(53)	2,201	1,118	-
Finance costs	(356)	(325)	(637)	(92)
Income tax expense ¹	-	-	-	-
Profit for the half-year	894	3,241	2,377	172
Other comprehensive expense	-	-	(162)	(281)
Total comprehensive income for the half-year	894	3,241	2,215	(109)
Group's share of profit for the half-year	447	1,621	650	56
Group's share of other comprehensive expense for the half-year	-	-	(44)	(92)
Group's share of total comprehensive income/(expense) for the half-year	447	1,621	606	(36)

1 Eureka and other investors are presently entitled to the net income of the respective trusts for tax purposes. As a result, there is no tax payable or tax expense in the equity accounted investments.

11. Intangible assets

Non-current assets	Goodwill \$'000	Management rights \$'000	Rent rolls \$'000	Other \$'000	Total \$'000
30 June 2024					
Cost	1,955	8,200	140	33	10,328
Accumulated amortisation and impairment	-	(2,734)	(63)	(26)	(2,823)
Net carrying value	1,955	5,466	77	7	7,505
31 December 2024					
Cost	1,955	8,142	140	41	10,278
Accumulated amortisation and impairment	-	(2,832)	(65)	(26)	(2,923)
Net carrying value	1,955	5,310	75	15	7,355

The Group's business activities include the ownership and management (through management letting rights agreements) of seniors' rental accommodation throughout Australia. The intangible assets were separately classified in accordance with accounting standards following asset acquisitions.

The remaining amortisation period for the management rights, on a weighted average basis, is 34 years (30 June 2024: 35 years).

Significant estimates*Amortisation of management rights*

Management rights are amortised over their estimated useful life. If the contractual or other legal rights of the management rights can be renewed, the useful life of the intangible asset includes the renewal period if there is evidence to support renewal by the entity without significant cost. Otherwise, the management rights are amortised over the life of the contract.

For strata-titled villages (where units are individually owned by third parties) where management rights are attached, the Group generally amortises its management rights over a period of 40 years (being the estimated useful life). The amortisation period used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. In determining the useful life, the Group considers the expected usage of the assets, the legal rights over the asset and the renewal period of the management rights agreements. Where there is evidence to support renewal of the management rights, the amortisation period is 40 years, similar to the life of the property the management rights are attached to, otherwise the amortisation period is the term of the management rights agreement.

For single-owner villages (where all units in the village are owned by a single third party) where management rights are attached, the management rights are amortised over the life of the contract. Eureka considers that it has materially less control over future contract renewals in single-owner villages than it does with the strata-titled villages primarily because it does not own or have any sort of tenure in respect of the managers unit and a single vote of the owner can result in Eureka's management rights contract not being renewed.

The amortisation period and the amortisation method for management rights are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate.

Goodwill

Goodwill is allocated to the property management cash-generating unit (CGU). The Group tests the carrying value of goodwill on an annual basis to assess for any impairment, or more frequently, if events or changes in circumstances indicate impairment. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

12. Trade and other payables

12. Trade and other payables

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Current liabilities		
Trade payables	613	964
Payroll accruals and other statutory liabilities	512	948
Unearned income	656	380
Accrued interest	25	1,230
Capital replacement fund liability	-	14
Other payables and accruals	1,585	2,363
	3,391	5,899
Non-current liabilities		
Capital replacement fund liability	152	161
	152	161
Total	3,543	6,060

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

13. Borrowings

Financing arrangements

The Group's borrowing facilities were as follows:

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Secured		
Bank loans (i)	39,092	91,331
Total secured borrowings	39,092	91,331
Borrowing costs	(101)	(108)
	38,991	91,223

The Group has access to bank facilities with the following terms:

		31 Dec 2024	30 Jun 2024
Total facility limit	\$'000	101,000	101,000
Undrawn amount	\$'000	61,908	9,669
Facility limits	\$'000	101,000	96,000
Facility expiry date		31 Mar 2026	31 Mar 2026
Facility limit	\$'000	-	5,000
Bank guarantee facility	\$'000	350	350
Facility expiry date		31 Oct 2025	31 Oct 2025
Hedged amount	\$'000	30,000	50,000
Weighted average interest rate (including margin) ¹	%	5.93	6.13
Weighted average term to hedge expiry	Years	1.08	1.15

¹ Excludes facility fee on undrawn limit

(i) Facility amendments

During the half-year, the Group's \$5.00 million facility expiry date was extended from 31 October 2025 to 31 March 2026.

Under the terms of its NAB debt facility, Eureka can deposit and withdraw funds in accordance with its working capital needs, subject to satisfaction of the bank covenants. The bank loan facility has sufficient undrawn funds to enable payments to be made as and when they fall due.

(ii) Assets pledged as security

Of the bank loans, 100% is secured by a first priority general security over all present and future acquired property and specified management letting rights. At 31 December 2024, property assets and management letting rights, with a carrying value of \$267.9 million (30 June 2024: \$246.9 million), have been pledged by the Group.

(iii) Compliance with loan covenants

The Group has complied with the financial covenants of its bank loans during both periods presented.

Instruments used by the Group

Two fixed interest rate swaps are currently in place (30 June 2024: three) covering approximately 77% (30 June 2024: 55%) of the variable loan principal outstanding.

The swap contracts swap the liability to pay interest based on variable Bank Bill Swap Bid Rate (BBSY) for fixed interest rates. The swaps require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

		Interest rate swap		
		#1	#2	#3
31 December 2024				
Notional amount	\$'000	-	20,000	10,000
Maturity date		-	30 Dec 2025	30 Mar 2026
Hedge ratio			1:1	1:1
Interest rate (including margin)	%	-	5.80	5.84
Carrying amount (current and non-current asset)	\$'000	-	19	-
Change in fair value of hedges recognised in other comprehensive income for the half year	\$'000	(56)	(124)	(70)
30 June 2024				
Notional amount	\$'000	20,000	20,000	10,000
Maturity date		30 Dec 2024	30 Dec 2025	30 Mar 2026
Hedge ratio		1:1	1:1	1:1
Interest rate (including margin)	%	5.81	5.80	5.84
Carrying amount (current and non-current asset)	\$'000	56	144	70
Change in fair value of hedges recognised in other comprehensive income for the prior year	\$'000	(137)	(90)	(38)

14. Deferred tax balances

14. Deferred tax balances

(i) Recognised in the statement of financial position

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Deferred tax assets		
Tax losses - revenue	8,309	8,257
	8,309	8,257
Deferred tax liabilities		
Investment properties, property, plant and equipment	(30,999)	(28,685)
Sundry net (assessable) and deductible differences	(1,044)	(1,503)
	(32,043)	(30,188)
Net deferred tax liabilities	(23,734)	(21,931)

Offsetting within tax consolidated Group

Eureka Group Holdings Limited and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. Consequently, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

(ii) Not recognised in the statement of financial position

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Unrecognised deferred tax assets		
Tax losses – capital	268	268
Non-deductible capital items	2,309	2,271
Net unrecognised deferred tax assets	2,577	2,539
Reconciliation of unrecognised tax balances		
Opening balance	2,539	2,278
Movement attributable to non-deductible capital items	38	219
Tax effect of changing deferred tax balances to 30% tax rate	-	42
Total movement	38	261
Closing balance	2,577	2,539

Significant estimates and judgement

Recognised deferred tax assets include an amount of \$8.31 million (30 June 2024: \$8.26 million) which relates to Australian carried-forward revenue tax losses. Unrecognised deferred tax assets include carried-forward capital losses and temporary differences relating to non-deductible capital items.

Recovery of deferred tax assets

A deferred tax asset is only recognised if the Group considers it probable that future taxable profits will be available against which the Group can utilise benefits.

The tax losses and temporary differences do not expire under current tax legislation. Judgement is required in assessing the availability of income tax losses and satisfaction by the relevant Group entities of legislative requirements at each reporting date, including for certain years satisfaction of the "Business Continuity Test" as defined in section 165-210 of *the Income Tax Assessment Act 1997*.

The benefits of the Group's recognised and unrecognised tax losses will only be realised if:

- the Group continues to meet the requirements of applicable tax laws to allow the losses to be carried forward and utilised, including for certain years satisfaction of the "Business Continuity Test" referred to above,
- the Group earns taxable income in future periods, and
- applicable tax laws are not changed, causing the losses to be unavailable.

Measurement of deferred tax balances

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Judgment is required in assessing the tax rate that will apply in each period and when the temporary differences reverse. From 1 July 2024, the Group does not expect to be a base rate entity that would be subject to a 25% tax rate. Current and deferred tax balances have been reported at a 30% tax rate at balance date.

15. Share capital

	Number of shares	\$'000
Movement in ordinary shares		
Opening balance 1 July 2023	301,063,458	127,378
Shares issued under dividend reinvestment plan	2,796,000	1,397
Balance at 30 June 2024	303,859,458	128,775
Shares issued under dividend reinvestment plan	2,040,534	1,286
Shares issued under share placements	27,462,626	16,500
Shares issued under entitlement offer	90,815,887	55,398
	120,319,047	73,184
Transaction costs, net of tax	-	(2,230)
Balance at 31 December 2024	424,178,505	199,729

Pursuant to the Company's Dividend Reinvestment Plan:

- On 14 October 2024, 2,040,534 shares were issued at \$0.6302 for the 2024 financial year final dividend
- On 29 April 2024, 2,111,855 shares were issued at \$0.4424 for the 2024 financial year interim dividend, and
- On 12 October 2023, 684,145 shares were issued at an issue price of \$0.4377 for the 2023 financial year final dividend.

Pursuant to the Company's Share Placement:

- On 19 September 2024, 2,872,462 shares were issued to Simon Owen, the Group's Chief Executive Officer at an issue price of \$0.522, and
- On 4 November 2024, 24,590,164 shares were issued at \$0.61 under an institutional placement.

Pursuant to the Company's Entitlement Offer:

- On 4 November 2024, 79,984,932 shares were issued at \$0.61 under the institutional component of the entitlement offer, and
- On 18 November 2024, 10,830,955 shares were issued at \$0.61 under the retail component of the entitlement offer.

16. Reserves

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves. A description of the nature and purpose of each reserve is provided below the table.

	Share-based payments \$'000	Hedging \$'000	Total reserves \$'000
At 1 July 2023	60	374	434
Change in fair value of cash flow hedge	-	(265)	(265)
Share of loss of change in fair value of cashflow hedge in equity accounted investment	-	(2)	(2)
Income tax benefit	-	81	81
Other comprehensive expense	-	(186)	(186)
Transactions with owners in their capacity as owners:			
Share-based payment reversal	(3)	-	(3)
At 30 June 2024	57	188	245
Change in fair value of cash flow hedge	-	(250)	(250)
Share of loss of change in fair value of cashflow hedge in equity accounted investment	-	(44)	(44)
Income tax benefit	-	88	88
Other comprehensive expense	-	(206)	(206)
Transactions with owners in their capacity as owners:			
Share-based payment expense	114	-	114
At 31 December 2024	171	(18)	153

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of share rights granted to employees but not yet vested, and
- the allocation of shares under the Company's Omnibus Equity Plan to employees.

During the period

- 2,872,462 options were issued to Mr Simon Owen with an exercise price of \$0.522 and will vest on 12 September 2027, subject to the satisfaction of service conditions
- 962,772 share rights were also issued to Mr Owen pursuant to the Eureka Omnibus Equity Plan. The share rights have an exercise price of \$nil and will vest on 30 September 2027, subject to the satisfaction of performance and service conditions, and
- 126,953 rights lapsed during the half-year as the performance hurdles were not satisfied.

17. Dividends

(i) Ordinary shares

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Final dividend for the year ended 30 June 2024 of 0.70 cents (30 June 2023: 0.63 cents) per fully paid share	2,147	2,017
Total paid during the half-year	2,147	2,017

(ii) Dividends not recognised at the end of the reporting period

Since balance date, the Board has declared an interim dividend of 0.73 cents per share, amounting to \$3.10 million payable on 18 March 2025. The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2024 and will be recognised in subsequent financial reports.

(iii) Franking of dividends

All dividends are currently unfranked. There are no franking credits within the Group as the Group does not pay income tax due to carry forward tax losses.

18. Fair value measurement

Investment properties, other assets (land option) and derivative financial instruments are measured at fair value using the fair value measurement hierarchy method described below.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Group has a number of financial assets and financial liabilities which are required to be measured at fair value in the statement of financial position. The fair values are not materially different to their carrying amounts since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

The Directors believe that the carrying value of all assets and liabilities approximates their fair values at balance date.

Investment properties

Investment properties may be valued using two methods:

- the capitalisation method, and
- direct comparison approach.

Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected income projections of the property into perpetuity and applying a capitalisation rate. The capitalisation rate is based upon current market evidence. Future income projections take into account occupancy, rental income and operating expenses.

Under the direct comparison approach, key inputs are the recent sales of comparable units in comparable villages. All resulting fair value estimates for properties are included in Level 3 in the fair value hierarchy.

Significant estimates and judgements

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its assets and liabilities into the three levels prescribed under the accounting standards.

The Group's policy is to recognise any transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the half-year.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at balance date.

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of significant unobservable inputs.

19. Contingent liabilities and contingent assets 20. Commitments

19. Contingent liabilities and contingent assets

(a) Bank guarantees

Bank guarantees are contracts that are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The Group's bank guarantees are as follows:

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Bank Guarantee Facility		
Limit	350	350
Unused	261	261

(b) Contingent assets

The Group had no contingent liabilities at 31 December 2024 (30 June 2024: \$nil).

(c) Contingent assets

The Group had no contingent assets at 31 December 2024 (30 June 2024: \$nil).

20. Commitments

The Group had no commitments at balance date. In the prior year, the Group disclosed commitments relating to the development of its Brassall village which have been satisfied during the half-year.

21. Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	Sales to/(purchases from) related parties		Amounts owed by/ (payable to) related parties	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Joint venture				
Management fees	202	172	71	32
Recoverable expenses	42	-	5	-
Associate				
Fund management fees	125	18	21	18
Asset management fees	66	9	37	9
Acquisition fees	-	220	-	242
Recoverable expenses	-	482	-	482
Director-related entities ¹				
Financial services	(30)	(10)	(5)	(10)
Rent expenses	(4)	-	-	-

1 Transactions with Director-related entities of Mr Greg Paramor

Financial services

Fees payable to Leftfield Investments Pty Ltd pursuant to an Authorised Representative Agreement amounting to \$60,000 per annum plus GST. Leftfield is the trustee of the Eureka Villages WA Fund, in which the Group has a 27.1% interest at balance date (30 June 2024: 31.6%). Leftfield is entitled also to trustee fees of \$30,000 per annum from the Fund, which comprises two stapled trusts.

Rent expense

On 17 October 2024, the Group entered into a month-by-month tenancy agreement with Leftfield Equity Pty Ltd, to rent a desk for the Group's CEO, Mr Simon Owen, at the Leftfield corporate office in Sydney, NSW. The rent payable is \$1,320 per month plus GST.

(b) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are payable in cash.

22. Events occurring after the reporting period

Subsequent to balance date, the following significant transactions have occurred:

Dividend

The Company declared an interim dividend in respect of the half-year of 0.73 cents per share, payable on 18 March 2025 amounting to \$3.10 million. The record date is 4 March 2025. The Group's dividend reinvestment plan is not effective for this interim dividend.

Sale of Mount Gambier village

During the half-year, the Group entered into an unconditional contract for the disposal of the village for \$5.0 million, which was in line with book value. Settlement occurred subsequent to balance date on 28 January 2025.

Acquisition of residential home village and caravan park in Kin Kora, Gladstone, Qld

On 5 February 2025, the Group entered into an unconditional contract for the acquisition of a mixed-use residential home village and caravan park in Gladstone, Qld for \$4.5 million with settlement expected on 13 March 2025. The acquisition will enable the Group to expand by providing affordable rental homes in the all-age rental sector.

Board and management changes

From 25 February 2025, Mr Murray Boyte will retire from the Board and his Non-Executive Chairman role. At that time, independent non-executive director Mr Russell Banham will assume the role of Non-Executive Chairman and Ms Carolyn Tregarthen will join the Board as an independent non-executive director and Chair of the Audit and Risk Committee.

It has also been announced that Ms Laura Fanning has resigned as Chief Financial Officer (CFO) and Joint Company Secretary of Eureka Group Holdings Limited, effective from 21 March 2025. The Company has commenced a search process to appoint a new CFO.

There were no other significant events since the end of the half-year for the Group, other than those addressed in the Directors' Report.

Directors' declaration

In the Directors' opinion:

- (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Murray Boyte
Non-Executive Chair

Brisbane
24 February 2025



**Shape the future
with confidence**

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Independent auditor's review report to the members of Eureka Group Holdings Limited

Conclusion

We have reviewed the accompanying half-year financial report of Eureka Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Wade Hansen' in a cursive script.

Wade Hansen
Partner
Brisbane
24 February 2025

Corporate directory

Directors

Murray Boyte, *Non-Executive Chair*
Russell Banham, *Non-Executive Director*
Sue Renkin, *Non-Executive Director*
Greg Paramor AO, *Non-Executive Director*
John Whiteman, *Non-Executive Director*

Senior management

Simon Owen, *Chief Executive Officer*
Laura Fanning, *Chief Financial Officer and Company Secretary*

Company Secretary

Stephanie So

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Solicitors

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Bank

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Brisbane QLD 4000

Stock exchange listing

Eureka Group Holdings Limited shares are listed on the
Australian Securities Exchange (ASX) with ticker code EGH