eureka
Group

TARGET'S STATEMENT

This Target's Statement has been issued by Eureka Group Holdings Limited ACN 097 241 159 in relation to the off-market takeover offer by Aspen Group Limited ACN 004 160 927 for all the ordinary shares in Eureka Group Holdings Limited (Offer).

The Directors unanimously recommend that you

REJECT

the Offer

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have any questions in relation to the Offer, please contact the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit https://eurekagroupholdings.com.au/reject-aspen-offer/ to access an electronic copy of this Target's Statement and other important information.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

LEGAL ADVISER

Hamilton Locke

FINANCIAL ADVISERS

Moelis Australia

bg capital corporation pty ltd

TAYLOR COLLISON

Important Notices

Nature of this document

This document is a Target's Statement dated 8 April 2024 issued by Eureka Group Holdings Limited (ACN 097 241 159) under Part 6.5, Division 3 of the Corporations Act in response to the Offer made on 22 March 2024 by Aspen Group Limited (ACN 004 160 927) to acquire all Eureka Shares pursuant to the Bidder's Statement dated 15 March 2024.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to Aspen and ASX on 8 April 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Defined terms

Capitalised terms used in this Target's Statement are defined in the Glossary in Section 12.1. The rules of interpretation that apply to this Target's Statement are set out in Section 12.2. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, Eureka has not taken into account the objectives, financial situation or needs of individual Eureka Shareholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional adviser before deciding whether to accept or reject the Offer.

Forward-looking statements

This Target's Statement contains forward-looking statements, including statements of current intention or expectation. As such forward-looking statements relate to future matters, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by such forward-looking statements. None of Eureka or its Directors, officers and advisers give any representation, assurance or guarantee to Eureka Shareholders or any other person as to the accuracy or likelihood of fulfillment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, Eureka does not undertake to update or revise these forward-looking statements nor any other statements (written or oral) that may be made from time by or on behalf of Eureka, whether as a result of new information, future events or otherwise.

Disclaimer as to information

The information about Aspen contained in this Target's Statement has been prepared by Eureka using publicly available information (including information contained in the Bidder's Statement) and has not been independently verified by Eureka. Accordingly, subject to the Corporations Act, Eureka does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.

Diagrams and data

Diagrams appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date.

Privacy

Eureka has collected your information from the Eureka share register for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and security holdings of Eureka Shareholders. Without this information, Eureka would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Personal information of the type described above may be disclosed to Eureka and its service providers, authorised securities brokers, related bodies corporate and affiliates of Eureka as may be required to be disclosed to regulators, such as ASIC and otherwise in accordance with the Corporations Act. Eureka Shareholders should contact the Eureka share registry in the first instance, if they wish to access their personal information.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

Eureka Shareholders Information Line

If you have any questions in relation to the Offer, please contact the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit https://eurekagroupholdings.com.au/reject-aspen-offer/ to access an electronic copy of this Target's Statement and other important information.

Key Dates

The key dates in relation to the Offer are as follows:

Announcement of Aspen's intention to make a bid for Eureka Shares	**23 January 2024**
Date of original Bidder's Statement	**8 March 2024**
Date of replacement Bidder's Statement	**15 March 2024**
Date of the Offer	**22 March 2024**
Date of this Target's Statement	**8 April 2024**
Close of the Offer (unless extended or withdrawn by Aspen)	**7:00pm (Sydney time) on 28 May 2024**

Contents

Letter from the Chairman

Eureka Group Holdings Limited | ABN 15 097 241 159

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Suite 2D, Level 2, 7 Short Street, Southport Q 4215

8 APRIL 2024

Dear Eureka Shareholder

The Eureka Directors recommend you REJECT the Offer which attempts to gain control of Eureka at a material discount to the Eureka share price

DO NOTHING AND IGNORE ALL DOCUMENTS from Aspen

Aspen Group Limited (**Aspen** or the **Bidder**) is seeking to gain control of your investment in Eureka Group Holdings Limited (**Eureka**) via an unsolicited, all-scrip takeover offer to acquire all of your Eureka Shares for 0.26 Aspen Securities for every one Eureka Share as set out in the Bidder's Statement (**Offer**). Based on the closing prices on 3 April 2024 (being the Last Practicable Date), the Implied Offer Price is $0.439 per Eureka Share, which is 17.9% **below** the ASX trading price of Eureka Shares of $0.535 as at the same date.

You should have recently received a Bidder's Statement from Aspen that contains the Offer from Aspen.

The Bidder's Statement was released on 15 March 2024, which amended and replaced Aspen's original bidder's statement dated 8 March 2024, after your Directors raised several concerns with Aspen about the original bidder's statement.

After careful consideration, your Directors have concluded that the Offer is inadequate, materially undervalues Eureka Shares and is not in the best interests of Eureka Shareholders.

Your Directors believe the key reasons why you should **REJECT** the Offer are:

- **The implied value of the Offer is inadequate and represents a discount or no meaningful premium over Eureka's share price at any time in the last 12 months**. The Implied Offer Price is $0.439 per Eureka Share[1] which is materially less than the current price at which Eureka Shares trade on the ASX of $0.535[2] (representing a 17.9% discount). The Implied Offer Price is also at a discount to or represents no meaningful premium over the price of Eureka Shares traded on ASX at any time in the 12 months prior to the Offer being made and the Implied Offer Price has consistently represented a discount to Eureka's share price since the Offer was made.

- **The Independent Expert has concluded that the Offer is NEITHER FAIR NOR REASONABLE to Eureka Shareholders not associated with Aspen.** The Independent Expert has estimated the fair value of Eureka Shares on a 100% controlling interest basis to be $0.52 - $0.55 per Eureka Share. Therefore, the fair value of the Offer Consideration as assessed by the Independent Expert of $0.43 - $0.47 per Eureka Share implies a discount of between 9.6% to 21.8% to the fair value of Eureka Shares.

- **Eureka substantial shareholder, Filetron Pty Ltd (Filetron), which holds approximately 19.44%[3] of Eureka Shares, has advised Eureka that it does not intend to accept the Offer as described in the Bidder's Statement.** On this basis, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all Eureka Shares by the end of the Offer Period. This means that a number of the merger benefits outlined by Aspen in its Bidder's Statement will not be realised, including the estimated synergies, level of earnings accretion, and the combined balance sheet.

- **The Offer is highly conditional and is not certain to proceed.**

[1] Based on the closing price of Aspen Securities of $1.690 as at 3 April 2024.

[2] Based on the closing price of Eureka Shares of $0.535 as at 3 April 2024.

[3] Based on change in substantial holding notice lodged with the ASX on 2 April 2024. References to Filetron's shareholding throughout this Target's Statement are made on the same basis.

- **Eureka Shareholders would become exposed to significant new risks in the Combined Group to which they are not currently exposed.** New risks include increased exposure to development activities and reduced exposure to the affordable seniors' rental retirement living sector.
- **Eureka Shareholders will be denied future earnings upside and net asset value growth as a stand-alone entity if Eureka were to merge with Aspen.** Eureka has an attractive future as the only listed pure play provider of affordable seniors' rental accommodation in Australia, with a resilient revenue stream underpinned by inflation-indexed Government payments. If you accept the Offer and the Offer is declared or becomes unconditional, you will not participate in the potential upside associated with Eureka's property portfolio to the same extent that you would if you remained a Eureka Shareholder, including any increase in the Eureka Share price or any benefits that may ultimately be realised by Eureka.
- **Accepting the Offer will restrict Eureka Shareholders from dealing with their Eureka Shares, including participating in any alternative proposal should one emerge.**
- **There are adverse tax consequences associated with the Offer.** Scrip-for-scrip rollover relief is only available to Eureka Shareholders if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will not meet the 80% threshold by the end of the Offer Period because Filetron, which holds approximately 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. This means that any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystalise a capital gains tax liability (subject to eligible losses to offset the capital gain) if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash consideration under the Offer. Possible changes to Eureka's business as a result of the Offer could result in Eureka losing the ability to utilise some or all of its carried forward tax losses which are subject to the business continuity test in subdivision 165-E of the *Income Tax Assessment Act 1997* (Cth). This would increase the amount of cash tax payable, reducing the amount of cash available to pay distributions to Eureka Shareholders. Please refer to Sections 10 and 11.7 of this Target's Statement for further information.

Your Directors unanimously recommend that you REJECT the Offer. Your Directors holding Eureka Shares intend to REJECT the Offer in relation to all Eureka Shares they own or control.

To **REJECT** the Offer, simply **DO NOTHING AND TAKE NO ACTION** in relation to any documents sent to you by Aspen including the Bidder's Statement. The reasons to **REJECT** are set out in more detail in Section 1 of this Target's Statement.

Independent Expert's conclusion

To assist your Directors to determine whether the Offer fully reflects the underlying value of Eureka Shares, Lonergan Edwards & Associates Limited was engaged to prepare an Independent Expert's Report and express an opinion on whether or not the Offer is fair and reasonable for Eureka Shareholders not associated with Aspen.

The Independent Expert has concluded that the Offer is **NEITHER FAIR NOR REASONABLE** for Eureka Shareholders not associated with Aspen. The Independent Expert has estimated the fair value of Eureka Shares on a 100% controlling interest basis to be $0.52 - $0.55 per Eureka Share. Therefore, the fair value of the Offer Consideration as assessed by the Independent Expert of $0.43 - $0.47 per Eureka Share implies a discount of between 9.6% to 21.8% to the fair value of Eureka Shares.

Eureka Shareholders are encouraged to read the Independent Expert's Report in full, a copy of which is included in this Target's Statement in Annexure A.

What should you do next?

To **REJECT** the Offer simply **DO NOTHING AND IGNORE ALL DOCUMENTS** from Aspen including the Bidder's Statement.

You should read this Target's Statement in its entirety (including the Independent Expert's Report at Annexure A of this Target's Statement) as it will assist you in making an informed decision with respect to the Offer. You may also wish to seek independent legal, financial, taxation or other professional advice before making a decision in relation to your Eureka Shares.

If you have any questions in relation to the Offer, please contact the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit https://eurekagroupholdings.com.au/reject-aspen-offer/ to access an electronic copy of this Target's Statement and other important information.

Your Board believes that your Company has an attractive future, and it will continue to pursue opportunities that are aligned with Eureka's business model to deliver future earnings and net asset value growth for all shareholders.

Eureka has provided FY24 underlying EPS guidance of 3.00 cents per Eureka Share, which is 7% higher than the estimate in the Bidder's Statement. This guidance includes the positive impact in 2H24 of the Brassall development, which was completed in February 2024, and the investment in the Eureka Villages WA Fund, which occurred in December 2023. The annualised impact of these items (i.e. assuming they both occurred on 1 July 2023), would result in a pro-forma FY24 underlying EPS of 3.07 cents per Eureka Share.

You can be assured that the Board will consider any alternative offers that take full account of Eureka's strategic value and growth prospects (if such offers were to eventuate).

Your Board will continue to keep you updated on all material developments relating to the Offer.

On behalf of the Board, I thank you in anticipation of your continued support.

Yours sincerely,

Murray Boyte
Executive Chairman

Key Reasons to Reject the Offer

The Directors unanimously recommend that you REJECT the Offer.

The reasons for this recommendation are:

1	**The implied value of the Offer is inadequate and represents a discount or no meaningful premium over Eureka's share price at any time in the last 12 months**
2	**The Independent Expert has concluded that the Offer is NEITHER FAIR NOR REASONABLE to Eureka Shareholders not associated with Aspen**
3	**Eureka substantial shareholder, Filetron, which holds approximately 19.44% of Eureka Shares, has advised Eureka that it does not intend to accept the Offer as described in the Bidder's Statement. On this basis, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all Eureka Shares by the end of the Offer Period. This means that a number of the merger benefits outlined by Aspen in its Bidder's Statement will not be realised**
4	**The Offer is highly conditional and is not certain to proceed**
5	**Eureka Shareholders would become exposed to significant new risks in the Combined Group to which they are not currently exposed, including increased exposure to development activities and reduced exposure to the affordable seniors' rental retirement living sector**
6	**Eureka Shareholders will be denied future earnings upside and net asset value growth as a stand-alone entity if Eureka were to merge with Aspen**
7	**Accepting the Offer will restrict Eureka Shareholders from dealing with their Eureka Shares including participating in any alternative proposal should one emerge**
8	**There are adverse tax consequences associated with the Offer**

You should also consider the risks of remaining a Eureka Shareholder and other risks associated with accepting the Offer. Section 9 of this Target's Statement sets out further information regarding those risks.

The decision as to whether or not to reject the Offer depends on your circumstances, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

1. REASONS TO REJECT THE OFFER

1.1 THE IMPLIED VALUE OF THE OFFER IS INADEQUATE AND REPRESENTS A DISCOUNT OR NO MEANINGFUL PREMIUM OVER EUREKA'S SHARE PRICE AT ANY TIME IN THE LAST 12 MONTHS

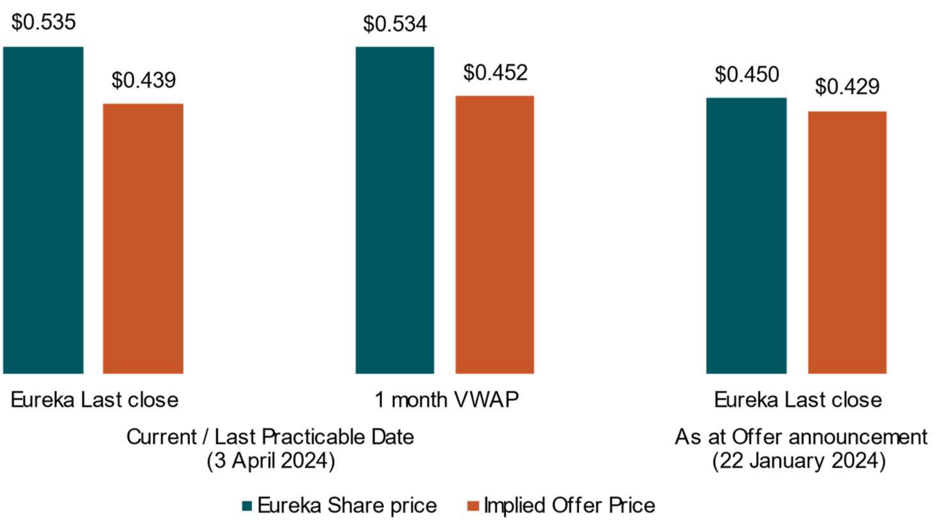
If you accept the Offer for your Eureka Shares and the Offer is declared or becomes unconditional, you will be receiving Aspen Securities with an implied value materially LESS than the current price of Eureka Shares.

The Offer Consideration is 0.26 Aspen Securities for each Eureka Share, therefore the actual value of the Offer is uncertain and depends upon the trading price of Aspen Securities. The Implied Offer Price, measured at different time periods, represents:

- a **discount** of 17.9% to Eureka's share price of $0.535 based on an Implied Offer Price of $0.439 using closing prices on 3 April 2024[4] (being the Last Practicable Date);
- a **discount** of 15.2% to the 1-month VWAP of Eureka Shares of $0.534 based on an Implied Offer Price of $0.452 calculated as at 3 April 2024[5] (being the Last Practicable Date); and
- a **discount** of 4.7% to Eureka's share price of $0.450 based on an Implied Offer Price of $0.429 using closing prices on 22 January 2024[6] (being the last trading date prior to the announcement of the Offer).

The chart below highlights these material Implied Offer Price discounts.

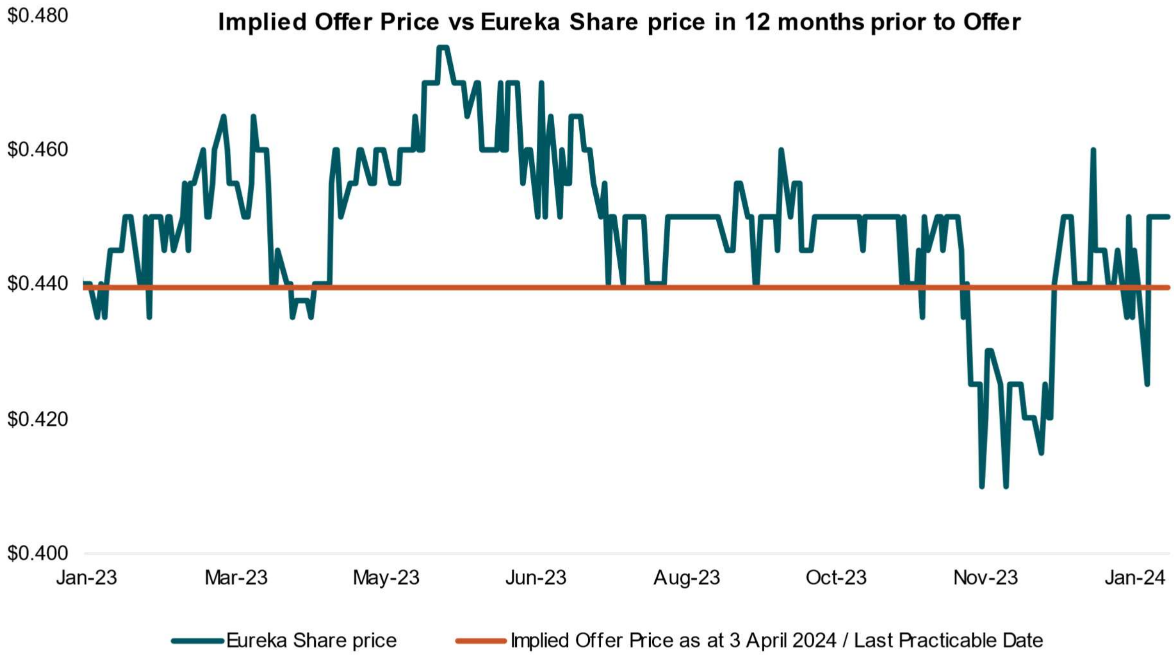
Implied Offer Price discount to Eureka Share price	**(17.9%)**	**(15.2%)**	**(4.7%)**

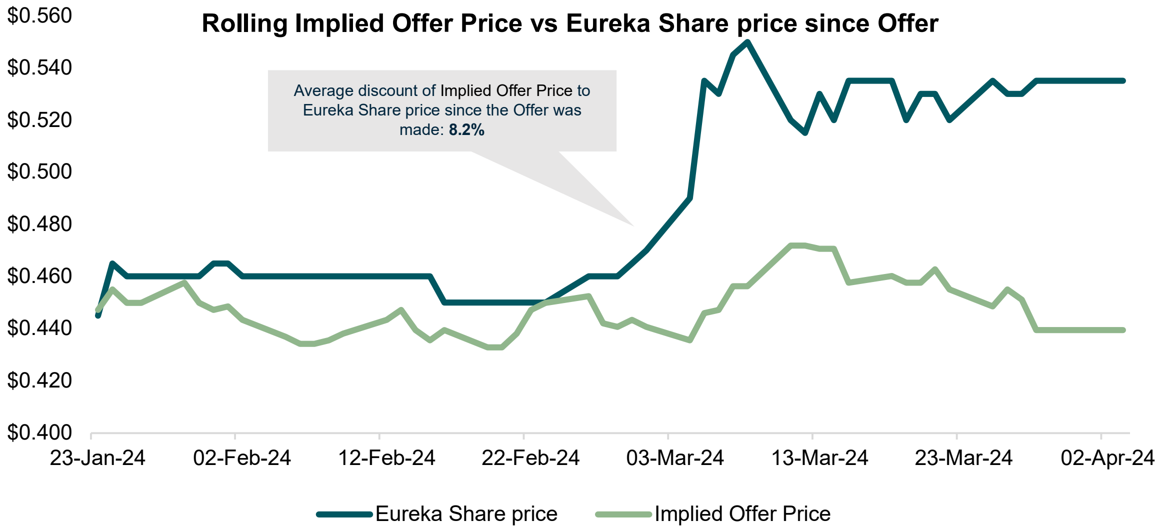


[4] Based on Eureka close price of $0.535 and Aspen close price of $1.690 both as at the Last Practicable Date.
[5] Based on Eureka 1-month VWAP of $0.534 and Aspen 1-month VWAP of $1.739 both as at the Last Practicable Date.
[6] Based on Eureka close price of $0.450 and Aspen close price of $1.650 both as at 22 January 2024.

The Board considers the Offer inadequate, and the Implied Offer Price represents a discount or no meaningful premium over the price of Eureka Shares at any time in the past 12 months prior to the Offer and the Implied Offer Price has consistently represented a discount to Eureka's share price since the Offer was made.

Takeover transactions in Australia typically occur at a material premium to the target's share price prior to the offer let alone at a material discount as is the case with the Offer.





1.2 THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE OFFER IS NEITHER FAIR NOR REASONABLE TO EUREKA SHAREHOLDERS NOT ASSOCIATED WITH ASPEN

In assessing the fairness of the Offer, the Independent Expert estimated the fair value of Eureka Shares on a 100% controlling interest basis to be $0.52-$0.55 per Eureka Share. Therefore, the fair value of the Offer Consideration as assessed by the Independent Expert of $0.43-$0.47 per Eureka Share implies a discount of between 9.6% to 21.8% to the fair value of Eureka Shares. The Independent Expert stated, "as the high end of the range of the consideration offered by Aspen is less than the low end of our assessed value of 100% of the ordinary shares in Eureka (i.e. there is no overlap), in our opinion, **the Offer is not fair**".

In assessing the reasonableness of the Offer the Independent Expert stated, "we consider the advantages of the Offer to be outweighed by the disadvantages and accordingly, we have concluded that **the Offer is not reasonable**".

1.3 EUREKA SUBSTANTIAL SHAREHOLDER, FILETRON, WHICH HOLDS APPROXIMATELY 19.44% OF EUREKA SHARES, HAS ADVISED EUREKA THAT IT DOES NOT INTEND TO ACCEPT THE OFFER AS DESCRIBED IN THE BIDDER'S STATEMENT. ON THIS BASIS, ASPEN WILL NOT BE ABLE TO ACHIEVE THE 90% THRESHOLD NEEDED TO COMPULSORILY ACQUIRE ALL EUREKA SHARES BY THE END OF THE OFFER PERIOD. THIS MEANS THAT A NUMBER OF THE MERGER BENEFITS OUTLINED BY ASPEN IN ITS BIDDER'S STATEMENT WILL NOT BE REALISED

As advised to ASX on 21 March 2024, Filetron has informed Eureka that it does not intend to accept the Offer as described in the Bidder's Statement. The Directors who hold or control Eureka Shares also intend to reject the Offer. On this basis, as the Offer is currently subject to a 50.1% minimum acceptance condition (unless waived by Aspen), Aspen can only acquire between 50.1% and approximately 78.3% of Eureka Shares by the end of the Offer Period and not the 100% required for a number of the stated merger benefits set out in the Bidder's Statement to be realised.

There are significant risks and consequences for Eureka Shareholders if the Bidder acquires between 50.1% and 78.3% of Eureka by the end of the Offer Period.

First, without 100% of Eureka Shares, the realisation of the claimed cost synergies of $2.2 million per annum in Aspen's Bidder's Statement is not available and reduces the EPS accretion for Eureka Shareholders. The Bidder's Statement effectively confirms this risk by assuming nil synergies under a 50.1% ownership case. In addition, Aspen (including you as a new Aspen Securityholder if you accept the Offer and it is declared or becomes unconditional) is unlikely to realise benefits relating to scale, liquidity and balance sheet strength if it ends up with less than 100% of Eureka Shares.

Secondly, if Aspen's stake in Eureka is greater than 50.1%, it will likely seek to make changes to the Board and management or Eureka. This could result in a conflict of interest between Eureka and Aspen, including growth opportunities for Aspen being prioritised over Eureka. Aspen would control Eureka and may be able to change Eureka's strategy, level of debt and dividends which may be detrimental to remaining Eureka Shareholders.

Thirdly, there will likely be lower liquidity in Eureka if Aspen holds over 50.1% of Eureka Shares, creating a risk that the price of Eureka Shares may fall.

Finally, acceptance of the Offer will likely result in adverse tax consequences for Eureka Shareholders, given if Aspen owns less than 80% of Eureka Shares then roll-over relief is not available in respect of any capital gains on disposal of the Eureka Shares. Refer to Section 1.8 below for further information.

1.4 THE OFFER IS HIGHLY CONDITIONAL AND IS NOT CERTAIN TO PROCEED

The Offer is subject to a number of conditions which must either be met or waived for the Offer to be unconditional. One of these conditions is a minimum acceptance condition of 50.1% which Aspen must achieve if it is to secure control of Eureka. To the extent Aspen does not meet this minimum level of acceptance, or waive this condition, the Offer will not become unconditional and, if you accept the Offer, you will not receive the Offer Consideration.

1.5 EUREKA SHAREHOLDERS WOULD BECOME EXPOSED TO SIGNIFICANT NEW RISKS IN THE COMBINED GROUP TO WHICH THEY ARE NOT CURRENTLY EXPOSED

The Eureka Board believes that the Company has an attractive future as the only listed pure-play provider of affordable seniors' rental accommodation in Australia, with a resilient revenue stream underpinned by inflation-indexed Government payments. Eureka's strategy is to continue to pursue opportunities that are aligned with Eureka's business model to deliver future earnings and net asset value growth for all shareholders.

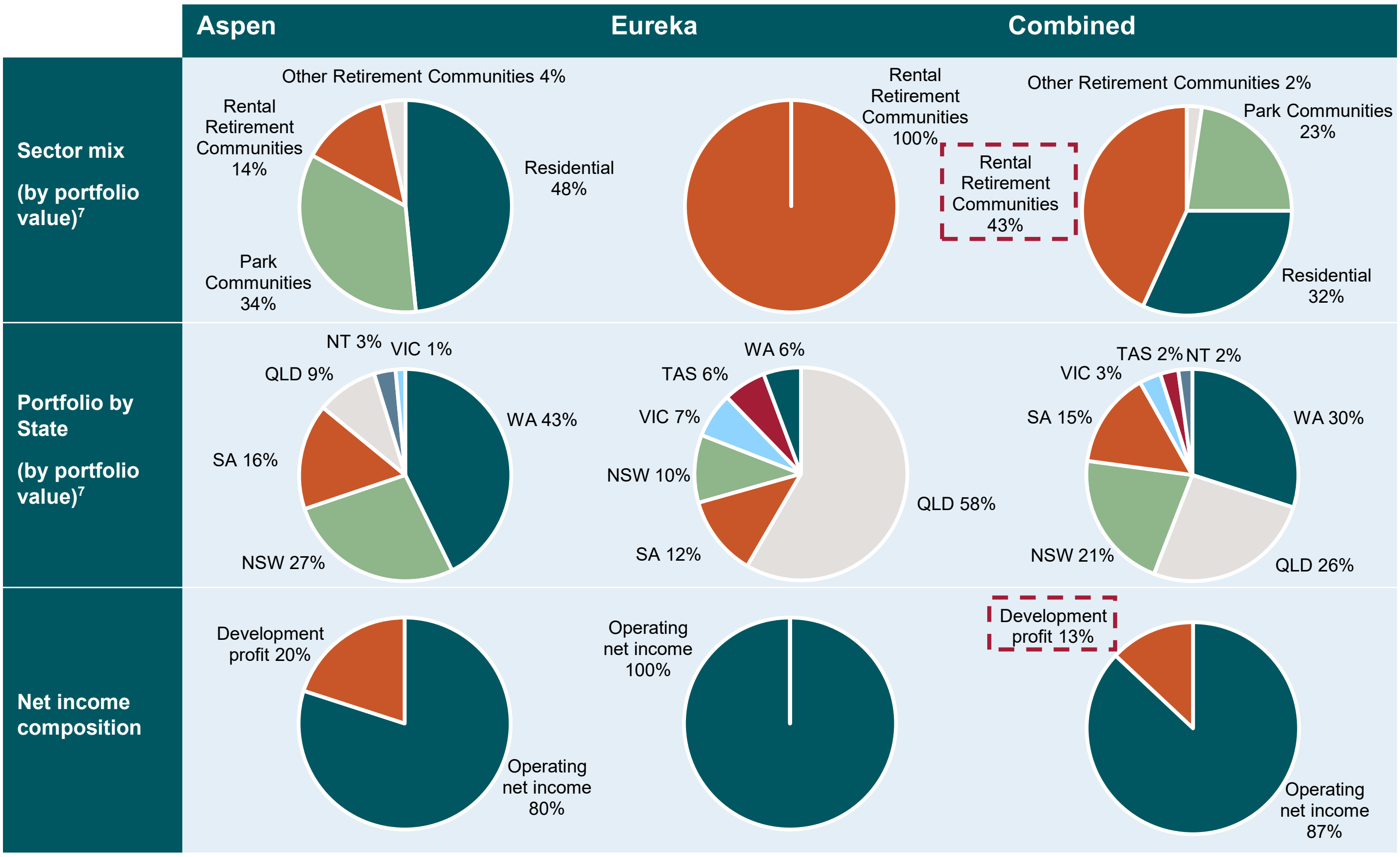
Eureka Shareholders would become exposed to a number of new risks in the Combined Group to which they are not currently exposed.

(a) A core part of Aspen's strategy is to target 20% of net income from property development activities. Aspen's developments have a number of risks over and above those of owning stable income producing assets such as Eureka's properties. These risks include uncertain development costs and time to complete developments, the value of assets at the completion of development and the ability to sell completed developments for fair value. Development projects also do not usually provide any income until they are completed and as any income generated from develop-to-sell projects is non-recurring for a single project, multiple development projects are required to maintain profit mix and there is no certainty this can be achieved.

(b) Less than 15% of Aspen's portfolio is in a relevant sub-sector to Eureka (being rental retirement communities). A merger would reduce Eureka Shareholders' exposure to the affordable seniors' rental retirement living sector from 100% to only 43% (by portfolio value).

(c) Aspen's greatest concentration of assets is in residential accommodation. This portfolio is largely located in Western Australia, with 68% of the residential portfolio exposed to the Perth residential market, which is heavily reliant on the mining industry. On a combined portfolio basis across all sectors, Eureka Shareholders would become 30% exposed to Western Australia compared with only 6% for Eureka at present (by portfolio value).

(d) Aspen has a significant exposure to tourism and mining, being 34% of its property portfolio value, which is cyclical and attracts different customers and tenants. For instance, Aspen Karratha Village is highly reliant on projects determined by major resource companies. This sub-sector is not aligned with Eureka's current strategy.



1.6 EUREKA SHAREHOLDERS WILL BE DENIED FUTURE EARNINGS UPSIDE AND NET ASSET VALUE GROWTH AS A STAND-ALONE ENTITY IF EUREKA WERE TO MERGE WITH ASPEN

Eureka actively pursues growth opportunities and has an identified acquisition and development pipeline. Unlike Aspen's develop-to-sell strategy, which generates one-off, non-recurring income, Eureka's strategy is to pursue build-to-rent development opportunities to own on balance sheet (or through managed funds) thereby creating both recurring earnings and net asset value growth. If you accept the Offer and the Offer is declared or becomes unconditional, you will not participate in the potential upside associated with Eureka's property portfolio to the same extent that you would if you remained a Eureka Shareholder, including any increase in the Eureka Share price or any benefits that may ultimately be realised by Eureka.

Eureka's acquisition and development pipeline primarily targets 50 to 125 unit villages. The pipeline includes a range of growth channels:

- Brownfield acquisitions: existing rental retirement villages
- Greenfield: Vacant land
- Adjacent land development: land adjacent to existing Eureka villages
- Infill development: land within existing Eureka villages

[7] Includes Eureka's proportionate share of assets in a joint venture and Eureka's co-investment stake in Eureka Villages WA Fund.

Given the fragmented nature of the seniors' retirement living market in Australia, Eureka expects that further presently unidentified market opportunities will arise as the current pipeline is progressed.

Eureka also has the opportunity to acquire additional individual units in its managed villages, consistent with its practice in past years.

This creates additional scale, and given Eureka has invested heavily in enhancing its capabilities over the past few years, provides operating efficiency benefits, and margin improvements.

Additionally, Eureka has the potential for short-term income upside from its existing properties by re-basing rents commensurate with its service offering and quality. This should result in increased revenue, earnings and dividends. If Aspen acquires Eureka, Eureka Shareholders will miss out on most of this upside as it will be shared with Aspen Securityholders in the Combined Group.

1.7 ACCEPTING THE OFFER WILL RESTRICT EUREKA SHAREHOLDERS FROM DEALING WITH THEIR EUREKA SHARES, INCLUDING PARTICIPATING IN ANY ALTERNATIVE PROPOSAL SHOULD ONE EMERGE

Except in the limited circumstances provided for in the Corporations Act, accepting the Offer will restrict you from dealing with your Eureka Shares while the Offer remains open, including being able to accept or participate in any alternative proposal from a third party should one emerge during the Offer Period. At the date of this Target's Statement, the Eureka Board is not aware of any alternative proposal to acquire all the shares in Eureka. If the Bidder improves the Offer Consideration, all Eureka Shareholders, whether or not they have already accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

1.8 THERE ARE ADVERSE TAX CONSEQUENCES ASSOCIATED WITH THE OFFER

(a) **CGT roll-over**

Scrip-for-scrip rollover relief is only available to Eureka Shareholders if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will not meet the 80% threshold by the end of the Offer Period because Filetron, which holds approximately 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. This means that any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystalise a capital gains tax liability (subject to eligible losses to offset the capital gain) if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash consideration under the Offer.

Section 10 of this Target's Statement contains further information on the adverse CGT consequences for Eureka Shareholders who accept the Offer.

(b) **Tax losses**

Possible changes to Eureka's business as a result of the Offer could result in Eureka losing the ability to utilise some or all of its carried forward tax losses which are subject to the business continuity test in subdivision 165-E of the *Income Tax Assessment Act 1997* (Cth). This would increase the amount of cash tax payable, reducing the amount of cash available to pay distributions to Eureka Shareholders.

Section 11.7 of this Target's Statement contains further information on the impact of the Offer on Eureka's carried tax losses.

2. EUREKA DISPUTES CLAIMS MADE BY ASPEN IN THE BIDDER'S STATEMENT

2.1 ASPEN'S CLAIM – EUREKA SHAREHOLDERS WILL GET 21% TO 25% UNDERLYING EPS ACCRETION FROM THE OFFER, BASED ON ACQUISTION OF 100% OF EUREKA SHARES

EUREKA'S RESPONSE – ASPEN UNDERSTATES EUREKA'S FY24 UNDERLYING EPS AND THEREFORE OVERSTATES THE FY24 UNDERLYING EPS ACCRETION OF THE OFFER FOR EUREKA SHAREHOLDERS WHO ACCEPT THE OFFER, WHICH IS 14.0% IF ASPEN ACQUIRES 50.1% OF EUREKA

Aspen's claims that there will be material underlying EPS accretion for Eureka Shareholders of 21% to 25% based on Aspen's own estimate of Eureka's FY24 underlying EPS of 2.80 cents per share (**cps**) and Aspen acquiring 100% of Eureka Shares.

Eureka in conjunction with the Target's Statement provides estimated FY24 underlying EPS guidance of 3.00 cps, which is 7% higher than the estimate in the Bidder's Statement. This leads to a materially lower underlying EPS accretion for Eureka Shareholders as a result of the Offer. Additionally, and as discussed in Section 1.3, given Filetron does not intend to accept the Offer as described in the Bidder's Statement, Aspen will not be able to achieve the 90% threshold for compulsory acquisition of the Eureka Shares not held by Aspen by the end of the Offer Period. As such, this will also lead to a lower underlying EPS accretion for Eureka Shareholders who accept the Offer as the operating cost synergies claimed by Aspen if it acquires 100% of Eureka will not be realised. Based on these factors, the underlying EPS accretion for Eureka Shareholders who accept the Offer will be 14.0% if Aspen acquires 50.1% of Eureka Shares.

See Section 8 for a summary of the financial impact of the Offer on Eureka Shareholders.

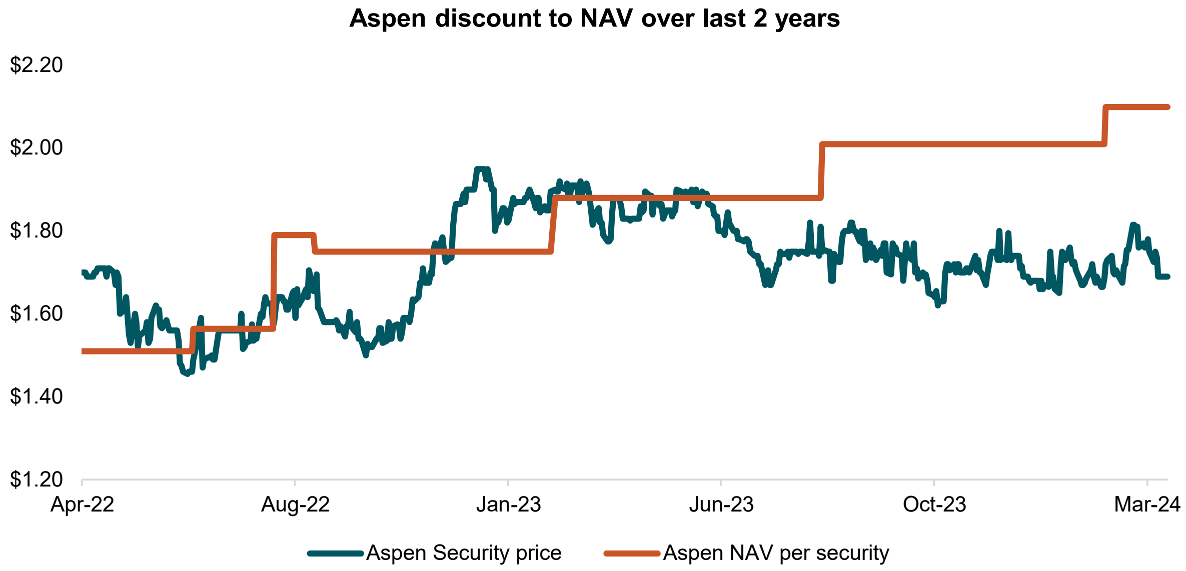
2.2 ASPEN'S CLAIM – ASPEN SECURITIES BEING RECEIVED BY EUREKA SHAREHOLDERS HAVE THE POTENTIAL TO RE-RATE GIVEN ASPEN IS TRADING AT A 16.2% DISCOUNT TO NAV

EUREKA'S RESPONSE – ASPEN HAS CONSISTENTLY BEEN VALUED BY THE MARKET AT A DISCOUNT TO NAV OF 5.5% ON AVERAGE OVER THE PAST 2 YEARS

Aspen claims that Aspen Securities are being provided to Eureka Shareholders at an attractive entry point with the potential to re-rate given Aspen is trading at a 16.2% discount to its NAV.[8]

This statement is not supported by the market evidence. The security price of a company is based on several factors and not just NAV per security. The market has consistently applied a discount to Aspen's NAV over the past 2 years, with Aspen trading on an average security price discount to NAV over this period of 5.5% as illustrated in the chart below.

[8] Based on the trading price of Aspen Securities on 15 March 2024, being the date of the Bidder's Statement.



At least 33% of Aspen's portfolio has not been independently valued since 30 June 2022. Since 30 June 2022, the Reserve Bank of Australia has increased the cash rate by 3.5%, which would ordinarily negatively impact independent valuations. Aspen's NAV is expected to decrease as a result of the Offer by 1.4% (per the Bidder's Statement in the 50.1% acquisition scenario) which may result in a reduction in Aspen's security price following the Offer if the same discount to NAV is maintained.

2.3 ASPEN'S CLAIM - THE EUREKA SHARE PRICE MAY FALL IN THE ABSENCE OF THE OFFER

EUREKA'S RESPONSE – BOTH THE INITIAL INDICATIVE OFFER FROM ASPEN AND THE CURRENT OFFER WERE AT A 12.2% AND 4.7% DISCOUNT TO THE EUREKA SHARE PRICES AT THE TIME THE RESPECTIVE OFFERS WERE MADE, HENCE THE EUREKA SHARE PRICE IS UNLIKELY TO BE FACTORING IN A TAKEOVER PREMIUM FROM THE OFFER

Aspen claims that the Eureka Share price has been supported by the expectation of a takeover offer by Aspen and that the Eureka Share price may fall in the absence of the Offer.

Given that both the initial indicative non-binding offer by Aspen of 0.225 Aspen Securities (as announced by Eureka to the ASX on 29 March 2023) and the current Offer were both at a discount to the Eureka Share price at the time the respective offers were made, it is unlikely that the Eureka Share price is elevated as a result of the Offer and incorporating a takeover premium.

Implied Offer Price discount to Eureka Share price	**(12.2%)**	**(4.7%)**

2.4 ASPEN'S CLAIM – ASPEN HAS GENERATED AN AVERAGE ANNUALISED RETURN ON EQUITY ABOUT TWICE THE RATE ACHIEVED BY EUREKA

EUREKA'S RESPONSE – ASPEN'S RETURN ON EQUITY IS BASED ON STATUTORY EARNINGS WHICH INCLUDES NON-CASH ELEMENTS SUCH AS PROPERTY REVALUATIONS; EUREKA'S RETURN ON EQUITY IS 1.0% HIGHER THAN ASPEN'S BASED ON UNDERLYING EARNINGS

Aspen claims that it has averaged an annualised return on equity of 21.2%, about twice the rate achieved by Eureka from FY19 to 1H24.

Aspen's definition of return on equity is based on statutory earnings, which includes non-cash elements such as property revaluations. Calculating return on equity based upon underlying earnings, which is the main measure used to assess the cash earnings achieved by shareholders, leads to an average return on equity[9] for Eureka of 6.6% and Aspen of 5.6% over the same time period.

2.5 ASPEN'S CLAIM – EUREKA SHAREHOLDERS WILL BENEFIT FROM GREATER GROWTH PROSPECTS FROM DEVELOPMENTS

EUREKA'S RESPONSE – DEVELOPMENT COMES WITH ADDITIONAL RISK FOR EUREKA SHAREHOLDERS TO WHICH THEY ARE NOT CURRENTLY EXPOSED AND ASPEN HAS NOT OUTLINED HOW IT PROPOSES TO FUND THE ADDITIONAL DEVELOPMENT PIPELINE

Aspen claims that it has a more substantial development platform and pipeline than Eureka from which additional value can be created for Eureka Shareholders.

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[9] Average return on equity for Aspen and Eureka was annualised to include the full FY24 forecast period.

Under the Combined Group, Eureka Shareholders will be exposed to increased development activity, with Aspen targeting 20% of net income from development activities. Property development has a number of additional risks relative to owning stabilised income producing assets (such as those owned by Eureka), including uncertainty of cost and time to complete developments, the value of assets at the completion of development and the ability to sell completed developments for fair value.

Eureka Shareholders will also face an additional risk due to the large funding requirements to maintain a target of 20% of net income from development activities. Aspen has a pipeline of 1,188 undeveloped sites across its portfolio as at 31 December 2023. In its FY23 Results Presentation, Aspen stated a typical development cost of $40,000 to $60,000 per site, which equates to a total development cost of the pipeline of $47.5m to $71.3m. Aspen has made no commentary on how it plans to fund this development pipeline.

2.6 ASPEN'S CLAIM – DIVERSIFICATION FOR EUREKA SHAREHOLDERS, INCLUDING BY PROPERTY TYPE, HAS BENEFITS INCLUDING REDUCED RISK

EUREKA'S RESPONSE – THE COMBINED GROUP WILL PROVIDE EUREKA SHAREHOLDERS WITH EXPOSURE TO NEW ASSET CLASSES, INCLUDING TOURIST PARKS, SHORT STAY ACCOMMODATION AND DEVELOPMENT PROJECTS THAT WOULD INCREASE RISK

Aspen's claims that the Combined Group will be larger and more diversified than the individual entities alone, which improves economies of scale and reduces risk including by providing diversity by "property type".

Eureka has pure-play exposure to rental retirement accommodation. Under the Combined Group, this exposure reduces from 100% to 43% (by portfolio value). This is replaced by exposure to park communities (23% of portfolio) and residential accommodation (32% of portfolio), consisting of tourist parks and shorter stay accommodation (including mining accommodation) which have a higher level of leasing and occupancy risk.

Eureka Shareholders will also be exposed to greater property development activity, with Aspen targeting 20% of net income from development activities which come with higher risk (see Section 2.5).

2.7 ASPEN'S CLAIM – ASPEN CAN EXTRACT SUPERIOR RETURNS FROM EUREKA'S PORTFOLIO, INCLUDING THROUGH LOWER OPERATING COSTS, PROPERTY UPGRADES, REMOVING FOOD PACKAGES AND REDUCING RENTS

EUREKA'S RESPONSE – THERE IS NO BASIS TO JUSTIFY THAT ASPEN'S PROPOSED CHANGES ARE POSSIBLE OR WOULD EXTRACT SUPERIOR RETURNS

Aspen claims that it can extract superior returns from Eureka's portfolio from a variety of means that are unsubstantiated.

First, Aspen claims that it can reduce property operating costs, including Eureka's unallocated corporate overheads that are directly related to leasing, marketing/branding, information technology and travel. However, Aspen has not provided any further information on the basis for achieving these property operating cost savings.

Secondly, Aspen claims it will reduce rents to below $400 per week so that Eureka's villages can remain affordable. Reducing rent in the absence of increased occupancy will lead to lower income and lower returns. As at 31 December 2023, Eureka had close to maximum occupancy at 98%, therefore the reduction in rent will not lead to a material occupancy uplift and will reduce likely returns.

Thirdly, Aspen has said it will broaden the customer base by providing self-contained units where possible and not "forcing" residents to buy food packages. Leaving aside the factual inaccuracy that residents are forced to take food packages when they are not, Eureka has focused on the food offering in Eureka's villages given it underpins Eureka's social license, enhances resident satisfaction and differentiates the Eureka portfolio. Its food offering has contributed to Eureka's successful portfolio performance, including average occupancy of over 98% over the last 4 years.

Finally, Aspen has said it will upgrade Eureka's more attractive properties for a cost of $30,000 to $35,000 per unit. This implies a total capital cost of up to approximately $56 million given Eureka has over 1,600 owned units, for which Aspen has not provided commentary on how it would be funded.

2.8 ASPEN'S CLAIM – THE OFFER IS A 16% INCREASE IN THE MERGER RATIO BY ASPEN RELATIVE TO ITS INITIAL INDICATIVE OFFER

EUREKA'S RESPONSE – THE FACT THAT ASPEN HAS INCREASED THE MERGER RATIO DOES NOT IN ITSELF MAKE THE OFFER ATTRACTIVE AS BOTH THE INITIAL INDICATIVE OFFER AND THE CURRENT OFFER ARE AT A DISCOUNT TO THE EUREKA SHARE PRICE PRIOR TO THE RESPECTIVE OFFERS BEING MADE OF 12.2% AND 4.7% RESPECTIVELY

Aspen claims that the Offer represents a 16% increase in the merger ratio relative to the initial indicative, non-binding offer provided by the Eureka board as announced by Eureka to the ASX on 29 March 2023.

The fact that Aspen has increased the merger ratio relative to the initial indicative offer is not relevant as to whether the current Offer is attractive for Eureka Shareholders. A more critical factor for Eureka Shareholders to consider is that both the initial indicative offer and the current Offer were at a discount to Eureka's share prices prior to the respective offers being made (noting that takeover transactions in Australia typically occur at a material premium to the target's share price prior to the Offer):

- At the time of the initial indicative offer, the consideration of 0.225 Aspen Securities per Eureka Share represented a discount of 12.2% to the last trading price of Eureka Shares prior to the original offer (based on an Implied Offer Price of $0.399 and closing price of Eureka Shares of $0.455 on 28 March 2023, being the last trading day before announcement by Eureka of the original offer to ASX); and

- At the time of the current Offer, the consideration of 0.26 Aspen Securities per Eureka Share represented a discount of 4.7% to the last trading price of Eureka Shares prior to the Offer (based on an Implied Offer Price of $0.429 and closing price of Eureka Shares of $0.450 on 22 January 2024, being the last trading day before Aspen announced its intention to make the Offer to ASX).

3. FREQUENTLY ASKED QUESTIONS

Question	Answer
What is this Target's Statement and why have I received this document?	This Target's Statement is Eureka's formal response to the Bidder's Statement issued by Aspen, as required by the Corporations Act. This document contains important information regarding the Offer and should be read in its entirety. You have received this Target's Statement because you are a Eureka Shareholder. This Target's Statement includes the recommendation of the Eureka Directors to REJECT the Offer. *Refer to Section 4 of this Target's Statement for more information.*
Who is making the Offer?	Aspen is making the Offer. Aspen is an ASX-listed provider of accommodation in residential, retirement and park communities. *Refer to Section 6 of this Target's Statement for more information.*
Does Aspen already have a direct interest in Eureka Shares?	Yes, Aspen has a direct interest in 13.64%[10] of Eureka Shares as at 3 April 2024 (being the Last Practicable Date). *Refer to Section 7.9 of this Target's Statement for more information.*
What is the Bidder's Statement?	The Bidder's Statement is a document prepared by Aspen stating the terms of the Offer and providing important disclosures including in relation to the Combined Group. The Bidder's Statement was released on 15 March 2024, which amended and replaced Aspen's original bidder's statement dated 8 March 2024, after your Directors raised several concerns with Aspen about the original bidder's statement.
What is the Offer?	Aspen made an unsolicited, off-market takeover offer for all Eureka Shares on issue as at the Offer Record Date and any Eureka Shares that are issued up to the end of the Offer Period due to: • the vesting and conversion of Eureka Performance Rights that exist on the Offer Record Date; and • the Eureka Dividend Reinvestment Plan and pursuant to the modification granted by ASIC to Aspen as described in Section 12.18 of the Bidder's Statement. *Refer to Section 6 of this Target's Statement for more information.*

[10] Aspen has a Relevant Interest in 35.72% of Eureka Shares as a result of acceptances of the Offer, as disclosed to the ASX on 25 March 2024. This includes Aspen's increase in Relevant Interests as a result of the acceptance of the Offer by Cooper Investors Pty Limited, which holds approximately 22.08% of Eureka Shares.

What is Aspen offering per Eureka Share?	The Offer Consideration is 0.26 Aspen Securities for each Eureka Share, therefore the actual value of the Offer is uncertain and depends upon the trading price of Aspen Securities. The implied value of the Offer of 0.26 Aspen Securities for each Eureka Share represents: • a **discount** of 17.9% to Eureka's share price of $0.535 based on an Implied Offer Price of $0.439 using closing prices on 3 April 2024[11] (being the Last Practicable Date); • a **discount** of 15.2% to the 1-month VWAP of Eureka Shares of $0.534 based on an Implied Offer Price of $0.452 calculated as at 3 April 2024[12] (being the Last Practicable Date); and • a **discount** of 4.7% to Eureka's share price of $0.450 based on an Aspen Implied Offer Price of $0.429 using closing prices on 22 January 2024[13] (being the last trading date prior to the announcement of the Offer). The Board considers the Offer inadequate, and the Implied Offer Price represents a discount or no meaningful premium over the Eureka's shares price at any time in the past 12 months prior to the Offer. The Implied Offer Price has consistently been at a discount to Eureka's share price since the Offer was made. *Refer also to Sections 1 and 6 of this Target's Statement for more information.*
What is an Aspen Security?	A fully stapled security in the capital of Aspen Group, comprising one ordinary share in Aspen and one ordinary unit in the Aspen Property Trust.
What are the key dates?	The key dates are: • 23 January 2024: Announcement of Aspen's intention to make the Offer. • 8 March 2024: Aspen lodged original bidder's statement with ASIC and provided a copy to ASX and Eureka. • 15 March 2024: Aspen lodged Bidder's Statement (replacing the original bidder's statement) with ASIC and provided a copy to ASX and Eureka. • 22 March 2024: Offer Period opened. • 8 April 2024: Date of this Target's Statement. • 7.00pm (Sydney time) on 28 May 2024: Closing date of the Offer Period (unless extended or withdrawn by Aspen). *Refer to the Key Dates Section of this Target's Statement for more information.*

[11] Based on Eureka close price of $0.535 and Aspen close price of $1.690 both as at the Last Practicable Date.
[12] Based on Eureka 1-month VWAP of $0.534 and Aspen 1-month VWAP of $1.739 both as at the Last Practicable Date.
[13] Based on Eureka close price of $0.450 and Aspen close price of $1.650 both as at 22 January 2024.

What is the Offer Period?	There is a minimum 1 month Offer Period, with potential for extension to a maximum of 12 months. The Offer Period opened on 22 March 2024 and will close at 7.00pm (Sydney time) on 28 May 2024 (unless extended or withdrawn by Aspen). *Refer to Section 6 of this Target's Statement for more information.*
What are the conditions of the Offer?	The Offer is conditional upon a number of matters set out in the Bidder's Statement, including: 1. Aspen reaching at least 50.1% acceptances of the Offer; 2. no material adverse change based on 5% of Eureka's net asset value or EPS; 3. no "prescribed occurrences" in relation to Eureka; 4. no material acquisitions, disposals, capital expenditures, or changes in the conduct of the business; 5. Leftfield Investments Pty Ltd as trustee of Eureka Villages WA Fund waiving any change of control rights associated with the fund; 6. no destruction or damage to any properties exceeding $5 million after the recovery of any insured amounts; 7. no changes to the responsible entity, trustee, joint venturers and any other similar changes in relation to Eureka; 8. no amendments to or termination of any agreements related to the provision of management and administration services that would be adverse to Eureka or a group member; 9. Aspen obtaining all regulatory approvals required for the Offer to complete; 10. no regulatory investigation or action being taken that would prevent or impede the Offer (other than action by ASIC or the Takeovers Panel); 11. no distributions other than those related to the financial half-year ending 31 December 2024, and in any event, not exceeding $2.5 million; 12. no misrepresentation, breach, event of default, amendments, or a similar event under any of Eureka's debt facilities; and 13. no Eureka Group insolvency. *Refer to Section 6 of this Target's Statement for more information.*

Can the Offer be withdrawn?	Aspen may only withdraw the Offer with written consent of ASIC which may be given subject to conditions. *Refer to Section 6 of this Target's Statement for more information.*
What happens if the conditions of the Offer are not satisfied or waived?	You do not receive the Offer Consideration for your Eureka Shares while the Offer is subject to conditions. If the conditions are not satisfied or waived before the Offer closes (and the Offer is not extended), the Offer will lapse. In this circumstance, your acceptance of the Offer will be void, no consideration will be payable and you would continue to own your Eureka Shares and be free to deal your Eureka Shares even if you had accepted the Offer. *Refer to Section 6 of this Target's Statement for more information.*
Can Aspen vary the Offer?	Yes. Aspen can vary the Offer by extending the Offer Period or increasing the Offer Consideration in accordance with the Corporations Act. However, this is a matter for Aspen. Aspen can also waive the conditions to the Offer. However, Aspen has no obligation to waive conditions that are not satisfied. *Refer to Section 6 of this Target's Statement for more information.*
What happens if Aspen increases the Offer Consideration?	If you accept the Offer and Aspen subsequently increases the Offer Consideration, you will receive the increased consideration for your Eureka Shares. However, any increase in Offer Consideration will not be available to Eureka Shareholders who have already sold their Eureka Shares on the ASX. *Refer to Section 6 of this Target's Statement for more information.*
What happens if there is a superior proposal from a third party?	If there is a superior proposal from a third party, the Directors will consider the proposal and advise Eureka Shareholders of their recommendation accordingly. If you have already accepted the Offer at that time, you may be unable to withdraw your acceptance in which case you will be unable to accept the superior proposal if one arises. *Refer to Section 6 of this Target's Statement for more information.*
When will I be updated about the status of the Offer conditions of if the Offer is declared or becomes unconditional?	If a condition is satisfied or waived, Aspen must, as soon as practicable, give the ASX and Eureka a notice that states that the particular condition has been satisfied or waived. *Refer to Section 6 of this Target's Statement for more information.*

What choices do I have as a Eureka Shareholder?	As a current Eureka Shareholder, you can take the following actions: • **REJECT** the Offer by doing nothing (this is the recommendation of the Eureka Directors); • **Sell** your Eureka Shares on market (transaction fees may apply); or • **Accept** the Offer. There are several implications in relation to each of the above choices. *Refer to Section 5 of this Target's Statement for more information.*
What is the Eureka board's recommendation?	The Directors unanimously recommend that you **REJECT** the Offer. The reasons for your Directors' recommendation are set out in Section 1 of this Target's Statement.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Offer is **NEITHER FAIR NOR REASONABLE** to Eureka Shareholders not associated with Aspen. The Independent Expert has estimated the fair value of Eureka Shares on a 100% controlling interest basis to be \$0.52 - \$0.55 per Eureka Share. Therefore, the fair value of the Offer Consideration as assessed by the Independent Expert of \$0.43 - \$0.47 per Eureka Share implies a discount of between 9.6% to 21.8% to the fair value of Eureka Shares. You are encouraged to read the Independent Expert's Report in full. *Refer to the Independent Expert's Report set out in full in Annexure A of the Target's Statement for more information.*
Why should I reject the Offer?	The Directors recommend that you **REJECT** the Offer for the reasons stated in Section 1 of this Target's Statement.
Why might I accept the Offer?	The Bidder's Statement sets out reasons why you may wish to accept the Offer. However, the Directors recommend that you **REJECT** the Offer for the reasons stated in Section 1 of this Target's Statement.
What do the Directors intend to do with their Eureka Shares?	The Directors intend to reject the Offer in relation to the Eureka Shares that they own or control. The Directors' interests in Eureka Shares are set out in Section 4.4 of this Target's Statement.
How do I accept the Offer?	To accept the Offer, you need to follow the instructions outlined in Section 15.5 of the Bidder's Statement and on the Acceptance Form.
How do I reject the Offer?	To reject the Offer, simply do nothing and take no action in relation to correspondence from Aspen. *Refer to Section 5 of this Target's Statement for more information.*

What are the consequences of accepting the Offer now?	By accepting the Offer, you will: • give up your right to sell any Eureka Shares; and • give up your right to otherwise deal with any Eureka Shares you own while the Offer remains open, unless withdrawal rights are available (see question on withdrawal below). *Refer to Section 6 of this Target's Statement for more information.*
When will I receive the Offer Consideration?	If you accept the Offer, and the Conditions are fulfilled or waived (i.e. the Offer is unconditional), the Bidder will provide the Offer Consideration due to you for your Eureka Shares on or before the earlier of: • one month after the Offer is accepted, or one month after the Conditions are fulfilled or waived (whichever is later); and • 21 days after the end of the Offer Period. *Refer to Section 6 of this Target's Statement for more information.*
If I accept the Offer, can I withdraw my acceptance?	Generally, no. You may only withdraw your acceptance if, while the Offer remains subject to the Offer conditions, Aspen varies the Offer in a way that postpones the time when Aspen is required to satisfy its obligations by more than one month. *Refer to Section 6 of this Target's Statement for more information.*
Are there any fees if I accept the Offer?	No brokerage fees or stamp duty will be payable by you as a result of your acceptance of the Offer. However, you should be aware that there may be tax consequences by accepting the Offer, as described below in the question "What are the tax implications if I accept the Offer?" and in Section 10 of this Target's Statement. *Refer to Section 10 of this Target's Statement for more information.*
What are the tax implications if I accept the Offer?	A general outline of tax implications is outlined in Section 10 of this Target's Statement. Scrip-for-scrip rollover relief is only available to Eureka Shareholders if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will **not** meet the 80% threshold by the end of the Offer Period because Filetron, which holds approximately 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. This means that any Eureka Shareholder who makes a capital gain on disposal of their Eureka Shares will crystalise a CGT liability (subject to eligible losses to offset the capital gain), if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash under the Offer.

	Possible changes to Eureka's business as a result of the Offer could result in Eureka losing the ability to utilise some or all of its carried forward tax losses which are subject to the business continuity test in subdivision 165-E of the *Income Tax Assessment Act 1997* (Cth). This would increase the amount of cash tax payable, reducing the amount of cash available to pay distributions to Eureka Shareholders (which would include Aspen if the Offer is declared or becomes unconditional). Eureka Shareholders should seek professional advice in relation to specific tax implications relevant to their personal circumstances. *Refer to Sections 10 and 11.7 of this Target's Statement for more information.*
Can I accept the Offer for only some of my Eureka Shares?	No. You can only accept the Offer for all of your Eureka Shares. However, if you hold one or more parcels of Eureka Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right. *Refer to Section 6 of this Target's Statement for more information.*
What are the implications if I accept the Offer and Aspen acquires less than 100% of Eureka?	Given Eureka substantial shareholder Filetron, which holds approximately 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all other Eureka Shares not held by Aspen by the end of the Offer Period. There are significant risks and consequences for you in accepting the Offer and becoming an Aspen Securityholder if Aspen acquires less than 100% of Eureka. Without 100% of Eureka Shares, the realisation of Aspen's claimed cost synergies of $2.2 million per annum is not available and reduces the EPS accretion for Eureka Shareholders who accept the Offer. Acceptance of the Offer will likely result in adverse tax consequences for Eureka Shareholders. Scrip-for-scrip rollover relief is only available to Eureka Shareholders if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will not meet the 80% threshold by the end of the Offer Period because Filetron, which holds 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. This means that any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystalise a capital gains tax liability (subject to eligible losses to offset the capital gain) if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash consideration under the Offer. *Refer to Section 1 of this Target's Statement for more information.*

Can I sell my Eureka Shares on market on the ASX?	You can only sell all or some of your Eureka Shares on market on the ASX if you have not accepted the Offer in respect to those Eureka Shares. You will likely incur brokerage charges and, if you sell on market, will not be able to participate in any superior proposal for Eureka Shares if such a proposal is made, or in any increase in the Offer Consideration that may be offered by Aspen. Additionally, the tax outcome from selling some or all of your Eureka Shares on market for cash may be different to accepting the Offer. *Refer to Section 10 of this Target's Statement for more information.*
What happens if I am an Eureka Shareholder that is an Ineligible Foreign Shareholder	Ineligible Foreign Shareholders that accept the Offer will not receive Aspen Securities. Rather, Aspen will appoint an ASIC approved sale nominee and the Aspen Securities that Ineligible Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a sale nominee and the net cash proceeds distributable to each Ineligible Foreign Shareholder will be paid to them in Australian dollars. *Refer to Section 6.14 of this Target's Statement for more information.*
Can I be forced to sell my Eureka Shares?	You cannot be forced to sell your Eureka Shares unless Aspen acquires at least 90% of all Eureka Shares by the end of the Offer Period and the Offer is declared or becomes unconditional, in which case Aspen will be entitled and intends to compulsorily acquire any Eureka Shares it does not already own at the close of the Offer. Eureka substantial shareholder, Filetron, which holds approximately 19.44% of Eureka Shares, has advised Eureka that it does not intend to accept the Offer as described in the Bidder's Statement. Your Eureka Directors who hold or control Eureka Shares also intend to reject the Offer. On this basis, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all Eureka Shares by the end of the Offer Period. There are also general compulsory acquisition rights available if Aspen subsequently acquires at least 90% of all Eureka Shares. *Refer to Section 6.9 of this Target's Statement for more information.*

What are the consequences of not accepting the Offer or if I do nothing?	If you choose to reject the Offer and retain your holding in Eureka, you should simply do nothing. If Aspen acquires less than 90% but more than 50% of Eureka Shares and declares the Offer unconditional, you will be exposed to the risks of being a minority shareholder in Eureka. These risks include that Aspen will likely seek to make changes to the Board and management of Eureka. This could result in a conflict of interest between Eureka and Aspen, including Aspen being prioritised over Eureka. Aspen would also control Eureka and may be able to change Eureka's strategy, level of debt and dividends which may be detrimental to remaining Eureka Shareholders. There will also likely be lower liquidity if Aspen holds over 50.1% of Eureka Shares, creating a risk that the price of Eureka Shares may fall. Possible changes to Eureka's business as a result of the Offer could result in Eureka losing the ability to utilise some or all of its carried forward tax losses which are subject to the business continuity test in subdivision 165-E of the *Income Tax Assessment Act 1997* (Cth). This would increase the amount of cash tax payable, reducing the amount of cash available to pay distributions to Eureka Shareholders. Eureka Shareholders should also refer to the question 'Can I be forced to sell my Eureka Shares' above. *Refer to Sections 6.9, 6.13 and 11.7 of this Target's Statement for more information.*
What are the risks associated with becoming an Aspen Securityholder?	Accepting the Offer and becoming a holder of Aspen Securities involves a number of risks. *Refer to Section 9 of this Target's Statement for more information.*
Are there risks in rejecting the Offer?	If you do nothing and reject the Offer you will remain as a Eureka Shareholder and be subject to associated risks. *Refer to Section 9 of this Target's Statement for more information.*
How can I get updates on the Eureka Share or Aspen Security prices?	It is likely that the market trading price of Eureka Shares and Aspen Securities will vary during the Offer Period. You can check the market price for all ASX listed securities by visiting www.asx.com.au. The ticker for Eureka Shares on ASX is EGH and the ticker for Aspen Securities on ASX is APZ. *Refer to Sections 6.2(b) and 7.11 of this Target's Statement for more information.*
Am I entitled to the Eureka HY24 Distribution?	If you were a registered holder of a Eureka Share on the record date for the Eureka HY24 Distribution, namely 5 April 2024, you will be entitled to receive the Eureka HY24 Distribution. *Refer to Section 6.5 of this Target's Statement for more information.*

Am I entitled to receive the Aspen 2HY24 Distribution if I accept the Offer?	If you accept the Offer and the Offer is declared or becomes unconditional you may be entitled to receive the Aspen 2HY24 Distribution if the Aspen Securities issued as consideration to you are issued prior to the record date for the Aspen 2HY24 Distribution. The Bidder anticipates that the record date for the Aspen 2HY24 Distribution will be 28 June 2024. The Bidder is unable to provide any assurance or guarantee that Aspen Securities will be issued prior to the record date for the Aspen 2HY24 Distribution. *Refer to Section 6.5 of this Target's Statement for more information.*
How does the Offer apply to Eureka Performance Rights?	Aspen is not making a separate offer to holders of Eureka Performance Rights. However, the Offer extends to all Eureka Shares that are issued before the end of the Offer Period as a result of the vesting and conversion of any Eureka Performance Rights on issue at the Offer Record Date. This means that holders of Eureka Performance Rights that vest will be able to accept the Offer in respect of the Eureka Shares issued during the Offer Period as a result of their conversion. *Refer to Section 6.7 of this Target's Statement for more information.*
How does the Offer apply to Eureka Shares under the Eureka Dividend Reinvestment Plan?	The Offer extends to all Eureka Shares that are issued before the end of the Offer Period under the Eureka Dividend Reinvestment Plan. *Refer to Section 6.6 of this Target's Statement for more information.*
Who should I contact for further information?	If you have any further questions in relation to the Offer, you can call the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit https://eurekagroupholdings.com.au/reject-aspen-offer/ to access an electronic copy of this Target's Statement and other important information. If, however, you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser.

4. DIRECTORS' RECOMMENDATION

4.1 Directors of Eureka

As at the date of this Target's Statement, the Directors of Eureka are:

- Murray Boyte, Executive Chairman;
- Sue Renkin, Non-Executive Director;
- Russell Banham, Non-Executive Director; and
- Greg Paramor AO, Non-Executive Director.

4.2 Directors' recommendation

The Directors unanimously recommend that Eureka Shareholders **REJECT** the Offer.

To **REJECT** the Offer you should do nothing and take no action in relation to any documents sent to you by Aspen.

The reasons for this recommendation are set out in Section 1 of this Target's Statement.

The decision as to whether or not to accept the Offer depends upon your individual circumstances, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether or not to reject the Offer, your Directors encourage you to:

- Read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement:
- be aware that the Offer is conditional upon a number of conditions being satisfied or waived before the expiry of the Offer Period;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternative of selling on the ASX as outlined in Section 5.2 of this Target's Statement; and
- obtain independent financial advice from your broker or financial adviser about the Offer and obtain independent taxation advice on the effect of accepting the Offer.

4.3 Directors' intentions in relation to the Offer

Each Director who owns or controls Eureka Shares or Eureka Options intends to **REJECT** the Offer in relation to the Eureka Shares they own or control.

Details of the Relevant Interests of each Director in Eureka Shares are set out below.

4.4 Interest and dealings of Directors in Eureka Shares

As at the date of this Target's Statement, the Directors own or control the following number of Eureka Shares:

Director	Number and percentage of Eureka Shares	% of Eureka Shares on issue
Murray Boyte	1,204,180	0.4%
Sue Renkin	Nil	Nil
Russell Banham	Nil	Nil
Greg Paramor AO	5,748,657	1.9%

No Director has acquired or disposed of a Relevant Interest in any Eureka Shares in the 4-month period ended on the date immediately before the date of this Target's Statement.

5. YOUR CHOICES AS A EUREKA SHAREHOLDER

As a Eureka Shareholder, you have three options available to you in relation to the Offer. These options are set out below.

Before making any decision regarding your Eureka Shares, you should note that:

- the Directors of Eureka unanimously recommend that you **REJECT** the Offer;
- each Director who owns or controls Eureka Shares intends to **REJECT** the Offer;
- you are encouraged to read this Target's Statement together with the Independent Expert's Report in full and seek appropriate financial, tax and other professional advice if you are unsure of what you should do in response to the Offer; and
- the Directors encourage you to consider your personal risk profile, investment objectives and tax and financial circumstances before making any decision in relation to your Eureka Shares.

5.1 Option 1 – Reject the Offer by doing nothing

If you do not wish to accept the Offer and want to retain your Eureka Shares, simply **DO NOTHING** and **TAKE NO ACTION** in relation to documents sent to you from Aspen.

Eureka Shareholders should also note there are risks associated with remaining a shareholder (see Sections 9.1 and 9.2).

5.2 Option 2 – Sell your Eureka Shares on market

You can sell your Eureka Shares on market at any time if you have not already accepted the Offer. The latest price for Eureka Shares may be obtained from the ASX website www.asx.com.au.

If you sell your Eureka Shares on market, you:

- will not receive the benefits of continuing to hold Eureka Shares;
- will lose the ability to accept the Offer;
- will not receive the benefits of any potential higher competing offer for your Eureka Shares, or an increased Offer Consideration from Aspen (though there is no assurance that any such competing offer or increased Offer Consideration will occur);
- may receive more or less for your Eureka Shares than the Implied Offer Price;
- may incur a brokerage charge; and
- may be liable for capital gains tax or income tax on the sale.

Eureka Shareholders who wish to sell their Eureka Shares on market should contact their broker for information on how to effect a sale. You should also seek your own specific professional advice regarding the taxation consequences of selling your Eureka Shares on market.

5.3 Option 3 – Accept the Offer

The Directors unanimously recommend that you **REJECT** the Offer. However, if you accept the Offer, and it is declared or becomes unconditional, you will receive 0.26 Aspen Securities for each of your Eureka Shares.

Once you have accepted the Offer, a binding legal contract is formed between you and Aspen regarding your Eureka Shares, and you will be unable to:

- revoke or withdraw your acceptance;
- trade your Eureka Shares on the market, even if the price of the Eureka Shares exceeds the Offer Consideration at any time during the Offer Period (when it currently does as at the Last Practicable Date); or
- accept any competing offer that may emerge, even if it is a better offer than the Offer,

unless:

- the conditions of the Offer have not been satisfied or waived, in which case the Offer will automatically terminate; or
- the Offer Period is extended in such a way that postpones the time when the Bidder has to meet its obligations under the Offer by more than one month and, if at the time, the Offer is subject to conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

Eureka Shareholders who accept the Offer will be liable for tax on the disposal of their Eureka Shares (see Section 10).

In particular, scrip-for-scrip rollover relief is only available if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will not meet the 80% threshold by the end of the Offer Period because Filetron, which holds 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. This means that any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystalise a capital gains tax liability (subject to eligible losses to offset the capital gain) if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash consideration under the Offer.

Refer to Section 15.5 of the Bidder's Statement for directions on how to accept the Offer.

6. IMPORTANT INFORMATION ABOUT THE BIDDER AND THE OFFER

6.1 Summary of the Offer

The Offer relates to the Eureka Shares that exist or will exist as of the Offer Record Date, which is 7:00 PM (Sydney time) on 9 March 2024, including any Eureka Shares that are subsequently issued as a result of the vesting and conversion of Eureka Performance Rights or the Eureka Dividend Reinvestment Plan.

Aspen is offering 0.26 Aspen Securities for every 1 Eureka Share. The implied value of the Offer is at a **discount** of 17.9% to Eureka's share price of $0.535, based on an Implied Offer Price of $0.439 using closing prices on 3 April 2024 (being the Last Practicable Date).[14]

The Offer is open for acceptance from 22 March 2024 until 7.00 pm (Sydney time) on 28 May 2024 unless extended or withdrawn by Aspen.

Aspen may extend the Offer Period (at its own discretion) at any time before the end of the Offer Period.

If, within the last 7 days of the Offer Period:

- Aspen improves the Offer Consideration; or
- Aspen's voting power in Eureka increases to more than 50%,

then the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs. Before you accept the Offer, Aspen may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent. Aspen may not withdraw the Offer if it has already been accepted although the Offer will lapse if the conditions are not satisfied or waived by the end of the Offer Period. In such circumstances, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resulted in binding contracts are void. In that situation, after the Offer lapses Eureka Shareholders who had previously accepted the Offer will be free to deal with their Eureka Shares as they see fit.

You may only accept the Offer in respect of all (and not just a proportion of) your Eureka Shares.

If you accept the Offer, you will legally bound to sell your Eureka Shares to Aspen and you can only withdraw your acceptance in limited circumstances.

Aspen has not declared the Offer to be final. Accordingly, Aspen may increase the Offer Consideration, for example, in the event of an alternative proposal being announced by another party. If Aspen increases the Offer Consideration, the Corporations Act entitles any Eureka Shareholder who has already accepted the Offer to receive the increased Offer Consideration from Aspen.

[14] Based on Eureka close price of $0.535 and Aspen close price of $1.690 both as at 3 April 2024 (being the Last Practicable Date).

6.2 Information about the Bidder

(a) Disclaimer

This overview of Aspen, Aspen Property Trust, the Aspen Group and all information concerning any of them contained in this Target's Statement has been prepared using publicly available information. None of the information in this Target's Statement concerning the business of the Aspen Group has been verified by Aspen or independently verified by Eureka or its Directors for the purposes of this Target's Statement. Accordingly, subject to the Corporations Act, Eureka does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on the Aspen Group in this Target's Statement should not be considered comprehensive.

Further information relating to Aspen Group's business is included in the Bidder's Statement.

(b) Overview of the Bidder and its principal activities

The bidder under the Offer is Aspen Group Limited ACN 004 160 927, which collectively with the Aspen Property Trust ARSN 104 807 767 (whose responsible entity Evolution Trustees Limited ACN 611 839 519 (AFSL 486217)) comprise the Aspen Group.

Aspen Group is an ASX listed (ASX:APZ) provider of competitively priced, affordable accommodation across regional and metropolitan Australia. Aspen Group's core target customer base is the proportion of Australian households which struggle to afford more than $400 in weekly rent or a $400,000 purchase price for their housing needs.

Aspen Group's portfolio of properties, which is split across residential, retirement lifestyle and park communities provides its customer base with a variety of lease types and terms, including over dwellings and land sites (where the customer owns their house). Aspen Group's business platform encompasses operations, asset management, development, and capital management.

(c) Portfolio overview

As disclosed in Aspen Group's financial report and presentation for the half year ended 31 December 2023, Aspen Group had a total of 5,032 approved dwellings/sites with a combined investment property value of $503.1m.[15] Aspen Group's portfolio is spread across Australia with Western Australia holding the largest proportion of investment property value at approximately 43%.

[15] The investment property value excludes land development.

Aspen's Investment Property Value – By Sector

	Residential	Lifestyle Communities	Park Communities	Total
Dwellings/Sites (#)	**992**	**1,295**	**2,450**	**4,737**
Operational (#)	*872*	*636*	*2,210*	*3,720*
Pipeline – Refurbishment (#)	*120*	*4*	*0*	*124*
Pipeline – Undeveloped (#)	*0*	*655*	*240*	*893*
Investment Property Value[16] ($m)	**243.8**	**86.0**	**173.4**	**503.1**

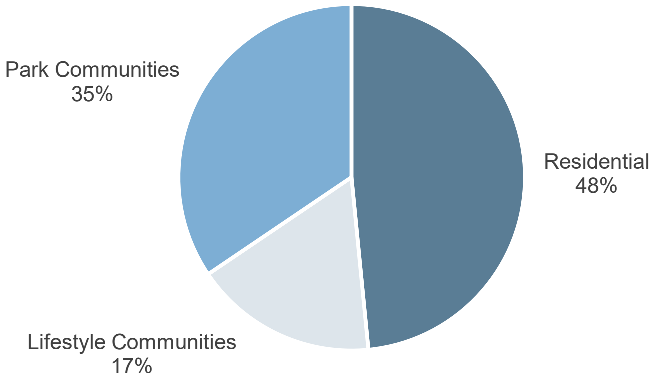


Figure 6.2.1: Aspen Group investment property value weighted by segment as at 31 December 2023.

Aspen's Investment Property Value – By Location

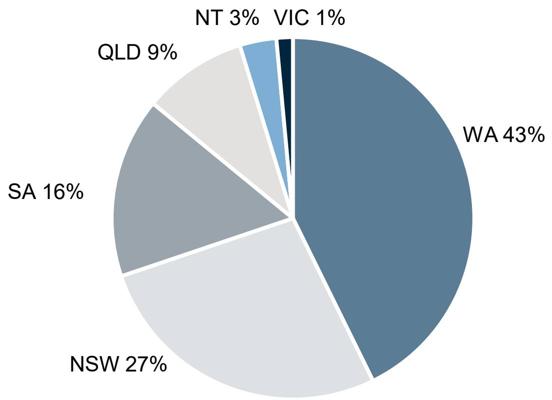


Figure 6.2.2: Aspen Group investment property value weighted by location as at 31 December 2023

[16] On the basis of an "as if complete" value for residential and park communities.

Aspen Group maintains a targeted profit mix of 80% from property net operating income (NOI) and 20% from development profit, which is higher margin but higher risk and less certain. For the half year ended 31 December 2023, development profit contributed $3.2m (~18%) and for the previous full FY23 financial year, development profit contributed $6.2m (~20%).

For further detail on Aspen Group, its business and property portfolio, refer to the Bidder's Statement and/or Aspen Group's website (https://www.aspengroup.com.au).

(d) **Directors and company secretary**

Aspen's board of directors and company secretary are as follows:

(i) Clive Appleton, Chairman & Independent Director;

(ii) Guy Farrands, Independent Non-Executive Director;

(iii) Edwina Gilbert, Independent Non-Executive Director;

(iv) David Dixon, Executive Director, Joint Chief Executive Officer & Joint Company Secretary;

(v) John Carter, Executive Director & Joint Chief Executive Officer; and

(vi) Mark Licciardo, Joint Company Secretary.

Refer to Section 4.7 of the Bidder's Statement for further information on Aspen directors and company secretary, including detailed profiles.

(e) **Corporate Structure and ownership**

Detailed information on Aspen's corporate structure and ownership is outlined in Aspen's Bidder's Statement, with a brief and summary outlined below.

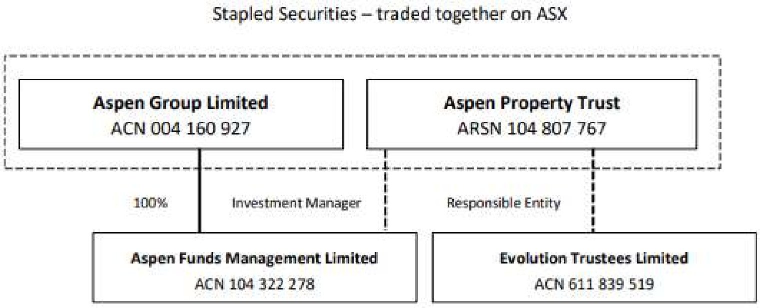
Aspen Group comprises the stapled head entities Aspen Group Limited (the Bidder) and Aspen Property Trust.

The Bidder is a public company limited by shares with a board of directors.

The Aspen Property Trust is a trust governed by a responsible entity, Evolution Trustees Limited (ACN 611 839 519) (AFSL 486217), which is independent from the Bidder and has its own board of directors.

Evolution Trustees Limited, in its capacity as Responsible Entity of the Aspen Property Trust, has engaged Aspen Funds Management Limited (ACN 104 322 278) (AFSL: 227933), a wholly-owned subsidiary of the Bidder as investment manager of the Aspen Property Trust.

The corporate structure of Aspen Group is set out below.



As at the date of the Bidder's Statement, the issued securities in Aspen Group consists of:

(i) 180,230,053 fully paid ordinary shares in the Bidder;

(ii) 180,230,053 fully paid ordinary units in Aspen Property Trust; and

(iii) 4,019,620 performance rights.

Based on the information lodged with the ASX as at the Last Practicable Date, the substantial holders of Aspen Group securityholders are as follows:

Substantial Aspen Securityholder	Number of Aspen Securities	% of Aspen Securities (undiluted basis)
Cooper Investors Pty Ltd	18,725,542	10.39
Brahman Pure Alpha Pte Ltd	14,741,511	8.18
MA Financial Group	14,341,836	7.96

(f) **Historical financial information of Aspen**

Refer to Section 4.9 of the Bidder's Statement for historical financial information of Aspen Group.

(g) **Publicly available information**

Aspen 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 an ASX-listed company, Aspen is subject to the ASX Listing Rules, which subject to certain limited exceptions, require continuous disclosure of any information Aspen has concerning it that a reasonable person would expect to have a material effect on the price or value of the Aspen Securities.

The ASX website lists all announcements issued by Aspen. These documents are available in electronic form from https://www.asx.com.au. Aspen is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Aspen may be obtained for a fee from, or inspected at, an office of ASIC. Further information about Aspen is available at https://www.aspengroup.com.au.

The audited financial statements of Aspen for the full year ended 30 June 2023 were lodged with the ASX on 17 August 2023. Aspen's audit reviewed financial statements for the half year ended 31 December 2023 were lodged with ASX on 22 February 2024.

Refer to Section 4 of the Bidder's Statement for further detail on Aspen.

6.3 Effect of acceptance

If the Offer is unconditional, your acceptance of the Offer is irrevocable and you are not entitled to withdraw your acceptance.

If you accept the Offer, you will lose your ability to accept a superior proposal, if one emerges, even if you consider the superior proposal to be more attractive. However, if Aspen were to increase its Offer Consideration, for example, as a result of a competing proposal being publicly announced at a time after you have accepted the Offer, you will be entitled to receive the improved consideration.

If you accept the Offer now while it is conditional, some of the consequences include the following (subject to your limited rights to withdraw your accept of the Offer as discussed in Section 15.13 of the Bidder's Statement):

- you will give up your rights to sell your Eureka Shares on the ASX (or any other trading platform) or otherwise deal with them while the Offer remains open (this would prevent you from accepting any superior proposal from another party that may emerge); and
- you will relinquish control of your Eureka Shares with no guarantee of payment unless and until the Offer is declared or becomes unconditional.

6.4 Receipt of consideration

No Offer Consideration for acceptances of the Offer will be provided until after the Offer is declared or becomes unconditional.

If you accept the Offer and the Offer is declared or becomes unconditional, Aspen will provide the Offer Consideration to accepting Eureka Shareholders on or before the earlier of:

(a) one month after you have validly accepted the Offer or the contract resulting from its acceptance has become unconditional (whichever is later); and

(b) 21 days after the end of the Offer Period.

6.5 Aspen and Eureka Distributions

If you were a Eureka Shareholder as at the record date for the Eureka HY24 Distribution, being 5 April 2024, then you will be entitled to receive the Eureka HY24 Distribution even if you accept the Offer.

If you accept the Offer and the Offer is declared or becomes unconditional you may be entitled to receive the Aspen 2HY24 Distribution if the Aspen Securities issued as consideration to you are issued prior to the record date for the Aspen 2HY24 Distribution. The Bidder anticipates that the record date for the Aspen 2HY24 Distribution will be 28 June 2024. The Bidder is unable to provide any assurance or guarantee that Aspen Securities will be issued prior to the record date for the Aspen 2HY24 Distribution.

6.6 Eureka Dividend Reinvestment Plan

The Offer extends to all Eureka Shares that are issued before the end of the Offer Period under the Eureka Dividend Reinvestment Plan.

6.7 Eureka Performance Rights

Aspen is not making a separate offer to holders of Eureka Performance Rights. However, the Offer extends to all Eureka Shares that are issued before the end of the Offer Period as a result of the vesting and exercise of Eureka Performance Rights.

For further information regarding Eureka Performance Rights, refer to Section 7.8.

6.8 Offer Conditions

The Offer is subject to a number of Offer conditions. In summary, the Offer conditions which are yet to be satisfied or waived include the following:

- Aspen reaching at least 50.1% acceptances of the Offer;
- no material adverse change based on 5% of Eureka's net asset value or EPS;
- no "prescribed occurrences" in relation to Eureka;
- no material acquisitions, disposals, capital expenditures, or changes in the conduct of the business;
- Leftfield Investments Pty Ltd as trustee of Eureka Villages WA Fund waiving any change of control rights associated with the fund;
- no destruction or damage to any properties exceeding $5 million after the recovery of any insured amounts;
- no changes to the responsible entity, trustee, joint venturers and any other similar changes in relation to Eureka;
- no amendments to or termination of any agreements related to the provision of management and administration services that would be adverse to Eureka or a group member;
- Aspen obtaining all regulatory approvals required for the Offer to complete;
- no regulatory investigation or action being taken that would prevent or impede the Offer (other than action by ASIC or the Takeovers Panel);
- no distributions other than those related to the financial half-year ending 31 December 2024, and in any event, not exceeding $2.5 million;
- no misrepresentation, breach, event of default, amendments, or a similar event under any of Eureka's debt facilities; and
- no Eureka Group insolvency.

The above is only a summary of the Offer conditions of the Offer. Please refer to Annexure A of the Bidder's Statement for a full description of the conditions of the Offer.

Aspen can generally waive conditions of its Offer at its discretion.

6.9 Compulsory Acquisition

The below sets out the statutory position on compulsory acquisition rules in Australia.

Note that if you reject the Offer, Aspen may still be entitled to acquire your Eureka Shares under the compulsory acquisition powers in the Corporations Act. Aspen has stated in Section 7.4 of the Bidder's Statement that it intends to proceed with the compulsory acquisition of all Eureka Shares if it becomes entitled to do so. There are two types of compulsory acquisition under Chapter 6A of the Corporations Act. These are discussed below.

(a) **Compulsory acquisition following a takeover bid**

Under Part 6A.1 of the Corporations Act, Aspen would be entitled to compulsorily acquire any outstanding Eureka Shares (i.e., Eureka Shares for which it had not received acceptances) on the same terms as the Offer if, during or at the end of the Offer Period:

(i) Aspen held a Relevant Interest in at least 90% (by number) of the Eureka Shares; and

(ii) Aspen has acquired at least 75% (by number) of the Eureka Shares that Aspen offered to acquire under the Offer,

(together, the **Thresholds**).

If the Thresholds are met, Aspen will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Eureka Shareholders who have not accepted the Offer. The consideration payable by Aspen will be the consideration last offered under the Offer.

Eureka Shareholders have statutory rights to challenge the compulsory acquisition. A successful challenge would require the relevant Eureka Shareholders to establish to the satisfaction of the Court that the Offer does not represent a 'fair value' for the Eureka Shares.

However, based on the stated intentions of Eureka substantial shareholder Filetron and the Directors who hold or control Eureka Shares not to accept the Offer, Aspen will not be able to reach the 90% threshold.

(b) **General Compulsory Acquisition**

If Aspen does not become entitled to compulsorily acquire Eureka Shares in accordance with the above procedure, under Part 6A.2 of the Corporations Act, Aspen would also be entitled to compulsorily acquire any outstanding Eureka Shares if at any time (including at any time after the Offer Period) it becomes a "90% holder" of Eureka Shares, meaning Aspen (either alone or with a related body corporate) holds full beneficial interests in at least 90% of the Eureka Shares (by number).

If this threshold is met, Aspen would have six months after it becomes a 90% holder within which to give compulsory acquisition notices to the relevant Eureka Shareholders. A cash price must be set by Aspen and the compulsory acquisition notices must be accompanied by an independent expert's report and an objection form (noting that if legal proceedings are commenced, the onus is on Aspen to establish that its offer reflects fair value). The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the Eureka Shares and the independent expert's reasons for forming that opinion. If the Eureka Shareholders with at least 10% of the Eureka Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Aspen may apply to the Court for approval of the acquisition of the Eureka Shares covered by the notice. Any costs incurred by a Eureka Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by Aspen, unless the Court is satisfied that the relevant Eureka Shareholder acted improperly, vexatiously or otherwise unreasonably.

6.10 Consequences of Aspen acquiring 90% or more of the Eureka Shares

As outlined by Aspen in its Bidder's Statement, if Aspen acquires a Relevant Interest in 90% or more of the Eureka Shares by the end of the Offer Period, Aspen intends to compulsory acquire the outstanding Eureka Shares in accordance with the Corporations Act.

In addition, Aspen has indicated that it will (among other things):

- apply to remove Eureka from the official list of the ASX;
- replace the members of the Eureka Board with nominees of the Aspen Group;
- conduct a review of Eureka's operations on both a strategic and financial level to evaluate Eureka's performance, profitability, business operations and strategy;
- consider whether raising equity and or reducing dividends is required
- subject to the operational and strategic review, undertake various actions in connection with the development, management and sale of Eureka's existing portfolio; and
- subject to statements made about existing members of the Eureka Board and the operational review, seek to retain substantially all of Eureka's employees.

However, based on the stated intentions of Eureka substantial shareholder Filetron and the Directors who hold or control Eureka Shares not to accept the Offer, Aspen will not be able to reach the 90% threshold by the end of the Offer Period.

6.11 Consequences of Aspen acquiring less than 90% of Eureka but more than 75%

As outlined by Aspen in its Bidder's Statement, if Aspen and its Associates have Relevant Interests in less than 90% but more than 75% of Eureka, then Aspen intends to (among other things):

- subject to the Corporations Act and the constitution of Eureka, replace the members of the Eureka Board with nominees of the Aspen Group;
- subject to the ASX Listing Rules, ask the Directors to review whether Eureka should remain listed on ASX or be removed from the official list of the ASX.

If Aspen acquires more than 75% but less than 90% of the Eureka Shares then Aspen will acquire a majority shareholding in Eureka. In those circumstances, Eureka Shareholders who do not accept the Offer will become minority shareholders of Eureka. This outcome has a number of possible implications, including:

- Aspen will be in a position to cast the majority of votes at a general meeting of Eureka, enabling Aspen to control the composition of Eureka's board of directors and senior management and the strategic direction of Eureka and its subsidiaries;
- the Eureka Share price may fall immediately following the end of the Offer Period although this may be mitigated by the underlying attractiveness of Eureka's business;
- the liquidity of Eureka Shares may be lower than at present, and there is a risk that Eureka could be fully or partially removed from certain ASX market indices due to lack of free float and/or liquidity; and
- if the number of Eureka's Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then Aspen may seek to have Eureka removed from the official list of the ASX. If this occurs, Eureka Shares will not be able to be bought or sold on the ASX.

In addition, where Aspen acquires 75% or more of the Eureka's Shares it will be able to pass a special resolution at a meeting of Eureka Shareholders which, among other things, would enable Aspen to pass material amendments including amendments to Eureka's constitution.

If the Offer lapses or if Aspen acquires less than 75% of Eureka's Shares, the trading price of Eureka's Shares may be higher or lower than the Implied Offer Price of $0.439[17] per Eureka Share. If you remain a Eureka Shareholder in this circumstance, you will be subject to the risks of being a Eureka Shareholder.

Further and as outlined by Aspen in its Bidder's Statement, Aspen may:

- acquire further Eureka Shares at some later time in a manner consistent with the Corporations Act (for example as a result of acquisitions of Eureka Shares in reliance on the '3% creep' exception in item 9, or the "rights issues" exception in item 10 of section 611 of the Corporations Act (including as underwriter or sub-underwriter, if the circumstances surrounding the rights issue is appropriate or it is commercially necessary for Eureka that Aspen acts in such a capacity));

- even if Aspen is not entitled to proceed to delist Eureka after the end of the Offer Period, it may subsequently be in a position to pass a special resolution to approve the delisting of Eureka. In the event it is in such a position (and on the basis that Aspen considers that it is no longer appropriate to maintain Eureka's listing on ASX, having regard to considerations such as costs associated with maintaining that listing, Aspen's final level of ownership, the number of remaining Eureka Shareholders, level of trading in Eureka Shares and the considerations in ASX Guidance Note 33), Aspen intends to pass such a resolution; and

- even if Aspen is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period, it may subsequently become entitled to exercise those rights and, in the event such rights of compulsory acquisition arise, Aspen intends to exercise those rights.

6.12 Consequences of Aspen acquiring less than 50.1% of Eureka

As outlined by Aspen in the Bidder's Statement, If Aspen waives the minimum acceptance condition and acquires a Relevant Interest in less than 50.1% of the Eureka Shares, Aspen intends to:

- obtain representation on Eureka's board;

- seek to have Eureka grant it access rights in respect of certain information of Eureka, and other information received by the Bidder's nominees to the Eureka Board in that capacity from time to time; and

- if it chooses, acquire additional shares in Eureka, including under the "3% creep" provisions of the Corporations Act and by other means.

6.13 Aspen's Intentions

Refer to Section 7 of the Bidder's Statement for more information on Aspen's intentions in relation to Eureka.

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[17] Based on the close price of Aspen Securities as at 3 April 2024 (being the Last Practicable Date).

6.14 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders who accept the Offer will not be entitled to Aspen Securities. Instead, Aspen will appoint an ASIC approved sale nominee and the Aspen Securities to which Ineligible Foreign Shareholders would otherwise be entitled will be sold by the sale nominee and the net proceeds of the sale of such securities will then be remitted to the relevant Ineligible Foreign Shareholders.

Refer to sections 12.5 and 15.9 of the Bidder's Statement for further details.

7. INFORMATION RELATING TO EUREKA

7.1 Overview

Eureka is the only ASX-listed pure-play provider of affordable independent seniors' rental accommodation. Eureka owns and manages a nationally diversified portfolio of villages with $316m[18] of assets under management, of which Eureka has a direct ownership interest in $268m.[19]

Eureka's principal operations are organised into two segments:

- Rental villages – Eureka owns a portfolio of 33 villages, of which 5 are owned in a joint venture. Eureka receives rental income (which is >95% underpinned by government pension assistance) and catering income; and
- Property management – Eureka manages a portfolio of third party owned seniors' rental villages and receives property management and caretaking fees. This includes management of 5 villages in Tasmania owned by the joint venture and 6 villages in Western Australia owned by an unlisted wholesale fund.

Eureka has a beneficial ownership interest in 11 of the villages it manages. It has a 50% interest in the joint venture which owns 5 villages in Tasmania and a 32.76%[20] interest in the unlisted wholesale fund that owns 6 villages in Western Australia.

Eureka's portfolio of villages is predominantly single-level catered and non-catered villages ranging from 50 units to 125 units. The villages offer community style living and shared facilities for its tenants, with a food offering being a key tenet of fostering community engagement in a majority of villages.

Eureka's tenants are predominantly (>95%) seniors who receive the full entitlement of government support payments, such as age pension, Commonwealth Rent Assistance, and other supplements to support their cost of living.

Eureka is incorporated in Australia and Eureka Shares are publicly traded on the ASX. As at 3 April 2024 (being the Last Practicable Date), Eureka had a market capitalisation of $161.4m.

7.2 Environmental, Social and Governance (ESG)

A key aspect of Eureka's value proposition is its focus on providing sustainable communities within the social infrastructure segment in which it operates. Its social licence is based on Eureka's Resident First Philosophy which emphasises community engagement by village residents. Eureka prioritises the provision of food and offers a range of activity programs, including physical, well-being and educational, all of which foster a sense of community in its villages.

Eureka's market leading position in the affordable seniors' rental accommodation market is underpinned by purpose-built villages that create a sense of community belonging, safety and social engagement.

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[18] As at 31 December 2023.
[19] As at 31 December 2023.
[20] As at 31 December 2023.

7.3 Eureka's position in the Seniors' Living Market

Eureka operates in the seniors' rental sector, which is characterised by community style living and facilities, simple residential tenancy agreements, and no entry or exit fees. The closest industry sectors are land lease communities and retirement villages, both of which have key features that differ from seniors' rental villages. Namely:

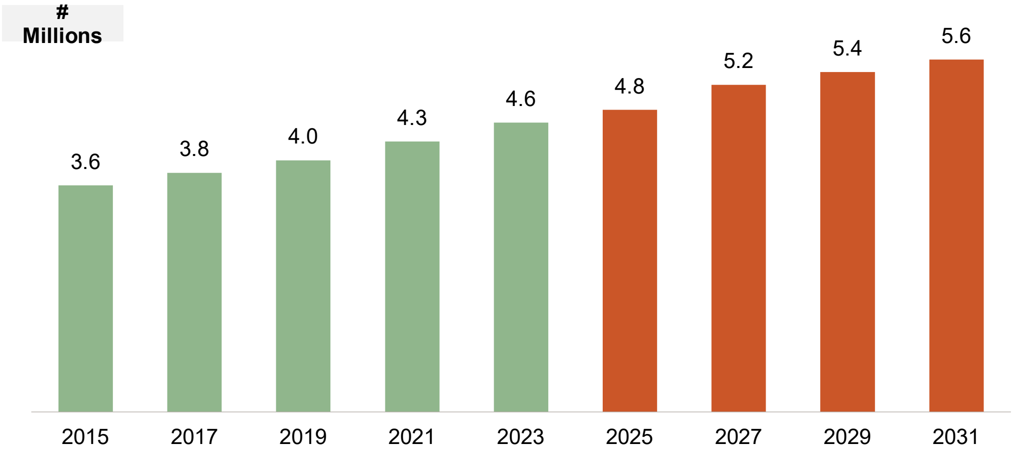
	Eureka	Competitor models
Target demographic	• Eureka villages cater for aged pensioners who are typically >70 years of age.	• Lifestyle communities target a younger demographic (>50 years of age), and those seeking to release capital by selling their residential home. • Retirement villages typically have an average resident age of >70 years, however, residents are predominantly those who have sold their main residence and can afford lifestyle arrangements.
Level of regulation	• Eureka villages are regulated by the residential tenancy legislation applicable in each State that Eureka operates, allowing tenants to sign standard property leases with an all-inclusive headline rental price. • Eureka catered villages are also regulated by the national and State food standards legislation and applicable Codes in each State that Eureka operates its catered villages.	• Retirement villages are regulated by separate legislation applicable in the State in which the retirement village is located, which is a comparatively more complicated regulatory operating environment than Eureka's model.
Fees	• Eureka receives rental income from its residents and does not have entry or exit fees.	• Lifestyle communities require an upfront capital commitment to acquire the house and ongoing land rent. Operators may charge a fee on exit. • Retirement village residents typically pay an entry contribution, ongoing fees and exit fees in the case of a deferred management fee model.

7.4 Village Demand

Eureka's villages exhibit strong demand underpinned by a consistently high occupancy rates of >97% across its portfolio since FY22. Future demand is driven by macroeconomic tailwinds including a growing ageing population with limited superannuation and undersupply of affordable housing.

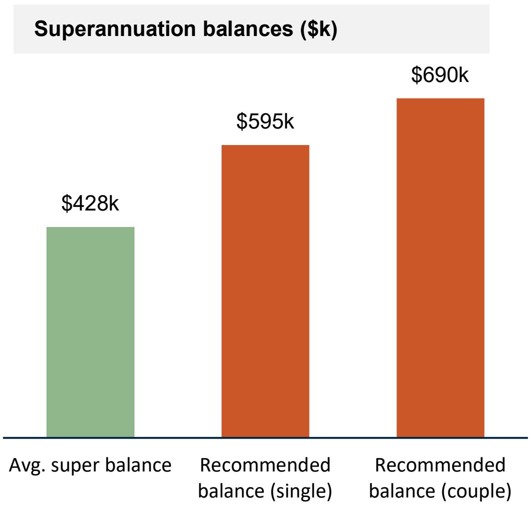
Growing ageing population with limited superannuation

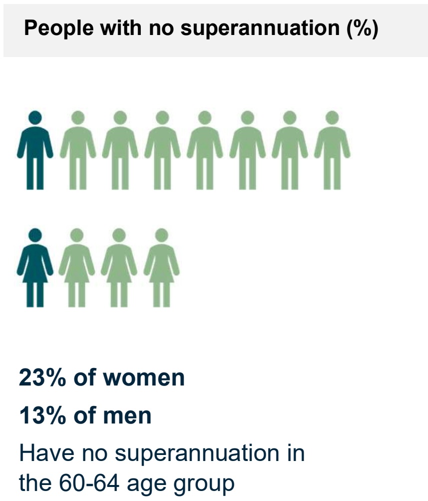
(a) **Australians aged 65+ years old[21,22,23]**



- The number of Australians aged 65 years of age or older is forecast to grow to 5.6 million by 2031 from 4.6 million in 2023.
- 57% of Australians aged 65 and over rely on the Government aged pension as their primary source of income and 63% receive a form of income support payment.

(b) **Seniors' Superannuation balances are low[24,25,26]**





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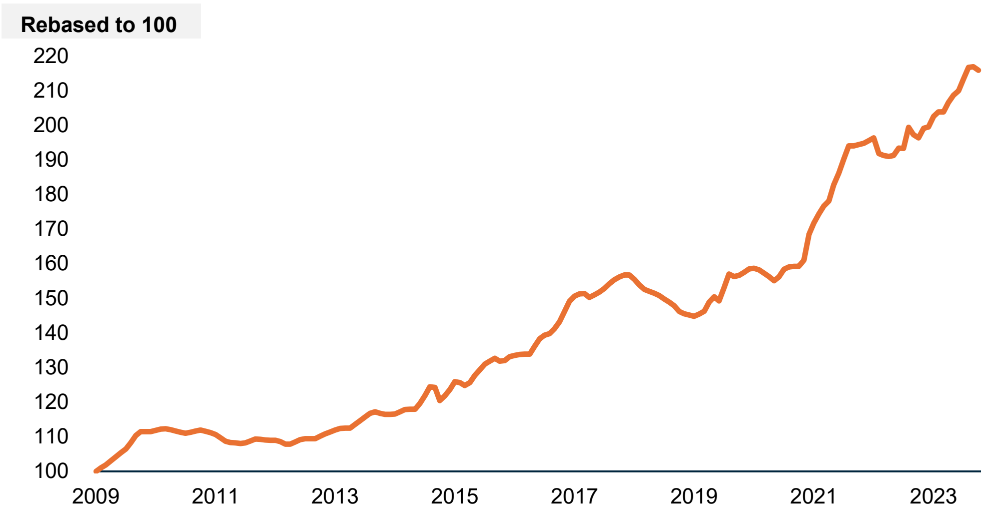
[21] ABS National, State and Territory Population 2023.
[22] The Treasury 2021 Intergenerational Report.
[23] Australian Institute of Health and Welfare (7 September 2023).
[24] ATO Taxation Statistics (2020-2021).
[25] Association of Superannuation Funds of Australia Retirement Standard Report (21 March 2023).
[26] Association of Superannuation Funds of Australia Retirement Standard Report (21 March 2023).

- On average, Australians aged 65 and older have insufficient superannuation balances to support a comfortable retirement, increasing the need for aged pension to support daily living.
- 33% of women and 25% of men, across all ages, have no superannuation account. On retirement 23% of women and 13% of men have no superannuation account.

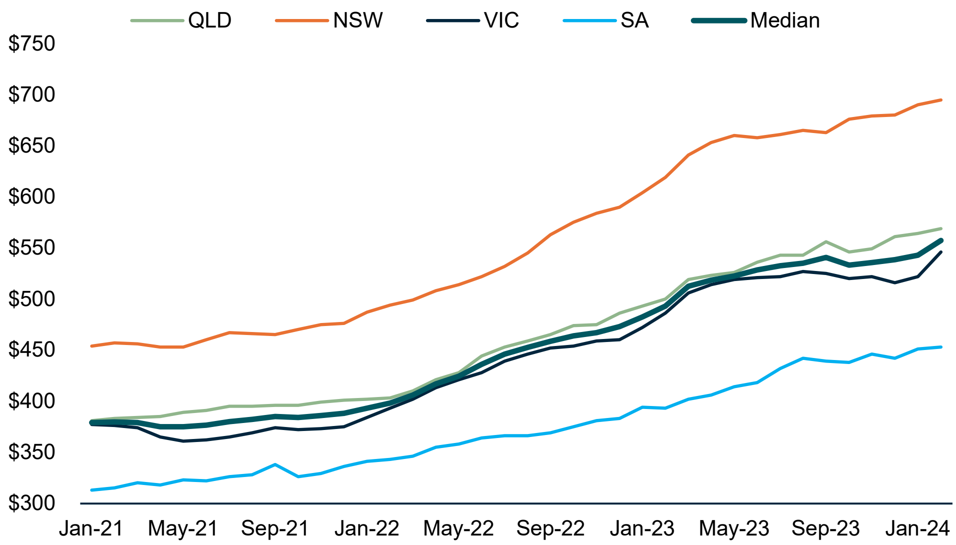
Undersupply of affordable housing

(c) **Average property prices in capital cities**[27]



- Considerable house price and rental growth over the last 10 years has made residential living unaffordable for many older Australians.

(d) **Median weekly rent**[28]



[27] ABS Residential Property Price Indexes (31 December 2021).
[28] SQM Research (31 March 2023).

- Median rent has increased by 47.1% since January 2021 – or 13.0% Cumulative Average Growth Rate (CAGR).

- The proportion of Australians renting compared with owning a home continues to rise and has done so across all age brackets for the last 20 years.

7.5 Growth Strategy

Eureka's growth strategy is focused on four key pillars and reflects its aim of expanding its core business of providing rental accommodation for independent seniors to institutional scale. The four key pillars are:

Sector consolidation	• Fragmented sector provides continuing opportunities for Eureka to acquire villages that meet its investment criteria. • Market analysis performed by Eureka confirms significant opportunities for potential acquisitions consistent with Eureka's operating model in high demand regional markets. • Seeking to acquire individual units in existing managed villages to achieve 100% ownership of these villages
Development opportunities	• Realisation of development opportunities on owned sites including Kingaroy and Gladstone greenfield land. • Target areas to meet Eureka's demand demographic profile with a high proportion of seniors receiving the aged pension and low rental vacancy rates. • Growth channels include: ▪ Greenfield – vacant land ▪ Adjacent development land – land adjacent to existing villages ▪ Infill development – land within existing Eureka villages
Alternative capital sources	• Scale of growth opportunities and market conditions have led Eureka to identify alternative funding options in addition to secured debt and traditional equity raising. • Successful alternative funding for WA portfolio acquisition via Eureka Villages WA Fund demonstrates potential for third-party funding sources. • Explore opportunities to expand funds management platform
Organic growth	• National rental pricing model reflects community style living, providing services to enhance resident experience. • Rental rate increases reflect market supply and demand within the framework of affordable living. • Create village clusters to achieve operational and cost efficiencies. • 5-year asset management plan in place to maintain asset quality for residents and support rental rates.

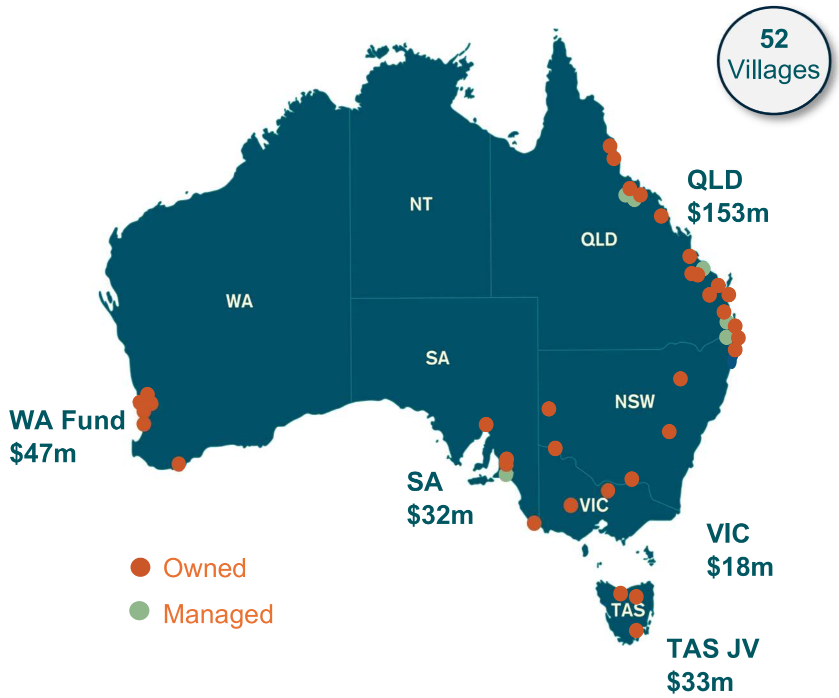
7.6 Portfolio Summary

A summary of Eureka's portfolio as at 31 December 2023 is outlined below:

Key Metrics of Eureka's portfolio

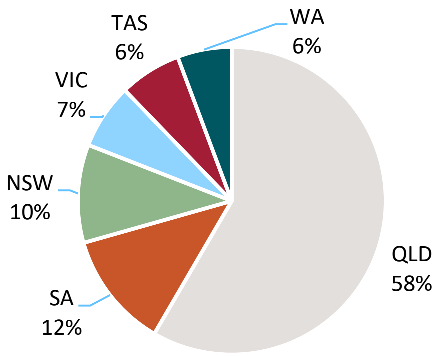
Number of Properties	[#]	52
Assets Under Management	[$m]	316
Investment Property	[$m]	262[29]
Units	[#]	2,882
Owned units	[#]	1,630
Joint venture units	[#]	254
Managed units	[#]	677
Managed Fund units	[#]	321
Occupancy	[%]	98
Weighted average capitalisation rate (WACR)	[%]	8.25

Map of Eureka's portfolio

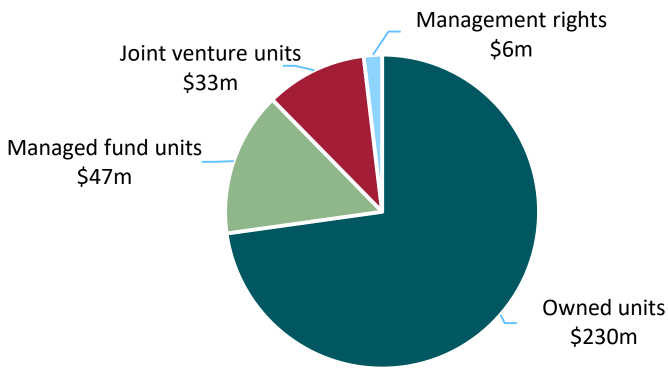


[29] Including Eureka's interests in the joint venture which owns 5 villages in Tasmania and the Eureka Villages WA Fund.

Geographic Exposure – by Value



Asset Type - by Value



7.7 Financial Information

A summary of the audited financial information of Eureka for the financial years ended 30 June 2022 (FY22) and 30 June 2023 (FY23) and audit reviewed financial information for the half-year ended 31 December 2023 (1H24) is set out below.

On 8 April 2024, Eureka announced FY24 underlying EPS guidance of 3.00 cents per share.

Copies of Eureka's published financial statements can be obtained, free of charge, from Eureka's website, https://www.eurekagroupholdings.com.au/investors/asx-announcements/.

(a) Summary of Financial Performance

		FY 22	FY 23	1H 24
Total Revenue	($m)	29.7	36.4	20.3
Underlying EBITDA	($m)	10.6	12.6	7.1
Underlying Profit before tax	($m)	7.8	8.0	4.3
Statutory NPAT	($m)	8.2	19.2	6.3
Basic EPS	(cents)	3.48	6.97	2.09
Underlying EPS	(cents)	3.31	2.93	1.44
Dividends per share	(cents)	1.26	1.34	0.70

FY24 underlying EPS guidance of 3.00 cents

(b) **Summary of Financial Position**

		FY 22	FY 23	1H 24
Cash and cash equivalents	($m)	1.8	1.8	3.2
Investment property	($m)	159.7	213.1	230.0
Equity accounted investments[30]	($m)	7.2	10.9	21.2
Intangible assets	($m)	8.5	8.5	8.2
Other assets	($m)	5.6	3.1	4.5
Total assets	($m)	182.8	237.4	267.2
Borrowings	($m)	70.0	69.6	91.9
Other liabilities	($m)	13.7	23.9	27.2
Total liabilities	($m)	83.7	93.5	119.1
Net Assets	($m)	99.0	144.0	148.1
Number of shares on issue	(m)	237.2	301.1	301.7
Net tangible assets per share	($)	0.38	0.45	0.46
NAV per share	($)	0.42	0.48	0.49

(c) **Capital Management**

		31 December 2023
Cash	($m)	3.2
Debt	($m)	92.0
Proportion of debt hedged	(%)	54
Weighted average hedge maturity	(years)	1.65
Cost of debt p.a.	(%)	5.92
Gearing	(%)	37.5
ICR	(x)	3.25

[30] Eureka Group has the following equity accounted investments as at 31 December 2023:

(a) a 50% interest in a joint venture that 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

(b) an investment in the Eureka Villages WA Fund (the **Fund**) that owns six rental villages in Western Australia. Eureka Group holds 32.76% of the Fund. The Fund comprises two stapled trusts being the Eureka Villages Operating Trust and the Eureka Villages Property Trust.

7.8 Issued capital

As at the date of this Target's Statement, the following Eureka securities are on issue:

Class	Number
Eureka Shares	301,747,603
Eureka Performance Rights	712,706

The Eureka Performance Rights are issued under the Company's Omnibus Equity Plans, with vesting dates ranging from 30 September 2024 to 30 September 2026 and expiry dates ranging from 30 September 2026 to 30 September 2028.

Under the terms of the Omnibus Equity Plans, upon the occurrence of a 'Change of Control' (as defined in those plans), which includes an entity acquiring more than 50% voting power in a takeover bid and the takeover bid becoming unconditional, the Board may determine in its discretion that the Eureka Performance Rights vest immediately.

Aspen has not made a separate offer for the Eureka Performance Rights, however to the extent that the Eureka Performance Rights vest and are exercised, the Offer will extend to the Eureka Shares that are issued on such exercise.

7.9 Substantial holders

As at the Last Practicable Date, the substantial Eureka Shareholders are set out below:

Substantial Eureka Shareholder	Number of Eureka Shares (m)	Interest of Eureka Shareholder and its associates (%)
Cooper Investors Pty Limited	66.64	22.08
Filetron Pty Ltd	58.65	19.44
Aspen Group Limited	41.16	13.64[31]
Tribeca Investment Partners	37.68	12.49
Copia Investment Partners Ltd	20.08	6.65
1851 Capital Pty Ltd	16.71	5.54

7.10 Eureka Board of Directors

Murray Boyte (Executive Chairman)

Qualifications — BCA, MAICD, CMInstD, CA

Experience — Murray has over 35 years' experience in merchant banking and finance, undertaking company restructures, mergers and acquisitions in Australia, New Zealand, North America and Hong Kong. Murray has held executive positions and directorships in the transport, horticulture, financial services, investment, health services and property industries. He was the Chief Executive Officer of ASX listed Ariadne Australia Limited from 2002 to 2015.

[31] Aspen has a Relevant Interest in 35.72% of Eureka Shares as a result of acceptances of the Offer, as disclosed to the ASX on 25 March 2024. This includes Aspen's increase in Relevant Interests as a result of the acceptance of the Offer by Cooper Investors Pty Limited, which holds approximately 22.08% of Eureka Shares.

Directorships held in other listed entities — National Tyre & Wheel Limited (ASX: NTD), Hillgrove Resources Ltd (ASX: HGO) and Eumundi Group Ltd (ASX: EBG).

Sue Renkin (Non-Executive Director)

Qualifications — RN, MBA, FDCA, GradDip Corp Gov, MAICD

Experience — Sue enjoyed almost thirty years as CEO for private hospitals, emergency services and not for profit entities. She now operates a portfolio career as a non-executive director and executive coach and mentor. Sue is Chair of Executive Growth Australia, Chair of the South Eastern Melbourne Primary Health Network and a strategic advisor to aged-care companies. She is also a previous Telstra Business Woman of the year.

Directorships held in other listed entities — Nil

Russell Banham (Non-Executive Director)

Qualifications — B.Com, GAICD, FCA

Experience — Russell is an experienced company director with a demonstrated history of working in various industries including mining & metals, property development and management, manufacturing and gaming and hospitality. He is skilled in financial management, risk management and corporate governance. He was an audit partner and had functional leadership responsibilities at Deloitte, Ernst & Young and Andersen. Russell is an independent non-executive director of HKSE listed MGM China Holdings Limited and, until May 2023, of LSE listed National Atomic Company Kazatomprom. He is also a member of the Audit and Risk Management Committee of the Queensland Audit Office.

Directorships held in other listed entities — MGM China Holdings Limited (HKSE).

Greg Paramor AO (Non-Executive Director)

Qualifications — FAPI, FAICD, FRICS

Experience — Greg has extensive property expertise with more than 50 years' experience in the real estate and fund management industry. He was the co-founder of Growth Equities Mutual, Paladin Australia and the James Fielding Group. He was the CEO of Mirvac Group between 2004 and 2008 before becoming the Managing Director of Folkestone Limited, a specialist property funds management group. Greg is currently a non-executive director of ASX-listed Charter Hall Group, a board member of the Sydney Swans, the Chair of BackTrack Youth Works, a Trustee of The Nature Conservancy (Australia) and a board member of the Garvan Research Foundation. He was awarded an Officer in the General Division (AO) of the Order of Australia in January 2015.

Directorships held in other listed entities — Charter Hall Group Ltd (ASX: CHC) and Charter Hall Social Infrastructure REIT (ASX: CQE)

For information regarding the Directors' interests in Eureka Shares, refer to Section 4.4.

7.11 Eureka continuous disclosure obligations

Eureka is subject to the continuous disclosure obligations contained in the ASX Listing Rules. Under those obligations, subject to limited exceptions, Eureka must disclose material information to ASX immediately on becoming aware of that information.

Copies of all disclosures made by Eureka to ASX can be obtained, free of charge, on the ASX website (www.ASX.com.au) under the ASX code "EGH".

8. FINANCIAL INFORMATION

8.1 Introduction

Pro Forma Forecast Information

The Combined Group pro forma forecast information contained in this Section (**Pro Forma Forecast Information**) includes pro forma underlying EPS per share for the Combined Group and the equivalent impact on Eureka Shareholders who accept the Offer for the year ending 30 June 2024.

The Combined Group Pro Forma Forecast Financial Information has been prepared assuming:

- Eureka underlying EPS guidance for the year ending 30 June 2024 (**Eureka FY24 EPS**);
- Aspen underlying EPS guidance for the year ended 30 June 2024 as prepared by Aspen and disclosed in the Bidder's Statement (**Aspen FY24 EPS**);
- the acquisition of Eureka by Aspen had taken place on 1 July 2023 (assumed to show a full year impact of the Offer); and
- Aspen is successful in acquiring 50.1% of Eureka Shares. This scenario has been chosen to be in line with the 50.1% minimum acceptance condition stated in the Bidder's Statement. As disclosed elsewhere in this Target's Statement, given the stated intentions of Eureka substantial shareholder Filetron and the Directors who hold or control Eureka Shares not to accept the Offer, Aspen will not be able to achieve the 90% of Eureka Shares threshold required to acquire 100% of Eureka Shares by the end of the Offer Period.

8.2 Basis of preparation and presentation of Pro Forma Forecast Financial Information

The Pro Forma Forecast Financial Information has been prepared in accordance with the recognition and measurement criteria prescribed in the Australian Accounting Standards. The Pro Forma Forecast Financial Information is presented in abbreviated form and does not include all of the presentation and disclosures provided in an annual or interim report prepared in accordance with the Corporations Act.

Rounding of the figures in the Pro Forma Forecast Financial Information may result in some discrepancies between the sum of the components and the totals outlined within the tables and percentage calculations.

The Eureka Board has prepared the Pro Forma Forecast Financial Information subject to certain limitations. The Eureka Directors have not been provided access to any non-public information in relation to Aspen. As a result, the Directors have relied on publicly available information and information contained in the Bidder's Statement in relation to Aspen to assist in the completion of the Pro Forma Forecast Financial Information of the Combined Group.

Eureka Shareholders should be aware that accounting policies and practices between Aspen Group and Eureka may differ and impact the Pro Forma Forecast Financial Information included in this Section.

The Pro Forma Forecast Financial Information is based upon the assumptions set out in Section 8.3. The Directors of Eureka believe the Pro Forma Forecast Financial Information has been prepared with due care and attention and consider the assumptions to be reasonable at the time of preparing this Target's Statement, provided that they can reasonably rely on Aspen's EPS guidance for the year ending 30 June 2024.

Investors should be aware that the timing of actual events and the magnitude of their impact may differ from that assumed in preparing the Pro Forma Forecast Financial Information and that any deviation in the assumptions upon which the Pro Forma Forecast Financial Information is based may have a material positive or negative effect on the actual financial performance or position. Investors are advised to review the assumptions in conjunction with the risk factors set out in Section 9 and other information set out in this Target's Statement.

(a) **Underlying EPS**

The Directors of Eureka have considered the requirements of applicable law and practice, including ASIC Regulatory Guide 170, in concluding that forecast financial statements for the Combined Group cannot be provided as they do not have sufficient information to prepare those forecast financial statements.

To provide a basis for Eureka Shareholders to assess the impact of the Offer, the Directors of Eureka have provided forecast Underlying EPS per security for the Combined Group, and the equivalent impact on Eureka Shareholders who accept the Offer.

Underlying EPS represents the Eureka Directors' view of underlying earnings from ongoing operating activities for the period, being underlying profit / loss before tax and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.

The methodology used by Eureka to determine Aspen's Underlying EPS appears to be materially similar to the method used by Aspen to determine Underlying EPS. For the purpose of providing pro forma Underlying EPS of the Combined Group, it has been assumed that the calculations of Underlying EPS are materially consistent.

The pro forma underlying EPS per security for the year ending 30 June 2024 presents the impact of the Offer on the Combined Group and the equivalent impact on Eureka Shareholders who accept the Offer, as if the acquisition of Eureka had taken place on 1 July 2023 and is based upon the following information:

- Eureka's underlying EPS guidance of 3.00 cents per Eureka Share for the year ending 30 June 2024;[32]
- Midpoint of Aspen's underlying EPS guidance of 13.00 – 13.50 cents per Aspen Security for the year ending 30 June 2024;
- information contained within the Bidder's Statement; and
- other additional information considered necessary to reflect the Eureka Directors' pro forma adjustments set out in Section 8.3.

[32] On a pro forma basis, including the annualised impact of Brassall development and Eureka Villages WA Fund (i.e. assuming both were fully operational from 1 July 2023), FY24 underlying EPS would be 3.07 cents per Eureka Share.

8.3 Summary of key financial metrics

Forecast underlying EPS for year ending 30 June 2024 for 50.1% Ownership Case

The table below outlines the Combined Group Pro Forma FY24 underlying EPS assuming Aspen acquires 50.1% of Eureka Shares:

		Aspen FY24 (Midpoint Guidance)[33]	**Eureka FY24 Guidance**	**Adjustments**		**Pro Forma Combined Group FY24 Guidance**
Net property income	($m)	29.5	19.4			48.9
Management fee net income	($m)	0.0	2.6			2.6
Co-investment income	($m)	0.6	1.8	(0.6)	(i)	1.8
Development net income	($m)	8.0	-			8.0
Total net income	($m)	38.1	23.8	(0.6)		61.4
Corporate costs[34]	($m)	(7.2)	(8.7)			(15.9)
EBITDA	**($m)**	**30.9**	**15.2**	**(0.6)**		**45.5**
Depreciation and amortisation	($m)	-	(0.7)			(0.7)
EBIT	**($m)**	**30.9**	**14.5**	**(0.6)**		**44.8**
Net Interest expense	($m)	(7.0)	(5.4)	(0.5)	(ii)	(12.9)
Net profit before tax	**($m)**	**23.9**	**9.1**	**(1.1)**		**31.9**
Tax expense	($m)	-	-			-
Underlying profit	**($m)**	**23.9**	**9.1**	**(1.1)**		**31.9**
Non-controlling interest	($m)	-	-	(4.4)	(iii)	(4.4)
Underlying earnings attributable to securityholders	**($m)**	**23.9**	**9.1**	**(5.4)**		**27.5**
Securities on issue	(m)	180.0	301.7	28.7	(iv)	208.7
Underlying earnings per security	**(cents)**	**13.25**	**3.00**			**13.17**
Aspen underlying EPS impact	**(%)**					**(0.6%)**
Eureka equivalent underlying EPS[35]	**(cents)**		**3.00**			**3.42**
Eureka equivalent underlying EPS impact[36]	**(%)**					**14.0%**

The Combined Group Pro Forma FY24 underlying EPS in the 50.1% Ownership Case is based upon Aspen acquiring 50.1% of Eureka Shares and consolidating Eureka as a business combination, with certain consolidation adjustments, and assumes that the Offer completed on 1 July 2023.

[33] As per Bidder's Statement re-stated to align with Eureka format.

[34] No synergies would be available to Aspen in the 50.1% ownership case (per the Bidder's Statement).

[35] Underlying EPS in the Combined Group received per Eureka Share (i.e. 0.26x Offer ratio multiplied by Combined Group underlying EPS)

[36] A like for like comparison between Eureka equivalent underlying EPS and Eureka stand-alone underlying EPS.

In addition, the Directors' pro forma adjustments and assumptions are as follows (as referenced in the table above):

(i) Co-investment income from Aspen's 13.6% stake in Eureka is eliminated on consolidation;

(ii) Total transaction costs of the Combined Group of $7.5 million (as indicated by Aspen) funded with debt at an interest cost of 6.5%;

(iii) The share of Eureka's earnings attributable to the 49.9% minority shareholders of Eureka adjusted for the assumed $4.75 million increase in debt in Eureka to fund its transaction costs (assumed by Aspen) at an interest cost of 6.5%; and

(iv) Acquisition of 50.1% of Eureka Shares on issue via issuing 0.26 Aspen Securities per Eureka fully diluted share acquired by Aspen.

9. RISK FACTORS

In considering this Target's Statement and the Offer, Eureka Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Eureka as well as a number of risks relating specifically to the Offer and accepting the Offer. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems, but many are beyond the control of Eureka and the Directors and cannot be mitigated. As a Eureka Shareholder, you are already exposed to certain specific risks associated with an investment in Eureka as well as general risks associated with any investment in listed shares (summarised in Sections 9.1 and 9.2).

In addition, there are risks relating specifically to the Offer (key risks summarised in Section 9.3), including (assuming the Offer is declared or becomes unconditional), receiving Aspen Securities. Section 11 of the Bidder's Statement sets out in further detail the risks and uncertainties specific to Aspen and the Combined Group, the risks in relation to the creation of the Combined Group and the risks that are of a more general nature, to which you may be exposed as a result of becoming an Aspen Securityholder.

The risks summarised below are not exhaustive and do not take into account the personal circumstances of Eureka Shareholders. Prior to deciding whether to accept or reject the Offer, Eureka Shareholders should read this entire Target's Statement to gain an appreciation of Eureka, its activities, operations, financial position and prospects, including the risks set out in this Section 9, and should seek professional advice if they have any doubt about the risks associated with accepting or rejecting the Offer, having regard to their investment objectives and financial circumstances.

9.1 Risks relating to Eureka	
Business strategy risk	Eureka's business strategy is focused on 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. A key element to this strategy is ensuring ongoing capital recycling and strong capital management planning. Eureka's future growth is dependent on the successful execution of this strategy. Any change or impediment to implementing this strategy may adversely impact on Eureka's operations and future financial performance.
Development risk	Eureka undertakes some property development. Such projects have a number of risks including (but not limited to): delays or issues around planning, application and regulatory approvals; development cost overruns; environmental costs; project delays; issues with building and supply contracts; and expected sales prices (should Eureka make the decision to sell any projects) and leasing rates or timing of any potential sales and leasing not being achieved. The Eureka Board and management is experienced in developing and enhancing Eureka's properties and conducts comprehensive analysis and due diligence as part of its development process. Eureka Shareholders who accept the Offer will be exposed to an increased risk given Aspen undertakes a larger portion of property development activities and undertakes development projects to make a profit via sale rather than holding for long-term ownership post development completion (refer to Section 1.5).

Increased competition	Eureka operates across several geographical markets and offers a unique accommodation product. While there are barriers to entry for new operators, including but not limited to access to capital and staff and complying with legislative requirements, future developments that directly or indirectly compete with Eureka's existing portfolio could impact Eureka's current business and financial performance.
Government assistance	Governments and other authorities provide rental assistance and other subsidies for many residents in Eureka's villages. Any change to legislation could result in a reduction in resident demand for leases in the properties and therefore impact Eureka's business. Reductions in subsidies for residential residents could result in loss in rent or increased arrears.
Income and expense growth rates	Higher than expected inflation rates could lead to greater development and/or operating costs. The ability to raise future rents and maintain or grow occupancy may be impacted by residents' income levels and a change in government subsidies. Eureka's future financial performance could be impacted where the inflation in operating and development costs exceeds the growth in rental income.
Dividends	Future dividends for Eureka Shares will be determined by the Directors having regard to the operating results, future capital requirements, bank debt covenants and the financial position of Eureka. There can be no guarantee that Eureka will continue to pay dividends at the current level or at all.
Asset valuation risk	Assets are assessed for changes in fair value or impairment (the latter as required whenever events or changes in circumstances indicate that the carrying amount may not be recoverable). Factors affecting property valuations include capitalisation and discount rates, maintainable earnings, occupancy and the economic growth outlook. Such impacts on property valuations may lead to variations in the valuation of Eureka Shares.
Debt funding risk	Eureka currently has bank debt which contains certain financial and operational covenants. Any breach of these covenants could result in the early enforced repayment of debt. Such repayment could result in capital losses if assets need to be sold in a short period or Eureka Shareholders may be diluted if equity needs to be raised at a large discount. In addition, interest rate changes may have a material impact on profitability. Eureka mitigates this risk through its capital management plan and interest rate hedging. Eureka currently has a single debt maturity in March 2026. At the maturity of this loan, there is no certainty it will be refinanced on the same terms currently in place.
Cyber risks	Eureka recognises the importance of cyber security in safeguarding digital assets, systems and information from unauthorised access or disruption. Eureka mitigates this risk through various security measures and a contingency plan for business continuity.
Operational risks	Routine village operations require Eureka to manage risks related to maintenance of a safe environment including property condition, food service, building compliance and resident well-being. Compliance and management systems, including third party inspections where appropriate, have been established to manage these risks.

Personnel risk	The ability of Eureka to deliver successfully on its business strategy is dependent on its ability to retain its key employees. The loss of senior management or other key personnel could adversely impact on Eureka's business and financial performance.
Accounting Standards	Changes to accounting standards may affect the reported earnings of Eureka from time to time.
Acquisition risks	Acquiring villages has and will continue to be a source of growth for Eureka. Identifying properties that meet Eureka's target performance hurdle rate and sit within the risk appetite set by the Board is critical to Eureka's performance. There is a risk that acquisitions may not occur and the timing, consideration paid and investment return on any acquisition made may vary from the existing portfolio and expectations. Eureka's Board and management is experienced in acquiring properties and conducts comprehensive analysis and due diligence as part of its acquisition process.
Acquisition integration	Eureka may implement various initiatives to integrate assets that it acquires into its operations and to achieve steady-state maintainable earnings. This may include redevelopment of existing sites or changing the way an asset is managed. The cost to reposition an asset may vary from the assumptions at the time of acquisition. It may take longer than expected for an asset to reach steady-state maintainable earnings.
Environmental and insurance risk	Eureka's properties are subject to environmental risks including loss of property and profits due to bushfires, floods, cyclones, erosion of waterways and other events. These risks and potential losses may increase in future if the climate changes. Eureka carries insurance for some of these events, however insurance may not cover all or any of the losses incurred, insurance may prove increasingly difficult to obtain or the cost may become prohibitive.
Litigation	Eureka may, in the ordinary course of business, be involved in possible litigation disputes (such as environmental and workplace health and safety, industrial disputes and other legal claims). A material legal action may adversely affect the operational and financial results of Eureka.
Liquidity and dilution	Liquidity in Eureka Shares may be limited and it may be difficult for investors to buy or sell lines of shares at market prices. In response to market conditions or for other reasons, ASX may amend temporarily or permanently, rules relating to the issue or trading of shares, which may affect the liquidity of Eureka Shares. Eureka may issue new shares in the future and this may be on terms which may result in a Eureka Shareholder being ineligible to participate on a pro rata basis or at all. Any issue of new shares may dilute the interests of existing Eureka Shareholders to differing extents depending on whether the individual Eureka Shareholders participate.

9.2 General risks	
General investment risks	There are risks associated with any stock market investment, including: • The demand for Eureka Shares may increase or decrease impacting Eureka's trading price on the ASX; • If Eureka issues new shares, an existing Eureka Shareholder's proportional interest in Eureka may be reduced; and • The market price of Eureka Shares may be affected by factors unrelated to the operating performance of Eureka such as stock market fluctuations and volatility and other factors that affect the market as a whole.
Share price fluctuations	The value of Eureka's Shares will be determined by the stock market and will be subject to varied and often unpredictable influences in the share market beyond Eureka's control. These factors include, but are not limited to, the demand for, and availability of Eureka's Shares, movements in interest rates, exchange rates and rates of inflation, fluctuations in the Australian and international stock markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Depending on general market conditions and Eureka's share price, Eureka may not be able to attract new investors or raise capital as and when required.
Macro-economic risks	Macro-economic risks can impact the performance of Eureka including, changes to economic conditions in Australia and internationally, investor sentiment and international and local stock market conditions, and changes in fiscal, monetary and regulatory policies which may impact economic conditions such as interest rates and inflation and consequently the performance of Eureka.
Legislative and regulatory risks	Changes in laws, regulation and government policy may affect Eureka's business and therefore the returns Eureka is able to generate.
Tax implications	Future tax liabilities may be impacted by changes to the Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia. This in turn could impact the value or trading price of Eureka Shares, the taxation treatment of an investment in Eureka or the holding costs or disposal of its shares.
Impact of COVID-19	While the risk of COVID-19 remains, Eureka has preventative measures in place and ongoing protocols are embedded in day-to-day well-being management to ensure the COVID-19 risk to its residents and staff is minimised.
Investment risks	The above list of risk factors ought not to be taken as exhaustive of the risks faced by Eureka or by investors in the company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Eureka and the value of its shares. Shares issued in the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

9.3 Risks relating specifically to the Offer	
Control by Aspen	If Aspen acquires some but not all of the Eureka Shares under the Offer (or acquires more Eureka Shares pursuant to item 9 of section 611 of the Corporations Act) so that it has voting power in Eureka exceeding 50%, Aspen will be the majority holder of Eureka Shares. In this circumstance Aspen will effectively control Eureka, having an ability to remove and replace Eureka's board of Directors and management and having significant influence over the outcome of Eureka Shareholder resolutions. If Aspen acquires control over more than 75% of Eureka Shares, it will be able to pass a special resolution at a general meeting of Eureka Shareholders. This would enable Aspen to, among other things, change Eureka's Constitution. If Aspen acquires at least 90% of Eureka Shares, Aspen may become entitled to acquire your Eureka Shares through the implementation of compulsory acquisition procedures in accordance with section 661B of the Corporations Act. If this occurs, you will be compelled to sell your Eureka Shares to Aspen but may not receive your consideration until several weeks, or potentially longer, after the end of the Offer Period. On 21 March 2024, Eureka announced that its substantial shareholder, Filetron advised it that it does not intend to accept the Offer as described in the Bidder's Statement for its approximate 19.44% shareholding in Eureka. The Directors have also stated that they do not intend to accept the Offer in respect of the Eureka Shares they hold or control. As such, it is not possible for Aspen to own 90% of Eureka Shares by the end of the Offer Period, which is required for Aspen to compulsorily acquire all other Eureka Shares not held by it. If Aspen does not become entitled to compulsorily acquire Eureka Shares by the end of the Offer Period, it may nevertheless subsequently become entitled to exercise general compulsory acquisition rights in relation to Eureka Shares under the Corporations Act if Aspen obtains a Relevant Interest in at least 90% of Eureka Shares in the future.
Proposed merger benefits	Aspen has stated in its Bidder's Statement that there are a number of merger benefits only available to Eureka Shareholders if Aspen acquires 100% of Eureka. On 21 March 2024, Eureka announced that its substantial shareholder, Filetron advised it that it does not intend to accept the Offer as described in the Bidder's Statement for its approximate 19.44% holding in Eureka. The Directors have also stated that they do not intend to accept the Offer in respect of the Eureka Shares they hold or control. As such, it is not possible for Aspen to own 90% of Eureka Shares by the end of the Offer Period, which is required for Aspen to compulsorily acquire all other Eureka Shares not held by it. Accordingly, Eureka Shareholders will not receive the merger benefits stated by Aspen in its Bidder's Statement.
Financing risk	If Aspen gains control of Eureka by owning at least 50.1% of Eureka Shares, this will trigger either an "adverse event" or a "change of control" in the debt facilities of Eureka Group and its Tasmanian joint venture (held 50% by Eureka), which may entitle the lender to, amongst other things, either cancel the facility or require the early repayment of outstanding monies. In addition, if Eureka is delisted from ASX (for example, in the circumstances set out in Section 6.11 of this Target's Statement) then this would also trigger an "event of default" under the

	Eureka Group Facility which, amongst other things, would require the immediate repayment of all outstanding amounts. If the lender exercises its rights under the relevant facility before the end of the Offer Period, condition 12 (Debt Facilities) of the Offer as set out in the Bidder's Statement will not be satisfied and the Offer will not proceed unless Aspen declares the Offer unconditional. Aspen has not stated in its Bidder's Statement how it intends to replace or refinance the debt facilities set out above, if Aspen declares the Offer unconditional. If the lender cancels a facility or requires early repayment, there is a risk to Eureka Shareholders who do not accept the Offer that alternate funding may not be able to be obtained, or that it is obtained on less favourable terms.
Share liquidity risk	If Aspen acquires some but not all of the Eureka Shares under the Offer, the number of Eureka Shares publicly traded on ASX could be significantly reduced. In addition, under item 9 of section 611 of the Corporations Act, Aspen is entitled to acquire up to an additional 3% interest in Eureka every six months without needing to make a further takeover offer. In light of these factors, there is a risk to Eureka Shareholders who do not accept the Offer of reduced trading liquidity if Aspen gains control (by owning at least 50.1% of Eureka Shares). This may result in downward pressure on trading prices of Eureka Shares and make it more difficult for Eureka Shareholders to sell their shares. Eureka Shareholders are encouraged to read the adverse consequences of Aspen owning between 50.1% but less than 90% of Eureka under the Directors' Reasons to Reject the Offer in Sections 1 and 3 of this Target's Statement.
Taxation consequences	There are taxation risks and consequences for Eureka Shareholders who accept the Offer (and the Offer is declared or becomes unconditional). Eureka Shareholders are encouraged to read Section 10, which provides a detailed summary of taxation consequences as well as the Directors' Reasons to Reject the Offer under Section 1, which outlines the adverse tax consequences associated with the Offer, particularly in relation to CGT consequences for Eureka Shareholders who accept the Offer.
Aspen Securities as Offer Consideration	Eureka Shareholders who accept the Offer will receive 0.26 Aspen Securities per Eureka Share (assuming it is declared or becomes unconditional). As a result, the value of the consideration that Eureka Shareholders will receive will fluctuate depending upon the market value of Aspen Securities. Accordingly, the market value of Aspen Securities at the time Eureka Shareholders receive them, and therefore the implied value of the Offer Consideration, may vary from the market value on the date of acceptance of the Offer. Further, future sales or issuances of a significant number of Aspen Securities (including under the Offer or as part of any future equity capital raisings) could depress the trading prices of, and demand for, Aspen Securities.
Integration of Eureka	There is a risk that implementation and other one-off costs of integration may be substantial or greater than reasonably anticipated. This could have a material adverse impact on the financial position and performance of the combined Aspen and Eureka group.

	The transition of information systems and data, technical, financial and legal information and resources may not proceed smoothly and may divert management's attention from managing the combined business. There is a risk that revenue streams or operations could be disrupted or that costs associated with the transition may be greater than expected, which could adversely affect the financial position and performance of the Combined Group. Additionally, such integration may take longer than expected and anticipated efficiencies, benefits and potential synergies of that integration may be less than targeted.
Risks specific to the Combined Group and other risks in relation to the Combined Group	If you accept the Offer and the Offer is declared or becomes unconditional, you will become an Aspen Securityholder and a shareholder of the Combined Group. Section 11.2 of the Bidder's Statement identifies in detail the key risks that may affect the future operating and financial performance of the Combined Group and consequently, you as an Aspen Securityholder. In addition, Sections 11.3 to 11.6 of the Bidder's Statement provides further detail on certain other Combined Group risks, including in relation to the creation of the Combined Group (which are not already covered in this Section 9.3), other sector risks, risks of the Aspen Group trust structure and other general risks. Eureka Shareholders are encouraged to read both Section 9 of this Target's Statement as well as Section 11 of the Bidder's Statement for a more comprehensive understanding of the key risks associated with the Combined Group and in relation to the Offer.
Risk of not being able to accept any superior offer that may emerge (if any)	If you accept the Offer you will be unable to accept any superior offer that may emerge (if any) unless you are able to withdraw your acceptance (refer to Section 5.3 and 6.3 of this Target's Statement for further details about the ability to withdraw an acceptance of the Offer). As at the date of this Target's Statement, the Directors are not aware of any other offer that is available to be accepted by Eureka Shareholders. If a competing offer arises, the Directors will carefully consider the merits of such offer and advise Eureka Shareholders of whether the competing offer is a superior offer and affects their recommendation in this Target's Statement.
Cannot sell Eureka Shares on market	If you accept the Offer, you will no longer be able to trade your Eureka Shares on market even if the Eureka Share price exceeds the Offer Consideration during part of the Offer Period. Refer to Section 5.3 of this Target's Statement in relation to the effect of accepting the Offer. Refer to Sections 1 and 6 of this Target's Statement in relation to receiving scrip only consideration which is not based on a specified market value for the Offer.
Reduced exposure to Eureka's assets and operations	If you accept the Offer and the Offer is declared or becomes unconditional, you will no longer be a Eureka Shareholder. This will mean that you will not participate in the potential upside associated with Eureka's property portfolio to the same extent that you would if you remained a Eureka Shareholder, including any increase in the Eureka Share price or any benefits that may ultimately be realised by Eureka.

10. TAXATION CONSEQUENCES FOR EUREKA SHAREHOLDERS

10.1 Introduction

This Section 10 provides a summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty consequences for Eureka Shareholders who accept the Offer.

This information is relevant only to those Eureka Shareholders who hold their Eureka Shares on capital account. This information relates only to Eureka Shares, and not to rights held over Eureka Shares.

This Section 10 does not consider the Australian tax consequences for Eureka Shareholders:

(a) who hold their Eureka Shares as trading stock;

(b) who acquired their Eureka Shares through an employee share scheme;

(c) that may be subject to special tax rules (such as financial institutions, insurance companies, partnerships, tax exempt organisations, trusts, superannuation funds, foreign residents or temporary residents) except where expressly stated;

(d) who are subject to the taxation of financial arrangements rules in relation to gains and losses on their Eureka Shares; or

(e) are taken to have acquired their Eureka Shares before 20 September 1985.

The information in this Section 10 is based on the Australian taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Eureka Shareholder. Eureka Shareholders should seek independent professional advice regarding the taxation consequences of accepting the Offer or otherwise disposing of their Eureka Shares.

10.2 Tax consequences of disposal of Eureka Shares by Australian residents

(a) General capital gains tax considerations

Acceptance of the Offer (and the Offer becoming unconditional) will result in the disposal by Eureka Shareholders of their Eureka Shares. This disposal will constitute a CGT event.

The disposal of Eureka Shares may result in a capital gain or capital loss for the Eureka Shareholder.

A capital gain will arise if the Eureka Shareholder's capital proceeds exceed the cost base of their Eureka Shares. A capital loss will arise if the Eureka Shareholder's capital proceeds are less than the reduced cost base of their Eureka Shares.

The capital proceeds received by a Eureka Shareholder who accepts the Offer (or has their Eureka Shares otherwise acquired under the Offer) will be equal to the market value of the Aspen Securities received, determined at the time of the disposal. The time of disposal will either be the time of acceptance of the Offer or, if the Eureka Shareholder does not accept the Offer and the Eureka Shares are compulsorily acquired by Aspen, the time at which the Eureka Shares are acquired.

The cost base or reduced cost base of Eureka Shares should broadly equal the consideration that a Eureka Shareholder has paid or was required to pay to acquire its

Eureka Shares, plus certain other amounts associated with the acquisition or holding of the Eureka Shares, such as brokerage or stamp duty.

CGT Discount

The CGT discount should be available to Eureka Shareholders who are individuals, trusts, or complying superannuation funds and have held their Eureka Shares for at least 12 months (excluding the date of acquisition and the date of disposal of the Eureka Shares) at the time of the CGT event (i.e. the disposal of the Eureka Shares).

Broadly, the CGT discount rules enable the Eureka Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33.33% for complying superannuation funds.

The CGT discount is not available to Eureka Shareholders that are companies. The application of the CGT discount rules to a Eureka Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. Eureka Shareholders who are trustees of trusts should obtain specific tax advice.

(b) **Scrip for scrip rollover relief in respect of the Aspen Security consideration**

Eureka Shareholders may be able to disregard part of their capital gain where scrip for scrip rollover relief is available.

Subject to satisfying certain requirements, scrip for scrip rollover relief may be available to Eureka Shareholders who acquired their Eureka Shares on or after 20 September 1985 and derive a capital gain as a result of the acceptance of the Offer.

To the extent that scrip for scrip rollover relief is available, any capital gain derived by a Eureka Shareholder would be disregarded. This capital gain will effectively be deferred until the Eureka Shareholder disposes of their shares in Aspen Group Limited in any future transaction.

Scrip for scrip roll over relief does not apply where Eureka Shareholders derive a capital loss as a result of accepting the Offer.

Nature of Aspen Securities

Due to the nature of the Aspen Securities, Eureka Shareholders will not be eligible for scrip for scrip rollover relief in respect of all of their capital gain, notwithstanding that their Eureka Shares are being exchanged for Aspen Securities.

The Aspen Securities comprise an Aspen Unit and an Aspen Share which are stapled together. Whilst the securities are stapled together and dealt with together, they constitute two separate assets for CGT purposes.

For scrip for scrip rollover purposes, rollover relief is available where a share in one company is exchanged for a share in another company. To the extent that a share in a company is exchanged for consideration that does not comprise a share in another company (but, for example, comprises a unit in a trust), the consideration will constitute "ineligible proceeds".

Accordingly, to the extent that a Eureka Shareholder's consideration for the disposal of their Eureka Share comprises a unit in Aspen Property Trust, they will receive "ineligible proceeds" and scrip for scrip rollover relief will not be available.

In order to determine the extent to which Eureka Shareholders' consideration will be "ineligible proceeds", it is necessary to apportion the value of an Aspen Security between its constituent assets, being the share in Aspen Group Limited and the unit in Aspen Property Trust. This apportionment must be done on a reasonable basis. Aspen has suggested in its Bidder's Statement that a reasonable method of apportionment would be on a net tangible asset basis. Aspen have advised Eureka that, as at 31 December 2023, apportioning an Aspen Security between the Aspen Share and the Aspen Unit on a net tangible asset basis would result in 46.8% of the value being attributed to the Aspen Shares and 53.2% of the value being attributed to the Aspen Units.

This means that even if all the other criteria for scrip for scrip rollover relief are satisfied, 53.2% of the consideration received by a Eureka Shareholder will be ineligible proceeds and Eureka Shareholders would be taxed on any capital gain derived that is attributable to this portion of the consideration received.

Application of scrip for scrip roll over relief under the Offer

It is also important to note that scrip for scrip roll over relief will not apply to disregard any part of a Eureka Shareholder's capital gain if the Offer does not result in Aspen becoming the owner of at least 80% of the Eureka Shares. If Aspen does not own 80% or more of the Eureka Shares, those Eureka Shareholders who have accepted Aspen's Offer will not be entitled to scrip for scrip roll over relief in respect of any part of the capital gain derived. In these circumstances, Eureka Shareholders who accept Aspen's Offer and derive a capital gain on the disposal of their Eureka Shares would be subject to CGT on the entirety of their capital gain (subject to the availability of any losses).

Aspen will not meet the 80% threshold by the end of the Offer Period because Filetron, which holds 19.44% of Eureka Shares, does not intend to accept the Offer as described in the Bidder's Statement, and the Directors who hold or control Eureka Shares also intend to reject the Offer. Accordingly, any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystalise a capital gains tax liability (subject to that Eureka Shareholder having eligible losses to offset the capital gain) if they accept the Offer and the Offer is declared or becomes unconditional, despite not receiving any cash consideration under the Offer.

All Eureka Shareholders should seek independent professional advice regarding whether scrip for scrip roll over relief can be obtained.

Cost base of Aspen Securities acquired through scrip for scrip rollover

Where scrip for scrip rollover relief applies, the Eureka Shareholder must apportion the cost base of their Eureka Share across their Aspen Securities on a reasonable basis. Where the apportionment is undertaken on a net tangible assets basis, then:

- In relation to the Aspen Units (being the "ineligible proceeds"), the Eureka Shareholder's cost base in the Aspen Unit will be an amount equal to 53.2% of the total consideration received for the disposal of the Eureka Share; and
- In relation to the Aspen Shares, the Eureka Shareholder's cost base in the Aspen Share will be 46.8% of the Eureka Shareholder's cost base in its Eureka Share.

The cost base of the Aspen Shares and the Aspen Units will be relevant for any CGT event in relation to the securities in the future. For the purposes of determining eligibility for the CGT discount on a sale of the replacement Aspen Shares, a Eureka Shareholder will be treated as having acquired the Aspen Shares at the time the Eureka Shareholder acquired the relevant Eureka Shares. However, the Aspen Units, which are not entitled to scrip for scrip rollover relief, are taken to be acquired at the time when the Offer was accepted (or otherwise, if the Eureka Shareholder does not accept the Offer and the Eureka Shares are compulsorily acquired by Aspen, when the Aspen Units are issued to the Eureka Shareholder).

10.3 Taxation consequences of disposal of Eureka Shares by foreign residents

(a) General capital gains tax considerations

Generally, a Eureka Shareholder who is not a resident for Australian income tax purposes and who holds their Eureka Shares on capital account will not be subject to CGT on the disposal of their Eureka Shares.

However, this will not be the case if the Eureka Shares constitute “taxable Australian property” such as where:

- a foreign resident Eureka Shareholder holds “indirect Australian real property interests” (**IARPI**) – this is where the foreign resident Eureka Shareholder, together with its associates, holds 10% or more of the total Eureka Shares on issue (or has held such a 10% interest for a period of 12 months in the 24 month period ending at the time of the disposal) and the sum of the market values of Eureka’s assets is principally attributable to Australian real property assets; or
- a foreign resident Eureka Shareholder uses its Eureka Shares in carrying on a business through a permanent establishment in Australia.

These Eureka Shareholders will be subject to CGT on any gain derived on the disposal of their Eureka Shares. Foreign resident Eureka Shareholders who are subject to CGT on disposal of their Eureka Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which arises after 8 May 2012.

(b) Scrip for scrip rollover relief in respect of the Aspen Share consideration

Where a foreign resident Eureka Shareholder derives a capital gain (e.g. because their Eureka Shares are regarded as “taxable Australian Property”), the foreign resident Eureka Shareholder may be eligible for scrip for scrip rollover relief. Scrip for scrip rollover relief for foreign resident Eureka Shareholders would apply in the same way as for Australian resident Eureka Shareholders, except that there is an additional criterion which requires that the eligible consideration received by the Eureka Shareholder under the Offer must also constitute “taxable Australian property”.

Accordingly, in order for the foreign resident Eureka Shareholder to qualify for scrip for scrip rollover relief, the Aspen Shares they receive under the Offer must constitute “taxable Australian property”. Aspen has not indicated whether the sum of the market values of Aspen Group Limited’s assets would be principally attributable to interests in Australian real property. However, it is possible that the Aspen Shares may not comprise IARPI because it may be that:

- Aspen Group’s real property assets are primarily held by the Aspen Property Trust rather than Aspen Group Limited; and / or

- no foreign resident Eureka Shareholder together with its associates would hold 10% or more of Aspen Group after the Offer has been accepted (and the Offer has become unconditional).

On this basis and if these assumptions are correct, any foreign resident Eureka Shareholder holding IARPI in Eureka at the time of the CGT event would not qualify for scrip for scrip rollover relief if they accept the Offer and the Offer is declared or becomes unconditional.

In any event, even if the Aspen Shares constitutes as "taxable Australian property", scrip for scrip rollover relief would not be available if Aspen does not become the owner of 80% or more of the Eureka Shares. As noted above, based on the stated intentions of Eureka substantial shareholder Filetron and your Eureka Directors not to accept the Offer, Aspen will not be able to achieve the 80% threshold required.

Ineligible Foreign Shareholders will not qualify for scrip for scrip rollover relief as they will not receive Aspen Shares.

10.4 Foreign resident capital gains withholding tax

Foreign resident capital gains withholding tax of 12.5% generally applies to transactions involving the acquisition of an asset that constitutes IARPI. In these circumstances, Aspen may be required to withhold and remit 12.5% of the consideration receivable by the relevant foreign resident Eureka Shareholder to the Australian Taxation Office.

10.5 Stamp duty

No Australian stamp duty should arise for the Eureka Shareholders in respect of the disposal of their Eureka Shares to Aspen.

The issue of Aspen Securities to Eureka Shareholders arising from their acceptance of the Offer, should not give rise to any Australian stamp duty if, as a result of the issue of the Aspen Securities, no Eureka Shareholder (on an associate inclusive basis) would:

- commence to hold an interest of 90% or more in the Aspen Property Trust or Aspen; or
- having such a 90% or more interest, acquire a further interest in Aspen Property Trust or Aspen; and

the issue of the Aspen Securities neither results in, nor is it part of a broader arrangement, that relates to, the acquisition or holding of an interest of 90% or more in the Aspen Property Trust or Aspen.

10.6 GST

No GST should be payable by Eureka Shareholders in respect of their disposal of Eureka Shares nor their acquisition of Aspen Securities.

Eureka Shareholders who are registered for GST may not be entitled to input tax credits (or only entitled to reduced input tax credits) for any GST incurred on costs associated with their participation in Aspen's Offer. Eureka Shareholders should seek independent advice in relation to the impact of GST on their individual circumstances.

11. ADDITIONAL INFORMATION

11.1 Interest and dealings of Directors in Aspen Securities

As at the date of this Target's Statement, no Director has a Relevant Interest in Aspen Securities.

No Director has acquired or disposed of a Relevant Interest in any Aspen Securities in the 4-month period ending on the date immediately before the date of this Target's Statement.

11.2 Director benefits and agreements

(a) **Benefits in connection with retirement from office**

In respect of the Offer, no Director has been or will be given any benefit (other than a benefit which can be given without shareholder approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board, managerial office or related body corporate of Eureka.

(b) **Benefits from Aspen**

No Director has agreed to receive, or is entitled to receive, any benefit from Aspen which is related to or conditional on the outcomes of the Offer, other than in their capacity as a holder of Eureka Shares.

(c) **Agreements in connection with or conditional on the Offer**

No agreement has been 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 Eureka Shares.

(d) **Interests of Directors in contracts with Aspen**

No Director has any interest in any contract entered into by Aspen.

11.3 Latest financial results and financial position

The most recent financial information regarding Eureka is set out in the Half Yearly Report for the period ended 31 December 2023 announced to the ASX on 29 February 2024, a copy of which is available at www.asx.com.au.

Except as set out in this Target's Statement, your Directors are not aware of any material changes to the financial position of Eureka since the release of the above financial information.

11.4 Continuous disclosure

Eureka 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 company, Eureka is subject to the Listing Rules which require continuous disclosure of any information Eureka has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies on the ASX website (https://www.asx.com.au/markets/company/EGH). A list of announcements made by Eureka to the ASX (together with other announcements and releases that have been listed on Eureka's ASX page) since 26 September 2023 (being the date on which Eureka lodged its 2023 annual financial report with ASIC), up to the time immediately prior to release of this Target's Statement, is contained in Annexure B.

11.5 Material litigation

Eureka is not involved in any litigation or disputes which are material in the context of Eureka taken as a whole.

11.6 Material contracts

If Aspen becomes the holder of 50.1% or more of the Eureka Shares, then:

- a "change of control" will occur under the Eureka Group's $93 million debt facility with National Australia Bank (**NAB**) (**Eureka Group Facility**) and NAB will have the right to (acting reasonably) review the pricing terms, cancel the facility or declare that all or any part of monies owing to be due or payable on a specified date; and
- unless NAB has provided its prior consent (which has not been requested as at the date of this Target's Statement), an "adverse event" will likely occur under the $9.67 million debt facility with NAB entered into by the Tasmania joint venture (owned 50% by Eureka) and NAB may take enforcement action, including to cancel the facility and make any amount owing immediately due and payable.

In addition, if Eureka is delisted from ASX (for example, in the circumstances set out in Section 6.11 of this Target's Statement) then this would also trigger an "event of default" under the Eureka Group Facility which, amongst other things, would require the immediate repayment of all outstanding amounts. If NAB exercises its rights under the relevant facility before the end of the Offer Period, condition 12 (Debt Facilities) of the Offer as set out in the Bidder's Statement will not be satisfied and the Offer will not proceed unless Aspen declares the Offer unconditional, and in those circumstances, Aspen has not stated in its Bidder's Statement how it intends to replace or refinance the debt facilities set out above.

11.7 Impact on Eureka's tax losses

The acquisition of Eureka Shares by Aspen may impact the ability of Eureka to utilise tax losses incurred in prior years to reduce potential tax liabilities in future years. As at 31 December 2023, Eureka has recognised a deferred tax asset of $8.4m in relation to carried forward tax losses and may need to rely on the business continuity test in subdivision 165-E of the *Income Tax Assessment Tax 1997* (Cth) in order to recoup these losses, should Aspen not acquire 100% of Eureka Shares.

As Eureka substantial shareholder Filetron has advised Eureka that it does not intend to accept the Offer as described in the Bidder's Statement, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire 100% of Eureka's shares by the end of the Offer Period. Possible changes to Eureka's business as a result of the acquisition of Aspen of more than 50.1% of Eureka Shares may mean that the business continuity test may not be satisfied in respect of some or all of the carried forward tax losses. This would increase the amount of cash tax payable, reducing the amount of cash available to pay distributions to Eureka Shareholders. If the deferred tax asset ceases to be recognised, this will increase tax expense and reduce profit in the period that occurs.

11.8 Potential projects

Eureka is currently in confidential discussions with a number of potential equity and debt funding providers in relation to its Kingaroy site, for which development approval has been issued for 124 units.

In relation to its Gladstone site, Eureka is working closely with its consultants to finalise a site plan that will be used for the submission of a development application later this year. Preliminary discussions have commenced with funding providers, but that process is less advanced than Kingaroy.

11.9 Takeover response costs

The Offer will result in Eureka incurring expenses that would not otherwise have arisen. These include legal, financial and other expenses from advisers engaged by Eureka to assist in responding to the Offer.

In relation to the Offer, Hamilton Locke Pty Ltd has been engaged as Australian legal advisers, while BG Capital Corporation Pty Ltd, MA Moelis Australia Advisory Pty Ltd, and Taylor Collison Limited have been engaged as financial advisers. The fees payable for professional services provided by the financial advisers depend on various factors, with the maximum amount capped at $1 million in aggregate (plus GST). As at the Last Practicable Date, the fees for professional services provided by Hamilton Locke Pty Ltd as at the Last Practicable Date is approximately $250,000 (plus GST).

The total cost of the takeover response depends upon the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. These defence costs will be reflected in Eureka financial results for the financial year ending 30 June 2024 and may also extend into future financial years depending on the factors mentioned earlier.

11.10 Consents

(a) **ASIC Instruments**

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683* (**Corporations Instrument 2023/683**), this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC. Pursuant to the ASIC Corporations Instrument 2023/683, consent is not required for the inclusion of such statements in this Target's Statement.

Any Eureka Shareholder 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 Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Target's Statement contains share price trading data sourced from IRESS and FactSet without its consent.

(b) **Independent Expert**

Lonergan Edwards & Associates Limited 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 as Eureka's Independent Expert in the form and context it is so named and to the inclusion of the Independent Expert's Report contained in Annexure A to this Target's Statement and statements based on the Independent Expert's Report in the form and context in which those statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included.

(c) **Advisers**

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

(i) Link Market Services Limited as Eureka's share registry;

(ii) BG Capital Corporation Pty Ltd as Eureka's financial adviser;

(iii) MA Moelis Australia Advisory Pty Ltd as Eureka's financial adviser;

(iv) Taylor Collison Limited as Eureka's financial adviser; and

(v) Hamilton Locke Pty Ltd as Eureka's Australian legal advisers.

Each person named in Sections 11.10(b) and 11.10(c) as having given their consent to be named in 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 other than those statements which have been included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that person.

11.11 No other material information

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

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that Eureka Shareholders 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 (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

- the information contained in Eureka's releases to the ASX, and in the documents lodged by Eureka with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all 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 Eureka Shares;
- the matters that Eureka Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Eureka Shareholders' professional advisers; and
- the time available to Eureka to prepare this Target's Statement.

12. GLOSSARY AND INTERPRETATION

12.1 Glossary

Term	Meaning
Acceptance Form	The acceptance form included with the Bidder's Statement.
ASIC	Australian Securities and Investments Commission.
Aspen or the **Bidder**	Aspen Group Limited (ACN 004 160 927).
Aspen 2HY24 Distribution	Aspen's distribution in relation to the financial half year ending 30 June 2024.
Aspen Group	Aspen Group (ASX: APZ), the stapled group comprising Aspen and Aspen Property Trust.
Aspen Property Trust	Aspen Property Trust (ARSN 104 807 767).
Aspen Security	A fully stapled security in the capital of Aspen Group, comprising one Aspen Share and one Aspen Unit.
Aspen Securityholder	A holder of one or more Aspen Securities.
Aspen Share	A fully paid ordinary share in the capital of Aspen.
Aspen Unit	A fully paid ordinary unit in the Aspen Property Trust.
ASX	ASX Limited or the financial market which it operates.
ASX Listing Rules	The official listing rules of ASX, as amended or replaced from time to time.
Bidder's Statement	The replacement bidder's statement issued by Aspen dated 15 March 2024, which replaced the original bidder's statement dated 8 March 2024.
Board or **Eureka Board**	The board of directors of Eureka.
CGT	Has the meaning given in Section 10.1 of this Target's Statement.
Combined Group	The Aspen Group following the completion of the Offer and, unless the context otherwise requires, assumes the Bidder acquires 100% of Eureka.
Corporations Act	*Corporations Act 2001* (Cth).
Corporations Instrument 2023/683	Has the meaning given in Section 11.10(a) of this Target's Statement.
cps	Cents per share.
Directors or **Eureka Directors**	Directors of Eureka.
EPS	Earnings per share.

Term	Meaning
Eureka	Eureka Group Holdings Limited (ACN 097 241 159).
Eureka Dividend Reinvestment Plan	The dividend reinvestment plan of Eureka dated 26 February 2021.
Eureka Group	Eureka and its subsidiaries.
Eureka Group Facility	Has the meaning given in Section 11.6 of this Target's Statement.
Eureka HY24 Distribution	Eureka's distribution in relation to the financial half year ended 31 December 2023.
Eureka Performance Rights	Share rights issued by Eureka under the Omnibus Equity Plans.
Eureka Shareholders	A person who is registered as a holder of Eureka Shares.
Eureka Share	A fully paid ordinary share in the capital of Eureka.
Filetron	Filetron Pty Ltd (ACN 054 309 009).
GST	Has the meaning given in Section 10 of this Target's Statement.
IARPI	Has the meaning given in Section 10 of this Target's Statement.
Implied Offer Price	The implied value of the Offer Consideration per Eureka Share based on the market price of Aspen Securities. This is an implied value at a point in time only and is likely to change.
Ineligible Foreign Shareholder	A Eureka Shareholder whose address, as set out in the register of shareholders of Eureka, is in a jurisdiction other than Australia, its external territories or New Zealand, unless Aspen determines, in its absolute discretion, that it is: (a) not unlawful, onerous or impracticable to make the Offer to a Eureka Shareholder in a jurisdiction that is outside Australia and New Zealand and to issue Aspen Securities to such a Eureka Shareholder on acceptance of the Offer; and (b) not unlawful for such a Eureka Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.
Last Practicable Date	3 April 2024, being the last practicable date before the date of this Target's Statement.
NTA	Net tangible assets.
NAV	Net asset value.
Offer	The offer by Aspen for all Eureka Shares, as described in the Bidder's Statement.
Offer Consideration	The consideration offered by Aspen for the Offer, being 0.26 Aspen Securities per Eureka Share, subject to the terms and conditions set out in the Bidder's Statement.

Term	Meaning
Offer Period	The period during which the Offer will remain open for acceptance in accordance with Section 15.3 of the Bidder's Statement.
Offer Record Date	The record date of the Offer set by the Bidder under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) on 9 March 2024.
Omnibus Equity Plans	Eureka's 2020 Omnibus Equity Plan approved by Eureka Shareholders on 6 November 2020 and 2023 Omnibus Equity Plan approved by Eureka Shareholders on 26 October 2023.
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
Target's Statement	This document which is issued by Eureka under Part 6.5, Division 3 of the Corporations Act in response to the Offer.
Thresholds	Has the meaning given in Section 6.9(a) of this Target's Statement.
VWAP	Volume weighted average price.

12.2 Interpretation

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

(a) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.

(b) Words of any gender include all genders.

(c) Words importing the singular include the plural and vice versa.

(d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

(e) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

(f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

(g) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

(h) A reference to time is a reference to Australian Eastern Standard Time (AEST).

(i) A reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

(j) Specifying anything in this document after the words 'includes' or 'for example' or similar expressions does not limit what else is included.

13. AUTHORISATION

This Target's Statement has been approved by resolutions passed by the directors of Eureka. All Directors voted in favour of the resolution.

Date: 8 April 2024

Signed for and on behalf of Eureka:

Murray Boyte

Executive Chairman

Annexure A – Independent Expert's Report

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The Directors
Eureka Group Holdings Limited
Suite 2D, 7 Short Street
Southport QLD 4215

5 April 2024

Subject: Takeover offer for Eureka Group Holdings Limited

Dear Directors

Introduction

Overview of the Offer

1 On 14 December 2022, Aspen Group (Aspen)[1] announced that it had acquired 41.2 million shares in Eureka Group Holdings Limited (Eureka or the Company), which at the time represented 13.7% of Eureka's ordinary shares on issue.

2 On 2 March 2023, Eureka received an unsolicited, non-binding, indicative and conditional proposal from Aspen to acquire all the issued shares of Eureka that it did not already own at an offer price of 0.225 stapled securities in Aspen[2] for each ordinary share held in Eureka (Indicative Proposal). Although discussions between Eureka and Aspen ensued, Aspen ultimately withdrew its Indicative Proposal on 21 March 2023. Eureka's receipt of the Indicative Proposal was publicly disclosed on 29 March 2023.

3 On 23 January 2024, Aspen announced an intention to make an off-market takeover offer for all the ordinary shares in Eureka that it did not already own at an offer price of 0.26 Aspen securities for each ordinary share held in Eureka (the Offer). The original bidder's statement in respect of the Offer was subsequently lodged with the Australian Securities & Investments Commission (ASIC) and the Australian Securities Exchange (ASX) on 8 March 2024 (Original Bidder's Statement). The first Supplementary Bidder's Statement (First Supplementary Bidder's Statement) and the Replacement Bidder's Statement were released on 15 March 2024 (Bidder's Statement / Replacement Bidder's Statement).

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1 Comprising Aspen Group Limited and the Aspen Property Trust.

2 Each stapled security comprises a one fully paid ordinary share in Aspen Group Limited and one fully paid ordinary unit in the Aspen Property Trust.

4 The Offer is subject to a number of conditions which must be satisfied, or waived in order for the Offer to proceed. These conditions, including the key condition that Aspen acquire no less than a 50.1% interest in Eureka, are outlined in Section I.

5 On 21 March 2024, Eureka announced that Filetron Pty Ltd (Filetron)[3], which is one of Eureka's substantial shareholders which holds 19.4% of Eureka's issued ordinary shares[4], has stated that it does not intend to accept the Offer as described in the Bidder's Statement. In addition, the Directors who hold or control approximately 2.3% of Eureka's ordinary shares also intend to reject the Offer. As a result, Aspen can only acquire up to 78.3% of Eureka's issued shares under the Offer[5] (i.e. Aspen will be unable to achieve the 90% threshold needed to move to compulsory acquisition and obtain 100% control of Eureka), nor the 80% threshold required for scrip-for-scrip rollover relief.

Eureka

6 Eureka was established in 2001 and is the only ASX listed pure play provider of affordable seniors' rental accommodation. As at 31 December 2023, Eureka managed a seniors living portfolio comprising 2,882 units across 52 villages throughout Australia with total assets under management of $316 million. Eureka's ownership interest in these assets is some $268 million through its direct ownership of village assets, 50% investment in the Tasmanian Joint Venture (Tasmanian JV)[6] and 32.8% co-investment in the Eureka Villages WA Fund (the WA Fund)[7]. The Company also has contracted management rights to provide caretaking and management services to a number of villages owned by external investors including the Tasmanian JV and the WA Fund.

Aspen

7 Aspen provides accommodation through its residential, lifestyle and park communities, which are aimed at Australian households that can afford to pay no more than approximately $400 per week in rent or $400,000 to purchase housing. Aspen's property portfolio consists of some 3,720 operational dwellings, 124 dwellings under refurbishment and 1,190 undeveloped sites[8]. In addition, Aspen's integrated platform includes operations, asset management, development, and capital management.

Purpose of the report

8 While there is no statutory requirement for Eureka to obtain an independent expert's report (IER), the Directors of Eureka have requested Lonergan Edwards & Associates Limited (LEA) to prepare an IER stating whether, in LEA's opinion, the Offer is "fair and reasonable".

9 LEA is independent of Eureka and Aspen and has no other involvement or interest in the outcome of the Offer, other than the preparation of this report.

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3 An entity associated with Mr Ben Cottle and the FDC Group. The FDC Group is a provider of construction, fit-out, refurbishment and building services.

4 Per the substantial shareholder notice released 2 April 2024.

5 The percentage remains at 78.3% on a fully diluted basis (i.e. once Eureka's performance rights are allowed for).

6 Comprising the Affordable Living Unit Trust and the Affordable Living Services Unit Trust.

7 Figures as at 31 December 2023.

8 Comprises 895 undeveloped sites for land leasing and 295 undeveloped sites for land sales.

Summary of opinion

10 LEA has concluded that the Offer is neither fair nor reasonable. We have arrived at this conclusion for the reasons set out below.

Assessment of "fairness"

Valuation of Eureka

11 LEA has assessed the value of Eureka on a 100% controlling interest basis at between $0.52 and $0.55 per share, as summarised below:

Eureka – valuation summary[1]	Paragraph	Low $m	High $m
Reported net tangible assets (NTA) as at 31 December 2023	70	139.8	139.8
Adjustments:			
– Property valuations	128	12.5	12.5
– Property management rights	146	14.5	15.5
– Capitalised borrowing costs	147	(0.1)	(0.1)
– Capitalised operational overheads	152	(35.2)	(33.5)
Adjusted NTA		131.5	134.3
Premium to Adjusted NTA	154	26.3	33.6
Equity value – controlling interest basis		**157.8**	**167.8**
Fully diluted shares on issue (million)	170	302.5	302.5
Eureka value per share – controlling interest basis (cents)		**0.52**	**0.55**

Note:
1 Rounding differences may exist.

Value of Offer consideration

12 LEA has assessed the value of the Offer consideration as follows:

Value of Offer consideration	Paragraph	Low $	High $
Assessed realisable value of Aspen security	212	1.65	1.80
Exchange ratio (times)	3	0.26	0.26
Assessed value of Offer consideration (per Eureka share)		**0.43**	**0.47**

13 Eureka shareholders should note that the listed market price of Aspen securities is subject to daily fluctuation and accordingly, the price at which Aspen securities may be sold (in the short term) may therefore be greater or less than our assessed realisable value range.

14 Eureka shareholders should also note that it is not possible to accurately predict future security price movements and any decision to continue to hold Aspen securities beyond the immediate to short term is a separate investment decision which should be made by Eureka shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Eureka shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

LONERGAN EDWARDS & ASSOCIATES LIMITED

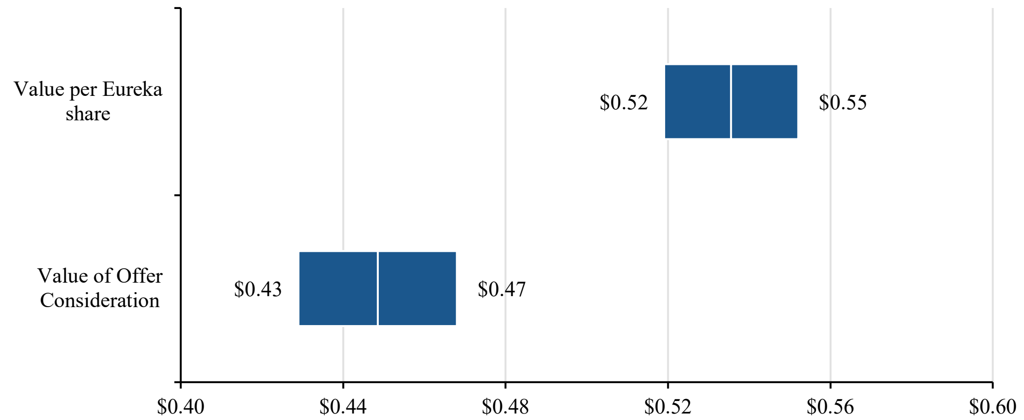
Fairness opinion

15 Pursuant to ASIC Regulatory Guideline 111 – *Content of expert reports* (RG 111)[9], an offer is "fair" if:

"The value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

16 This comparison for Eureka shares is shown below:

Comparison of Offer consideration and Eureka share value[(1)]



Note:
1 The white line positioned at the middle of our valuation range signifies the mid-point.

17 As the Offer consideration comprises Aspen shares (rather than cash), there is no single definitive estimate of value that can relied upon for assessing "fairness" pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As the value of a Eureka share also has a range of possible outcomes, there are numerous different value comparisons that can be made between the value of Eureka shares and the value of the Offer consideration. Given this, LEA considers it appropriate to assess "fairness" by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

18 That said, as the high end of the range of the consideration offered by Aspen is less than the low end of our assessed value of 100% of the ordinary shares in Eureka (i.e. there is no overlap), in our opinion, the Offer is not fair.

Assessment of "reasonableness"

19 Pursuant to RG 111, an offer is "reasonable" if it is "fair". An offer may also be considered "reasonable" if, despite being "not fair", the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

20 We have considered a number of factors in determining whether there are sufficient reasons for shareholders to accept the Offer, despite it being not fair. These include the following:

9 Which establishes the framework that is to be adhered to by an expert in evaluating the merits of a transaction.

(a) the value of the Offer consideration is materially below our assessed valuation range and does not provide Eureka shareholders with a sufficient premium for control (and when measured on some bases, a negative premium for control). In substance, the Offer consideration has been priced as if the Offer was a nil premium merger of equals, which it is not. Aspen is seeking to acquire control of Eureka and should therefore pay an appropriate price, including an appropriate premium for control

(b) Filetron (which holds some 19.4% of Eureka's issued shares), has stated that it does not intend to accept the Offer as described in the Bidder's Statement. In addition, the Directors who hold or control approximately 2.3% of Eureka's ordinary shares also intend to reject the Offer. As a result, Aspen can only acquire up to 78.3% of Eureka's issued shares and performance rights under the Offer (i.e. Aspen will be unable to achieve the 90% threshold needed to move to compulsory acquisition and obtain 100% control of Eureka). There are a number of ramifications for Eureka shareholders if Aspen acquires between 50.1%[10] and 78.3% of Eureka, including:

   (i) it will significantly diminish the likelihood of Aspen (post-transaction) being able to fully realise the potential benefits that would otherwise accrue in the event that Aspen were able to acquire 100% of Eureka. For example, cost savings / synergies, potential scale benefits including improved share trading liquidity, improved access to debt and equity markets (and possibly on more attractive terms) to fund growth opportunities etc.

   (ii) as the maximum number of shares Aspen can acquire is below the 80% threshold, scrip-for-scrip rollover relief will not be available for those Eureka shareholders that have accepted the Offer and a make a capital gain

   (iii) Aspen will control Eureka including its day-to-day management, strategic direction and dividend payments. Should this occur the liquidity of Eureka shares may be diminished which may result in a fall in the price of Eureka shares[11]. That said there is a reasonable prospect that Aspen will make a further takeover offer at a later date in order to obtain 100% control of Eureka. However, the prospect of a future takeover offer is inherently uncertain as to whether it arises, the timing thereof and the related offer price (particularly given Filetron's shareholding and its stated intention to be a long-term investor).

(c) Eureka's share price subsequent to the announcement of Aspen's intention to make a takeover offer has consistently traded at a premium to the implied value of the Offer consideration. Eureka shareholders have therefore had an opportunity to realise cash value well in excess of the Offer consideration through selling their shares on market. For as long as Eureka shares continue to trade at prices above the implied value of the Offer consideration, Eureka shareholders have no incentive to sell their shares into the Offer

(d) Aspen's pre-Offer interest in Eureka of 13.6% particularly when combined with Cooper Investors' 22.1% interest[12], is likely to act as a deterrent to other bidders

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10 Being the current minimum bid acceptance condition.

11 Aspen may, depending on the level of shareholding obtained, also seek to remove Eureka from the official list of the ASX.

12 Cooper Investors holds a significant equity interest in both Aspen and Eureka and may vote in unison with Aspen in relation to any proposal.

(e) in the absence of the Offer, Eureka shares are likely (at least in the short-term) to trade at a discount to our assessed value. Although Eureka shares last traded at $0.45 prior to the announcement of Aspen's intention to make a takeover offer, in our view, the share price should be supported by the additional information disclosed by Eureka subsequent to 23 January 2024 (including 1H24 results, FY24F guidance etc.) and the increase in the S&P/ASX 300 A-REIT Index[13]. There have also been recent significant on-market purchases of Eureka shares at prices in excess of $0.50 per share.

(f) if Aspen successfully acquires 50.1% or more of Eureka (and the other conditions of the Offer are either waived or met), then Eureka shareholders that have accepted the Offer will likely experience an increase in earnings and dividends per share as well as an improvement in NAV and NTA per share (albeit the uplift in NAV and NTA is largely illusory as Aspen trades at a significantly larger discount to NAV / NTA than Eureka). Post-transaction, Aspen is also expected to have lower gearing than Eureka on an equivalent standalone basis.

(g) the Offer exposes Eureka shareholders to different portfolio risks to those they currently face in respect of their shareholding in Eureka. Some Eureka shareholders may, even in light of the other potential advantages that may be realised, prefer not to acquire an economic exposure to Aspen's business (which is heavily concentrated in residential accommodation, and in particular, Aspen's Perth Apartments portfolio). Further, since the Offer does not reflect any premium for control, Eureka shareholders are being offered minimal, if any, financial incentive to alter their risk profile.

21 Overall, having regard to the above, we consider the advantages of the Offer to be outweighed by the disadvantages and accordingly, we have concluded that the Offer is not reasonable.

General

22 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Eureka shareholders. Accordingly, before acting in relation to the Offer, Eureka shareholders should have regard to their own objectives, financial situation and needs. Eureka shareholders should also read the Target's Statement that has been issued by Eureka in relation to the Offer.

23 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Eureka shareholders should accept the Offer. This is a matter for individual Eureka shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Eureka shareholders are in doubt about the action they should take in relation to the Offer or matters dealt with in this report, shareholders should seek independent professional advice.

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13 Which increased by some 15% from between 22 January 2024 and 3 April 2024. We note that the increase in the S&P/ASX 300 A-REIT Index is heavily skewed towards Goodman Group which currently accounts for more than 38% of the index weighting and has exhibited an increase of 32% over the period from 22 January 2024 and 3 April 2024. Excluding Goodman Group, the increase in the S&P/ASX 300 A-REIT Index over this period is closer to 7%.

24 For our full opinion on the Offer and the reasoning behind our opinion, we recommend that Eureka shareholders read the remainder of our report.

Yours faithfully

Nathan Toscan	Julie Planinic
Authorised Representative	Authorised Representative

Table of contents

Appendices

I Outline of the Offer

25 An overview of the Offer and its history is set out at paragraphs 1 to 4.

Conditions[14]

26 The Offer is subject to the following conditions:

(a) at the end of the Offer Period, Aspen has a Relevant Interest in more than 50.1% of Eureka Shares on issue at that time

(b) no Specified Event[15] occurs between the Announcement Date and the end of the Offer Period which, whether individually or when aggregated with all other events, changes, conditions, matters, circumstances or things that have occurred (including prior to the Announcement Date), will occur, or is reasonably likely to occur, has had, will have or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Eureka:

(i) taken as a whole

(ii) by reducing net asset value or earnings per share (EPS) by more than 5%

(c) no Prescribed Occurrence in respect of Eureka has happened between 8 March 2024 and the end of the Offer Period

(d) between the Announcement Date and the end of the Offer Period, no material change occurs[16] with regard to the manner in which Eureka conducts its business or the nature, extent or value of Eureka's assets or liabilities, including but not limited to:

(i) agreeing to enter into or announcing any transaction which would or would be likely to involve Eureka acquiring, disposing of, or agreeing, contracting or committing to acquire or dispose of any assets with an aggregated value in excess of $10 million

(ii) entering into any agreement, contract or commitment not in the ordinary course of Eureka's business

(iii) waiving any material third party default or accepting less than full compensation as a compromise of a matter with a financial impact on Eureka in excess of $5 million

(e) between the Announcement Date and the end of the Offer Period, Leftfield Investments Pty Ltd (Leftfield) as trustee of the Eureka Villages WA Property Trust (Eureka Villages WA Fund) provides to Eureka and Aspen in writing a binding, irrevocable and unconditional waiver or release of any rights in connection with a Change of Control Right in relation to Eureka, or either Leftfield or Eureka provides written confirmation to Aspen that no such Change of Control Right exists

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[14] Terms used in this section have the definitions assigned to them in Section 16 of the Bidder's Statement.

[15] Aspen shall not be taken to know of information concerning any Specified Event before the Announcement Date, unless the information has been fully and fairly disclosed by Aspen in its public filings with the ASX before the Announcement Date.

[16] Except as have been fully and fairly disclosed by Eureka in its public filings with the ASX prior to the Announcement Date.

(f) none of the freehold or leasehold properties owned or managed by Eureka are destroyed or sustain damage valued in excess of $5 million (after recovery of insured amounts) between the Announcement Date and the end of the Offer Period

(g) between the Announcement Date and the end of the Offer Period other than with the prior written consent of Aspen, none of the following occurs in respect of Eureka:

  (i) no externalisation of management transactions, proposals or arrangements are implemented or agreed upon

  (ii) Eureka removes or replaces or announces the intention to remove or replace the responsible entity of any Eureka entity

  (iii) the trustee of any Eureka entity retires, resigns or otherwise ceases to be a trustee of that entity, unless it is replaced as trustee by another Eureka entity

  (iv) in relation to any Eureka entity that is the trustee of a trust, the trust is wound up, dissolved, terminated or liquidated, or the trust deed is terminated or becomes unenforceable

  (v) a change of control[17] occurs or is agreed to occur other than as a result of the Offer

  (vi) a change is made or agreed to be made to any of the constitutional documents of any Eureka entity

  (vii) any special or extraordinary resolution is passed or agreed to be passed

  (viii) any partnership or unincorporated joint venture to which Eureka is a party is dissolved, wound up, terminated or Eureka ceases to be a partner or party

(h) no contract or commitment for the provision of investment management, property management, administration or related services by Eureka is terminated or amended in a manner that is adverse to Eureka between the Announcement Date and the end of the Offer Period other than with the prior written consent of Aspen

(i) all regulatory approvals, waivers, exemptions, declarations, statements of no objection, orders, notices or consents required by law or from any Government Agency are granted, given, made or obtained in order to permit the Offer to be made and completed, and remain in full force and effect or are no longer required between the Announcement Date and the end of the Offer Period

(j) no preliminary or final decision, order or decree, no action or investigation is announced, commenced or threatened, and no application is made, to or by any Government Agency in consequence of or connection with the Offer[18], which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon the making of the Offer and the completion of the Takeover Bid, or which requires Aspen to divest any Eureka Shares or other material assets of Eureka between the Announcement Date and the end of the Offer Period

(k) no distributions are announced, made, declared or paid in respect of Eureka other than the Eureka 1H24 Distribution and where such distribution does not exceed and is not

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17 As defined in s50AA of the *Corporations Act 2001* (Cth) (Corporations Act).

18 Other than in connection with a breach of Chapters 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of s657A of the Corporations Act.

reasonably likely to exceed $2.5 million in aggregate, between the Announcement Date and the end of the Offer Period

(l) between the Announcement Date and the end of the Offer Period, no Debt Facility is subject to:

  (i) any misrepresentation, breach, event of default, review event, cancellation event, prepayment event or similar event

  (ii) any amendments, waivers, standstills or similar indulgences requested by Eureka or granted by the lender

  (iii) any notices or demands served on Eureka in relation to a misrepresentation, default or non-compliance

  (iv) a lender's cancellation or suspension of any commitments under, requires payment or is entitled to require repayment of, or otherwise terminates any such Debt Facility, or requires that any action be taken thereunder including the acceleration of the performance of any obligation thereunder

(m) no Eureka entity becomes insolvent between the Announcement Date and the end of the Offer Period.

27 More detail on the above conditions is set out in Annexure A to the Bidder's Statement.

II Scope of our report

Purpose

28 Section 640 of the Corporations Act requires that a target's statement made in response to a takeover offer for securities in an Australian listed entity must be accompanied by an IER if:

(a) the bidder's voting power in the target is 30% or more at the time the bidder's statement is sent to the target; or

(b) the bidder and the target have common directors.

29 The IER must state whether, in the opinion of the independent expert, the takeover offer is "fair and reasonable" to the target company's shareholders as well as provide the reasons for that opinion.

30 Aspen's interest in Eureka was less than 30% at the time it sent the Bidder's Statement to Eureka and it has no representation on the Eureka Board. Accordingly, there is no statutory requirement for Eureka to obtain an IER.

31 Notwithstanding the above, the Directors of Eureka have requested that LEA prepare an IER stating whether, in LEA's opinion, the Offer is "fair and reasonable" (i.e. prepare an IER as if it were required under s640 of the Corporations Act). Our report will accompany the Target's Statement to be sent to Eureka shareholders.

32 It should be noted that this report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Eureka shareholders. Accordingly, before acting in relation to the Offer, Eureka shareholders should have regard to their own objectives, financial situation and needs. Eureka shareholders should also read the Target's Statement that has been issued by Eureka in relation to the Offer.

33 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Eureka shareholders accept the Offer. This is a matter for individual Eureka shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Eureka shareholders are in doubt about the action they should take in relation to the Offer or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

34 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111 (which establishes the framework that is to be adhered to by an expert in evaluating the merits of a transaction).

35 RG 111 requires an expert that is appointed to analyse a takeover offer to separately assess whether the offer is "fair" and whether it is "reasonable".

36 **Fairness** involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares in the target, which are to be assessed

assuming 100% ownership of the target (i.e. on a 100% controlling interest basis[19]). An offer is “fair” if the value of the consideration offered is equal to, or greater than, the value of the shares that are the subject of the offer. Fairness effectively measures whether shareholders (in the target company) are being adequately compensated for the actual (or deemed) change of “control” in ownership.

37 **Reasonableness** involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal (e.g. the bidder’s pre-existing shareholding in the target company, the likelihood of an alternative offer being made, the likely market price if the offer is unsuccessful etc.). An offer is considered “reasonable” if it is “fair”. An offer may also be considered “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

38 Having regard to the above, our report has therefore considered:

Fairness

(a) the market value of the shares in Eureka (on a 100% controlling interest basis)

(b) the value of the Offer consideration (0.26 Aspen securities for each Eureka share held)

(c) the extent to which (a) and (b) differ (in order to assess whether the Offer is “fair” under RG 111)

Reasonableness

(a) the extent to which a control premium is being paid to Eureka shareholders

(b) the extent to which Eureka shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(c) the listed market price of the shares in Eureka, both prior to and subsequent to the announcement of the Offer

(d) the value of Eureka to an alternative offeror and the likelihood of a higher alternative offer emerging, either prior to the close of the Offer, or sometime in the future

(e) the position of Eureka shareholders if Aspen acquires less than 100% of the shares on issue

(f) likely market price of Eureka shares if the Offer is not successful; and

(g) other qualitative and strategic issues, risks, advantages and disadvantages associated with the Offer.

Limitations and reliance on information

39 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

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[19] Although the 100% controlling interest value of the target should reflect the synergy benefits that are available to the market as a whole (e.g. public company cost savings), any special value that may be derived by a particular “bidder” should not be taken into account (e.g. synergies that are not available to other bidders).

40 Our report is also based upon financial and other information provided by Eureka and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

41 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming our opinion on the Offer. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

42 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

43 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

44 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

III Profile of Eureka

Overview

45 Eureka was established in 2001 and is the only ASX listed pure play provider of affordable seniors' rental accommodation. As at 31 December 2023, Eureka managed a seniors living portfolio comprising 2,882 units across 52 villages throughout Australia with total assets under management of $316 million. Eureka's ownership interest in these assets is some $268 million through its direct ownership of village assets, 50% investment in the Tasmanian JV[20] and 32.8% co-investment in the WA Fund[21]. The Company also has contracted management rights to provide caretaking and management services to a number of villages owned by external investors including the Tasmanian JV and the WA Fund.

46 A summary of the key statistics of Eureka is set out below:

Eureka – key statistics(1)	
Total villages / units	52 villages / 2,882 units
Total assets under management	$316 million
Eureka look-through ownership interest	$268 million
Weighted average capitalisation rate (WACR)	8.25%
Occupancy	98%
Net asset value (NAV) per share (cents)	49.1
NTA per share (cents)	46.3
Gearing(2)	37.5%
Underlying EBITDA(3) ($m)	12.6 (FY23); 7.1 (1H24)
Underlying EPS(4) – (cents)	2.93 (FY23); 1.44 (1H24)
Dividends per share – (cents)	1.34 (FY23); 0.70 (1H24)

Note:
1 Key statistics as at 31 December 2023 unless otherwise stated.
2 Gearing calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus book value of equity.
3 Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) excludes non-cash items including valuation adjustments and certain non-core or non-recurring transactions including asset disposals.
4 Underlying EBITDA less depreciation and amortisation and interest divided by the weighted average number of shares on issue during the period.

Current operations

47 Eureka operates from a Queensland (QLD) based head office and employs approximately 170 staff. A diagrammatic overview of Eureka's operations is set out below:

20 Comprising the Affordable Living Unit Trust and the Affordable Living Services Unit Trust.

21 Figures as at 31 December 2023

Eureka – operations as at 31 December 2023

eureka Group

Village Management Services

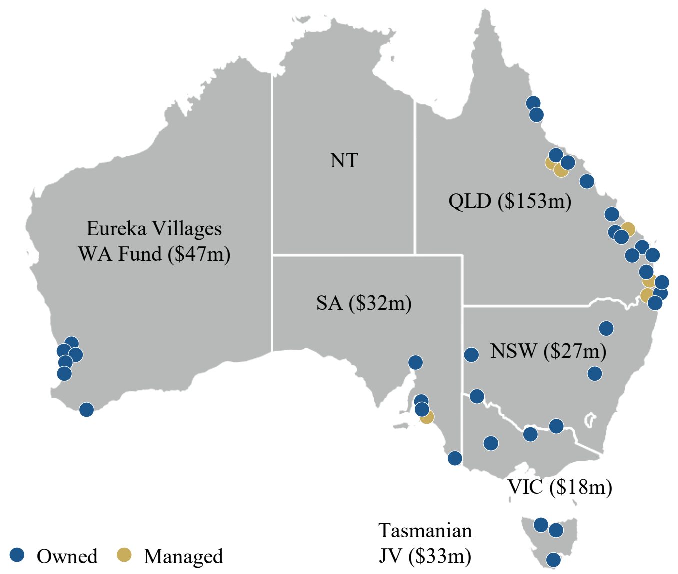
Ownership interest

100%	50%	33%	100%
Investment Properties	**Tasmanian JV**	**Eureka Villages WA Fund**	**Management Rights**
• 28 rental villages and other properties with 1,630 units • Gross property value $230 million	• 5 villages in Tasmania with 254 units • Gross property value $33 million	• 6 villages in Western Australia with 321 units • Gross property value $47 million	• Management of 13 villages with 677 units via contracted management rights

Portfolio overview

48 Eureka's portfolio of owned and managed seniors rental accommodation villages is geographically diversified across a number of Australian States and Territories, with the largest proportion of the portfolio located throughout QLD:

Eureka – geographic location of village portfolio as at 31 December 2023

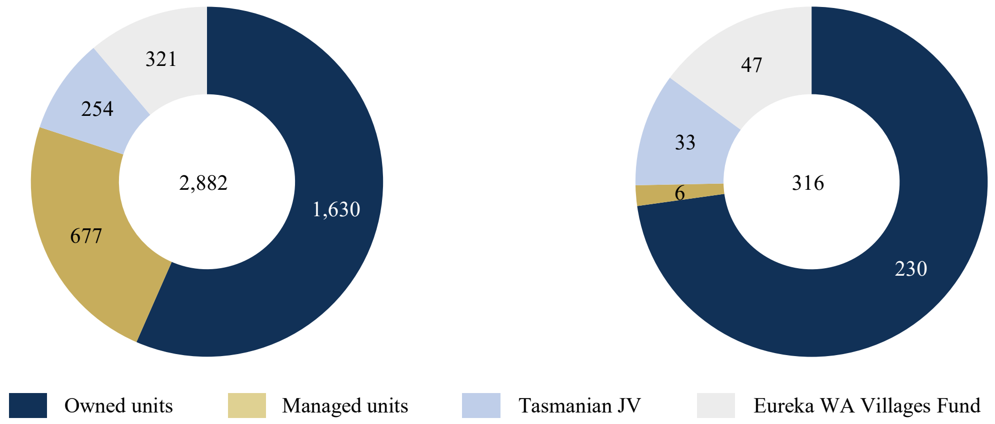


Source: Eureka.

49 A breakdown of the unit numbers and asset values of Eureka's portfolio as at 31 December 2023 (by ownership type) is set out below:

Eureka village portfolio metrics – 31 December 2023

Unit numbers | **Asset values ($m)[1]**



Note:
1 Asset values for Managed units represents the carrying value of Eureka's capitalised management rights as at 31 December 2023 and not the value of the underlying village units managed.

Source: Eureka.

Retirement accommodation characteristics

50 Eureka's property portfolio comprises villages which operate within the "Seniors Living" spectrum of the broader housing options that are available to the ageing population within Australia:

Eureka – overview of property characteristics compared to the broader market

Residential home	Government social housing	Land lease communities	Seniors rental "Eureka"	Retirement village	Aged care
	Community based independent living			Care services available	Advanced care services
Operator characteristics	Provision of services	Facilities development and asset ownership	Facilities development and asset ownership	Facilities development and asset ownership	Combination of facilities and service provision
Typical age	All	50+	70+	70+	80+
Rental assistance available?	✓	✓	✓	✗	✓
Key features	• Mixed resident demographic • Very limited availability with long waiting lists • No social / community engagement • Does not include meal service	• Site agreement model whereby residents own a manufactured home on rented land • Community style living and facilities • Few additional services • Upfront capital commitment and ongoing rent	• Community style living and facilities, including meal service in a majority of villages • All inclusive headline rental price • Simple Residential Tenancy Agreement • No entry or exit fees • Significant level of autonomy and independence • Safe and secure villages	• Increased services, including care • Residents generally pay an entry contribution equivalent to unit purchase price • Significant ongoing fees • Deferred management fee model in some instances	• Little independence, significant levels of care • Homes staffed with nurses and other healthcare professionals • Typically charge daily care fees and upfront refundable accommodation bond
Caters for	• Means tested • Only available to lowest socio-economic demographic	• Those seeking to release capital by selling their residential home	• Retirees receiving government pension • Seniors ageing in place independently	• Elderly retirees who have typically sold their main residence and can afford lifestyle arrangements • Residents are typically independent	• Elderly people who require significant levels of care

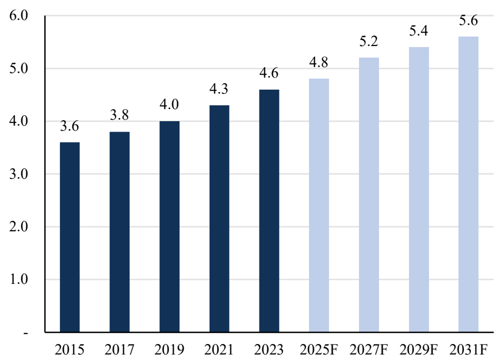
Source: Eureka.

51 Eureka's villages service the growing ageing population with a focus on residents who are under-funded for retirement and highly reliant on government pension assistance.

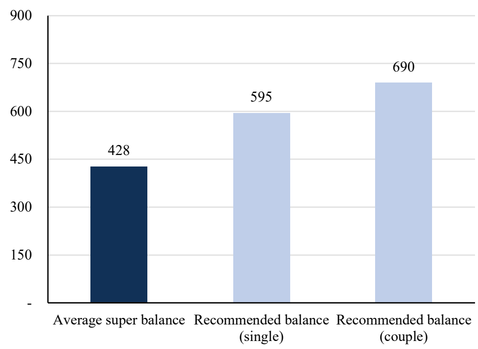
52 In that regard, there are currently some 4.6 million (or 17% of) Australians[22] who are currently 65 years of age or older and this is forecast to grow to 5.6 million (or by 22%) by 2031. On average, Australians aged 65 and older have insufficient superannuation balances to support a comfortable retirement, increasing the need for the age pension to support daily living (some 57% of Australians aged 65 and over rely on the aged pension as their primary source of income and approximately 63% receive a form of income support payment, noting that 23% of women and 13% of men in the 60 to 64 age group have no superannuation on retirement).

Growing ageing population with limited superannuation

Australians aged 65+ years (millions)



Seniors' superannuation balances ($000s)



Source: Australian Bureau of Statistics (ABS) National, State and Territory Population 2023, The Treasury 2021 Intergenerational Report, Australian Institute of Health and Welfare (7 September 2023), Australian Taxation Office (ATO) Taxation Statistics (2020-2021), Association of Superannuation Funds of Australia Retirement Standard Report (21 March 2023).

53 More than 95% of Eureka's residents receive the full entitlement of government support payments, such as age pension, rent assistance and other supplements to support their cost of living. This can be up to $1,305 per fortnight for singles and $1,860 for couples[23].

54 Pension payments from the government are direct debited from residents to Eureka and are indexed bi-annually in March and September each year to the higher of the Consumer Price Index (CPI) and the Pensioner and Beneficiary Living Cost Index increases.

Investment properties

55 As at 31 December 2023, Eureka's portfolio of owned investment properties comprised 28 rental village assets, individual rental units and the associated managers' units located within strata titled villages managed by Eureka, development land located in Kingaroy and Gladstone, QLD and land in Lismore, New South Wales (NSW). A summary of the individual properties held by Eureka is set out below:

22 As at 30 June 2023.

23 Based on rates set during March 2024.

Eureka – investment properties as at 31 December 2023[(1)]			
Property	**Location**	**Units**	**Carrying value $m**
Ayr Village	QLD	18	2.3
Bowen Village	QLD	46	5.6
Brassall Village	QLD	94	20.3
Bundaberg Avenell Village	QLD	54	6.6
Bundaberg Liberty Village	QLD	124	22.1
Bundamba Village	QLD	25	2.4
Cairns Earlville Village	QLD	70	10.1
Cairns Smithfield Village	QLD	50	6.0
Eagleby Village	QLD	61	7.9
Gladstone Village	QLD	18	2.0
Gympie Village	QLD	42	5.1
Hervey Bay Village	QLD	53	6.0
Mackay Village	QLD	92	12.4
Margate Village	QLD	45	8.5
Rockhampton Village 2	QLD	52	6.7
Rockhampton Village 1	QLD	52	6.7
Southport Village	QLD	22	5.4
Wynnum Village	QLD	62	12.4
Elizabeth Vale Scenic Village 1	SA	60	8.6
Elizabeth Vale Scenic Village 2	SA	50	5.8
Mt Gambier Village	SA	58	5.9
Salisbury Village	SA	56	6.0
Whyalla Village	SA	57	5.3
Albury Village	NSW	51	6.7
Broken Hill Village	NSW	42	4.3
Orange Village	NSW	60	7.5
Tamworth Village	NSW	50	7.4
Horsham Village	VIC	46	5.5
Mildura Village	VIC	50	5.9
Shepparton Village	VIC	69	6.9
Lismore Village	NSW	-	-
Kingaroy development land	QLD	-	2.1
Gladstone (New Auckland) development land	QLD	-	1.2
Managers' units in managed villages	Various	1[(2)]	2.8
Total		1,630	230.0

Note:

1 Independent valuations were obtained as at 31 December 2023 for four of the properties, being Brassall, Bundamba and Gladstone villages and the Gladstone development land. The remaining properties were based on Director valuations as at 31 December 2023.

2 Notwithstanding there are various individual managers units owned across some of the villages, these manager units are shown as a single unit in the total unit numbers summarised above.

Source: Eureka.

56 Regarding the above, we note:

(a) **Independent valuations** – during 2H23, Eureka completed a "whole of portfolio" valuation with respect to its investment properties which resulted in valuation uplift of $25.3 million during the year (including the properties held in the Tasmanian JV)[24]. During the six months to 31 December 2023, a further four properties were

24 Attributable to increased village earnings and a reduction in the WACR from 9.4% to 8.3%.

independently valued. As at 31 December 2023, the WACR of Eureka's owned property portfolio was 8.25%

(b) **Brassall Development** – construction commenced in February 2023 on a 51-unit expansion development at Brassall, QLD which was completed across four stages. Forty units were completed from August 2023 to December 2023 and the remaining 11 units have since been completed. All new units have been fully leased since their completion. In addition to developing the new units, Eureka is also investing in the upgrade of the common area facilities which will be fully complete by April 2024. The village, which now comprises 106 free-standing residences, was independently valued as at 31 December 2023 on an "as-if-complete" basis at $21.5 million

(c) **Development land** – Eureka's portfolio also comprises development land which provides further greenfield development opportunities including:

(i) a proposed 124 unit development in Kingaroy, QLD[25]

(ii) vacant land in Gladstone, QLD which was acquired during 1H24 for $1.0 million (excluding GST). The property adjoins the existing Gladstone village which is managed by Eureka and was acquired for the purposes of greenfield development, however no plans have been formalised or submitted to date

(iii) there is also an existing opportunity to further develop the land at Brassall in QLD given the remaining available space and other potential infill developments at existing villages, however no plans have been formalised or submitted

(d) **Lismore village (NSW) –** the property in Lismore was impacted by a significant flood event in February 2022 and the property has not been operational since. Eureka had limited insurance for flood damage for this property due to its Lismore location and the property was written down to $nil value as at 30 June 2022. Opportunities to realise value from this site in the future are being considered in conjunction with the relevant authorities however any potential recovery of value is currently unable to be quantified.

Tasmanian JV

57 Eureka has a 50% interest in the Tasmanian JV which owns five rental villages in Tasmania (TAS).

58 A summary of the rental villages held by the Tasmanian JV are set out below:

Tasmanian JV – rental villages			
Village	**Location**	**Units**	**Carrying value[(1)] $m**
Claremont Gardens	TAS	51	8.3
Devonport Gardens	TAS	51	5.9
Elphinwood Gardens	TAS	55	6.4
Glenorchy Gardens	TAS	43	6.0
Launceston Gardens	TAS	55	6.8
Total		255	33.4

25 During the six months to 31 December 2023, Eureka spent some $0.62 million on planning for the proposed Kingaroy development.

Note:
1 As at 31 December 2023.
Source: Eureka.

59 In addition to its underlying interest in the assets of the Tasmanian JV, Eureka provides management services to the Tasmanian JV and is entitled to receive a management fee equal to 8.0% (inclusive of GST) of the gross property rental income generated by the villages.

Eureka Villages WA Fund

60 On 8 November 2023, Eureka announced that a portfolio of six seniors' rental villages located in Western Australia (WA) would be acquired by a new Eureka managed wholesale property fund.

61 On 7 December 2023, the WA Fund completed the acquisition of the portfolio of villages from Ingenia Communities Group (Ingenia) for $44 million (in line with the independent valuation). The villages are located in residential areas of Perth, Mandurah, Bunbury and Albany in WA and comprise 321 units with occupancy exceeding 98%.

62 The WA Fund is managed by Eureka Asset Management Pty Ltd (a wholly owned subsidiary of Eureka) and Eureka held a co-investment in the WA Fund of 32.8% of the units on issue as at 31 December 2023[26].

63 An overview of the key terms of the WA Fund is set out below:

Eureka Villages WA Fund(1)	
Fund type	Unlisted
Fund term	3-5 years
Total assets	$49.6 million
Eureka co-investment in the WA Fund	$9.0 million (32.8%)
Asset management fee (paid to Eureka)	2.0% of gross rental income
Funds management fee (paid to Eureka)	0.5% of gross asset value
Villages held	6
Carrying value of properties(2)	$46.8 million
WACR	8.4%
Occupancy	>98%

Note:
1 Key metrics as at 31 December 2023.
2 Includes capitalised transaction costs.

Property management

64 In addition to the management services provided to the Tasmanian JV and the Eureka Villages WA Fund, Eureka has management rights to provide caretaking and letting services to 677 units across 13 villages which are owned by external investors[27]. The majority of these villages are strata-titled and in some instances (such as the Gladstone, Bundamba,

26 Eureka's interest in the WA Fund has subsequently decreased to 31.6% as a further 1.0 million units were issued to a new investor at an issue price of $1.00 per unit.

27 Noting the acquisition of the externally owned units in some of these villages would enable Eureka to pursue further development opportunities.

Eagleby and Elizabeth Vale[28] villages) Eureka also owns a number of the strata-titled units located within these villages.

65 During recent periods, Eureka has expanded its property management services through the acquisition of the management rights for more than 400 units which occurred as part of the following transactions:

(a) **5 November 2021** – acquisition of the management and letting rights (and the associated real estate manager's units) for six villages in southeast QLD which were operated by Oxford Crest for $6.1 million. The acquisitions were settled during March / April 2022

(b) **7 July 2022** – acquisition of the management and letting rights in addition to 55 of the 72 units in the Eagleby village for $7.3 million (noting a large proportion of the purchase consideration was attributable to the acquisition of the freehold properties acquired). The acquisition settled during September 2022.

Financial performance

66 The financial performance of Eureka for the three years ended 30 June 2023 and six months to 31 December 2023 (1H24) is set out below:

Eureka – statement of financial performance(1)	FY21 $m	FY22 $m	FY23 $m	1H24 $m
Rental income	18.8	20.4	24.8	14.3
Catering income	4.5	4.8	5.5	3.0
Service and caretaking fees	4.2	4.5	6.1	3.0
Total revenue	27.6	29.7	36.4	20.3
Village operating expenses	(13.7)	(14.6)	(17.4)	(9.4)
Employee expenses	(3.9)	(4.5)	(5.6)	(3.3)
Other expenses	(0.4)	(1.2)	(2.0)	(1.3)
Total expenses	(18.0)	(20.2)	(25.0)	(13.9)
Share of EBITDA of equity accounted investments(2)	1.1	1.1	1.2	0.7
Underlying EBITDA(3)	10.7	10.6	12.6	7.1
Depreciation	(0.2)	(0.4)	(0.4)	(0.2)
Underlying EBITA(4)	10.5	10.2	12.2	6.9
Amortisation	(0.4)	(0.4)	(0.5)	(0.2)
Finance costs	(2.6)	(2.1)	(3.7)	(2.3)
Finance costs – Tasmanian JV	(0.1)	(0.1)	(0.2)	(0.1)
Non-recurring items(5)	1.4	2.8	21.9	4.9
Profit before tax (PBT)	8.7	10.5	29.7	9.1
Income tax expense	(2.5)	(2.3)	(10.6)	(2.8)
Profit after income tax (NPAT)	6.3	8.2	19.2	6.3
Underlying EBITDA margin	*38.8%*	*35.7%*	*34.6%*	*34.8%*
Underlying EPS(6) (cents)	*3.19*	*3.31*	*2.93*	*1.44*
DPS (cents)	*1.18*	*1.26*	*1.34*	*0.70*
Book value of investment properties - at period end	*139*	*160*	*213*	*230*
Total village units managed - at period end (No.)	*2,191*	*2,507*	*2,551*	*2,882*

28 Relates to the Elizabeth Vale Scenic Village 2.

Note:

1 Rounding differences may exist.
2 Relates to Eureka's interest in the Tasmanian JV and the Eureka WA Villages Fund (the latter of which applies to 1H24 only).
3 Underlying EBITDA is reported subsequent to the adoption of AASB-16 (adopted from 1 July 2019) which increases reported EBITDA as it replaces cash rent expenses with depreciation of the "right of use" assets as well as interest expense associated with lease liabilities recognised. That said, we note the impact is relatively immaterial (some $0.3 million per annum).
4 Earnings before interest, tax and amortisation of acquired intangibles (EBITA).
5 Non-recurring items include the following:

	FY21 $m	FY22 $m	FY23 $m	1H24 $m
Change in fair value of properties (inc JV)	2.9	2.8	25.3	5.6
Lismore insurance recoveries (net of costs)	-	0.7	-	-
Other fair value adjustments	(0.5)	0.0	-	-
Impairments of financial and other assets	(1.1)	-	(1.9)	-
Profit / Loss on sale of assets	0.7	(0.1)	(0.0)	0.0
Transaction costs	(0.3)	(0.0)	(0.5)	(0.1)
Strategic projects	(0.0)	(0.6)	(0.9)	(0.6)
Other	(0.4)	0.1	0.0	0.0
Total non-recurring items	1.4	2.8	21.9	4.9

6 Underlying EPS based on Underlying EBITDA less depreciation and amortisation and interest divided by the weighted average number of shares on issue during the period.

Source: Eureka Annual and Interim Financial Reports and Results Presentations.

67 Over the period set out above, Eureka has grown both its owned and managed property portfolio which has resulted in an increase in property and management related revenues. Variable village operating expenses have also increased over the period due to growth of the property portfolio, but have remained relatively consistent as a percentage of total revenues. That said, investments in support office staff and resources in FY22 and FY23 (as a pre-requisite to deliver growth) have resulted in a reduction in underlying EBITDA margins[29], however Eureka management expect underlying EBITDA margins to improve post 1H24, due to the earnings contributions from the Brassall development, the rebasing of village rents and the co-investment in the Eureka WA Villages Fund in addition to economies of scale achieved through continued organic growth and acquisitions.

68 Eureka has provided FY24F underlying EPS guidance of 3.00 cents per share which reflects an improvement in 2H24F underlying EPS to 1.56 cents per share compared to the 1.44 cents per share reported during 1H24 (8.3% growth). However, this guidance only includes the pro-rata impact of the Brassall development which was completed in January 2024 and the Eureka WA Fund acquisition which occurred in December 2023. On a pro-forma basis, including the annualised impact of these items, pro-forma FY24 EPS would be 3.07 cents per Eureka share.

69 Further details of Eureka's FY24 guidance is set out in Section 8 of the Target's Statement.

[29] EBITDA margins in FY22 were also impacted by the flood event in Lismore, NSW.

Financial position

70 The financial position of Eureka as at 30 June 2023 and 31 December 2023 is set out below:

Eureka – statement of financial position[1]	30 Jun 23 $m	31 Dec 23 $m
Cash and cash equivalents	1.8	3.2
Trade and other receivables	0.5	1.4
Derivative financial assets	0.5	0.0
Other assets	1.0	2.1
Equity accounted investments	10.9	21.2
Investment properties	213.1	230.0
Property, plant and equipment	0.3	0.3
Intangible assets	8.5	8.2
Right of use assets	0.8	0.7
Total assets	237.4	267.2
Trade and other payables	6.1	6.9
Provisions	1.0	1.0
Lease liability	0.9	0.8
Borrowings	69.6	91.9
Deferred tax liability	15.9	18.6
Total liabilities	93.5	119.1
Net assets	144.0	148.1
Shares on issue (million)	*301.1*	*301.7*
NAV per share (cents)	*47.8*	*49.1*
NTA per share (cents)	*45.0*	*46.3*
Gearing[2]	*32.1%*	*37.5%*

Note:
1 Rounding differences may exist.
2 Gearing calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus book value of equity. Eureka's long-term gearing target is 30% to 40%.
Source: Eureka FY23 Annual Report and 31 December 2023 Interim Report.

71 In relation to the financial position of Eureka, we note the following:

(a) **Equity accounted investments** – comprises the following:

Eureka – equity accounted investments[1]	30 Jun 23 $m	31 Dec 23 $m
Investment in Tasmanian JV	10.9	12.3
Investment in Eureka Villages WA Fund	-	9.0
Total equity accounted investments	10.9	21.2

Note:
1 Rounding differences may exist.
Source: Eureka FY23 Annual Report and 31 December 2023 Interim Report.

Regarding the above:

(i) the carrying value of the investment in the Tasmanian JV represents Eureka's 50% share of the reported net assets of the JV

(ii) the 32.8% co-investment in the Eureka Villages WA Fund is carried at historical cost plus Eureka's share of profits

(b) **Investment properties** – relate to Eureka's directly owned portfolio of senior villages as described at paragraph 55

(c) **Intangible assets** – Eureka's intangible assets primarily relate to management rights as indicated below:

Eureka – intangible assets	30 Jun 23 $m	31 Dec 23 $m
Management rights	6.4	6.2
Goodwill	2.0	2.0
Rent rolls	0.1	0.1
Other intangibles	0.0	0.0
Total intangibles	8.5	8.2

Management rights have a finite life and are carried at cost less accumulated amortisation and accumulated impairment losses. The management rights are amortised using the straight-line method over their estimated useful life. For strata-titled villages (where units are individually owned by third parties) Eureka generally amortises its management rights over a period of 40 years. For single-owner villages (where all units in the village are owned by a single third party) the management rights are amortised over the life of the contract unless there is evidence to support renewal by the entity without significant cost, in which case the useful life thereof includes the renewal period

(d) **Other assets** – relate to prepayments, deposits, capital replacement funds and other items. In addition, as at 31 December 2023 Eureka had the following other assets which had previously been written down to $nil during FY23:

(i) Couran Cove loan – Eureka has a loan receivable from CCH Developments No 1 Pty Ltd with a face value of $3 million, including land option, which gives Eureka a first right of refusal to purchase 60 proposed cabin sites for $50,000 per site at Couran Cove, QLD. The assessed fair value of the loan (which expired on 31 August 2021) is $nil. Eureka has a mortgage over the land and has reserved its rights in relation to the recovery of this loan. This loan is guaranteed by Onterran Ltd and no interest accrues on the 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, this is not considered to be the most viable means of realising the asset

(ii) Bartercard dollars – Bartercard is an alternative currency and operates as a trade exchange. As at 31 December 2023, Eureka held Bartercard dollars with a face value of $2.63 million which had been written down to $nil

(e) **Borrowings** – Eureka has access to bank facilities with the National Australia Bank (NAB) with the following terms:

Eureka – borrowings	30 Jun 23	31 Dec 23
Facility limit ($m)	83.0	93.0
Drawn debt[(1)] ($m)	69.7	92.0
Facility expiry	31 Mar 26	31 Mar 26
Hedged amount ($m)	50.0	50.0
Hedged proportion of drawn debt	72%	54%
Weighted average interest rate (including margin)	5.96%	5.92%
Weighted average term to hedge expiry (years)	2.15	1.65

Note:
1 Excludes capitalised borrowing costs which are included in Eureka's reported borrowings in paragraph 70.

The NAB facilities are secured by a first priority general security over all present and future acquired property and specified management letting rights. The loan facilities are subject to various covenants (which are commensurate with normal secured lending terms) and Eureka has complied with all of these covenants.

During FY23, Eureka entered into three fixed interest rate swaps, swapping the liability to pay interest based on variable BBSY[30] for fixed interest rates. A summary of these interest rate swaps is set out below:

Eureka – interest rate swaps	Swap 1	Swap 2	Swap 3
Swap amount ($m)	20.0	20.0	10.0
Effective date	30 Dec 22	30 Dec 22	30 Mar 23
Maturity date	30 Dec 24	30 Dec 25	30 Mar 26
Interest rate (including margin)	5.86%	5.85%	5.89%

Share capital and performance

72 As at 3 April 2024, Eureka had 301.7 million ordinary shares on issue.

73 In addition, Eureka had some 0.7 million performance rights on issue, which had been issued to (eligible) key management personnel, executives and other eligible employees as part of its long term incentive plan:

Eureka – performance rights

Grant date	Vesting date	Expiry date	Performance rights
4 May 2022	30 Sep 2024	30 Sep 2026	126,953
8 Jan 2024	30 Sep 2026	30 Sep 2028	372,752
8 Jan 2024	30 Sep 2026	30 Sep 2028	213,001
Total			712,706

Source: Eureka Annual Reports and subsequent ASX announcements.

30 Bank Bill Swap Bid Rate.

74 The number of rights that vest are subject to the satisfaction of a continuous employment condition as well as a total shareholder return (TSR) compound annual growth rate (CAGR) performance hurdle to be tested on the vesting date:

Eureka – TSR performance hurdle	
TSR CAGR	**% of rights to vest**
Less than 7% per annum	Nil
At least 7% but less than 10%	50%
At least 10% but less than 15%	70% to 100% on a straight-line basis
At least 15%	100%

75 The performance rights do not carry any voting or dividend rights and each (vested) performance right converts to one Eureka ordinary share with no consideration payable. In certain circumstances (such as a change in control of Eureka) the Eureka Board may in its absolute discretion elect to treat certain unvested performance rights as vested.

Substantial shareholders

76 As at 3 April 2024, there were six substantial shareholders in Eureka, being:

Eureka – substantial shareholders[(1)]		
Shareholder	**Shares held (million)**	**% interest**
Cooper Investors Pty Limited (Cooper Investors)	66.6	22.1
Filetron	58.7	19.4
Aspen	41.2	13.6
Tribeca Investment Partners (Tribeca)	37.7	12.5
Copia Investment Partners Ltd (Copia)	20.1	6.7
1851 Capital Pty Ltd	16.7	5.5

Note:
1 Relevant interests do not reflect acceptances under the Offer.
Source: Eureka.

77 Regarding the above, we note that:

(a) prior to the Offer, Aspen held some 41.2 million (or 13.6%) of Eureka's ordinary issued shares. These shares were acquired on 14 December 2022 for total cost of \$16.1 million which represented an average price per share of \$0.39. At the date of this report, Aspen's relevant interest in Eureka had increased to 107.8 million shares or 35.7% as a result of acceptances under the Offer from Cooper Investors[31]. That said, the Offer remains conditional and if these conditions (including the 50.1% minimum bid condition) are not met or waived, then the Offer will lapse and the acceptances will be cancelled. In this circumstance, Aspen's relevant interest in Eureka will revert to 13.6% (or 41.2 million shares)

(b) subsequent to the announcement of Aspen's intention to make a takeover offer, Filetron acquired some 58.7 million Eureka shares (or some 19.4% of Eureka's shares on issue) between 23 February 2024 and 28 March 2024 at prices of between \$0.46 and \$0.55 per share (average of \$0.53 per share)

31 Per the Aspen change in substantial shareholder notice released on 25 March 2024.

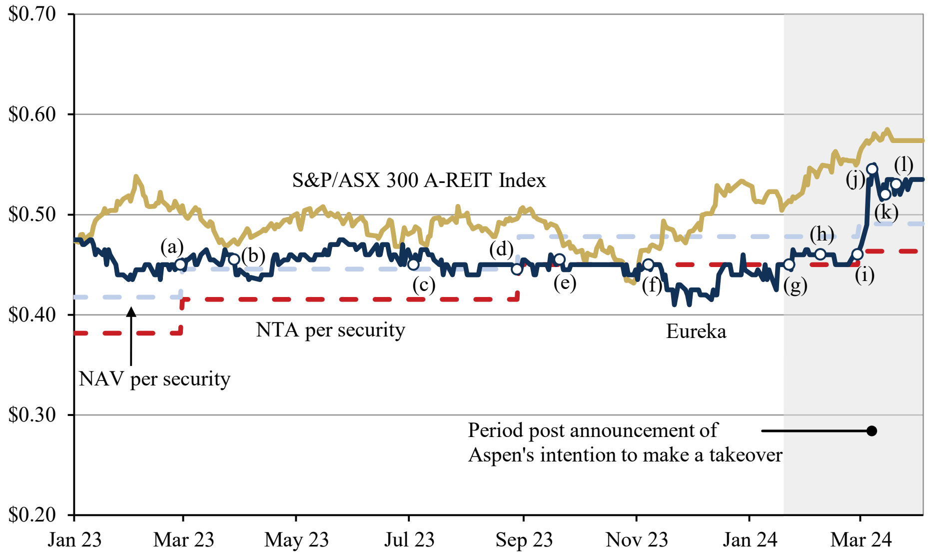
(c) Ethical Partners Funds Management Pty Ltd (Ethical Partners), a previous substantial shareholder in Eureka, disposed of 18.0 million shares for an average price of $0.525 per share on 5 March 2024[32]

(d) Copia filed a substantial shareholder notice on 28 March 2024 as a result of its acquisition of 5.3 million shares on 24 March 2024 at an average price of $0.52 per share.

Share price performance

78 The following chart illustrates the movement in the share price of Eureka from 1 January 2023 to 3 April 2024:

Eureka – share price history(1)
1 January 2023 to 3 April 2024



Note:
1 Based on closing prices. The S&P/ASX 300 A-REIT Index has been rebased to Eureka's last traded price on 1 January 2023, being $0.48.
Source: FactSet and LEA analysis.

79 We note the following in respect of the material announcements made by Eureka over the timeframe depicted above:

(a) **28 February 2023** – released financial results for 1H23 which reported a NAV per share of 44.6 cents and NTA per share of 41.5 cents and provided updated FY23 underlying EBITDA guidance of $11.8 to $12.1 million. The Company also announced that a whole of portfolio valuation would be undertaken during 2H23

(b) **29 March 2023 –** Eureka responded to media speculation, announcing it had received an unsolicited, draft, indicative conditional and non-binding proposal from Aspen to acquire all the issued shares in Eureka that it did not already own for an all-scrip merger on a ratio of 0.225 Aspen securities per Eureka share

(c) **4 July 2023** – announced that FY23 underlying EBITDA guidance had been upgraded to a range of $12.2 to $12.5 million. Eureka also announced that draft independent valuations of its property portfolio indicated a net uplift of $17.5 million (or

32 Noting Ethical Partners ceased to be a substantial shareholder in Eureka on 5 March 2024.

approximately 5.8 cents per share) which, net of capital expenditure incurred since 31 December 2022 reflected an improvement in NTA per share of 4.4 cents per share (or some 11%)

(d) **29 August 2023** – released financial results for FY23, reporting underlying EBITDA of $12.6 million which exceeded guidance. Additionally Eureka reported a NAV per share of 47.8 cents and NTA per share of 45.0 cents

(e) **21 September 2023** – responded to media speculation regarding a potential transaction between Eureka and Ingenia. Eureka management confirmed that it had engaged in preliminary discussions with Ingenia regarding an acquisition of various assets, however, any potential transaction would depend on, inter alia, satisfactory due diligence and the establishment of a trust to acquire the freehold

(f) **8 November 2023** – announced a new wholesale property fund managed by Eureka, the Eureka Villages WA Fund, had completed the acquisition of a portfolio of six seniors' rental villages located in WA from Ingenia for $44 million excluding transaction costs

(g) **23 January 2024** – Aspen announced its intention to make an off-market takeover offer for Eureka for all-scrip consideration comprising 0.26 securities in Aspen per Eureka share

(h) **9 February 2024** – provided an update on Aspen's proposed takeover noting that it has not received a formal offer or Bidder's Statement and that Aspen had indicated that the Bidder's Statement would not be issued until after 1H24 accounts had been released by both Aspen and Eureka

(i) **29 February 2024** – released financial results for 1H24, reporting underlying EBITDA of $7.1 million. Eureka also announced a portfolio valuation uplift of $5.6 million (including its share of the properties held by the Tasmanian JV) driven by increased village earnings, resulting in a reported NAV per share of 49.1 cents and NTA per share of 46.3 cents

(j) **8 March 2024** – Aspen released its Bidder's Statement in respect of the Offer

(k) **15 March 2024** – First Supplementary Bidder's Statement and Replacement Bidder's Statement released

(l) **21 March 2024** – Filetron (a substantial shareholder in Eureka) stated that it does not intend to accept the Offer as described in the Bidder's Statement.

Liquidity in Eureka shares

80 The liquidity in Eureka shares based on share trading over the 12 month period up to and including 22 January 2024 (being the last trading day prior to the announcement of Aspen's intention to make a takeover offer) is set out below:

Eureka – liquidity in shares						
			No of shares	WANOS[(1)]	Implied level of liquidity	
			traded	outstanding	Period[(2)]	Annual[(3)]
Period	Start date	End date	000	000	%	%
1 month	23 Dec 23	22 Jan 24	1,439	301,748	0.5	5.6
3 months	23 Oct 23	22 Jan 24	6,387	301,748	2.1	8.4
6 months	23 Jul 23	22 Jan 24	10,447	301,748	3.5	6.9
1 year	23 Jan 23	22 Jan 24	24,974	301,114	8.3	8.3

Note:
1 Weighted average number of shares outstanding (WANOS) during relevant period.
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.
Source: FactSet and LEA analysis.

81 As indicated in the table above, total share turnover (on an annualised basis) in Eureka shares is relatively low (i.e. less than 10% of the total number of shares on issue). This reflects, inter alia, the relatively low free float noting that Eureka shares have been closely held by a number of substantial shareholders who have held over 50% of the shares on issue over this period.

IV Profile of Aspen[33]

Overview

82 Aspen provides accommodation through its residential, lifestyle and park communities, which are aimed at Australian households that can afford to pay no more than approximately $400 per week in rent or $400,000 to purchase housing. Aspen's property portfolio consists of some 3,720 operational dwellings, 124 dwellings under refurbishment and 1,190 undeveloped sites[34]. In addition, Aspen's integrated platform includes operations, asset management, development, and capital management.

History

83 A summary of the key historical acquisitions made by Aspen over the previous five financial years (FY) are set out below:

Aspen – key historical acquisitions	
Date[(1)]	**Acquisition**
FY19	• Highway 1 caravan and tourist park, South Australia (SA) ($23.0 million)
FY20	• Two apartment buildings at Lindfield, NSW ($8.7 million[(2)])
	• Perth residential portfolio, WA ($20.0 million[(2)])
FY21	• Co-living community at Upper Mount Gravatt, QLD ($18.5 million[(2)])
	• Co-living community at Cooks Hill, Newcastle NSW ($3.8 million)
	• Lewis Fields Retirement Village, SA ($2.4 million)
	• Build to rent residential community in Burleigh Heads, QLD ($3.3 million)
FY22	• Perth Apartment portfolio, WA ($52.0 million)
	• Wodonga Gardens Lifestyle Village, VIC ($6.0 million[(2)])
	• Meadowbrooke Lifestyle Estate, WA ($2.5 million)
	• Marina Hindmarsh Islands Fund (MHIF) that owns Coorong Quays, Hindmarsh Island SA ($24.5 million[(3)])
1H24	• Apartment complex at 26 Treats Road Lindfield, NSW ($3.4 million)
	• Land in Normanville, SA ($2.6 million)
	• Sierra Lifestyle Village, WA ($4.0 million)
	• Land adjoining Highway 1, SA ($1.3 million)

Note:
1 Period during which acquisition settlement date occurred.
2 Excludes transaction costs.
3 Coorong Quays has residential, lifestyles and park components and included the Alexandrina Cove Lifestyle Village, SA. The purchase price of $24.5 million included working capital.
Source: Aspen Annual Reports 2021 to 2023 and company acquisition announcements.

Current operations and portfolio overview

84 Aspen operates from a Sydney head office and owns over 5,000 approved dwellings and land sites valued at $514 million, which are leased on varying terms from short stay (e.g. overnight) to long term (e.g. resident lifetime). Aspen is organised into four segments:

33 This overview of Aspen has been prepared based upon publicly available information and has not been verified by Aspen or independently verified by LEA or Eureka. LEA does not make any representation or provide any warranty, express or implied, as to the accuracy or completeness of this information.

34 Comprises 895 undeveloped sites for land leasing and 295 undeveloped sites for land sales.

(a) **Residential** – dwellings that are typically located in metropolitan areas and leased on a 6 to 12 month basis

(b) **Lifestyle** – communities that cater to customers who are typically over 50 years old. The communities are typically subject to State based regulation under Retirement Village Acts or Residential Parks / Manufactured Homes Acts or similar

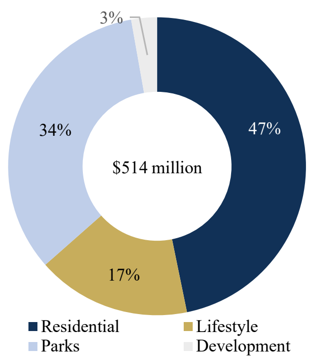
(c) **Parks** – properties that cater to a mixture of permanent, tourist and worker residents and customers on varying lease types and terms including over dwellings and land sites

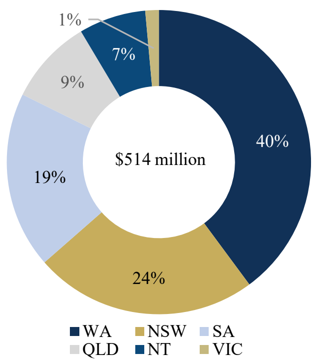
(d) **Other** –corporate overheads and other income (e.g. dividend income from investment in Eureka).

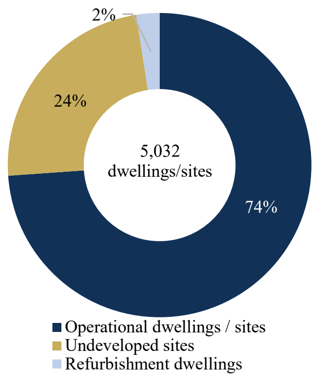
85 Aspen's portfolio is largely skewed toward its Residential and Parks segments and is situated in metropolitan areas within WA, NSW and SA:

Aspen – portfolio overview[1]

Segment split	Location by state / territory	Dwellings / sites







Note:
1 Location and split of regional to metropolitan properties based upon book value of investment properties ($499.7 million as at 31 December 2023 as set out in paragraph 86) plus the carrying value of the property inventories relating to the Mount Barker and Coorong Quays residential land projects in SA that are currently under development ($14.4 million as at 31 December 2023).
Source: Aspen 1H24 Presentation.

86 A summary of the individual properties held by each of Aspen's segments as at 31 December 2023 is set out below (noting that major refurbishments are being completed at the Perth Apartments property in the Residential portfolio, the Lifestyle segment has six development projects while Parks has two):

Aspen – Investment properties[1]

		Values as at 31 Dec 23[3]		Dwellings / sites		
Property	**Date[2]**	**Fair $m**	**Book $m**	**Operational No.**	**Refurb No.**	**Undeveloped No.**
Lindfield Apartments (NSW)	Aug 19/Jul 23	16.8	16.8	59	-	-
Perth Portfolio (WA)	Nov 19	19.3	19.3	48	-	-
Perth Apartments[4] (WA)	Sep 21	142.2	142.2	388	120	-
Cooks Hill (NSW)	Jul 20	12.6	12.6	50	-	-
Burleigh Heads	Dec 20	15.3	15.3	18	-	-
Upper Mount Gravatt (QLD)	Apr 21	31.6	31.6	308	-	-
Normanville (SA)	Sep 23	2.6	2.6	1	-	-
Residential		**240.3**	**240.3**	**872**	**120**	**-**

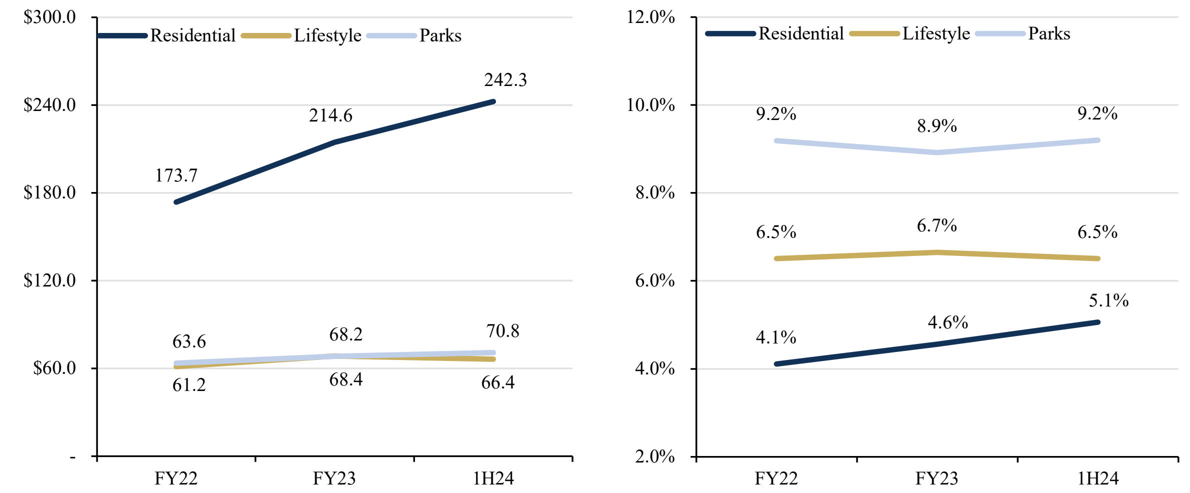
Aspen – Investment properties[1]						
		Values as at 31 Dec 23[3]		Dwellings / sites		
Property	Date[2]	Fair $m	Book $m	Operational No.	Refurb No.	Undeveloped No.
Four Lanterns (NSW)	Jan 15	19.5	19.5	134	-	-
Mandurah (WA)	Jun 15	18.1	18.1	158	-	-
Sweetwater Grove (NSW)	Aug 15	21.7	21.7	132	-	72
Lewis Fields[3] (SA)	Jun 21	12.7	4.2	35	-	45
Wodonga Gardens[3] (VIC)	Aug 21	30.0	7.4	63	-	109
Meadowbrooke (WA)	Dec 21	3.4	3.4	20	-	164
Alexandrina Cove[3] (SA)	Jun 22	12.6	6.3	36	-	122
Sierra (WA)	Jul 23	5.5	5.5	58	4	143
Lifestyle		**123.4**	**86.0**	**636**	**4**	**655**
Adelaide Caravan Park (SA)	Oct 15	19.5	19.5	97	-	-
Tween Waters Merimbula (NSW)	Dec 16	15.7	15.7	147	-	-
Barlings Beach (NSW)	Jan 17	23.0	23.0	260	-	-
Koala Shores (NSW)	Sep 17	12.5	12.5	144	-	-
Darwin FreeSpirit (NT)[5]	Dec 17	36.6	36.6	455	-	-
Highway 1 (SA)	Oct 18/Oct 23	37.6	37.6	291	-	40
Aspen Karratha Village (WA)	Jun 05	16.4	16.4	180	-	-
Coorong Quays (SA)	Jun 22	12.0	12.0	636	-	200
Parks		**173.4**	**173.4**	**2,210**	**-**	**240**
Total		**537.1**	**499.7**	**3,718**	**124**	**895**

Note:
1 Rounding differences may exist.
2 Date acquired.
3 The “fair value” of Aspen’s properties (including associated property plant and equipment (PP&E) assets) are determined on the basis of external valuations conducted on a three year rotation basis and Director valuations in interval years. For balance sheet reporting purposes “fair values” are split between investment properties, property assets held for sale and PP&E. “Book value” represents “fair value” less the value of any associated resident loan liability (total $33.6 million as at 31 December 2023) and associated unearned deferred management fees (DMF) (total $3.8 million as at 31 December 2023).
4 Four apartment complexes within the Perth Apartments portfolio were independently valued at $44.8 million during the period after refurbishment and leasing was largely complete. The remaining complexes in the portfolio were internally valued at 31 December 2023.
5 Northern Territory (NT).
Source: Aspen 1H24 report.

87 The value per approved site and WACR by segment as at 30 June 2022, 30 June 2023 and 31 December 2023 is set out below:

Aspen – dwelling type and dwelling location

Value per dwelling / site[1] ($000)	WACR (%)



Note:
1 Total book value divided by total dwellings / sites.
Source: Aspen FY22 Presentation, FY23 Presentation and 1H24 Presentation.

88 In addition to the investment properties identified above:

(a) Aspen has two residential land projects in SA that are currently under development (85 undeveloped sites at Mount Barker, SA and 210 undeveloped sites at Coorong Quays Residential, SA). These property assets are classified as land development inventory on Aspen's balance sheet

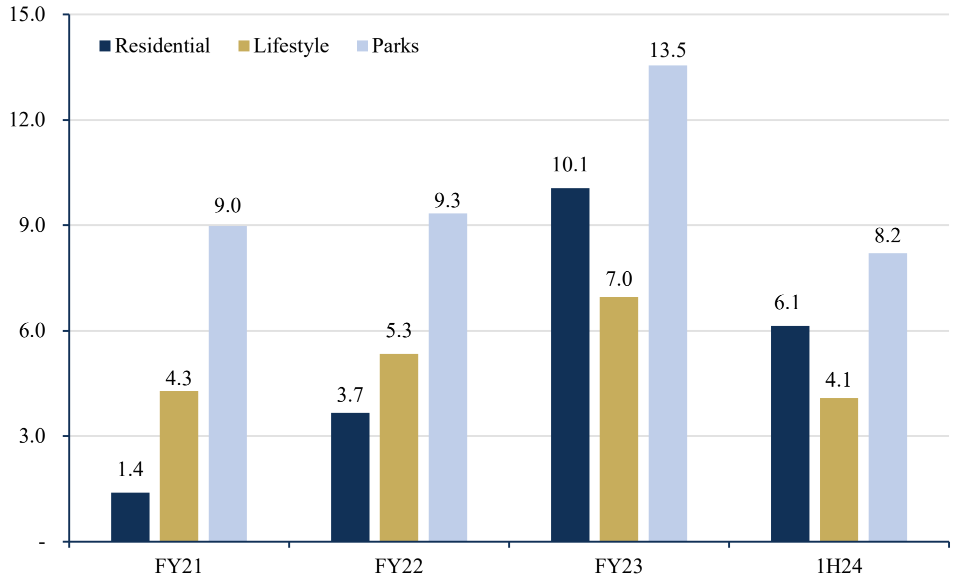
(b) Aspen has exchanged conditional contracts for the purchase of 81 residential apartments in Burwood, VIC. The purchase price is $8.1 million, equating to $100,000 per apartment, at an average weekly rent of approximately $300 (initial yield over 8%). Settlement is expected to occur on, or around 1 March 2024. The asset and consideration liability were not recorded on Aspen's balance sheet as at 31 December 2023.

Operating segment performance

89 The underlying EBITDA[35] of Aspen's three operating segments (Residential, Lifestyles and Parks) for the three years ended 30 June 2023 (FY23) and six months to 31 December 2023 (1H24) is set out below:

35 Underlying EBITDA excludes non-cash items including asset / liability revaluation gains and losses and also adjusts for transactions that occur infrequently as well as those that are outside the course of Aspen's business activities, including but not limited to asset acquisition transaction costs.

Aspen – underlying EBITDA by segment ($m)[1]



Note:
1 Excludes the underlying EBITDA of Aspen's Other segment.
Source: Aspen Annual Report 2022, Annual Report 2023 and 1H24 Report.

90 The financial performance and key operating metrics of each of the segments follows.

Residential segment

91 Aspen's Residential segment typically comprises residential dwellings (e.g. houses and apartments) that are located in metropolitan areas (mostly Perth in WA). These dwellings are either sold or leased on short to long term basis to customers. Currently, Aspen is recycling capital from properties with high rent or price points (e.g. selling houses with a circa 3% yield)[36] to developments better suited to its customer base which have lower rents and higher expected returns (6% to 7% yield).

92 The key operating metrics of the Residential segment are set out below:

Residential – key metrics

		FY22	FY23	1H24
Operational dwellings	No.	733	872	872
Refurbishment dwellings	No.	266	120	120
Total dwellings / sites	No.	999	992	992
Owned dwelling inventory	No.	999	992	992
Owned dwelling inventory % of total dwellings / sites	%	100%	100%	100%
Average rental per operational dwelling per week	$	231	295	na
Number of property sales	No.	11	48	na
Average sales price on properties sold	$000	254	176	208

na – not available.
Source: Aspen FY22 presentation, FY23 presentation and 1H24 presentation.

36 Throughout FY22 to 1H24 Aspen continued to sell individual houses in the Perth Portfolio.

93 A summary of the financial performance of the Residential segment for FY21 to FY23 and 1H24 is set out below:

Residential – summary of financial performance[1]	FY21 $m	FY22 $m	FY23 $m	1H24 $m
Rental income	2.7	6.6	12.2	7.8
Development sales	-	2.5	7.7	4.2
Total segment revenue	2.7	9.1	19.9	11.9
Underlying property rental EBITDA	1.4	2.7	7.3	4.9
Underlying development EBITDA[3]	-	1.0	2.8	1.2
Underlying EBITDA	1.4	3.7	10.1	6.1
Underlying property rental EBITDA margin (%)	*52.5%*	*41.0%*	*59.4%*	*63.7%*
Underlying development EBITDA margin (%)	*n/a*	*38.2%*	*36.2%*	*28.7%*
Underlying EBITDA margin (%)	*52.5%*	*40.2%*	*50.5%*	*51.5%*

Note:
1 Rounding differences exist.
n/a – not applicable.
Source: Aspen Annual Report 2022, Annual Report 2023 and 1H24 report.

94 The financial performance of the Residential segment is driven by total dwellings (impacted by acquisitions) and the number of dwellings available to rent (impacted by refurbishments) as set out below:

(a) in FY22, Aspen acquired the Perth Apartment portfolio, WA and Coorong Quays Residential, SA (part of the MHIF acquisition) as well as commencing residential land lot sales at Mount Barker, SA. During the period, refurbishments undertaken included 204 units in the Perth Apartment portfolio, the conversion of the Cooks Hill, NSW co-living community traditional boarding houses into a co-living community with 50 self-contained studios, and cosmetic refurbishment and civil works at 18 of the Burleigh Heads, QLD townhouses (with six completed in the period)

(b) in FY23, significant dwellings were added to the rental pool post completion of the refurbishments at the Perth Apartment portfolio, Cooks Hill co-living community and the remaining 12 Burleigh Heads townhouses, while refurbishment works were commenced on 120 units at CoVE Maylands (Perth Apartment portfolio)

(c) in 1H24, Aspen purchased an apartment complex at 26 Treatts Road, Lindfield NSW, land in Normanville, SA and exchanged conditional contracts (expected to settle around 1 March 2024) for 81 residential apartments in Burwood, VIC. Aspen also noted as part of its 1H24 results that average in-place rent (for the Residential segment) of $368 per week remained below the estimated market rent of $397 per week[37].

95 Aspen has commenced the next stage of Residential land at Coorong Quays and intends to continue with its refurbishment program at the CoVE Maylands, which is nearing completion and commenced leasing in February 2024 (via agreements with Uni WA affiliates for 40% of

37 Estimated based on rents currently being achieved on new leases and lease renewals at Aspen's properties.

the apartments). The Burwood complex is approved for student accommodation and Aspen intends to enhance the property as well as increase rents and ancillary revenues.

Lifestyle segment

96 Aspen's Lifestyle segment comprise communities / villages that are established by Aspen to cater to customers who are typically over 50 years old. Aspen operates two revenue models:

(a) Land lease model – resident purchases the dwelling[38] but leases the land (upon which the dwelling is based) pursuant to a site agreement[39]. The resident retains the full sale proceeds (net of selling costs, such as agent fees) in the event the dwelling is subsequently sold

(b) Retirement village model (Lewis Fields, Wodonga Gardens and Alexandria Cove[40]) – residents purchase a right to live in a dwelling located within a village. This entry fee (which is paid to Aspen[41]) is often based on the market value of the property. Residents pay recurrent fees whilst they live in the village to cover general maintenance and the upkeep of the village. When leaving the village, the entry fee is returned to the resident along with the change in the market value of the residence through to the date of sale. These proceeds are offset by an exit fee, known as a DMF[42].

97 Key operating metrics of the Lifestyle segment are set out below:

Lifestyle – key metrics				
		FY22	**FY23**	**1H24**
Operational dwellings	No.	561	561	636
Refurbishment dwellings	No.	-	-	4
Undeveloped sites	No.	540	529	655
Total dwellings / sites	No.	1,101	1,090	1,295
Owned dwelling inventory	No.	126	138	181
Owned dwelling inventory % of total dwellings / sites	%	11.4%	12.7%	14.0%
Average rental per operational dwelling per week	$	187	186	na
Number of property sales / new lease sites	No.	27	36	na
Average sales price on properties sold	$000	332	366	427

na – not available.
Source: Aspen FY22 presentation, FY23 presentation and 1H24 presentation.

38 Without incurring stamp duty.

39 The site fee covers the cost of renting the land on which the dwelling is based and maintaining the community facilities, gardens and streetscapes. Government rental assistance for the site fees may be available for the resident (subject to eligibility).

40 These locations provide a mix of land lease and retirement village options, while Aspen's other sites operate a land lease model only.

41 And recorded on Aspen's balance sheet as a "resident loan" liability.

42 Calculated as a percentage of the final selling price of the right to reside in the village (the DMF percentage accumulates 4% each year but is capped at a maximum of 20%). The DMF effectively subsidises (i.e. reduces) the recurrent fees the resident pays to Aspen for developing, running and maintaining the community.

98 A summary of the financial performance of the Lifestyle segment for FY21 to FY23 and 1H24 is set out below:

Lifestyle – summary of financial performance[1]	FY21 $m	FY22 $m	FY23 $m	1H24 $m
Rental income	3.8	4.7	5.3	3.3
Development sales	6.0	8.1	12.4	7.8
Total segment revenue	9.8	12.9	17.7	11.1
Underlying property rental EBITDA	2.3	2.8	3.5	2.0
Underlying development EBITDA	2.0	2.5	3.5	2.1
Underlying EBITDA	4.3	5.3	7.0	4.1
Underlying property rental EBITDA margin (%)	*61.3%*	*59.3%*	*66.2%*	*61.1%*
Underlying development EBITDA margin (%)	*32.7%*	*31.1%*	*27.9%*	*26.4%*
Underlying EBITDA margin (%)	*43.7%*	*41.5%*	*39.3%*	*36.7%*

Note:
1 Rounding differences exist.
n/a – not applicable.
Source: Aspen Annual Report 2022, Annual Report 2023 and 1H24 report.

99 The financial performance of the Lifestyles segment is driven by property sales / new lease sites and the development of new sites:

(a) in FY22, Aspen acquired Meadowbrooke Lifestyle Estate, WA and Alexandrina Cove Retirement Village, SA (part of the MHIF acquisition). Major ongoing developments included Sweetwater Grove (67 sites), Meadowbrooke (164 sites), Wodonga Gardens (121 sites), Lewis Fields (54 sites) and Alexandrina Cove (130 sites) as well as minor developments at Four Lanterns (4 sites). Average in-place land rent of $179 per week compared to Commonwealth Rent Assistance (CRA) cap rent of $197 per week[43]

(b) in FY23, Aspen sold 36 new sites with some Sweetwater Grove sites taken offline to make way for the next stage of development. Average in-place land rent of $186 per week compared to CRA cap rent of $212 per week

(c) in 1H24, Aspen acquired Sierra Lifestyle Village, WA (adding 143 sites to Aspen's development pipeline), with refurbishments planned for Sierra with the aim to lease to corporate or other tenants. In addition, Aspen completed the remaining developments at Four Lanterns and sought approval to develop lifestyle houses on land recently acquired adjoining Highway 1 and Normanville. Average in-place land rent of $182 per week compared to CRA cap rent of $232 per week.

100 Aspen is working on obtaining approval for the development of Lifestyle communities on the spare land located at Lifestyle at Normanville (Residential segment land) and Highway 1 (Parks segment land). In respect of its recently acquired Sierra property, Aspen is focused on clearing the backlog of land lease community resales and new houses in inventory, as well as expanding the number of sites and refurbishing rental sites.

43 The rent at which the maximum payment of CRA is paid to an eligible retired couple, being $87 per week.

Parks segment

101 Aspen's Parks segment comprises holiday parks, caravan parks, and the Cooks Hill co-living space. The properties are leased on varying lease types and terms to a diverse mix of "permanent" tenants through to shorter stay tourists and workers.

102 Key operating metrics of the Parks segment are set out below:

Parks – key metrics				
		FY22	**FY23**	**1H24**
Operational dwellings	No.	1,990	2,149	2,210
Undeveloped sites	No.	202	246	240
Total dwellings / sites	No.	2,192	2,395	2,450
Owned dwelling inventory	No.	643	660	647
Owned dwelling inventory % of total dwellings / sites	%	29.3%	27.6%	26.4%
Operating revenue per operational dwelling per week	$	294	294	na

na – not available.
Source: Aspen FY22 presentation, FY23 presentation and 1H24 presentation.

103 A summary of the financial performance of the Parks segment for FY21 to FY23 and 1H24 is set out below:

Parks – summary of financial performance				
	FY21 $m	**FY22 $m**	**FY23 $m**	**1H24 $m**
Rental income	20.3	21.0	28.8	16.4
Food, beverage, gaming and other ancillary sales	2.3	3.0	3.9	2.7
Total segment revenue	22.6	24.0	32.7	19.1
Underlying property EBITDA	9.0	9.3	13.5	8.2
Underlying EBITDA margin (%)	*44.3%*	*44.5%*	*47.0%*	*50.1%*

Note:
1 Rounding differences exist.
n/a – not applicable.
Source: Aspen Annual Report 2022, Annual Report 2023 and 1H24 report.

104 The financial performance of the Parks segment is driven by new leases and site developments as well as tourist and corporate demand for short-term stays as set out below:

(a) in FY22, the major development project was Coorong Quays, SA with 202 sites. In addition, Aspen began selling new holiday cabins on previously underutilised tent camping sites and vacant land at Barlings Beach, NSW

(b) in FY23, short stay tourist demand flattened out in the second half of the year, but major event activity in Adelaide benefited Adelaide Caravan Park and Highway 1. In addition, the largest parks (Aspen Karratha Village, Darwin FreeSpirit and Highway 1) experienced increased corporate demand. Aspen began development at Highway 1

(44 sites) as well as acquiring Black Dolphin Resort Motel in Merimbula, NSW (Black Dolphins operations were merged with Tween Waters in March 2023)

(c) in 1H24, the Parks segment experienced increased corporate demand across Aspen Karratha Village, Darwin FreeSpirit and Highway 1, while short stay tourist demand was flat, with increased discounting required to compete. During the period, Aspen acquired land adjoining Highway 1.

105 Aspen is focused on developing 44 sites at Highway 1 and 202 holiday cabins and caravan sites at Coorong Quays.

Financial performance

106 The financial performance of Aspen for the three years ended 30 June 2023 (FY23) and six months to 31 December 2023 (1H24) is set out below:

Aspen – statement of financial performance[1]	FY21 $m	FY22 $m	FY23 $m	1H24 $m
Rental income	29.0	35.3	50.3	30.1
Direct property expense	(16.4)	(20.4)	(25.9)	(15.0)
Underlying property EBITDA	12.7	14.8	24.3	15.2
Revenue from development activities	6.0	10.7	20.1	12.0
Cost of sales	(4.1)	(7.2)	(13.9)	(8.7)
Underlying development EBITDA	2.0	3.5	6.2[2]	3.2
Operating segment EBITDA[3]	14.7	18.3	30.6	18.4
Dividend income	-	-	0.3	0.3
Net corporate overheads[4]	(4.5)	(4.7)	(6.2)	(3.4)
Underlying EBITDA	10.2	13.6	24.6	15.3
Depreciation and amortisation	(0.7)	(1.0)	(1.2)	(0.7)
Net finance expense[5]	(1.3)	(1.8)	(3.7)	(3.0)
Non-cash / non-recurring items[6]	16.4	62.0	36.0	19.7
PBT	24.5	72.8	55.7	31.4
Income tax expense	0.9	2.6	(1.3)	(9.1)
NPAT	25.4	75.4	54.4	22.3
NPAT attributable to non-controlling interest	-	-	-	-
NPAT attributable to Aspen securityholders	**25.4**	**75.4**	**54.4**	**22.3**
Underlying EBITDA margin (%)	*28.9%*	*29.6%*	*35.0%*	*36.4%*
Underlying EPS[7] (cents)	*7.6*	*8.7*	*12.0*	*6.9*
Distributions per security (DPS) (cents)	*6.6*	*6.6*	*7.8*	*4.3*

Note:

1 Rounding differences may exist.

2 Includes a $1.4 million revaluation gain on the development and licensing of DMF homes at Wodonga ($4.7 million cash proceeds received upon licensing the homes less $3.3 million total cost of developing the homes).

3 Combined underlying EBITDA of Aspen's three operating segments: Residential, Lifestyle and Parks.

4 Underlying EBITDA includes the cash rent expense incurred by Aspen, i.e. it does not reflect Australian Accounting Standard AASB 16 – *Leases* (AASB 16) which requires cash rent to be replaced with notional depreciation and interest charges on the lease (or "right of use" asset).

5 Excludes interest income and expense arising from investment in sublease and lease liabilities arising from right of use assets.

6 Non-cash / non-recurring items are as follows:

Property revaluation gains	17.8	61.8	37.8	23.8
Fair loss on retirement village resident loans	-	(0.7)	(2.8)	(1.7)
Asset transactions costs and other costs	(1.6)	(1.8)	(0.4)	0.1
Gain / loss from sale of investment properties	-	-	-	0.3
Fair value loss / (gain) on interest rate swaps	0.1	3.6	(0.3)	(1.0)
Share based payments expense	(0.4)	(0.9)	(1.2)	(0.9)
Fair value (gain) / loss on revaluation of investment in securities	-	(0.1)	3.1	(0.8)
Insurance claim proceeds	0.6	-	-	-
Total normalisation adjustments	16.4	62.0	36.0	19.7

7 Underlying EBITDA less net finance costs divided by the weighted average number of securities on issue during the period.

Source: Aspen Annual Report 2022, Annual Report 2023 and 1H24 Report.

107 Aspen's financial performance reflects the underlying performance of its business segments, which are set out above within each respective operating segment.

108 As part of its 1H24 results presentation, Aspen management provided the following commentary on the outlook for market conditions and (upgraded) guidance for FY24:

"Conditions in the markets in which Aspen operates are expected to be moderate over the next 12-24 months with inflation and interest rates potentially stabilising, robust employment levels and decent wage growth, building industry conditions normalising, and the general undersupply of housing likely to persist, particularly at Aspen's affordable end of the market."

Aspen – guidance for FY24

Metric	FY24 guidance
Underlying EBITDA	$30.5 to $31.5 million
Underlying operating earnings per security (EPS)	13.00 to 13.50 cents
Distribution per security (DPS)	Minimum 8.5 cents

Financial position

109 The financial position of Aspen as at 30 June 2023 and 31 December 2023 is set out below:

Aspen – statement of financial position[1]	30 Jun 23 $m	31 Dec 23 $m
Cash and cash equivalents	8.9	5.0
Trade and other receivables	2.6	3.1
Prepaid expenses	0.4	2.5
Derivatives	3.3	2.2
Inventories	21.7	24.9
Investment property	490.4	537.1
Investments (equity)	19.7	18.9
PP&E (corporate assets only)	0.1	0.2
Intangible assets	0.1	0.0
Right of use assets	0.8	0.7
Deferred tax asset	5.2	-
Total assets	553.2	594.6
Trade and other payables	(14.9)	(16.0)
Provisions	(1.8)	(1.6)
Lease liability	(1.0)	(0.9)
Resident loans	(32.2)	(33.6)
Borrowings	(138.5)	(155.8)
Deferred tax liability	-	(3.9)
DMF	(3.7)	(3.8)
Total liabilities	(192.1)	(215.6)
Net assets	361.2	379.0
Non-controlling interest[2]	(3.8)	(3.8)
Net assets attributable to Aspen securityholders[2]	365.0	382.8
Ordinary securities on issue (million)	*179.4*	*180.2*
NAV per security (cents)[3]	*201.3*	*210.3*
NTA per security (cents)[3]	*201.3*	*210.2*
Gearing[4]	*25.5%*	*27.3%*

Note:
1 Rounding differences may exist.
2 Aspen has recognised a non-controlling interest (NCI) for Aspen Whitsunday Shores Pty Limited (AWSS) even though this NCI is negative. It should be noted that AWSS is a limited company, and there is no ability for Aspen to recoup the negative equity attributed to the NCI.
3 NAV and NTA based on net assets before NCI adjustment due to the inability of Aspen to recoup the negative equity attributed to the NCI.
4 Gearing calculated as borrowings less cash, divided by total assets less cash, resident loans and deferred management revenue. Aspen's long-term gearing target is 30% to 40%.
Source: Aspen Annual Report 2023 and 1H24 Report.

110 In relation to the financial position of Aspen, we note the following:

(a) **Inventories** – Aspen's inventories relate to land under development and manufactured homes under development as indicated below:

Aspen – inventories[1]	30 Jun 23 $m	31 Dec 23 $m
Land under development – Mount Barker, SA	5.6	4.7
Land under development – Coorong Quays, SA	10.6	9.7
Total land under development	16.2	14.3
Manufactured homes under development	5.3	10.5
Others (supplies)	0.2	0.1
Total inventories	21.7	24.9

Note:
1 Rounding differences may exist.

Inventories are held at the lower of cost and net realisable value. Costs of inventories comprise all acquisition costs, costs of conversion (including capitalised finance costs) and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined based on an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale

(b) **Investment property** – relates to Aspen's directly owned portfolio of properties as described at paragraph 86, which comprises investment property, investment property held for sale and associated PP&E as set out below:

Aspen – investment property[1]	30 Jun 23 $m	31 Dec 23 $m
Land	22.1	23.9
Buildings (net of accumulated depreciation)	5.2	5.2
Plant and equipment (net of accumulated depreciation)	7.0	7.5
PP&E (excluding corporate assets)	34.3	36.6
Investment property	449.5	499.2
Investment property assets held for sale	6.5	1.3
Total investment property ("fair value")	490.3	537.1

Note:
1 Rounding differences exist.

PP&E are depreciated on a straight-line basis over their useful lives. The estimated useful life of buildings is between 10 and 40 years; plant and equipment is between 5 and 10 years and corporate office assets is between 3 and 10 years. Land is not depreciated.

As at 30 June 2023, assets held for sale included assets from the Perth house portfolio and 813 Canning Highway, Applecross from the Perth Apartment portfolio

(c) **Investments (equity)** – primary represents Aspen's investment in Eureka (some 41.2 million shares). Also includes a relatively immaterial equity investment in an unlisted entity valued at $562,000 and $590,000 as at 30 June 2023 and 31 December 2023 respectively

(d) **Resident loans** – fair value of resident loans is recognised based on an estimation of the settlement obligation owed by Aspen to the resident when the resident's occupation expires. The obligation is measured as the original loan amount, plus the change in the market value of the house to the reporting date, less Aspen's contract entitlement to DMF earned to date and other fees. Generally, the resident obligations are able to be repaid from receipts from incoming residents

(e) **Borrowings** – Aspen has access to bank facilities with Westpac and Bank of Queensland with the following terms:

Aspen – borrowings	30 Jun 23	31 Dec 23
Facility limit ($m)	174.0	210.0
Drawn debt ($m)[(1)]	139.2	157.3
Facility expiry	Jul 24	Dec 26

Note:
1 Excludes capitalised borrowing transaction costs of $0.4 million and $1.1 million for 30 June 2023 and 31 December 2023 respectively.

During the period, Aspen entered into a new syndicated debt facility with Westpac and Bank of Queensland. The facility is secured with first ranking registered real property mortgages over all of Aspen's directly owned properties and a fixed and floating charge over Aspen Group Limited and numerous other entities owned by Aspen.

Aspen fixed a proportion of its interest rates on borrowings by entering into interest rate swaps to minimise potential adverse interest rate movements. At 31 December 2023, $70 million ($70 million as at 30 June 2023) of its floating interest rate exposure was fixed at a BBSW[44] rate of between 2.037% to 2.039% to April 2025 (2.037% to 2.039% to April 2025 as at 30 June 2023)

(f) **DMF** – represents the DMF revenue to which Aspen is contractually entitled over the expected period of tenure but has not yet earned at the reporting date (DMF earned to the reporting date is treated as a deduction from resident loans).

111 Commitments and contingencies which are not included in Aspen's statement of financial position and are set out below and include refurbishment works at Perth Apartments, Lifestyle development civil works, and various cabin and park upgrades as well as the contract Aspen entered into in December 2023 to acquire 81 apartments at 386 Burwood Highway, Burwood, VIC for a purchase price of $8.1 million, equating to $100,000 per apartment at an average weekly rent of approximately $300 (initial yield over 8%). Settlement is expected to occur on, or around 1 March 2024.

Aspen – commitments and contingencies	30 Jun 23 $m	31 Dec 23 $m
Capital commitments within one year	33.6	12.2
Bank guarantees issued to third parties	0.4	0.3
Total	33.9	12.4

44 Bank Bill Swap Rate.

Security capital and performance

112 As at 3 April 2024, Aspen had 180.2 million fully paid ordinary stapled securities on issue. Each stapled security comprises one fully paid ordinary share in Aspen Group Limited[45] and one fully paid ordinary unit in the Aspen Property Trust.

113 In addition, Aspen had some 4.0 million performance rights outstanding. These had been issued to Aspen's executives and senior management team as part of a long term incentive plan. A summary of the performance rights, which are subject to various performance conditions, is set out below:

Aspen – performance rights

Grant date	Latest vesting date	Performance rights (million)	Vesting condition
30 Nov 2021	30 June 2024	1.0	TSR and NAV
1 Dec 2022	30 June 2025	1.3	TSR and NAV
1 Dec 2023	30 June 2026	1.7	TSR and NAV
Total		4.0	

Source: Aspen Annual Reports and ASX announcements.

114 The performance rights are subject two performance hurdles, TSR[46] and a NAV[47], with each measure accounting for 50% of the potential entitlement. The vesting conditions for each hurdle are measured over a three year period from the start of the financial year in which they are offered.

115 The performance rights do not carry any voting or dividend rights and each (vested) performance right converts to one Aspen ordinary security with no consideration payable. In certain circumstances (such as a change in control of Aspen) the Aspen Board may in its absolute discretion elect to treat certain unvested performance rights as vested.

Substantial securityholders

116 As at 3 April 2024, there were three substantial securityholders in Aspen, being:

Aspen – substantial securityholders

Securityholder	Securities held (million)	% interest
Cooper Investors	18.7	10.4
Brahman Pure Alpha PTE Ltd	14.7	8.2
MA Financial Group	14.3	8.0

Source: Bidder's Statement and substantial securityholder notices released to the ASX.

45 Which has 180.2 million fully paid ordinary shares and units on issue respectively.

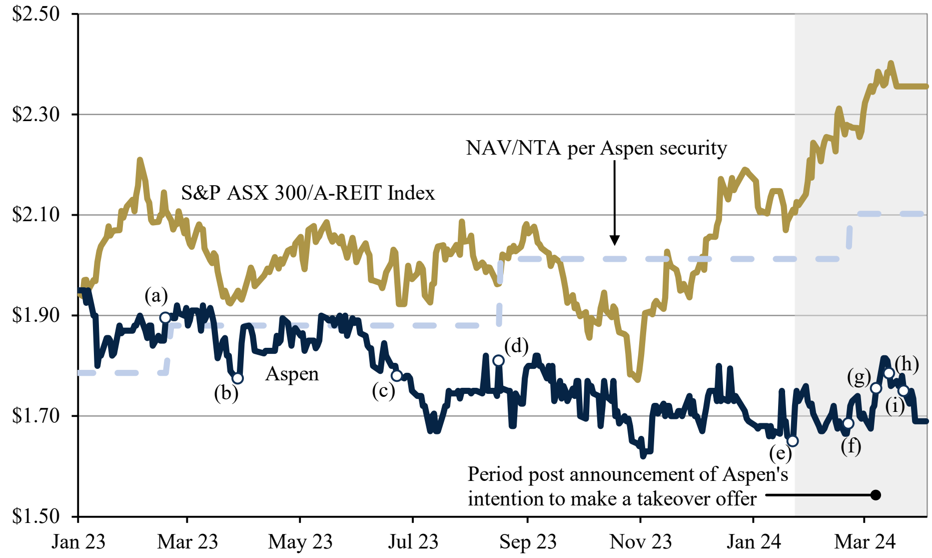
46 TSR is a measure of the return to securityholders (over the vesting period) provided by security price appreciation, plus distributions expressed as a percentage of the initial investment. Aspen's TSR is ranked against the TSRs of the S&P/ASX 300 A-REIT Index over the three year measurement period. Vesting occurs on a sliding scale basis (50% if Aspen outperforms 50% of the entities that make up the S&P/ASX 300 A-REIT Index, through to 100% if Aspen outperforms 75% of the entities).

47 Measures the CAGR in NAV over the three year measurement period (including an allowance for distributions that have also occurred over that period). Vesting occurs on a straight line basis (0% for growth rates below 7% through to 100% for growth rates above 8%).

Share price performance

117 The following chart illustrates the movement in the security price of Aspen from 1 January 2023 to 3 April 2024:

Aspen – security price history[(1)(2)]
1 January 2023 to 3 April 2024



Note:
1 Based on closing prices. The S&P/ASX 300 A-REIT Index has been rebased to Aspen's last traded price on 1 January 2023, being $1.95.
2 A single line has been plotted for NAV and NTA per Aspen security as there is no material difference between the two. NAV and NTA per Aspen security based upon net assets before NCI adjustment due to the inability of Aspen to recoup the negative equity attributed to the NCI.

Source: FactSet and LEA analysis.

118 We note the following in respect of the material announcements made by Aspen over the timeframe depicted above:

(a) **20 February 2023** – released financial results for 1H23 (NAV $1.88 per security) and upgraded guidance for FY23 (operating EPS to be in the range of 11.5 to 12.0 cents per security and DPS of at least 7.5 cents per security)

(b) **29 March 2023 –** Eureka responded to media speculation and announced that on 2 March 2023 it received an unsolicited, non-binding, indicative and conditional proposal from Aspen to acquire all the issued shares of Eureka that it did not already own at an offer price of 0.225 stapled securities in Aspen for each ordinary share held in Eureka

(c) **23 June 2023** – provided a business update indicating that it expected operating EPS to come in at the top of the range of its FY23 guidance (11.5 to 12.0 cents per security)

(d) **17 August 2023** – released financial results for FY23 (operating EPS, DPS and NAV of 12.0 cents, 7.75 cents and $2.01 per security respectively). Also provided FY24 guidance for EPS of between 12.5 and 13.0 cents per security and DPS of at least 8.5 cents per security

(e) **23 January 2024** – announced intention to make a takeover offer for Eureka

(f) **22 February 2024** – released financial results for 1H23 (NAV $2.10 per security) and upgraded guidance for FY24 (operating EPS of between 13.0 and 13.5 cents per security and DPS of at least 8.5 cents per security)

(g) **8 March 2024** – released its Bidder's Statement in respect of the Offer

(h) **15 March 2024** – First Supplementary Bidder's Statement and Replacement Bidder's Statement released

(i) **21 March 2024** – Filetron (a substantial shareholder in Eureka) stated that it does not intend to accept the Offer as described in the Bidder's Statement.

Liquidity in Aspen securities

119 The liquidity in Aspen securities based on trading on the ASX over the 12 month period up to and including 22 January 2024 (being the last trading day prior to the announcement of Aspen's intention to make a takeover offer) is set out below:

Aspen – liquidity in securities

Period	Start date	End date	No of securities traded 000	WANOS outstanding 000	Implied level of liquidity Period(1) %	Implied level of liquidity Annual(2) %
1 month	23 Dec 23	22 Jan 24	2,439	180,230	1.4	15.9
3 months	23 Oct 23	22 Jan 24	10,063	180,198	5.6	22.2
6 months	23 Jul 23	22 Jan 24	17,060	180,063	9.5	18.8
1 year	23 Jan 23	22 Jan 24	25,079	179,746	14.0	14.0

Note:
1 Number of securities traded during the period divided by WANOS.
2 Implied annualised figure based upon implied level of liquidity for the period.
Source: FactSet and LEA analysis.

120 As indicated in the table above, total security turnover (on an annualised basis) in Aspen securities was relatively low (i.e. generally less than 20% of the total number of securities on issue) over the 12 month period to 22 January 2024, indicating only a moderate level of liquidity for Aspen securities (noting that this is before any adjustment is made for the number of securities, which are closely held by Aspen's substantial securityholders, being some 30% of the register).

V Valuation of 100% of Eureka

Overview

121 This section of our report sets out our assessment of the market value[48] of the shares in Eureka assuming 100% ownership, i.e. the value of the shares on a 100% controlling interest basis. Our assessment of value has considered and reflects the value of the synergy benefits (e.g. public company cost savings) that would be realisable by multiple purchasers (or put differently, the market as a whole), but does not reflect the value of any synergies or other benefits that may be unique to Aspen.

122 An overview of the generally accepted valuation approaches used in the determination of market value is set out in Appendix C.

123 Real estate investment trusts (REITs) and other property asset holding entities are commonly valued by reference to the net asset approach on a going concern basis. This is because the value of these entities largely depends upon the value of the underlying property assets they hold, noting that these are typically carried on the entity's balance sheet at market values that have been determined by independent property valuation specialists. We are of the opinion that this is the most appropriate methodology to apply in determining the value of Eureka.

124 Whilst other valuation methodologies (such as the discounted cash flow (DCF) and capitalisation of earnings) are not generally employed in assessing the overall value of a REIT (or other property asset holding entities), it should be noted that property valuers generally utilise a number of methodologies in assessing the individual property values including DCF, capitalisation of income and direct comparison approaches.

125 We have cross-checked our valuation of Eureka for reasonableness by reference to prices paid for Eureka shares in recent substantial transactions and by comparing the transaction and trading evidence of broadly comparable ASX listed peers against the comparable metrics implied by our valuation. We have also considered the listed trading price of Eureka shares prior to the announcement of Aspen's intention to make a takeover offer and considered the reasonableness of the implied premium.

Valuation summary

126 We have assessed the value of Eureka on a 100% controlling interest basis at between $0.52 and $0.55 per share. Our assessment is based upon Eureka's reported NTA as at 31 December 2023 of $139.8 million (or 46.3 cents per share) which we have adjusted as follows:

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[48] 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 within a reasonable timeframe.

Eureka – valuation summary[1]	Paragraph	Low $m	High $m
Reported NTA as at 31 December 2023	70	139.8	139.8
Adjustments:			
– Property valuations	128	12.5	12.5
– Property management rights	146	14.5	15.5
– Capitalised borrowing costs	147	(0.1)	(0.1)
– Capitalised operational overheads	152	(35.2)	(33.5)
Adjusted NTA		131.5	134.3
Premium to Adjusted NTA	154	26.3	33.6
Equity value – controlling interest basis		**157.8**	**167.8**
Fully diluted shares on issue (million)	170	302.5	302.5
Eureka value per share – controlling interest basis (cents)		**0.52**	**0.55**

Note:
1 Rounding differences may exist.

127 We discuss each of the above adjustments below.

Property valuations

128 Eureka's property portfolio (including its 50% interest in the Tasmanian JV) has been valued (on an individual property basis) at some $264.6 million. This value utilises the carrying value of the property portfolio as at 31 December 2023 as a starting point but makes an allowance for the following items:

Eureka – assessed value of property portfolio	Paragraph	Low $m	High $m
Carrying value of properties as at 31 December 2023:			
Owned	55	230.0	230.0
Tasmanian JV (50% interest)	58	16.7	16.7
Total carrying value		246.8	246.8
Add allowance for:			
Salisbury village business component	134	1.8	1.8
Improvement in rental income post 31 December 2023	137	16.0	16.0
Adjusted value of property portfolio (pre-tax)		264.6	264.6
Estimated deferred tax on valuation uplift (at 30%)[1]		(5.3)	(5.3)
Net adjustment to NTA		12.5	12.5

Note:
1 The individual properties held by Eureka are occasionally sold and Eureka reflects, on its balance sheet, the deferred tax that may be payable when a property is sold (being the tax payable, without any present value discount, on the difference between a property's balance sheet carrying value and its tax cost base). We have adopted a consistent approach and conservatively allowed for the deferred tax liability (with no present value discount) associated with our valuation uplift of some $17.8 million.

129 The carrying value of Eureka's property portfolio as at 31 December 2023 was based on:

(a) independent property valuations which were prepared for four assets as at 31 December 2023 being; the Brassall village; the Gladstone development site; and the strata units owned at the Bundamba and Gladstone villages

(b) Directors' valuations for all other properties as at 31 December 2023. These valuations were prepared using the same methodology and capitalisation rates as those adopted in the most recent external independent property valuation (generally 30 June 2023), albeit with updated net income estimates.

130 LEA has not undertaken any valuation of the individual properties owned by Eureka (or those in which Eureka has an economic interest) and for the purposes of this report has relied upon the independent property valuations and Directors' valuations. In doing so LEA has undertaken a review[49] of the property valuations and notes that:

(a) there were no restrictions placed on the scope of the independent property valuations and the valuations were prepared in accordance with the requirements of AASB 13 – *Fair value measurement* and the Australian Property Institute's Valuation Standards and Guidance Notes

(b) the independent valuers confirmed that they were independent of Eureka and had no conflict of interest in relation to the valuations. Further, the valuers were appropriately experienced and qualified

(c) the methodologies adopted by the independent valuers included DCF, capitalisation of income and direct comparison approaches[50] with the assessed value having regard to the results of the various bases of assessment

(d) the valuations were undertaken on a going concern basis (i.e. with an orderly marketing period) based upon current use and make allowance (where applicable) for items such as the present value of letting up periods and capital expenditure requirements

(e) the valuations assume that the properties would be sold on an individual basis (i.e. they do not have regard to the potential benefit to Eureka of selling the properties in "one line") and reflect "fair and average" costs of standalone operation, not the actual costs incurred by Eureka (which are lower due to the economies of scale associated with operating a portfolio of assets). That said, the valuations have also been completed on the basis of a standalone asset with no allowance made for Eureka's head office or corporate overhead expenses

(f) the 31 December 2023 Directors' valuations were reviewed by Eureka's auditors for financial reporting purposes.

131 Based upon our review and subject to the adjustments outlined below (Salisbury Village and the rental improvements subsequent to 31 December 2023), we do not have any reason to believe that it is not reasonable to rely upon these valuations for the purposes of our report.

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[49] This review does not constitute any form of audit or due diligence investigation by LEA and should not be interpreted as such.

[50] Such methodologies are generally accepted valuation methodologies adopted for the purposes of assessing the market value of real property assets.

Salisbury Village business component

132 Eureka Care Communities Salisbury, located in Salisbury SA, is a supported care residential facility which, in addition to accommodation services, provides assisted daily living and support services including preparation of meals, passive overnight support, medication administration, linen changes, washing, and transportation. Eureka receives a portion of the tenant's pension as a rental payment for the accommodation and National Disability Insurance Scheme (NDIS) payments for the support services provided.

133 The independent property valuer in June 2022 assessed the combined value of the freehold land component and the NDIS business services provided (and then apportioned the aggregate value between the two). For accounting purposes, Eureka recognises only the freehold land component within the carrying value of investment properties (not both).

134 Having regard to the most recent external valuation undertaken in June 2022, the current net income attributable to the NDIS business services and discussions with Eureka management, we have adopted a value of $1.8 million attributable to the NDIS business component of the Salisbury Village.

Improvement in rental income (subsequent to 31 December 2023)

135 Eureka management have advised that the net income estimates which underpinned the 31 December 2023 Directors' valuations do not include the full year impact of rental increases issued to residents subsequent to 31 December 2023.

136 Eureka management estimate that based on the recent rental rates issued to residents as at late March 2024, the portfolio would generate an average increase in rent per unit of around $15 per week as compared to the average rents which were reflected in the 31 December 2023 valuations.

137 In aggregate, these rental increases (less some minor changes in estimated operating expenses since 31 December 2023) are estimated to result in additional net income of around $1.4 million per annum which, based on the capitalisation rates for each village, implies an increase in capitalised values of some $17.0 million. Eureka's interest in this valuation uplift (after only allowing for its 50% interest in the uplift attributable to the Tasmanian JV properties) is some $16.0 million.

Property management operations

138 Eureka provides property management services to the Tasmanian JV, the Eureka Villages WA Fund and a number of other villages which are owned by external investors. The value of these rights (and other rights that have been amortised) are not reflected in Eureka's reported NTA as at 31 December 2023[51].

139 We have adopted the capitalisation of EBITDA method as our primary valuation methodology for Eureka's property management business. Under this method, the value of the business operations is represented by its maintainable EBITDA which is capitalised at a rate (or multiple) that reflects the risk and growth prospects of the business.

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51 Although Eureka recognises the value of some property management rights on balance sheet as an intangible asset, the carrying value does not reflect the value of all property management rights held by Eureka (only those that have been acquired) and the carrying values of those management rights that are recognised do not represent market values (rather, they represent accounting values only, being cost less accumulated amortisation).

Maintainable EBITDA

140 In order to assess the appropriate level of EBITDA for valuation purposes, we have had regard to the historical and forecast results of Eureka's property management operations and have discussed these results with Eureka management.

141 A summary of the financial performance of Eureka's Property Management segment for the two years ended FY23 and six months for 1H24 is set out below:

Eureka – Property Management segment historical financial performance

	FY22 $m	FY23 $m	1H24 $m
Revenue	3.7	5.6	3.0
Other income	-	0.1	-
Total revenue	3.7	5.7	3.0
Operating expenses	(2.1)	(3.2)	(1.7)
Marketing expenses	-	-	(0.0)
Other expenses	(0.0)	(0.1)	-
EBITDA	1.6	2.4	1.3
Depreciation & amortisation	(0.5)	(0.5)	(0.2)
EBIT(1)	1.2	1.8	1.0
EBITDA margin	*42.9%*	*42.5%*	*41.8%*
EBIT margin	*30.9%*	*32.9%*	*33.9%*

Note:
1 Earnings before interest and tax (EBIT).
Source: Eureka Annual and Interim Reports.

142 Regarding the above, we note that:

(a) the operating expenses which are allocated to the Property Management segment relate to, inter alia, directly attributable wages and salaries such as village and kitchen staff, food purchases, gardening etc. However, Eureka does not allocate corporate costs (such as head office employee expenses) to the Property Management segment

(b) reported EBITDA and EBIT margins have remained relatively consistent

(c) Property Management segment services have expanded in recent years, attributable to, inter alia, the acquisition of various management rights (which were completed during March 2022 and September 2022) and the establishment of the Eureka Villages WA Fund during December 2023. The contribution from these new services is only partially reflected above.

143 In addition, Eureka has provided FY24 EBITDA guidance for its Property Management segment of some $2.6 million. This includes a full year contribution from the various management rights acquired during 2022, an approximate seven month contribution from the Eureka WA Villages Fund and a one-off transaction fee realised by Eureka in association with the acquisition of the Fund's six villages in December 2023 (noting that the absence of the remaining five month contribution from the Eureka WA Villages Fund is largely offset by the existence of the one-off fee).

144 Based on the above, we have adopted maintainable EBITDA for valuation purposes of $2.5 million.

EBITDA multiple

145 For the purposes of our valuation, we have adopted an EBITDA multiple range of 5.75 times to 6.25 times (with a midpoint of 6.0 times) which reflects:

(a) as a primary source, the EBITDA multiples implied by Eureka's recent property management right acquisitions in 2022 (which generally transacted around 5.0 to 5.5 times)

(b) an allowance to reflect the fact that the Property Management business as a whole is larger and more diversified than the individual management rights acquired

(c) consideration of the multiples paid in other transactions relating the acquisition of property / property fund management rights.

Assessed value of Property Management operations

146 Based on the above, we have assessed the value of Eureka's Property Management operations at $14.5 million to $15.5 million as follows:

Eureka – assessed value of Property Management operations(1)

	Paragraph	Low $m	High $m
EBITDA for valuation purposes	144	2.5	2.5
EBITDA multiple (times)	145	5.75	6.25
Assessed value of Property Management operations		14.4	15.6
Adopted value, say		14.5	15.5

Note:
1 Rounding differences may exist.

Capitalised borrowing costs

147 As at 31 December 2023, Eureka's reported net assets included $0.1 million of capitalised borrowing costs. These assets are not considered to have any realisable value and have therefore been excluded in deriving Eureka's adjusted NAV.

Corporate overheads

148 Eureka's reported NTA as at 31 December 2023 does not reflect the cost of its overhead structure, which Eureka has estimated in its FY24 guidance to be some $8.7 million comprising:

(a) employee expenses associated with, inter alia, Eureka's centralised finance and accounting, health and safety, property management and leasing, real estate operations and management and other corporate roles

(b) insurance expenses

(c) listed entity fees (such as directors fees, annual reports, shareholder communication, share registry and listing fees etc) and other administrative expenses.

149 We have considered the cost savings and other synergies that would likely be available to multiple purchasers. In this respect we note that:

(a) any acquirer of Eureka would be able to realise the listed company costs and a large component of the administrative expenses (referred to at paragraph 145(c))

(b) given the nature of Eureka's operations and geographic concentration of its portfolio to QLD, it is likely that an acquirer with existing operations would be required to retain certain roles associated with the day-to-day operations and some management positions (albeit possibly not to the same extent required as a standalone listed entity). That said, there are likely to be a number of further cost synergies available to a trade buyer with an existing management structure and head office support function (for example, certain finance, accounting and accounts payable roles)

(c) Eureka has recently filled a number of roles which were required as a pre-requisite to exploring and delivering portfolio growth (via either organic, acquisitive and development growth opportunities). As our assessed value of Eureka is based on the value of its existing portfolio (i.e. without any allowance for the future benefits that may arise from this additional growth) we consider it appropriate to only capitalise the corporate costs required to maintain Eureka's existing business.

150 Based upon discussions with Eureka management, cost synergies are estimated to be more than $5.2 million per annum, with one-off implementation costs (needed to be incurred in order to achieve these savings) of approximately $0.3 million (pre-tax).

151 For the purposes of our valuation, we have capitalised Eureka's residual net corporate costs of some $3.5 million at an EBIT multiple of 9.5 times to 10.0 times which has been determined having regard to the relative proportion of Eureka's owned and managed units across its portfolio (of around 65% and 35% respectively) and:

(a) the WACR of Eureka's owned property portfolio of some 8.25% as at 31 December 2023 (which translates to a capitalisation multiple of some 12.0 times)

(b) the multiples adopted for Eureka's Property Management operations (of some 5.75 to 6.25 times).

152 Based on the above, we have valued Eureka's residual unallocated corporate overhead costs as follows:

Eureka – assessed value of corporate overhead costs[1]

	Paragraph	Low $m	High $m
Residual unallocated corporate costs (net of assumed savings)	151	(3.5)	(3.5)
EBIT multiple	151	10.0	9.0
Capitalised value		(35.0)	(33.3)
Implementation costs (net of tax)	150	(0.2)	(0.2)
Total value of corporate overhead expenses		**(35.2)**	**(33.5)**

Note:
1 Rounding differences may exist.

Premium to Adjusted NTA

153 Generally speaking, there should be no "premium for control" paid above the value of assets which have already been assessed on a "controlling interest" basis. That said, portfolios of properties sometimes sell at a premium to the aggregate of the individual values (i.e. the portfolio may be more valuable than the sum of its individual components). The reasons for these premiums vary from case to case but typically reflect one or more of the following factors:

(a) the existence of economies of scale and cost synergies that can be achieved by the bidder's existing operations

(b) the benefits of being able to obtain immediate diversification and do so far more efficiently (both in terms of time and cost) than gradually accumulating an equivalent portfolio on a piecemeal basis over time

(c) structural cost savings (i.e. reduced stamp duty costs) associated with acquiring a portfolio of properties via the acquisition of securities in a REIT (rather than individually)

(d) large portfolios of quality properties may have scarcity value and may provide strategic benefits to certain buyers (and give rise to a competitive bidding process).

154 In contrast, property portfolios may also trade at discounts to their aggregate value because:

(a) the portfolio contains non-core assets, or assets that are not attractive to buyers (and to which a discount may be applied)

(b) weak market conditions (e.g. declining property prices) and limited access to finance

(c) there are no material economies of scale or cost synergies that can be realised.

155 In the case of Eureka, a portfolio premium of 20% to 25% of our adjusted NTA ($26.3 million to $33.6 million) has been applied to reflect the following factors.

Economies of scale and cost efficiencies under Eureka's cost structure

156 As noted at paragraph 130(e), the independent property valuations assess value on an individual basis using "market standard" costs of standalone operation, not the actual costs incurred by Eureka. This methodology was replicated for the purposes of the Directors' valuations as at 31 December 2023.

157 However, for the purposes of our assessment we consider it appropriate to have regard to the value of Eureka's investment properties in the context of the property portfolio as a whole, noting that Eureka is able to operate the portfolio with a lower level of operating expenses due to, inter alia, economies of scale and the ability to allocate resources between villages[52]. We note that, in aggregate, the net income of the investment property portfolio adopting Eureka's cost structure is some $0.4 million higher than that which was reflected in the Directors' valuations as at 31 December 2023 (as adjusted at paragraphs 135 to 137). Based on the capitalisation rates for each village, this results in an increase in the aggregate capitalised value of around $4.5 million. Eureka's interest in this valuation uplift (after allowing for its

[52] For example, Eureka has a number of villages located within close proximity which are able to be operated with fewer village managers compared to that which would be required by on a standalone basis.

50% interest in the Tasmanian JV properties) is some $3.5 million, noting a significant proportion of these benefits are associated with the Tasmanian JV. This is due to the fact that the Tasmanian villages are located within close proximity to each other, which allows them to share certain direct labour costs, such as village manager expenses and caretaking expenses.

158 We note for completeness that Eureka's cost structure referred to above does not include the additional corporate overheads that are incurred in respect of managing the property portfolio. A separate allowance for these corporate costs has been made (see from paragraph 148).

Potential for further revenue enhancement from rental increases

159 Eureka is systematically bringing the rent charged for all units across its village portfolio in-line with a benchmark rate set by Eureka. The benchmark rate is set at a portfolio level and is then adjusted to reflect differences between villages.

160 Following a vacancy, a new resident will automatically pay the benchmark rate, however existing residents are expected to have their rents gradually increased over time (i.e. at a faster rate than CPI) until they reach the benchmark rate.

161 Accordingly, there is further potential for revenue enhancement from reversionary rents which is not reflected in the adjusted carrying value of the Company's investment property portfolio[53].

162 Eureka management have indicated that the total estimated annual shortfall in rental income across the portfolio compared to the benchmark rate is some $0.9 million per annum for the owned portfolio and $0.3 million per annum for the Tasmanian JV, which would result in an increase in capitalised values of $10.7 million and $3.7 million respectively. Eureka's interest in this valuation uplift (allowing for its 50% interest in the Tasmanian JV) is some $12.5 million before taking into consideration timing adjustments (noting a number of these rental increases are being implemented gradually).

Structural cost savings

163 There are likely to be material stamp duty savings for an acquirer of 100% of Eureka by acquiring the Eureka corporate structure relative to acquiring the properties individually. Eureka estimates an acquisition of Eureka would result in total landholder duty of approximately $2.7 million, as compared to the circa $13.9 million of transfer duty which would be incurred if the properties were acquired individually. An acquisition of Eureka would also generate time and cost savings for the bidder relative to acquiring an equivalent portfolio on a piecemeal basis over time.

Compression in capitalisation rates

164 We note that there is a relatively wide range of capitalisation rates that have been applied in Eureka's individual property valuations. As at 31 December 2023, these capitalisation rates ranged from 6.25% to 11.00%, with a WACR of around 8.25%. If these properties were instead valued in the context of being part of a geographically diversified portfolio, there is likely to be some compression in the capitalisation rates that were applied.

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53 For the avoidance of doubt, we note these rental increases are additional to those referred to at paragraphs 134 to 136.

165 For example, all else being equal, a decrease in the WACR of Eureka's portfolio from 8.25% to 8.00% would result in an increase in capitalised values of some $8.0 million.

Development potential

166 Eureka's property portfolio includes a number of properties with development potential (greenfield, adjacent development land and infill development). This development potential is not reflected in the carrying value of Eureka's property portfolio as at 31 December 2023. Certain bidders are likely to have the ability to accelerate the realisation of the benefits from the development of these properties.

167 We note that Eureka is currently in confidential discussions with a number of equity and debt funding providers in relation to its Kingaroy site, for which development approval has been issued for 124 units. In relation to its Gladstone site, we note that Eureka is working closely with consultants to finalise a site plan that will be used for the submission of a development application later this year and that preliminary discussions have commenced with funding providers.

Share capital outstanding

168 Eureka has some 301.7 million fully paid ordinary shares on issue.

169 In addition, there are 0.7 million performance rights which have been issued to key management personnel, executives and other employees as part of Eureka's long term incentive plan. Under the terms of the relevant plan rules, in the event of a change of control transaction the Eureka Board has discretion to determine the treatment of any unvested performance rights. Accordingly, when valuing 100% of the shares on issue in Eureka, in our opinion, it is appropriate to assume that these additional shares will be issued.

170 Accordingly, for valuation purposes we have therefore adopted 302.5 million fully diluted ordinary shares on issue.

Valuation cross-checks

Recent substantial acquisitions of Eureka shares

171 There have been a number of recent substantial acquisitions of Eureka shares subsequent to the announcement of Aspen's intention to make a takeover offer. These include:

(a) Filetron's acquisition of some 58.7 million shares or a 19.4% interest in Eureka between 23 February 2024 and 28 March 2024 at prices between $0.46 and $0.55 per share (average of $0.53 per share)

(b) Copia acquired a further 5.3 million shares or a further 1.8% interest in Eureka on 24 March 2024 at an average price of $0.52 per share.

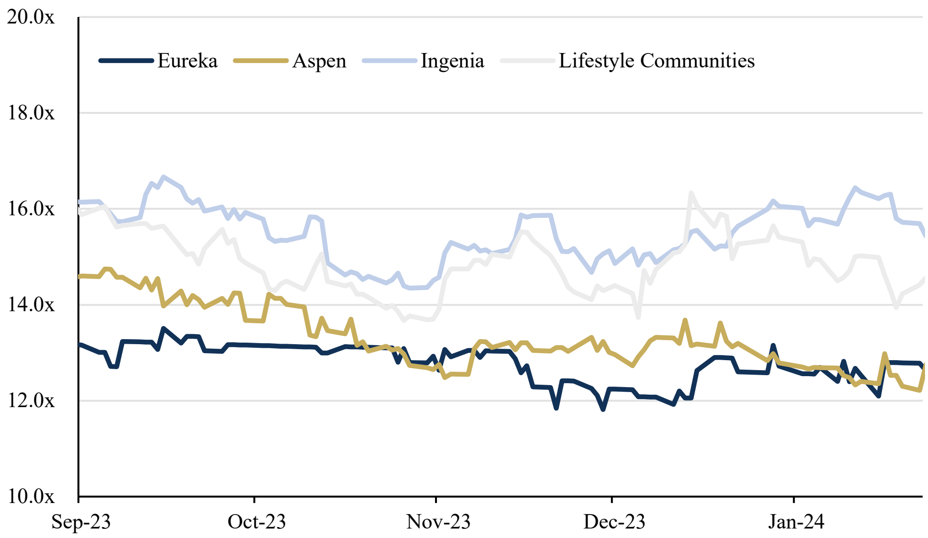
172 Whilst the strategic motivations of Filetron and Copia are not known, we note that the prices paid by these parties (for significant minority stakes) are generally consistent with our adopted valuation range.

Comparison with earnings multiples

173 We have cross-checked our assessed value of Eureka shares by considering the earnings multiples upon which Eureka traded prior to the announcement of Aspen's intention to make a takeover offer as well as those exhibited by Eureka's ASX listed peers.

174 A summary of these earnings multiples, subsequent to the release of Eureka's FY23 results on 29 August 2023 (which resulted in a material change in analyst earnings estimates), is set out below:

One year forward earnings multiples (market cap / underlying earnings)(1)(2)
1 September 2023 to 22 January 2024



Note:
1 Underlying operating profit before tax and before amortisation of acquired intangibles.
2 Forecast earnings and dividend yield are based on FactSet broker average forecasts (excluding outliers and outdated forecasts).
3 Eureka's underlying operating earnings have been adjusted to exclude amortisation of acquired intangibles and include an allowance for its share of interest expense in relation to the Tasmanian JV. Aspen's underlying operating earnings have been adjusted to include an allowance for depreciation (other than depreciation associated with right of use assets).
Source: FactSet, company announcements and LEA analysis.

175 As indicated above, prior to the announcement of Aspen's intention to make a takeover offer, Eureka generally traded on a one year forward earnings multiple of between 12.5 and 13.5 times, with an average of 13.0 times. This was relatively consistent with the multiples upon which Aspen traded over the same span of time, being an average of 13.3 times. Ingenia and Lifestyle Communities generally traded on higher multiples compared to Aspen and Eureka.

176 The multiples implied by our assessed value of Eureka prior to an allowance for the "portfolio premium" are as follows:

Eureka – implied earnings multiples(1)

	Paragraph	Low $m	High $m
Adjusted NTA (prior to adjustment for portfolio premium)	126	131.5	134.3
FY24F underlying operating profit(2)		9.1	9.1
Add back amortisation of acquired intangibles(2)		0.3	0.3
Adjusted underlying profit for cross-check		9.4	9.4
Implied FY24F earnings multiple (times)		13.9	14.2

Note:
1 Rounding differences may exist.
2 Per Eureka FY24F guidance set out in Section 8 of the Target's Statement.

177 The multiples implied by our valuation are broadly consistent with, albeit marginally higher than, the trading evidence pertaining to Eureka and Aspen. We consider this reasonable on the basis that:

(a) all else being equal, the implied FY24F multiples should be marginally higher than a one year forward multiple as earnings generally increase over time and the corresponding multiples decrease. In this regard, we note that the FY24F multiple upon which Eureka traded immediately prior to the announcement of Aspen's intention to make a takeover (13.5 times, refer to Appendix D) is marginally below the range of our implied multiples

(b) notwithstanding the above, our valuation incorporates the full year benefit of recent actual rent increases, whereas the FY24F guidance does not. Our valuation also reflects the full year benefit from the Brassall development (completed in January 2024) and the WA Fund acquisition (which occurred in December 2023). Increasing the FY24F guidance for these full year benefits would reduce the multiples implied by our valuation[54].

Comparison with listed market price

178 We set out below a summary of the trading in Eureka shares prior to the announcement of Aspen's intention to make a takeover offer for Eureka on 23 January 2024:

Eureka – share prices prior to the announcement of Aspen's intention to make a takeover offer

Date / period	Low $	High $	Close / VWAP[1] $
Closing price on 22 January 2024	na	na	0.45
1 month VWAP to 22 January 2024	0.43	0.46	0.44
3 month VWAP to 22 January 2024	0.41	0.48	0.44
6 month VWAP to 22 January 2024	0.41	0.48	0.44

Note:
1 Volume weighted average price (VWAP).
na – not applicable.
Source: FactSet.

179 As indicated above, in the six months prior to the announcement of Aspen's intention to make a takeover offer, Eureka shares traded within a relatively narrow range of between $0.41 and $0.48 per share, with a VWAP of $0.44. The total number of shares traded over the period was 10.4 million shares with a value of $4.6 million.

54 For example, based on Eureka's FY24 pro-forma EPS guidance of 3.07 cents per share (which includes the annualised impact of the Brassall development and Eureka Villages WA Fund acquisition) the implied multiples reduce to 13.7 times to 14.0 times. We note however this pro-forma guidance still does not incorporate the full year benefit of recent actual rent increases.

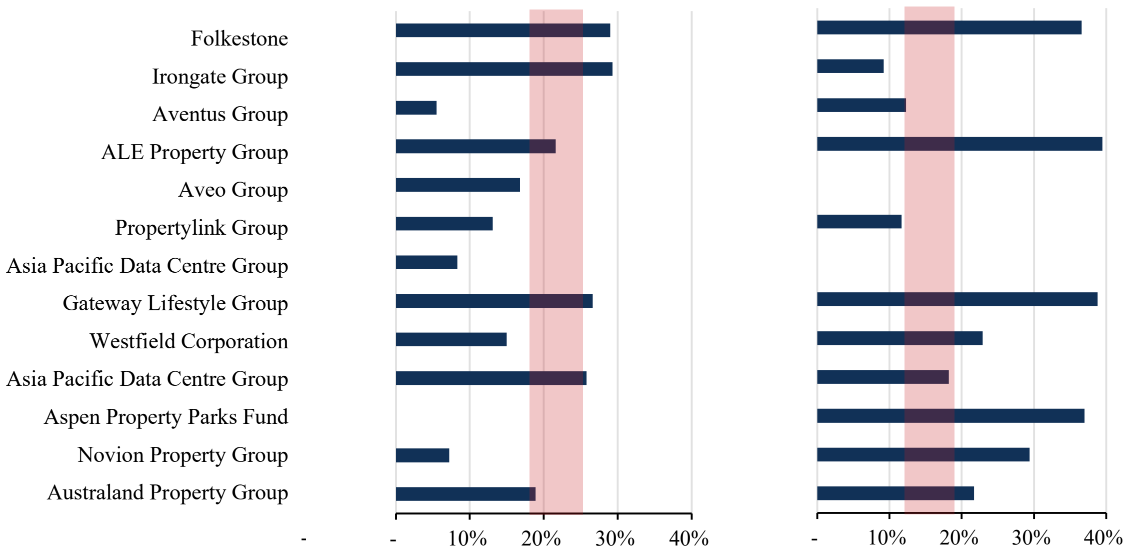
180 Our valuation range implies a premium of 18.2% to 25.0% based on an assumed "undisturbed" share price for Eureka of $0.44 per share[55].

181 Empirical research undertaken by LEA[56] indicates that the average premiums paid in successful takeovers concerning industrial companies in Australia generally range between 30% and 35% above the unaffected market price of the target company's shares[57]. However, in the case of REITs and other property asset holding companies, whose value is primarily a function of the underlying property assets they hold, the observed premiums are generally more modest as there are typically fewer synergies available to the bidder (many of which were discussed above from paragraph 153).

182 We set out below a comparison of the premiums implied by our valuation of Eureka (both the pre-bid security prices and NTA) relative to those implied by the relatively recent acquisitions of internally managed property focused businesses and Australian listed REITs (A-REITs) (which are considered most comparable to Eureka)[58]:

Implied premiums compared to recent A-REIT transactions[(1)(2)]

Entity	Premium to pre-bid security price (%)	Premium to NTA (%)



Note:
1 A brief summary of each transaction is set out at Appendix E.
2 The metrics implied by our valuation range are represented by the red shaded area.
Source: Bloomberg, FactSet, ASX announcements, press articles and LEA analysis.

55 Based on rounded figures to the nearest cent.

56 LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period January 2000 to December 2023. LEA's study covered over 500 transactions in all sectors excluding real estate investment trusts and listed investment companies, based on data sourced from Bloomberg, FactSet, Connect4 and ASX company announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement. Negative premiums and outliers (premiums over 60%) were also excluded.

57 Taken to be the share price one month prior to the earlier of the transaction announcement or market speculation that a transaction would occur. This price was adjusted for movement in the S&P/ASX All Ordinaries Accumulation Index over the one month period.

58 In our view externally managed A-REITs are less relevant.

183 Regarding the above we note that:

(a) the abovementioned entities were generally trading at a premium to NTA and the observed premiums based on pre-bid security trading are therefore generally lower than the observed premiums based on the most recent reported NTA. In our opinion, the observed premiums to pre-bid security trading are likely to represent a more consistent measure when considering the abovementioned transactions noting, for example:

(i) that there is likely to be differences between the determination of reported NTA (for example, the proportion of and contemporaneity of external valuations which underpin the carrying value of property assets)

(ii) reported NTA does not make any allowance for the intangible value associated with any of the entities' trading operations (e.g. property / funds management) or development pipeline however, an allowance for this is likely reflected in the observed security prices (noting this is one of the primary reasons an asset holding entity, such as a REIT, would trade at a premium to its NTA)

(b) there is a relatively wide range of observed premiums (based on pre-bid security prices) which reflect the varying circumstances associated with each of the transactions. For instance:

(i) the low premium associated with the Aventus Group and Novion Property Group transactions was due to the nature of the transaction which were, in substance, mergers rather than takeovers, noting Aventus and Novion shareholders were both estimated to hold more than 60% of the issued securities in their respective merged entities

(ii) Folkestone (which had one of the highest observed premiums) generated a relatively material proportion of its earnings from its funds management operations and had a relatively large portfolio of development projects which, in our opinion, are more likely to have demanded a higher premium than its relatively passive REIT co-investments

(iii) Irongate Group was trading at a relatively material discount to its underlying NAV prior to the announcement of the transaction, noting the observed premium to its NTA was more modest at around 9.2%

(c) the average and median premium (to the pre-bid security price) observed from the abovementioned transactions was some 18.1% and 17.9% respectively.

184 In addition, we note that the premiums implied by our valuation range are based on Eureka share prices that pre-date the release of its 1H24 results. These results included a 2.7% and 2.9% increase respectively in its reported NAV and NTA per security. Eureka has also provided relatively positive guidance for FY24F within the Target's Statement. Lastly, we note that the S&P/ASX 300 A-REIT Index has increased by some 15% from between 22 January 2024 and 3 April 2024[59]. If these factors were reflected in Eureka's "undisturbed" share price, the premiums implied by our valuation would be lower than those derived above.

[59] We note that the increase in the S&P/ASX 300 A-REIT Index is heavily skewed towards Goodman Group which currently accounts for more than 38% of the index weighting and has exhibited an increase of 32% over the period

185 Whilst as indicated above, the premiums to NTA vary in the relatively recent acquisitions of internally managed property focused businesses and A-REITs vary depending on a number of entity specific factors, the premium to NTA in our assessment of market value of Eureka shares arises as our valuation more fully takes into account (inter alia):

(a) the potential for increased rent (to benchmark rates) not reflected in the Directors' and/or independent property valuations; and

(b) the large diversified portfolio of properties held by Eureka

(c) the general synergies available to a trade buyer acquiring the shares in the Company.

186 Having regard to the above, we consider that our valuation range and the range of premiums implied by our valuation range are reasonable and appropriate in the circumstances.

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between 22 January 2024 and 3 April 2024. Excluding Goodman Group, the increase in the S&P/ASX 300 A-REIT Index over this period is closer to 7%.

VI Valuation of Offer consideration

Overview

187 Pursuant to the Offer, Aspen is offering Eureka shareholders 0.26 Aspen securities for each ordinary share held in Eureka. For the purposes of assessing the "fairness" of the Offer, it is therefore necessary to estimate the trading price for Aspen securities after the Offer is implemented, as this represents the value at which Eureka shareholders could expect to realise if they sold the securities they received as consideration either immediately, or in the short term after the completion of the transaction.

188 It is customary in transactions where scrip is offered as consideration to have regard to the listed market price of the bidder's shares (in this case Aspen's securities) as the primary reference point for estimating the realisable value of the scrip consideration offered (provided there is sufficient liquidity in the bidder's shares). This is principally because the listed market price of the bidder's shares post the announcement of a proposed transaction typically reflects all publicly available information about the entity's future risks and prospects (including the impact of the proposed transaction[60]) and therefore provides the best indication as to value[61].

189 An alternative method is to estimate the underlying value of the combined entity and then apply a discount to reflect the minority / portfolio interest of the securities being issued. However, this requires access to the detailed non-public financial and operational information (of both entities) that would be required to undertake and support a fundamental assessment of the scrip consideration, being information which is not available to LEA in this circumstance.

190 Accordingly, for the purposes of assessing the realisable value of the Offer consideration, we have relied upon the listed market prices of Aspen securities. In doing so, we have:

(a) reviewed the recent trading in Aspen securities, including whether there are any information restrictions or liquidity issues that may impact the security price

(b) considered analyst research coverage and other information disclosures

(c) considered the number of Aspen securities that may be issued to Eureka shareholders under the Offer and the short-term impact this may have on the trading price of Aspen securities

(d) analysed the impact of the Offer on Aspen's key financial metrics and risk profile to determine whether it is likely to materially affect its security price.

191 We have also cross-checked the reasonableness of our assessment of the (post-transaction) realisable value of Aspen securities by comparing the key value metrics implied by our adopted range earnings multiples and distribution yields) against those exhibited by Aspen pre-announcement, as well as those exhibited by Aspen's ASX listed peers (Ingenia, Lifestyle Communities and Eureka).

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60 Where sufficient information about the transaction has been disclosed to the market.

61 Albeit, these prices typically also reflect some discount for the uncertainty of the transaction completing.

Recent trading history in Aspen securities (pre and post-announcement)

192 Historical security prices for Aspen are set out in Section IV. More recent trading in Aspen securities prior to the announcement of its intention to make a takeover offer on 23 January 2024 is shown below:

Aspen – security price history (pre-announcement)

Time periods	Reported NTA per security $	Security price[1] Low $	High $	VWAP $	VWAP / NTA[2] %	Securities traded 000	Implied annual liquidity[3] %
1 week to 22 Jan 24[4]	2.01	1.65	1.75	1.69	(16.2)	830	21.0
1 month to 22 Jan 24[4]	2.01	1.64	1.77	1.68	(16.5)	2,439	15.9
3 months to 22 Jan 24[4]	2.01	1.60	1.80	1.69	(15.8)	10,063	22.2
17 Aug 23 to 22 Jan 24[4]	2.01	1.60	1.82	1.72	(14.7)	15,861	20.2
23 Jun 23 to 16 Aug 23[5]	1.88	1.67	1.83	1.73	(7.7)	5,310	19.6
20 Feb 23 to 22 Jun 23[6]	1.88	1.67	1.93	1.85	(1.4)	3,323	5.5

Note:
1 The trading range during the periods above may be impacted by "accrued" distributions being reflected in the security price (noting that Aspen traded ex an entitlement to its 2H23 and 1H24 distributions of 4.3 cents per security on 29 June 2023 and 28 December 2023 respectively).
2 VWAP during the period relative to reported NTA.
3 Number of securities traded during the period divided by WANOS for the period. Implied annualised figure based upon calculated implied level of liquidity for the period.
4 Last trading day prior to the announcement of Aspen's intention to make a takeover offer.
5 Last trading day prior to Aspen releasing its financial results for FY23.
6 Trading range from the date on which Aspen released its financial results for 1H23 (20 February 2023) through to the last trading day prior to Aspen providing a business update on 23 June 2023 (and confirmed that it expected operating EPS to come in at the top end of its FY23 guidance).
Source: FactSet and LEA analysis.

193 Aspen securities have traded in a relatively narrow band of between $1.60 to $1.80 over the period set out above (11 months preceding its announced intention to make a takeover offer for Eureka). Over that time we note that:

(a) since the release of its business update on 23 June 2023, Aspen securities traded above $1.80 per security on only seven trading days (the last of which was 7 September 2023). Similarly, Aspen securities have traded below $1.60 on only one trading day (2 November 2023)

(b) the VWAP over all measured periods (subsequent to the release of Aspen's business update on 23 June 2023) remained relatively consistent at around $1.70 per security

(c) the discount to NTA at which Aspen securities traded (as measured by its VWAP relative to its NTA per security) increased subsequent to the release of its financial results for FY23 but remained relatively consistent thereafter at about 15%.

194 In our view, the listed market prices of Aspen securities following the announcement of its intention to make a takeover offer are more relevant in determining the value of the Offer consideration as they reflect the market's view of the combined value of the two entities based upon the terms of the transaction and the synergy benefits (if any) that are expected to be

realised, noting that as Filetron will not be accepting the Offer as described in the Bidder's Statement [62], Aspen will be unable to acquire 100% of Eureka.

195 The following table sets out the prices at which Aspen securities have traded subsequent to Aspen announcing its intention to make a takeover offer on 23 January 2024:

Aspen – security price history (post-announcement)

Time periods	Reported NTA per security $	Security price(1) Low $	High $	VWAP $	VWAP / NTA(2) %	Securities traded 000	Implied annual liquidity(3) %
1 week to 3 Apr 24	2.10	1.69	1.78	1.71	(18.7)	338	9.8
2 weeks to 3 Apr 24	2.10	1.69	1.78	1.73	(17.8)	1,018	14.7
1 month to 3 Apr 24	2.10	1.68	1.83	1.74	(17.3)	3,639	23.8
22 Mar 24 to 3 Apr 24	2.10	1.69	1.78	1.72	(18.4)	407	6.3
8 Mar 24 to 21 Mar 24(4)	2.10	1.73	1.83	1.76	(16.4)	1,056	15.3
1 Mar 24 to 7 Mar 24(5)	2.10	1.68	1.76	1.73	(17.6)	2,302	66.6
22 Feb 24 to 29 Feb 24(6)	2.10	1.65	1.76	1.71	(18.7)	1,749	44.3
23 Jan 24 to 21 Feb 24(7)	2.01	1.65	1.76	1.70	(15.5)	3,153	21.3

Note:
1 The trading range during the periods are not impacted by the 1H24 distribution of 4.3 cents per security as Aspen traded ex an entitlement to this distribution on 28 December 2023.
2 VWAP during the period relative to pro-forma NTA.
3 Number of securities traded during the period divided by WANOS for the period. Implied annualised figure based upon calculated implied level of liquidity for the period.
4 On 21 March 2024, Eureka announced (after market close) that Filetron will not be accepting the Offer as described in the Bidder's Statement.
5 Date prior to the release of the Bidder's Statement.
6 Eureka released its 1H24 results (post market close) on 29 February 2024.
7 Date prior to that on which Aspen released its financial results for 1H24.
Source: FactSet and LEA analysis.

196 In respect of the above, we note that:

(a) Aspen has continued to trade within a relatively narrow band post the announcement of its intention to make a takeover offer, albeit that trading range has increased by approximately 5 cents per security at the low and the high to $1.65 to $1.85 per security

(b) the release of Aspen's 1H24 results (on 22 February 2024) and reported increase in NTA per security had little effect on the traded range, nor did the release of Eureka's results (after market close) on 29 February 2024. Although the stock traded toward the higher end of the observed trading range subsequent to the release of the Bidder's Statement on 8 March 2024, those gains have effectively been unwound subsequent to Filetron announcing that it would not be accepting the Offer as described in the Bidder's Statement (i.e. more recent trading is only marginally higher than that exhibited prior to the announcement)

62 As announced by Eureka on 21 March 2024.

(c) although the discount at which Aspen has traded to its reported NTA is marginally higher post-announcement, if reported NTA is replaced with pro-forma NTA (which is some 3 to 4% less than reported[63]), the observed discount is largely unchanged

(d) turnover in Aspen's securities (excluding the large volume of trades that occurred on Cboe Australia[64] on 6 March 2024) has remained relatively consistent with that observed pre-announcement (i.e. some 35 to 45 million securities per annum).

Share trading restrictions and liquidity

197 There are no significant restrictions on trading in Aspen which would prevent sufficient trading (on a day-to-day basis) to produce an unbiased security price.

198 We note, however, that the volume of securities traded in Aspen is relatively low compared to ASX listed entities generally (the implied levels of liquidity prior to the announcement of Aspen's intention to make a takeover offer are set out in Section IV). That said (based upon the observed trading set out in the tables above), there is little evidence to suggest that the relatively low level of liquidity in the securities is materially impacting the security price.

Analyst coverage and information disclosures

199 Aspen is researched and analysed by share broking firms and institutional investors. Prior to the Offer, earnings and distribution forecasts for Aspen were provided on FactSet from two securities / brokerage firms.

200 Significant information in relation to Aspen's operations and property portfolio has also been disclosed in its financial reports and ASX announcements. Further, Aspen has an obligation under the ASX Listing Rules (subject to certain exemptions) to notify the ASX immediately of any information that it becomes aware of concerning Aspen which a reasonable person would expect to have a material effect on the price or value of Aspen securities.

Number of Aspen securities to be issued as consideration

201 Pursuant to the Offer, Aspen is offering Eureka shareholders 0.26 Aspen securities for each ordinary share held in Eureka.

202 We set out below the immediate impact on Aspen's capital structure assuming Aspen acquires 50.1% and 78.3%[65] respectively of Eureka's issued shares and performance rights:

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63 Being the pro-forma NTA of Aspen on a post-transaction basis as at 31 December 2023, refer paragraph 209.

64 Formerly known as Chi-X.

65 Being the maximum interest Aspen can attain in Eureka's fully diluted issued capital, given that Filetron has stated that it will not accept the Offer and the Directors who hold or control Eureka shares also intend to reject the Offer.

Aspen – securities on issue post-transaction[1]				
		Paragraph	50.1% 000s	78.3% 000s
Number of Aspen securities outstanding	(A)	112	180,230	180,230
Number of Eureka shares on issue		72	301,748	301,748
Performance rights on issue[2]		73	713	713
Fully diluted number Eureka shares outstanding			302,460	302,460
Percentage to be acquired (%)[3]			50.1	78.3
Eureka shares subject to acquisition			151,533	236,857
Deduct Eureka shares already held by Aspen		77(a)	(41,158)	(41,158)
Eureka shares acquired by Aspen			110,375	195,700
Exchange ratio (#)		3	0.26	0.26
Number of new Aspen securities to be issued	(B)		28,698	50,882
Implied total securities outstanding in Aspen post-transaction		A + B	208,928	231,112
Percentage held by existing Aspen securityholders (%)		A / (A + B)	86.3	78.0
Percentage held by Eureka shareholders (%)		B / (A + B)	13.7	22.0

Note:
1 Rounding differences may exist.
2 For the purposes of the report we have assumed that all performance rights will vest and convert to ordinary shares.
3 Assumes Filetron and the Eureka Directors collectively hold 65,603,142 Eureka shares.

203 The number of securities held by Eureka shareholders (other than Aspen) will therefore represent some 13.7% to 22.0% of Aspen's enlarged capital base (of some 208.9 million to 231.1 million securities).

204 If a large number of Eureka shareholders elect to accept the Offer and subsequently decide to sell their Aspen securities on market, this could result in a short-term adverse price impact caused by the potential oversupply of Aspen securities.

205 However, we note that Eureka shares have not (in aggregate) typically traded in high volumes with the level of turnover in Eureka on a standalone basis being relatively low (approximately 20 to 25 million Eureka shares were being traded on an annual basis prior to the announcement of the Aspen's intention to make a takeover offer. This equates to some 5.2 to 6.5 million Aspen securities at the exchange ratio of 0.26 or some 2.2% to 3.1% of the total securities outstanding in Aspen on a post-transaction basis).

Financial implications of acquiring Eureka

206 The illustrative pro-forma financial implications for Aspen of the acquisition of Eureka (including underlying assumptions) based upon various acquisition scenarios are set out in Section 8 of the Bidder's Statement and Section 8 of the Target's Statement.

207 We summarise in the following table the pro-forma FY24F earnings implications for Aspen assuming that Aspen acquires 50.1% and 78.3%[66] respectively of Eureka's issued shares and performance rights

66 Being the maximum interest Aspen can attain in Eureka's fully diluted issued capital, given that Filetron has stated that it will not accept the Offer and the Directors who hold or control Eureka shares also intend to reject the Offer.

Aspen – pro-forma FY24F financial performance[1][2]	FY24F		50.1% scenario		78.3% scenario[3]	
	Aspen $m	Eureka $m	Adj. $m	Pro-forma $m	Adj. $m	Pro-forma $m
EBITDA	30.9	15.2	(0.6)	45.5	(0.6)	45.5
Depreciation and amortisation	-	(0.7)	-	(0.7)	-	(0.7)
EBIT	30.9	14.5	(0.6)	44.8	(0.6)	44.8
Net interest expense	(7.0)	(5.4)	(0.5)	(12.9)	(0.5)	(12.6)
Net profit before tax	23.9	9.1	(1.1)	31.9	(1.1)	31.9
Tax expense	-	-	-	-	-	-
Underlying profit	23.9	9.1	(1.1)	31.9	(1.1)	31.9
Non-controlling interest	-	-	(4.5)	(4.4)	(1.9)	(1.9)
Underlying profit for Aspen s/h	23.9	9.1	(5.5)	27.5	(3.0)	30.0
Securities on issue (million)	*180.2*	*302.5*	*28.7*	*208.9*	*50.9*	*231.1*
Underlying EPS (cents)	*13.24*	*3.00*		*13.16*		*12.96*

Note:
1 Rounding differences may exist.
2 Pro-forma assumes the Offer completed on 1 July 2023. All other assumptions are detailed in Section 8 of the Target's Statement.
3 Based upon the same assumptions that underpin the 50.1% scenario other than the assumed number of Eureka shares and performance rights that are acquired by Aspen (being all Eureka issued shares and performance rights other than those held by Filetron and the Eureka Directors).
Source: Section 8 of the Target's Statement and LEA analysis.

208 Whilst the transaction is expected to be marginally earnings dilutive for Aspen under both scenarios (due to the absence of any material synergy benefits being derived), forecast underlying operating EPS for FY24F is still expected to remain broadly consistent with Aspen's standalone guidance of 13.0 to 13.5 cents per security. It should also be noted that expected distributions for FY24F remain unchanged, being a minimum DPS of 8.5 cents on all Aspen securities (including those issued as part of the Offer)[67].

209 The pro-forma impact upon the 31 December 2023 financial position of Aspen assuming that Aspen acquires 50.1% of Eureka's issued shares and performance rights is set out in Section 8 of the Bidder's Statement. We summarise these impacts below in addition to the pro-forma position if Aspen acquires 78.3%[68] of Eureka's issued shares and performance rights

67 Section 1.1 of the Bidder's Statement.

68 Being the maximum interest Aspen can attain in Eureka's fully diluted issued capital, given that Filetron has stated that it will not accept the Offer.

Aspen – pro-forma financial position as at 31 December 2023[1][2]						
	31 Dec 23		50.1% scenario		78.3% scenario[3]	
	Aspen $m	Eureka $m	Adj. $m	Pro-forma $m	Adj. $m	Pro-forma $m
Cash and cash equivalents	5.0	3.2	-	8.2	-	8.2
Trade and other receivables	3.1	1.4	-	4.4	-	4.4
Other current assets	16.2	2.1	-	18.3	-	18.3
Investment properties	499.2	230.0	-	729.3	-	729.3
Equity accounted investments	-	21.2	-	21.2	-	21.2
PP&E	36.7	0.3	-	37.1	-	37.1
Right of use assets	0.7	0.7	-	1.4	-	1.4
Intangible assets	0.0	8.2	-	8.3	-	8.3
Investments at FV through P&L	18.9	-	(18.3)	0.6	(18.3)	0.6
Other non-current assets	14.7	0.0	-	14.7	-	14.7
Total assets	594.6	267.2	(18.3)	843.5	(18.3)	843.5
Trade and other payables	16.0	6.9	2.3	25.2	2.6	25.5
Provisions	1.6	1.0	-	2.7	-	2.7
Resident loans	33.6	-	-	33.6	-	33.6
Other liabilities	4.7	0.8	-	5.5	-	5.5
Borrowings	155.8	91.9	7.5	255.2	7.5	255.2
Deferred tax	3.9	18.6	(0.7)	21.7	(0.7)	21.7
Total liabilities	215.6	119.1	9.1	343.8	9.4	344.2
Net assets	379.0	148.1	(27.4)	499.7	(27.7)	499.3
Non-controlling interest	(3.8)	-	70.5	66.6	30.6	26.8
Net assets for securityholders	382.8	148.1	(97.9)	433.0	(58.4)	472.5
Securities on issue (million)	*180.2*	*302.5*	*28.7*	*208.9*	*50.9*	*231.1*
NAV per security ($)[4]	*2.10*	*0.49*		*2.05*		*2.03*
NTA per security ($)[4]	*2.10*	*0.46*		*2.03*		*2.00*
Gearing – Aspen basis (%)[5]	*27.3*	*33.6*		*30.9*		*30.9*
Gearing – Eureka basis (%)[5]	*28.5*	*37.5*		*33.1*		*33.1*

Note:
1 Rounding differences may exist.
2 Pro-forma assumes transaction was complete by 31 December 2023. All other assumptions are detailed in Section 8 of the Bidder's Statement. We note that the figures set out in the Bidder's Statement do not appear to incorporate the adjustment for the Eureka 1H24 dividend despite being stated as such. LEA has corrected for this.
3 Based upon the same assumptions that underpin the 50.1% scenario other than the assumed number of Eureka shares and performance rights that are acquired by Aspen (being all Eureka issued shares and performance rights other than those held by Filetron).
4 Aspen's actual and pro-forma NAV and NTA per security is calculated on consistent basis with Aspen's methodology, that is it is based on Aspen's net assets before the negative $3.8 million NCI adjustment due to the inability of Aspen to recoup the negative equity attributed to the NCI.
5 Aspen's gearing calculated as borrowings less cash, divided by total assets less cash, resident loans and deferred management revenue. In comparison, Eureka's calculation of gearing is based net debt (being interest-bearing drawn debt net of cash) divided by net debt plus book value of equity.

Source: Section 8 of the Bidder's Statement and LEA analysis.

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210 Aspen's NAV and NTA per security are anticipated to marginally decrease under both scenarios, largely as a result of the debt funded transaction costs and Eureka having a lower equivalent NAV and NTA per share. Gearing (based on Aspen's basis of calculation) also

increases slightly from 27.3% to 30.9% but remains within Aspen's target gearing range of 30% to 40%.

Conclusion

211 In summary, in assessing the value of the Aspen securities offered as consideration under the Offer we have had regard to:

(a) the recent trading range of Aspen securities, particularly subsequent to the announcement of its intention to make a takeover offer on 23 January 2024

(b) the number of securities to be issued by Aspen to Eureka shareholders, which is not insignificant when compared to the enlarged number of Aspen securities on issue (albeit we note that Eureka shares are not highly traded on a standalone basis)

(c) the likely level of on-market trading in Eureka securities should the Offer proceed, having regard to factors including:

   (i) the risk of a potential oversupply of Aspen securities from those shareholders in Eureka that elect to accept the Offer and subsequently decide they do not wish to retain the Aspen securities received as consideration

   (ii) the relatively modest pro-forma impact of the transaction on Aspen's earnings and distributions per security as well as the dilution to NAV and NTA per security. Whilst gearing will also increase it will remain with Aspen's target gearing ratio range.

(d) recent stock market conditions

(e) the earnings multiples and distribution yields implied by our adopted range (see below).

212 Based on the above we have assessed the realisable value of the Aspen securities offered as consideration at between $1.65 and $1.80 per security.

Cross-checks

213 We have cross-checked our assessment of the (post-transaction) realisable value of Aspen securities by comparing the key value metrics implied by our adopted range (earnings multiples and distribution yields) against those exhibited by Aspen pre-announcement as well as those exhibited by Aspen's ASX listed peers.

214 The earnings multiples and distribution yields implied by our adopted range are as follows:

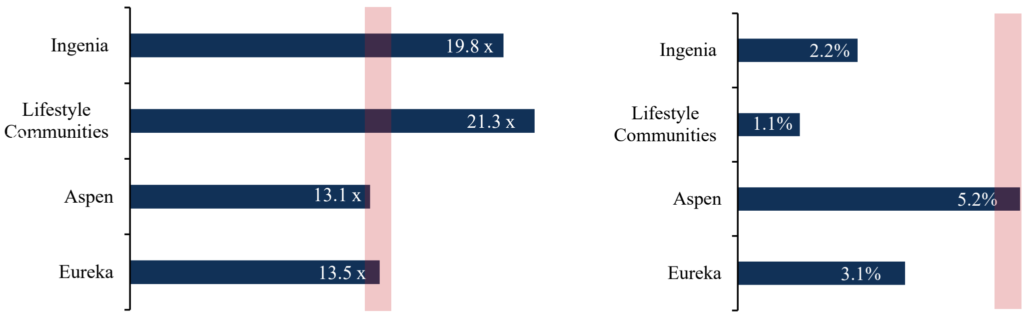
Aspen – implied earnings multiples and distribution yield[1]					
		50.1% scenario		78.3% scenario	
		Low	High	Low	High
	Paragraph	$m	$m	$m	$m
Assessed realisable value of Aspen security ($)	212	1.65	1.80	1.65	1.80
Assumed securities on issue (million)	202	208.9	208.9	231.2	231.2
Implied market capitalisation post-transaction		344.7	376.1	381.5	416.2
Pro-forma FY24F underlying operating profit	207	27.5	27.5	30.0	30.0
Deduct estimate of Aspen's depreciation[2]		(0.7)	(0.7)	(0.7)	(0.7)
Add back Eureka amortisation of intangibles[3]		0.2	0.2	0.2	0.2
Adjusted underlying profit for cross-check		27.0	27.0	29.5	29.5
Implied FY24F earnings multiple (times)		12.8	13.9	12.9	14.1
Pro-forma FY24F DPS ($)	208	8.50	8.50	8.50	8.50
FY24F distribution yield (%)		5.2	4.7	5.2	4.7

Note:
1 Rounding differences may exist.
2 Adjusted to enable a like-with-like comparison with metrics of ASX listed peers. Estimate based on Aspen's FY23 reported results (refer to paragraph 106).
3 Represents the share attributable to Aspen's assumed interest in Eureka of 50.1% and 78.3% respectively based on Eureka's guidance for FY24.

215 We have compared these metrics to Aspen's ASX listed peers (Ingenia, Lifestyle Communities and Eureka) in the following charts:

Aspen – valuation cross-check[1][2]

Market cap / FY24F underlying earnings[3][4][5] **FY24F distribution yield[4][6]**



Note:
1 The red shaded range represents the implied metric range for Aspen (post-transaction) based upon our assessed realisable value of Aspen securities (on a post-transaction basis).
2 Ingenia and Lifestyle Communities as at 3 April 2024, based upon latest available information. Eureka and Aspen as at 22 January 2024 (being the last trading day prior to the announcement of Aspen's intention to make a takeover offer).
3 Underlying operating profit before tax and before amortisation of acquired intangibles.
4 Forecast earnings and dividend yield are based on FactSet broker average forecasts (excluding outliers and outdated forecasts).
5 Eureka's underlying operating earnings have been adjusted to exclude amortisation of acquired intangibles and include an allowance for its share of interest expense in relation to the Tasmanian JV. Aspen's underlying operating earnings have been adjusted to include an allowance for depreciation (other than depreciation associated with right of use assets).
6 Dividend yield for Lifestyle Communities has been grossed up to allow for the benefit of franking credits that are attached to its distributions (noting that the other entities do not distribute fully franked dividends).
Source: FactSet, company announcements and LEA analysis.

216 In respect of the above, we note that:

(a) Eureka and Aspen (to a lesser degree) operate in the seniors' rental sector, which is characterised by community style living and facilities, simple residential tenancy agreements, and no entry or exit fees. The most comparable industry sectors are land lease communities (LLC) and retirement villages, however these both have different features, for instance:

   (i) seniors' rental villages cater for aged pensioners who are over the age of 70. Whilst retirement villages have a similar age demographic, their residents can generally afford their lifestyle arrangements (rather than relying on the aged pension). LLCs generally target a younger demographic around 50 (plus) years of age

   (ii) Eureka receives only a headline rental from its residents and does not have entry or exit fees. In comparison, LLCs require an upfront capital commitment to acquire the residence and pay ongoing land rent and some operators, such as Lifestyle Communities, may also charge a fee on exit. Retirement village residents also typically pay an entry contribution, ongoing fees and exit fees in the case of a DMF model (noting some of Aspen's Lifestyle Community properties operate on a DMF model)

(b) Ingenia and Lifestyle Communities trade on significantly higher earnings multiples than Aspen and Eureka. In this respect we note:

   (i) Ingenia is one of the largest owners / operators of LLCs and has one of the largest LLC development pipelines in Australia, noting this sector has gained significant investor interest in recent years. Ingenia has also been the subject of recent speculation regarding a potential corporate transaction and/or the potential divestment of its Holidays and Ingenia Gardens divisions to become a pure-play land-lease operator[69]

   (ii) Lifestyle Communities is also a manufactured housing estate operator that engages in the development, ownership, and management of LLCs across VIC which generates income through site rental fees and DMFs

   (iii) Ingenia and Lifestyle Communities are also significantly larger than Aspen and Eureka, noting all else being equal, larger listed companies tend to trade on higher multiples

(c) the implied FY24F earnings multiples for Aspen (post-transaction) are consistent with the multiples upon which Aspen and Eureka were trading prior to the announcement of Aspen's intention to make a takeover offer (noting that Aspen on a post-transaction basis will reflect a blended outcome of both). Whilst the trading in Aspen securities prior to the announcement of Aspen's intention to make a takeover offer did not reflect the benefit of Aspen's 1H24 results (as they had not yet been released), the multiple upon which it trades has not materially changed (refer below to the one year forward trading multiples over time)

(d) the FY24F distribution yields of Ingenia, Lifestyle Communities and Eureka are not comparable due to the much lower payout ratios these entities adopt relative to Aspen

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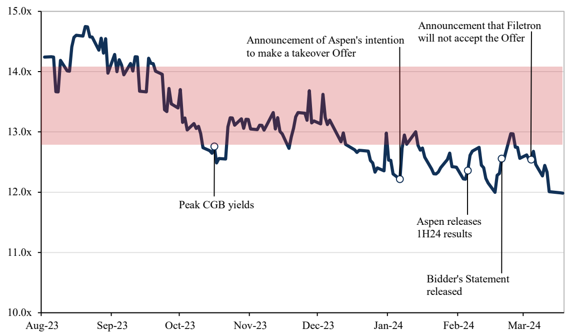
[69] Source: Australian Financial Review (AFR) article *"$2.1b market darling Ingenia Communities in Warburg Pincus' sights"* dated 10 March 2024 and AFR article *"Over-50s housing group Ingenia gets a glow-up"* dated 11 February 2024.

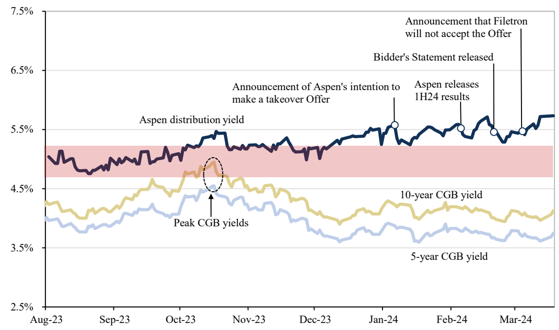
(e) the transaction is expected to result in only a small uplift in earnings and Aspen has not declared an intention to change its distribution payout ratio. Accordingly, we would not expect the implied FY24F distribution yield for Aspen (post-transaction) to materially differ to that of Aspen's on a standalone basis.

217 We also set out below the one year forward earnings multiple and distribution yield upon which Aspen has traded since the release of its FY23 results on 17 August 2023 (which resulted in a material change in analyst earnings and distribution estimates) through 3 April 2024:

Aspen – one year forward earnings multiple and distribution yield(1)

Market cap / underlying earnings(2)(3)	Distribution yield(3)





Note:
1 The red shaded range represents the implied metric range for Aspen (post-transaction) based upon our assessed realisable value of Aspen securities (on a post-transaction basis).
2 Underlying operating profit before tax and before amortisation of acquired intangibles, noting that Aspen's underlying operating earnings have been adjusted to include an allowance for depreciation (other than depreciation associated with right of use assets).
3 Forecast earnings and dividend yield are based on FactSet broker average forecasts (excluding outliers and outdated forecasts).
Source: FactSet, company announcements and LEA analysis.

218 The earnings multiple upon which Aspen has traded since the yields on Commonwealth Government Bonds (CGBs) peaked on 1 November 2023 have ranged between 12.0 and 13.7 times. The FY24F earnings multiples implied by our assessment of the realisable value of the Offer consideration are marginally higher than this evidence. That said, this is to be expected as all else being equal, the implied FY24F multiples should be higher than a one year forward (as earnings generally increase over time and the corresponding multiples decrease).

219 Since releasing its FY23 results in August 2023, Aspen has traded on a one year forward distribution yield of between 4.8% and 5.7%. The range of FY24F yields implied by our assessment of the realisable value of the Offer consideration are marginally less than those observed above, particularly in the more recently observed periods (i.e. post the announcement of Aspen's intention to make a takeover offer). However, in this regard, we note that:

(a) all else being equal, the range of implied yields for FY24F (which are based on a forward estimate of only some three months) should be lower than a one year forward yield (as distributions typically grow, in absolute dollar terms, over time)

(b) although yields on 5 year and 10 year CGBs have reduced since peaking on 1 November 2023, the observed distribution yield for Aspen has not similarly reduced. In this context, Aspen's more recently observed distribution yields are arguably higher than they otherwise should be

(c) the distribution yield upon which Eureka trades is significantly less than Aspen. Accordingly, on a blended basis, the yield for Aspen on a post-transaction basis is likely to be less than Aspen on a pre-transaction (i.e. standalone) basis.

220 Having regard to the above, we consider our assessment of the (post-transaction) realisable value of Aspen securities to be reasonable and appropriate.

Assessed value of Offer consideration

221 Based upon the above, we have assessed the value of the Offer consideration as follows:

Value of Offer consideration			
	Paragraph	Low $	High $
Assessed realisable value of Aspen security	212	1.65	1.80
Exchange ratio (times)	3	0.26	0.26
Assessed value of Offer consideration (per Eureka share)		**0.43**	**0.47**

222 Eureka shareholders should note that the listed market price of Aspen securities is subject to daily fluctuation and accordingly, the price at which Aspen securities may be sold (in the short term) may therefore be greater or less than our assessed realisable value range.

223 Eureka shareholders should also note that it is not possible to accurately predict future security price movements and any decision to continue to hold Aspen securities beyond the immediate to short term is a separate investment decision which should be made by Eureka shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Eureka shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

VII Evaluation of the Offer

Summary of opinion

224 LEA has concluded that the Offer is neither fair nor reasonable. We have arrived at this conclusion for the reasons set out below.

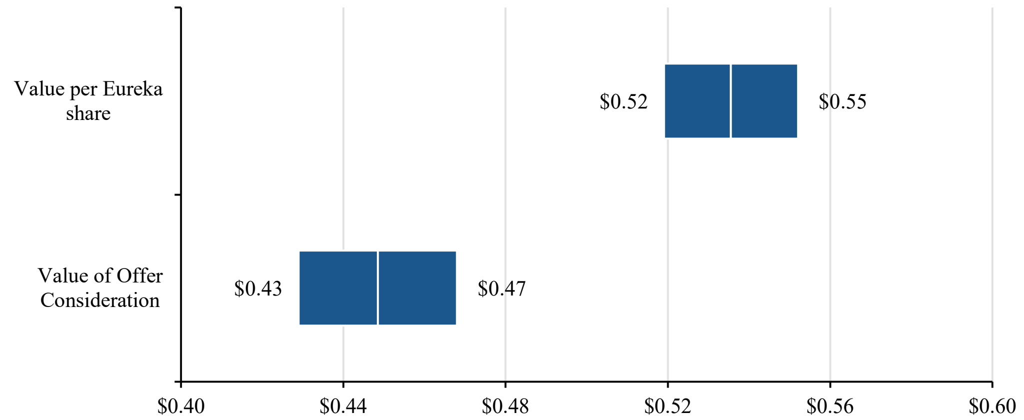
Assessment of "fairness"

225 Pursuant to RG 111 an offer is "fair" if:

"The value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

226 This comparison for Eureka shares is shown below:

Comparison of Offer consideration and Eureka share value[1]



Note:
1 The white line positioned at the middle of our valuation range signifies the mid-point.

227 As the Offer consideration comprises Aspen shares (rather than cash), there is no single definitive estimate of value that can relied upon for assessing "fairness" pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As the value of a Eureka share also has a range of possible outcomes, there are numerous different value comparisons that can be made between the value of Eureka shares and the value of the Offer consideration. Given this, LEA considers it appropriate to assess "fairness" by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.

228 That said, as the high end of the range of the consideration offered by Aspen is less than the low end of our assessed value of 100% of the ordinary shares in Eureka (i.e. there is no overlap), in our opinion, the Offer is not fair.

Assessment of "reasonableness"

229 Pursuant to RG 111, an offer is "reasonable" if it is "fair". An offer may also be considered "reasonable" if, despite being "not fair", the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

230 We have considered a number of factors in determining whether there are sufficient reasons for shareholders to accept the Offer, despite it being not fair. These include the following:

(a) the value of the Offer consideration is materially below our assessed valuation range and does not provide Eureka shareholders with a sufficient premium for control (and when measured on some bases, a negative premium for control). In substance, the Offer consideration has been priced as if the Offer was a nil premium merger of equals, which it is not. Aspen is seeking to acquire control of Eureka and should therefore pay an appropriate price, including an appropriate premium for control

(b) Filetron (which holds some 19.4% of Eureka's issued shares) has stated that it does not intend to accept the Offer as described in the Bidder's Statement. In addition, the Directors who hold or control approximately 2.3% of Eureka's ordinary shares also intend to reject the Offer. As a result, Aspen can only acquire up to 78.3% of Eureka's issued shares and performance rights under the Offer (i.e. Aspen will be unable to achieve the 90% threshold needed to move to compulsory acquisition and obtain 100% control of Eureka). There are a number of ramifications for Eureka shareholders if Aspen acquires between 50.1%[70] and 78.3% of Eureka, including:

   (i) it will significantly diminish the likelihood of Aspen (post-transaction) being able to fully realise the potential benefits that would otherwise accrue in the event that Aspen were able to acquire 100% of Eureka. For example, cost savings / synergies, potential scale benefits including improved share trading liquidity, improved access to debt and equity markets (and possibly on more attractive terms) to fund growth opportunities etc.

   (ii) as the maximum number of shares Aspen can acquire is below the 80% threshold, scrip-for-scrip rollover relief will not be available for those Eureka shareholders that have accepted the Offer and make a capital gain

   (iii) Aspen will control Eureka including its day-to-day management, strategic direction and dividend payments. Should this occur the liquidity of Eureka shares may be diminished which may result in a fall in the price of Eureka shares[71]. That said there is a reasonable prospect that Aspen will make a further takeover offer at a later date in order to obtain 100% control of Eureka. However, the prospect of a future takeover offer is inherently uncertain as to whether it arises, the timing thereof and the related offer price (particularly given Filetron's shareholding and its stated intention to be a long-term investor)

(c) Eureka's share price subsequent to the announcement of Aspen's intention to make a takeover offer has consistently traded at a premium to the implied value of the Offer consideration. Eureka shareholders have therefore had an opportunity to realise cash value well in excess of the Offer consideration through selling their shares on market. For as long as Eureka shares continue to trade at prices above the implied value of the Offer consideration, Eureka shareholders have no incentive to sell their shares into the Offer

70 Being the current minimum bid acceptance condition.

71 Aspen may, depending on the level of shareholding obtained, also seek to remove Eureka from the official list of the ASX.

(d) Aspen's pre-Offer interest in Eureka of 13.6%, particularly when combined with Cooper Investors' 22.1% interest[72], is likely to act as a deterrent to other bidders

(e) in the absence of the Offer, Eureka shares are likely (at least in the short term) to trade at a discount to our assessed value. Although Eureka shares last traded at $0.45 prior to the announcement of Aspen's intention to make a takeover offer, in our view, the share price should be supported by the additional information disclosed by Eureka subsequent to 23 January 2024 (including 1H24 results, FY24F guidance etc.) and the increase in the S&P/ASX 300 A-REIT Index[73]. There have also been recent significant on-market purchases of Eureka shares at prices in excess of $0.50 per share

(f) if Aspen successfully acquires 50.1% or more of Eureka (and the other conditions of the Offer are either waived or met), then Eureka shareholders that have accepted the Offer will likely experience an increase in earnings and dividends per share as well as an improvement in NAV and NTA per share (albeit the uplift in NAV and NTA is largely illusory as Aspen trades at a significantly larger discount to NAV / NTA than Eureka). Post-transaction, Aspen is also expected to have lower gearing than Eureka on an equivalent standalone basis

(g) the Offer exposes Eureka shareholders to different portfolio risks to those they currently face in respect of their shareholding in Eureka. Some Eureka shareholders may, even in light of the other potential advantages that may be realised, prefer not to acquire an economic exposure to Aspen's business (which is heavily concentrated in residential accommodation, and in particular, Aspen's Perth Apartments portfolio). Further, since the Offer does not reflect any premium for control, Eureka shareholders are being offered minimal, if any, financial incentive to alter their risk profile.

231 Overall, having regard to the above, we consider the advantages of the Offer to be outweighed by the disadvantages and accordingly, we have concluded that the Offer is not reasonable.

232 Further commentary relevant to our assessment of the reasonableness of the Offer follows.

Extent to which a control premium is being paid

233 It is customary when assessing the merits of a proposed change of control transaction to assess the extent of the premium offered under the proposal by comparing the offer to the pre-bid market prices of the target company's shares.

234 We have calculated the premium implied by the Offer by reference to the market prices of Eureka shares for periods up to and including 22 January 2024 (being the last trading day prior to the announcement of Aspen's intention to make a takeover offer on 23 January 2024) which we have compared against the mid-point of our assessed value range of the Offer consideration (i.e. $0.44 per Eureka share):

[72] Cooper Investors holds a significant equity interest in both Aspen and Eureka and may vote in unison with Aspen in relation to any proposal.

[73] Which increased by some 15% from between 22 January 2024 and 3 April 2024. We note that the increase in the S&P/ASX 300 A-REIT Index is heavily skewed towards Goodman Group which currently accounts for more than 38% of the index weighting and has exhibited an increase of 32% over the period between 22 January 2024 and 3 April 2024. Excluding Goodman Group, the increase in the S&P/ASX 300 A-REIT Index over this period is closer to 7%.

Implied offer premium – Offer consideration relative to recent Eureka share prices		
Date / period	Eureka share price $	Implied control premium(1) %
Closing price on 22 January 2024(2)	0.45	(2.2)
1 month VWAP to 22 January 2024(2)	0.44	-
3 month VWAP to 22 January 2024(2)	0.44	-

Note:
1 Implied control premium based on the mid-point our assessed value range of the Offer consideration (i.e. $0.44 per Eureka share).
2 Being the last trading day prior to the announcement of Aspen's intention to make a takeover offer.
Source: FactSet and LEA analysis.

235 Another way of looking at the premium represented by the Offer is to compare the value of the Aspen security price for a particular date or period with the price of Eureka shares on the same date or over the same period (albeit this analysis fails to incorporate any material post implementation synergy benefits that may be realised). On this basis, the Offer represents premiums of around negative 4.7% to positive 0.8%:

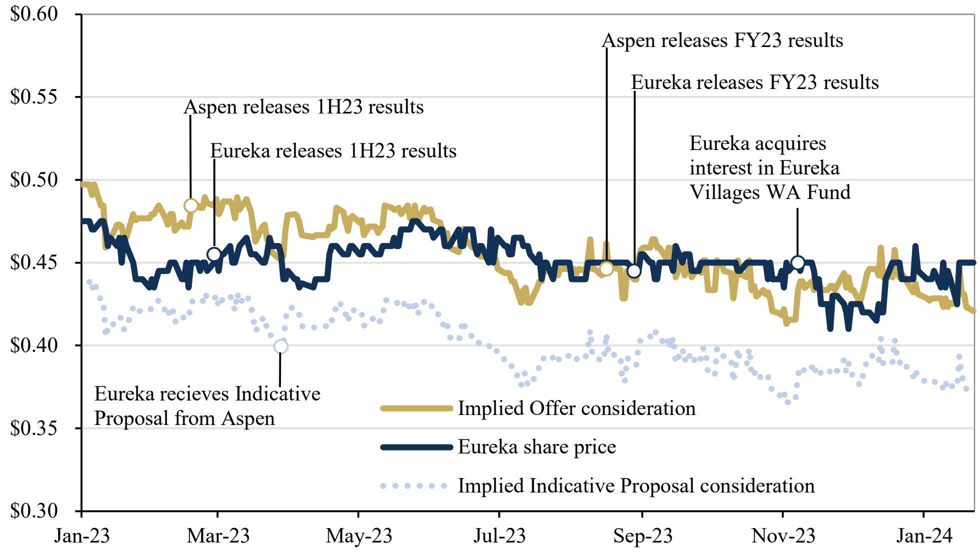
Implied offer premium – premiums implied by pre-bid prices for Aspen and Eureka(1)				
Date / period	Aspen security price $	Implied Offer consideration(2) $	Eureka share price $	Implied control premium(3) %
Closing price on 22 January 2024(4)	1.65	0.43	0.45	(4.7)
1 month VWAP to 22 January 2024(4)(5)	1.68	0.44	0.44	(0.9)
3 month VWAP to 22 January 2024(4)(5)	1.67	0.44	0.44	(1.1)
6 month VWAP to 22 January 2024(4)(5)	1.71	0.44	0.44	0.8

Note:
1 Rounding differences may exist.
2 Based upon the Aspen security price multiplied by the exchange ratio of 0.26.
3 As this is based on the Aspen security price prior to the announcement of Aspen's intention to make a takeover offer, it excludes any material post implementation synergy benefits that may be realised.
4 Being the last trading day prior to the announcement of Aspen's intention to make a takeover offer.
5 Aspen's security price has been adjusted to remove the impact of the entitlement to the 1H24 distribution of 4.3 cents per security. Prices have been adjusted from the date of declaration on 13 December 2023, through to the ex-entitlement date of 28 December 2023.
Source: FactSet and LEA analysis.

236 The value of Eureka shares relative to the implied value of the Offer consideration (based upon closing prices) from 1 January 2023 to 22 January 2024 is depicted below. This is a slight variation of the data set out immediately above and also highlights that the Offer consideration provides Eureka shareholders with little to no premium for control (as the implied Offer consideration only broadly matches, and in several instances is less than Eureka's share price, rather than it exceeding the share price[74]).

[74] The implied consideration under the Indicative Proposal was considerably worse and at all times during the depicted period represented a discount to Eureka's share price.

Eureka share price relative to implied Offer consideration[(1)(2)(3)]
1 January 2023 to 22 January 2024



Note:
1 Based upon closing prices of Eureka shares and Aspen securities, without adjustment for dividends / distributions.
2 Implied Offer consideration based on Aspen security price multiplied by the exchange ratio of 0.26.
3 Implied Indicative Proposal consideration based Aspen security price multiplied by the exchange ratio of 0.225.
Source: FactSet and LEA analysis.

237 In assessing whether the above stated premiums / (discounts) implied by the Offer are reasonable, we have considered, inter alia, the following factors:

(a) Eureka's properties are independently valued on an individual as opposed to a portfolio basis. In our view, there is a portfolio benefit (cost and diversification) that is not reflected in the individual carrying values of the properties

(b) there are likely to be economies of scale and synergies that can be achieved by a bidder in respect of Eureka's property management and development activities. Eureka also incurs various unallocated overhead costs and a proportion of these could be saved by numerous bidders[75]

(c) a bidder would achieve a significant reduction in time and transaction costs by acquiring the combined Eureka property portfolio as opposed to acquiring each of these properties individually. The stamp duty savings alone are estimated to be around $11.0 million

(d) the benefits that are likely to arise from enhanced financial scale in regards to improved access to debt and equity capital (and possibly on more attractive terms)

(e) the Offer consideration is scrip based, which increases the risk for Eureka shareholders in realising value should they wish to "monetise" their investment post-transaction, relative to an all cash offer. Investors typically seek a higher premium to compensate for this increased risk

(f) the abovementioned implied premiums are based on trading in Eureka shares up to and including 22 January 2024 and do not reflect the benefit of Eureka's 1H24 results (which included a 2.7% and 2.9% increase respectively in its reported NAV and NTA

75 As indicated in Section V Eureka management have estimated these cost savings to be more than $5.0 million.

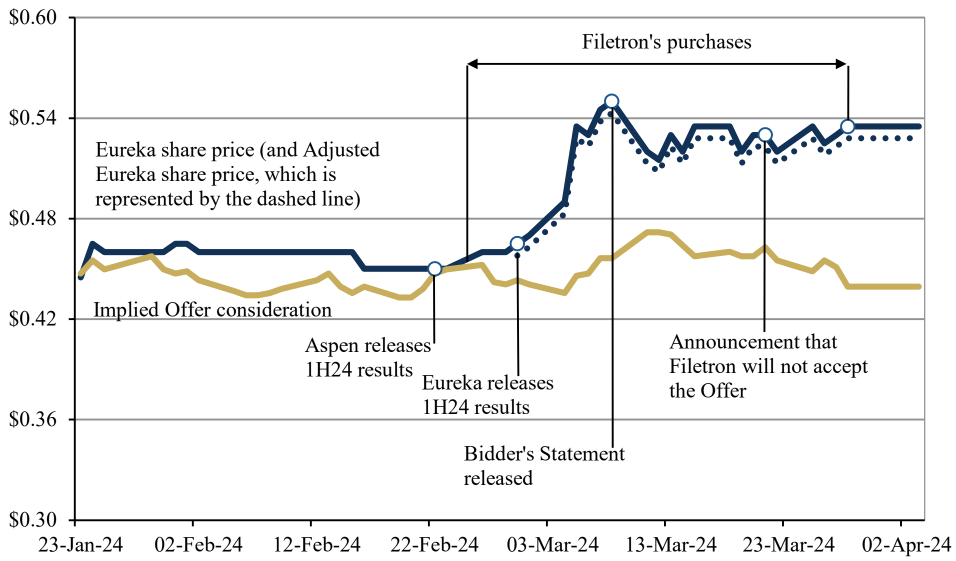
per share), the relatively positive guidance for FY24F provided within the Target's Statement, or subsequent increase in the S&P/ASX 300 A-REIT Index.

238 Given the factors outlined above, we consider it appropriate for a premium for control to apply to Eureka. Given that the premium implied by the Offer ranges between approximately negative 5% and positive 1%, in our view, the Offer does not provide Eureka shareholders with a sufficient premium for control, or an appropriate share of the synergies that could be realised.

Recent share prices subsequent to the Offer

239 The following chart depicts the ASX share trading in Eureka shares subsequent to the announcement of Aspen's intention to make a takeover offer on 23 January 2024 relative to the Offer consideration (based upon trading in Aspen shares):

Eureka share trading post-announcement of Aspen's intention to make a takeover offer(1)(2)(3)
23 January 2024 to 3 April 2024



Note:
1 Based on closing prices.
2 Implied Offer consideration based on Aspen security price multiplied by the exchange ratio of 0.26.
3 Adjusted Eureka share price represents the Eureka share price adjusted to remove the impact of the entitlement to the 1H24 distribution of 0.7 cents per share. Prices have been adjusted from the date of declaration on 29 February 2024, through to the ex-entitlement date of 4 April 2024].
Source: FactSet and LEA analysis.

240 In respect of the above, we note that:

(a) Filetron acquired some 58.7 million Eureka shares (or some 19.4% of Eureka's shares on issue) between 23 February 2024 and 28 March 2024 at prices of between $0.46 and $0.55 per share (average of $0.53 per share). Filetron's purchases represented approximately 78% of the trading volume in Eureka shares over that period. The prices paid by Filetron (even after adjusting for the entitlement to the 1H24 dividend) all exceeded the implied Offer consideration

(b) prior to Filetron's share purchases (i.e. 23 January 2024 through to and including 22 February 2024), Eureka shares (as adjusted where appropriate for the entitlement to the 1H24 dividend) traded in the range of $0.43 to $0.47 per share, with VWAP of

$0.46 per share. The closing prices during this period also exceeded the implied Offer consideration.

241 In our view, the post-announcement trading suggests that the market consensus view is that the Offer will need to be increased if it is to be successful.

242 Furthermore, as Eureka's share price subsequent to the announcement of Aspen's intention to make a takeover offer has consistently traded at a premium to the implied value of the Offer consideration, Eureka shareholders have had an opportunity to realise cash value well in excess of the Offer consideration through selling their shares on market. For as long as Eureka shares continue to trade at prices above the implied value of the Offer consideration, Eureka shareholders have no incentive to sell their shares into the Offer.

Likely price of Eureka shares if the Offer lapses

243 In our opinion, if the Offer lapses and no higher offer or alternative proposal emerges, it is likely (at least in the short term) that Eureka shares will trade at a discount to our valuation (consistent with the difference between the value of Eureka on a minority or portfolio interest basis and the value on a 100% controlling interest basis).

244 In this regard, we note that Eureka shares last traded at $0.45 per share (being the closing price on the last trading day prior to the announcement of Aspen's intention to make a takeover offer on 23 January 2024). That said, the share price should be supported by the additional information disclosed by Eureka subsequent to 23 January 2024 including its 1H24 results (which included a 2.7% and 2.9% increase respectively in its reported NAV and NTA per share) and the relatively positive guidance for FY24F provided within the Target's Statement. We also note that the S&P/ASX 300 A-REIT Index has increased by some 15% from between 22 January 2024 and 3 April 2024[76] and there have been recent significant on-market purchases of Eureka shares at prices in excess of $0.50 per share.

Aspen acquires at least 50.1% or more but less than 90% of Eureka

245 Eureka shareholders should note that the Offer is currently conditional on (inter alia) Aspen acquiring at least 50.1% of Eureka's shares.

246 Eureka shareholders should also note that there are a number of substantial shareholders on Eureka's register, such as Cooper Investors (22%), Filetron (19%) and Tribeca (12%) and that on 21 March 2024, Eureka announced that Filetron had stated that it does not intend to accept the Offer as described in the Bidder's Statement. In addition, the Directors who hold or control approximately 2.3% of Eureka's ordinary shares also intend to reject the Offer.

247 As a result, Aspen can only acquire up to 78.3% of Eureka's issued shares and performance rights under the Offer (i.e. Aspen will be unable to achieve the 90% threshold needed to move to compulsory acquisition and obtain 100% control of Eureka).

248 Should Aspen acquire between 50.1% (being the current minimum bid acceptance condition) and 78.3% of Eureka, Aspen will control Eureka including its day-to-day management,

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[76] We note that the increase in the S&P/ASX 300 A-REIT Index is heavily skewed towards Goodman Group which currently accounts for more than 38% of the index weighting and has exhibited an increase of 32% over the period between 22 January 2024 and 3 April 2024. Excluding Goodman Group, the increase in the S&P/ASX 300 A-REIT Index over this period is closer to 7%.

strategic direction and dividend payments. Should this occur the liquidity of Eureka shares may be diminished which may result in a fall in the price of Eureka shares. It should also be noted that Aspen may, depending on the level of shareholding obtained, seek to remove Eureka from the official list of the ASX[77].

249 Notwithstanding the above, should Aspen acquire between 50.1% and 78.3% of Eureka, in our opinion, there is a reasonable prospect that Aspen will make a further takeover offer at a later date in order to obtain 100% control of Eureka[78]. However, the prospect of a further future offer being made by Aspen is inherently uncertain, as too is the timing thereof and the related offer price (particularly given Filetron's shareholding and its stated intention to be a long-term investor).

250 In contrast, Aspen (post-transaction) is unlikely to be able to fully realise the potential benefits that would otherwise accrue in the event that Aspen were able to acquire 100% of Eureka. For example:

(a) the Aspen and Eureka businesses complement each other to some extent and the combination of the two is expected to yield economies of scale (and other strategic) benefits. In this regard, Aspen has estimated that it would generate annual cost savings of some $2.2 million if it acquires 100% of Eureka[79]. We note that Aspen assumes that $nil synergies will be realised if it were to acquire only 50.1% of Eureka[80]

(b) the acquisition of 100% of Eureka would increase the scale of Aspen relative to the standalone positions of Eureka and Aspen. This increased scale may have resulted in attracting greater analyst coverage and enhancing its profile, particularly with institutional investors, and provided for a more widely dispersed share register, increased liquidity and greater trading depth than that currently experienced by Eureka shareholders. The likelihood of this benefit being realised in full is now diminished

(c) the enhanced financial scale of Aspen may have also provided for improved access to debt and equity capital (and possibly on more attractive terms), compared with those currently available to either Eureka or Aspen on a standalone basis. This, in turn, may have enhanced Aspen's ability to pursue growth opportunities that are not currently available to either Eureka or Aspen as individual entities.

251 Scrip-for-scrip rollover relief will also be unavailable for Eureka shareholders that accept the Offer (refer from paragraph 264).

Aspen's current shareholding in Eureka

252 At the date of the Offer, Aspen had a relevant interest in 13.6% of the ordinary shares on issue in Eureka. Whilst Aspen could therefore prevent a competing bidder from proceeding to compulsory acquisition of Eureka, it does not currently control Eureka and, in our opinion, should therefore pay an appropriate premium for control.

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77 Section 7.5 of the Bidder's Statement.

78 Noting Eureka received an unsolicited approach from Aspen prior to the announcement of Aspen's intention to make a takeover offer for the Company.

79 For completeness, we note that Eureka management have estimated the potential cost savings available to a purchaser at more than $5.0 million (refer to Section V).

80 Section 8.3 of the Bidder's Statement.

Likelihood of an alternative offer / proposal

253 We have been advised by the Directors of Eureka that no formal alternative offers have been received subsequent to the announcement of Aspen's intention to make a takeover offer on 23 January 2024.

254 Whilst there still remains an opportunity for Filetron (which has acquired an interest of some 19.4% of Eureka since 23 February 2024), or other third parties contemplating an acquisition of Eureka (or an alternative transaction) to table a proposal, Eureka shareholders should note that Aspen's 13.6% interest in Eureka (at the date of the Offer)[81] may act as a deterrent to other bidders because:

(a) they will be unable to acquire 100% of Eureka, by way of a takeover offer, unless Aspen agrees to sell its holding

(b) it would be difficult, from a practical perspective, to acquire 100% of Eureka, by way of a scheme of arrangement, given the size of Aspen's interest in Eureka (noting also that Cooper Investors holds a significant equity interest in both Aspen and Eureka and may vote in unison with Aspen in relation to any proposed scheme of arrangement).

255 In our opinion, it is therefore possible, but at this stage, highly uncertain as to whether any superior offer / proposal is likely to be made for Eureka prior to the close of the Offer.

Pro-forma impact on earnings, distributions, NAV, NTA and gearing

256 We set out in the following table the pro-forma impact of the Offer on the financial performance and position metrics of a shareholding in Eureka assuming Aspen acquires 50.1% and 78.3%[82] respectively of Eureka's issued shares and performance rights[83]:

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81 As a result of acceptances received in respect of the Offer, Aspen's interest has increased to 35.7% at the date of this report. However, this interest will not take legal effect until all bid conditions (including the minimum acceptance condition of 50.1%) are either met or waived.

82 Being the maximum interest Aspen can attain in Eureka's fully diluted issued capital, given that Filetron has stated that it will not accept the Offer.

83 Refer to paragraphs 207 and 209 for further details with respect to the pro-forma impacts.

Eureka shareholders – pro-forma impact on financial performance and position metrics[1]	FY24F		As at 31 Dec 23		
	Underlying EPS[2] cents	DPS cents	NAV per share cents	NTA per share cents	Gearing[3] %
Eureka standalone	3.00	1.40[4]	49.0	46.2	37.5
50.1% scenario					
Aspen – pro-forma (post-transaction)	13.16	8.50	205.4	203.4	
Multiplied by exchange ratio (#)	0.26	0.26	0.26	0.26	
Equivalent per Eureka share	3.42	2.21	53.4	52.9	33.1
Increase / (decrease) per Eureka share	0.42	0.81	4.5	6.7	(4.4)
78.3% scenario					
Aspen – pro-forma (post-transaction)	12.96	8.50	202.8	200.0	
Multiplied by exchange ratio (#)	0.26	0.26	0.26	0.26	
Equivalent per Eureka share	3.37	2.21	52.7	52.0	33.1
Increase / (decrease) per Eureka share	0.37	0.81	3.8	5.8	(10.0)

Note:
1 Rounding differences may exist.
2 Calculated on a basis that is consistent with the manner in which Eureka determines underlying profit (i.e. underlying EBITDA less depreciation and amortisation and finance costs).
3 Expressed on a whole of entity basis only. Calculated on a basis that is consistent with the manner in which Eureka determines net debt (i.e. being net debt, divided by net debt plus book value of equity). If Aspen's basis of calculation were adopted the two relative positions would be 33.6% (Eureka standalone) and 30.9% (Aspen – pro-forma post-transaction).
4 Estimate based on the 1H24 dividend of 0.70 cents per share (noting Eureka has not provided any specific dividend guidance for FY24).

257 If Aspen successfully acquires 50.1% or more of Eureka (and the other conditions of the Offer are either waived or met), then Eureka shareholders that accept the Offer will likely experience an increase in earnings and dividends per share as well as an improvement in NAV and NTA per share (albeit the uplift in NAV and NTA is largely illusory as Aspen trades at a significantly larger discount to NAV / NTA than Eureka[84]). Post-transaction, Aspen is also expected to have lower gearing than Eureka on an equivalent standalone basis.

Different risk profile

258 It is important that Eureka shareholders understand that if they accept the Offer they will become exposed to different portfolio risks to those they currently face in respect of their shareholding in Eureka.

259 At present, Eureka invests in a single type of property asset (affordable seniors' rental accommodation in Australia), whereas Aspen invests in multiple different property types (residential apartments and homes, seniors' lifestyle communities and villages as well as

84 Since the release of its FY23 results through to the last trading day prior to the announcement of its intention to make a takeover offer, Aspen traded at a discount to NAV and NTA of approximately 15%. Eureka, on the other hand, traded at a much smaller discounts to NAV and NTA of approximately 8% and 2% respectively.

short-stay communities[85]) that have differing tenant demographics and greater variability in lease terms and risk. In particular, it should be noted that:

(a) Aspen's strategy is to target 20% of earnings from development activities[86]. These activities are of higher risk than those to which Eureka shareholders are currently exposed and there may be difficulty securing the funding required to pursue such activities

(b) only some 17% of the book value of Aspen's property portfolio and development property as at 31 December 2023 is represented by its Lifestyle segment. Within that segment only the rental retirement communities (which represent some 13% of Aspen's portfolio)[87] are directly comparable to Eureka's operations. The remaining components of Aspen's portfolio comprise property types (residential and short-stay communities[88]) to which Eureka shareholders are not currently exposed

(c) Aspen's greatest concentration of assets is in residential accommodation, noting that the Perth Apartment portfolio is Aspen's single largest asset, representing approximately 28% of the book value of its property portfolio and development property inventories as at 31 December 2023

(d) unlike 95% of Eureka's tenants, it would appear not all of Aspen's tenants qualify for and receive government rental assistance / pensions (and have those payments direct debited)

(e) unlike Eureka which has had 90% of its property portfolio independently valued on or since 30 June 2023, approximately one third of Aspen's properties have not been independently valued since 31 December 2022.

260 Given the above, some Eureka shareholders may, even in light of the other potential advantages that may be realised, prefer not to acquire an economic exposure to Aspen's business.

261 Further, since the Offer does not reflect any premium for control, Eureka shareholders are being offered minimal, if any, financial incentive to alter their risk profile. Essentially, they could achieve a similar change in risk profile on similar financial terms to those proposed by the Offer by selling some of their Eureka shares on market and using the net proceeds to buy Aspen shares[89].

Other qualitative and strategic issues

Lack of certainty of price and outcome for Eureka shareholders

262 The Offer consideration is scrip and its value, relative to a cash offer, is subject to much greater uncertainty due to the daily fluctuation in the listed market prices of Aspen securities.

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85 For example, holiday parks.

86 This is broadly consistent with the earnings contribution from development activities during FY21, FY22, FY23 and 1H24.

87 Lifestyle segment properties other than Lewis Fields, Wodonga Gardens and Alexandria Cove.

88 For example, holiday parks.

89 Eureka shareholders would incur transaction costs (and potentially crystallise a tax liability) in doing so.

263 Further, given that Aspen has historically exhibited relatively low levels of trading liquidity in its securities, Eureka shareholders may have limited opportunities to realise their investment at or above our assessed value of the Offer consideration immediately or in the short-term[90], particularly if they wish to sell a sizeable holding or many Eureka shareholders seek to sell their holdings at or around the same time. That said (as noted in Section V), Eureka shares have not (in aggregate) typically traded in high volumes with the level of turnover in Eureka on a standalone basis being relatively low.

Tax considerations

264 For those Eureka shareholders that hold their Eureka shares on capital account for Australian income tax purposes, acceptance of the Offer will give rise to a capital gains tax (CGT) event for Australian CGT purposes. This may result in some Eureka shareholders being liable for CGT noting that the 80% threshold required for scrip-for-scrip rollover relief is not available as Filetron and the Eureka Directors who hold shares (which collectively account for 21.7% of Eureka's ordinary shares on issue) do not intend to accept the Offer.

265 This means Eureka shareholders who make a capital gain on the disposal of their Eureka shares will crystallise a CGT liability if they accept the Offer and the Offer becomes unconditional, despite not receiving any cash consideration under the Offer.

266 The taxation consequences of accepting the Offer depend on the individual circumstances of each investor. Eureka shareholders should read the taxation advice set out in Section 10 of the Bidder's Statement and Section 10 of the Target's Statement and should consult their own professional adviser if in doubt as to the taxation consequences of the Offer.

Ineligible foreign Eureka shareholders and small shareholders

267 Ineligible Foreign Eureka Shareholders, being a Eureka shareholder who has a registered address in a jurisdiction other than Australia (or its external territories) or New Zealand, will not be entitled to receive Aspen securities as consideration for their Eureka shares, unless Aspen otherwise determines in its absolute discretion.

268 The Aspen securities which would otherwise have been issued to Ineligible Foreign Eureka Shareholders will instead be issued to a Sale Nominee that will be appointed by Aspen and approved by ASIC. The Sale Nominee will sell these Aspen securities and the net proceeds of the sale of such securities will then be remitted to the relevant Ineligible Foreign Eureka Shareholders (further detail on these costs are outlined at Section 15.9 of the Bidder's Statement).

269 Whilst those Ineligible Foreign Eureka Shareholders that wish to maintain an interest in Eureka would be able to buy Aspen securities on-market with the proceeds they receive, it is important to note that these proceeds will be subject to any potential tax obligations of the individual shareholder and transaction costs (if any) on the acquisition of Aspen securities.

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[90] Noting that any decision to continue to hold Aspen securities beyond the immediate to short term is a separate investment decision which should be made by Eureka shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Eureka shareholders should therefore seek independent professional advice specific to their individual circumstances if required.

Brokerage and stamp duty

270 No brokerage or Australian stamp duty will be payable by those Eureka shareholders (other than Ineligible Foreign Eureka Shareholders) who accept the Offer. As discussed above, Ineligible Foreign Eureka Shareholders will incur various expenses associated with the sale of the Aspen securities which would otherwise have been issued to them.

Appendix A

A Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

Financial Services Guide

3 LEA has been engaged by Eureka to provide general financial product advice in the form of an IER in relation to the Offer. The Corporations Act requires that LEA include this Financial Services Guide (FSG) with our IER.

4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

General financial product advice

5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $210,000 plus GST.

7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of

performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Target's Statement should not be directed toward LEA as it is not responsible for the preparation of this document.

12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Compensation arrangements

13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

B Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Mr Nathan Toscan and Ms Julie Planinic, who are each authorised representatives of LEA. Mr Toscan and Ms Planinic have over 21 years' and 24 years' experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of Eureka to accompany the Target's Statement to be sent to Eureka shareholders. It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Offer is "fair and reasonable" to Eureka shareholders.

4 LEA expressly disclaims any liability to any Eureka shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

Interests

5 At the date of this report, neither LEA, Mr Toscan nor Ms Planinic have any interest in the outcome of the Offer. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

6 LEA has not had within the previous two years, any business or professional relationship with Eureka or Aspen or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

8 LEA has had no part in the formulation of the Offer. Its only role has been the preparation of this report.

Indemnification

9 As a condition of LEA's agreement to prepare this report, Eureka agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Eureka which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Appendix B

Consents

10 LEA consents to the inclusion of this report in the form and context in which it is included in Eureka's Target Statement.

C Valuation methodologies

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

(a) the DCF methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) 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.

2 Under the DCF methodology the value of the business is equal to the net present value of the estimated future cash flows including a terminal value. In order to arrive at the net present value the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

3 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

4 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or NPAT. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

5 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

D Trading evidence

1 The following table summarises the key trading metrics of ASX listed entities that are primarily focused upon providing forms of affordable residential housing for Australians, in particular, senior Australians (e.g. seniors' rental accommodation, LLCs or manufactured housing estates, etc.)[91]:

Listed company multiples(1)

	Market cap	Market cap / NAV(2)	Market cap / NTA(2)	Market cap / earnings(3)(4)(5) FY23	FY24	FY25	FY26	Distribution yield(4)(6) FY23	FY24	FY25	FY26
Company	$m	times	times	x	x	x	x	%	%	%	%
Eureka	136	0.9	1.0	16.4	13.5	12.3	11.0	3.0	3.1	3.1	3.2
Ingenia	2,050	1.3	1.4	21.7	19.8	16.6	14.4	2.2	2.2	2.4	2.7
Lifestyle Comm.	1,811	3.4	3.4	17.8	21.3	13.9	11.6	1.1	1.1	1.4	1.7
Aspen	297	0.8	0.8	14.9	13.1	11.6	10.9	4.7	5.2	5.9	6.4

Note:
1 Ingenia and Lifestyle Communities as at 3 April 2024, based upon latest available information. Eureka and Aspen as at 22 January 2024 (being the last trading day prior to the announcement of Aspen's intention to make a takeover offer).
2 As at 31 December 2023.
3 Underlying operating profit before tax and before amortisation of acquired intangibles.
4 Forecast earnings and dividend yield are based on FactSet broker average forecasts (excluding outliers and outdated forecasts).
5 Eureka's underlying operating earnings have been adjusted to exclude amortisation of acquired intangibles and include an allowance for its share of interest expense in relation to the Tasmanian JV. Aspen's underlying operating earnings have been adjusted to include an allowance for depreciation (other than depreciation associated with right of use assets).
6 Dividend yield for Lifestyle Communities has been grossed up to allow for the benefit of franking credits that are attached to its distributions (noting that the other entities do not distribute fully franked dividends).

Source: FactSet, company announcements and LEA analysis.

2 Brief descriptions of each of the above companies follow.

Eureka and Aspen

3 Refer to the profile of Eureka and Aspen in Sections III and IV respectively.

Ingenia Communities Group

1 Ingenia Communities Group (Ingenia) is an owner and developer of communities offering affordable rental and holiday accommodation focused on the growing seniors' market in Australia. The largest proportion of Ingenia's portfolio is associated with its Lifestyle Rental

91 Although Mirvac Group and Stockland operate LLCs / manufactured housing estates, they also engage in other more significant operations, which diminish their relevance in the context of this report. We have also excluded from our analysis Summerset Group Holdings Pty Ltd and Oceania Healthcare Limited which operate retirement villages in New Zealand and are therefore exposed to a different regulatory environment and aged care providers such as Regis Healthcare Limited.

segment which comprises a portfolio of LLCs (which are primarily marketed to persons aged 55 plus), followed by the Ingenia Holidays segment which comprises a portfolio of holiday parks (caravan, camping, cabin and other forms of tourism accommodation). The company also owns a portfolio of seniors' rental accommodation properties referred to as Ingenia Gardens and develops and sells manufactured homes through its Lifestyle Development segment. As at 31 December 2023, Ingenia had over 15,700 incoming generating units and another 5,935 in development.

Lifestyle Communities Limited

2 Headquartered in Melbourne, Lifestyle Communities is a manufactured housing estate operator that engages in the development, ownership, and management of LLCs (that are primarily marketed to persons aged 50 plus) across VIC. As at 31 December 2023, the company had a portfolio of 22 communities in operation with 5,300 home owners and a further 10 communities in the planning and development phase.

Appendix E

E Transaction evidence

1 A selection of relevant transactions for the last decade involving A-REITs for which financial information is available is set out below (with a brief description of each of the transactions and target entities following):

Transaction evidence – A-REITS

Date[1]	Target	Type	Value[2] A$m	Distribution yield[3] H[4] %	Distribution yield[3] F[4] %	Premium / (discount) to NTA[5] %	Premium / (discount) to Price[6] %
Internally managed							
Aug 22	Folkestone	Diversified	210	2.2	na	36.6	29.0
Mar 22	Irongate Group	Specialised	1,287	4.7	4.8	9.2	29.3
Oct 21	Aventus Group	Specialised	2,180	4.8	4.8	12.3	5.5
Sep 21	ALE Property Group	Specialised	1,149	3.8	3.8	39.5	21.6
Aug 19	Aveo Group[6]	Residential	1,249	2.1	1.5	(38.6)	16.8
Nov 18	Propertylink Group	Specialised	723	6.1	6.1	11.7	13.1
Oct 18	Asia Pacific Data Centre Group	Specialised	232	4.7	na	-	8.3
Jul 18	Gateway Lifestyle Group	Residential	689	4.0	4.4	38.8	26.6
Dec 17	Westfield Corporation	Specialised	20,192	3.5	3.6	22.9	15.0
Jul 17	Asia Pacific Data Centre Group	Specialised	224	5.0	na	18.2	25.8
Nov 15	Aspen Property Parks Fund	Residential	147	6.3	6.3	37.0	n/a[7]
Feb 15	Novion Property Group	Specialised	7,846	5.3	5.4	29.4	7.2
Jun 14	Australand Property Group	Diversified	2,606	4.8	5.7	21.7	18.9
Externally managed							
Nov 20	Vitalharvest Freehold Trust	Specialised	190	3.6	4.0	30.1	58.8
Oct 18	Investa Office Fund	Specialised	3,351	3.6	3.6	2.2	33.6
Apr 17	Generation Healthcare REIT	Specialised	508	3.9	3.9	38.6	12.6
Mar 17	Centuria Urban REIT	Specialised	170	6.9	6.5	1.9	2.9
Apr 17	Brookfield Prime Property Fund	Specialised	432	2.9	na	(2.5)	18.3
Jul 16	GPT Metro Office Fund	Specialised	321	6.1	6.2	7.3	10.9
Dec 14	Australian Industrial REIT	Specialised	233	7.6	8.0	13.8	9.9
Nov 14	Folkestone Social Infrastructure Trust	Specialised	89	6.4	6.7	4.8	19.6
Sep 14	Mirvac Industrial Trust	Specialised	78[10]	-	-	3.4[9]	31.3
Apr 14	Challenger Diversified Property Group	Diversified	587	6.5	6.8	1.1	5.8

Note:
1 Date of announcement.
2 Implied value of 100% if transaction does not already involve an acquisition of 100%.
3 Excludes returns of capital and special distributions.
4 H – historical. F – forecast.
5 Based upon last publicly reported NTA prior to completion of the transaction.
6 Based on the VWAP of the securities one week prior to the first announcement indicating a transaction might occur, adjusted (where necessary) for dividends / distributions which were excluded from the consideration. Where a significant period of time has elapsed between the last undisturbed security price and the eventual transaction, adjustment has been made for movements in the ASX A-REIT 200 Index or movements in reported net assets.
7 Aveo's premiums are based on the cash consideration as it is not possible to reliably estimate the value of the scrip alternative.
8 Aspen was not listed on the ASX.
9 Acquisition of a strategic stake. Subsequently renamed Centuria Urban REIT.
10 Acquisition of a strategic stake. Subsequently renamed Centuria Industrial REIT.
11 Mirvac Industrial Trust was not paying distributions and did not expect to pay distributions in the foreseeable future.
na – not available; n/a – not applicable.
Source: Bloomberg, FactSet, ASX announcements, press articles and LEA analysis.

Internally managed REITs

Acquisition of Folkestone by Charter Hall Group

271 On 22 August 2022, Folkestone announced it had entered into a scheme implementation agreement with Charter Hall under which Charter Hall would acquire all of the shares in Folkestone for cash consideration of $1.39 per share, comprising $1.354 cash and a special dividend of $0.036. At that time Folkestone held a 12% direct interest in the ASX listed Folkestone Education Trust (FET), and a subsidiary of Folkestone was the responsible entity for FET. FET owned 410 early learning properties, including 23 development sites, in Australia and New Zealand and had gross assets of around $1 billion. Folkestone also had around $1.6 billion funds under management for private clients and institutional investors, as well as a portfolio of development properties.

Acquisition of Irongate Group by PGGM and Charter Hall Group

272 On 30 March 2022, Irongate announced that it had entered into a scheme implementation agreement, under which Charter Hall PGGM Industrial Partnership No. 2 (Partnership[92]) would acquire all of the units in Irongate Property Fund I and Charter Hall Holdings Pty Ltd (Charter Hall) would acquire all of the units in Irongate Property Fund II (Irongate). Irongate securityholders received cash consideration of $1.90 and retained entitlement to the March 2022 distribution of $0.467. Irongate owned and managed a portfolio of 37 office and industrial properties across Australia and New Zealand, leased to 165 tenants. The portfolio was valued at $1.7 billion. Irongate also managed property assets for external investors.

Merger of Aventus Group with HomeCo Daily Needs REIT (HomeCo) and Home Consortium

273 On 18 October 2021, Aventus announced that it had entered into a scheme implementation deed to merge with two ASX listed entities, HomeCo and Home Consortium. Pursuant to the deed, Aventus securities would be unstapled to allow Aventus Retail Property Fund to merge with HomeCo and Aventus Holdings Ltd to merge with Home Consortium. Aventus securityholders could choose to receive 2.2 HomeCo units and either $0.285 cash or 0.038 Home Consortium securities. Following the transaction Aventus shareholders were

[92] The Partnership comprised Dutch pension fund PGGM (88% interest) and Charter Hall (12% interest).

expected to hold around 61% of HomeCo and up to 6.9% of Home Consortium. Home Consortium was a fund manager with a diversified portfolio of externally and directly owned property assets valued at $2.5 billion across Australia. HomeCo owned 32 diversified property assets across Australia, valued at $1.8 billion. Its portfolio was managed by Home Consortium, which held a 25% stake in HomeCo.

274 At the time of the transaction, Aventus was an internally managed stapled entity that owned and managed 19 large format retail properties located on the Australian east coast, with a large exposure to metropolitan Sydney. The portfolio was valued at approximately $2.3 billion. Tenants included Bunnings, The Good Guys and Harvey Norman.

Acquisition of ALE Property Group by Charter Hall Group

275 On 20 September 2021 ALE Property Group (ALE) announced that it had entered into a scheme implementation deed with a consortium managed by Charter Hall Group, representing Charter Hall Long WALE REIT (CLW), Hostplus Pooled Superannuation Trust (Hostplus) and an entity controlled by CLW and Hostplus. Under the deed the consortium would acquire 100% of ALE securities. The default consideration was 0.4080 CLW securities and $3.673 cash per ALE security. ALE securityholders had the option to instead receive all scrip (1.1546 CLW per ALE security) or all cash ($5.681 per ALE security), subject to scale-back[93]. In addition all ALE securityholders would retain the September quarter distribution of $0.055.

276 ALE was an internally managed ASX listed REIT that owned a portfolio of 78 freehold pub properties across Australia, valued at around $1.2 billion. All the properties in the portfolio were leased to a wholly-owned subsidiary of ASX listed Endeavour Group, for an average remaining lease term as at 30 June 2021 of 7.5 years with options for Endeavour Group to extend.

Acquisition of Aveo Group by Brookfield Property Group

277 On 14 August 2019, Aveo announced it had entered into a scheme implementation deed with entities controlled by Brookfield Property Group (Brookfield), whereby Brookfield would acquire 100% of Aveo securities. The offer followed an announcement in February 2019 that Aveo had received indicative non-binding offers from several parties. Aveo securityholders had the option to receive cash consideration of $2.15 per security, or 2.15 units per security in an unlisted Bermudan limited partnership that would indirectly hold the acquired Aveo shares. Aveo was a stapled entity that developed and operated retirement villages and aged care facilities in Australia. Aveo also developed residential, commercial and retail property. At the time of the acquisition Aveo owned and operated 94 villages, comprising 2,119 dwellings, housing around 14,000 residents.

Acquisition of PropertyLink Group by EST Cayman Ltd

278 On 12 November 2018, PropertyLink announced it had entered into a binding bid implementation agreement with a subsidiary of ESR Cayman Limited under which it would acquire all PropertyLink securities it did not already own for cash consideration. The consideration paid was $1.164 (being $1.20 less a distribution of $0.036).

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93 The all cash offer was scaled back to $4.038 cash and 0.3339 CLW securities per ALE security.

279 PropertyLink was an internally managed real estate group that owned and managed industrial and office properties located in Australia. PropertyLink's portfolio of wholly-owned industrial properties was valued at around $841 million, had 31 assets (located in Sydney, Melbourne, Brisbane and Perth) and accounted for around 75% of revenue. PropertyLink also managed five external funds focused on institutional, investment grade Australian property in the industrial and office sectors, with total external assets under management of $1,028 million.

Acquisition of Asia Pacific Data Centre Group (APDC) by NEXTDC Ltd

280 On 8 October 2018, NEXTDC announced that it was making an on market takeover bid at $2.00 per APDC security and that 360 Capital Group (360 Capital), which held 67.3% of APDC, intended to accept the offer. As NEXTDC already held around 29.2% of APDC, acceptance by 360 Capital gave NEXTDC an interest of 96.5% and the right to proceed to compulsory acquisition of the outstanding APDC securities. Securityholders accepting the offer after the record date of 12 October 2018 also received a special distribution of $0.02 per security, which was declared on 8 October 2018. APDC was ASX listed and internally managed, with core assets being three data centres in Australia, occupied by NEXTDC under long-term lease arrangements.

Acquisition of Gateway Lifestyle Group by Hometown America Holdings

281 On 2 July 2018, Hometown announced its intention to make an off-market takeover offer for all the stapled securities in Gateway for cash consideration of $2.25 per security. The offer followed a number of earlier indicative non-binding proposals made by Hometown and competing proposals from Brookfield. Gateway owned 58 residential land lease communities in Australia, housing around 10,000 residents. The company's income was predominately from long-term site rental, and the sale of new homes to residents.

Acquisition of Westfield Corporation by Unibail-Rodamco SE

282 On 12 December 2017, Westfield and Unibail-Rodamco jointly announced that Unibail-Rodamco had entered into an agreement to acquire all Westfield securities for consideration comprising cash of US$7.55 and 0.01844 Unibail-Rodamco stapled securities, which was equivalent to around A$10.01 on the announcement date, and that the Lowy family intended to vote in favour of the transaction[94]. Following the transaction Westfield securityholders held around 28% of Unibail-Rodamco.

283 Westfield was an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds / asset management, property management, leasing and marketing activities worldwide. Westfield had interests in 35 shopping centres in the United States of America (US) and the United Kingdom, encompassing approximately 6,400 retail outlets and had total assets under management of US$32 billion. Westfield's 90% interest in OneMarket, Westfield's retail technology platform, was spun-out prior to the Unibail-Rodamco transaction.

94 As at 11 April 2018, the Lowy family and Unibail-Rodamco each had an interest in Westfield of around 9.57%.

Appendix E

Acquisition of Asia Pacific Data Centre Group by 360 Capital

284 On 2 May 2017, 360 Capital announced it had purchased a 19.8% stake in APDC. On 28 June 2017, 360 Capital requisitioned a meeting of securityholders to consider the appointment of 360 Capital FM Limited as responsible entity of APDC, however the meeting requisition was withdrawn to facilitate due diligence in relation to the proposed acquisition of APDC by 360 Capital. On 31 July 2017, APDC announced that NEXTDC had made a competing takeover offer for all of the securities in APDC it did not already own. At that time NEXTDC had a 19.99% interest in APDC and was the sole tenant of APDC's portfolio of three call centre properties in Australia. On 13 September 2018, 360 Capital made a competing cash offer at $1.95 per security. The offer closed on 20 November 2017 with 360 Capital having a 67.31% interest in APDC.

Acquisition of Aspen Parks Property Fund (APPF) by Discovery Parks Group

285 On 14 September 2015, ASX listed Aspen Group and unlisted APPF announced that they had entered into an agreement to merge the two groups. Aspen already held a 42% interest in APPF and managed the Fund. On 26 October 2015, Discovery Parks Group announced a competing takeover offer for APPF for cash consideration of $0.58 per APPF security. In order to secure the asset, on 20 November 2015, Discovery Parks Group increased its offer to $0.63 per APPF security. At the time of the acquisition APPF owned and operated a $223 million portfolio of 21 short stay and permanent residential accommodation properties located in major tourist destinations and retiree regions throughout Australia. The parks typically have a combination of permanent cabins and caravans, as well as powered and unpowered caravan / camping sites. Permanent residents and annual tourists own their cabin and lease the land from APPF. Four parks specifically catered to resource sector contractors. APPF paid a monthly income distribution from the cash flows generated by the property portfolio.

Merger of Novion Property Group (Novion) and Federation Centres

4 On 3 February 2015, Novion and Federation Centres announced that they had entered into an agreement to merge the two groups. Under the agreement Novion securityholders would receive 0.8225 Federation Centres stapled securities per Novion security. Existing Novion securityholders were expected to own around 64% of the merged group. At the time of the merger Novion was one of Australia's largest retail property groups with a fully integrated funds and asset management platform and $14.9 billion in retail assets under management. Novion held interests in 27 retail assets across Australia valued at $9.1 billion and was internally managed.

Acquisition of Australand Property Group (Australand) by Frasers Centrepoint Limited

286 On 19 March 2014, Australand announced that its major shareholder had sold its 39.12% stake and that Stockland's stake had increased to 19.9%. On 23 April 2014, Australand announced it had received a proposal from Stockland to acquire all of the Australand securities it did not already own. The proposed full scrip offer was increased and due diligence commenced. On 4 June 2014 Australand announced a competing and ultimately successful takeover offer from Fraser Centrepoint for cash consideration of $4.48 per security, which also allowed securityholders to retain a full first half distribution and receive a pro rata second half distribution. Australand was one of Australia's leading diversified property groups with an industrial and office property portfolio of $2.4 billion. The group was also

involved in the development and construction of commercial, industrial and residential properties which accounted for almost 40% of operating EBIT in the year prior to the transaction.

Externally managed REITs

Acquisition of Vitalharvest Freehold Trust by Macquarie Agricultural Funds Management

287 On 9 November 2020, Vitalharvest's responsible entity[95] announced it had received a proposal from an agricultural fund managed by Macquarie Infrastructure and Real Assets to acquire all of the issued units in Vitalharvest. On 26 February 2021 a competing non-binding proposal was received from Roc Private Equity Pty Ltd. Following a competitive bidding process the final successful bid of $1.305 per unit (being $1.33 cash less a final distribution $0.025) was made on 10 June 2021 by Macquarie Agricultural Funds Management Ltd as trustee for Macquarie Agriculture Fund – Crop Australia 2.

288 Vitalharvest owned four berry and three citrus farms, along with water rights, in Australia. The properties were located in NSW, TAS and SA. Vitalharvest leased the properties to wholly-owned subsidiaries of Costa Group Holdings Limited, on an initial 15-year term that commenced in 2011. Costa Group had options to extend for an additional 10 years.

Acquisition of Investa Office Fund by Oxford Properties Group Inc

289 On 13 June 2018, Investa's responsible entity announced it had entered into a scheme implementation agreement under which Blackstone Singapore Pte Ltd would acquire all of the units in Investa. A competing proposal from Oxford Properties Group was announced on 4 September 2018, with Oxford's final successful cash offer of $5.60 per Investa unit being announced on 18 October 2018. Investa was an externally managed ASX listed REIT with a portfolio of 20 investment grade office buildings in CBD markets throughout Australia. The portfolio had a book value of around $4.4 billion.

Acquisition of Generation Healthcare REIT by NorthWest Healthcare Properties REIT

290 On 24 April 2017, NorthWest Healthcare Properties REIT (NorthWest) announced a cash offer for all of the units Generation Healthcare REIT (Generation) it did not already own, and on 5 May 2017 it announced a final offer of $2.30 cash per unit. At that time NorthWest had a 22.73% holding in Generation and wholly owned the manager of Generation, which it had acquired in June 2016. Generation's responsible entity was wholly owned by APN Property Group Limited. Generation had interests in a portfolio of property assets which included hospitals, medical centres and residential aged care facilities plus a development pipeline. As at 31 December 2016, Generation had total assets under management of $621 million with investments located in VIC, QLD and NSW.

Acquisition of Centuria Urban REIT (CUA) by Centuria Metropolitan REIT (CMA)

291 On 3 March 2017, CUA's responsible entity announced that it and the responsible entity of ASX listed CMA had entered into a scheme implementation agreement, under which CMA would acquire all of the issued units in CUA that it did not already own. The consideration was 0.88 CMA units and $0.23 cash per CUA unit. CUA's responsible entity was part of the

[95] The Trust Company (RE Services) Ltd, which is part of Perpetual Limited.

Centuria Capital Group, as was the responsible entity of CMA. At the time of the transaction Centuria Capital Group had a 28.8% interest in CUA and an interest of around 16% in CMA. CMA held 8.76% of CUA before the transaction, which was structured as an "NTA-for-NTA" merger of equals. CUA was an externally managed ASX listed REIT with a portfolio comprised of three A-grade suburban offices properties (two in Brisbane and one in Melbourne) valued at around $210 million.

Acquisition of Brookfield Prime Property Fund (BPP Fund) minorities by Brookfield BPPF Investments[96]

292 On 7 April 2017 the responsible entity for BPP Fund announced a proposal under which BPP Fund's controlling shareholder would acquire the 19.6% of BPP Fund securities it did not already own. The consideration was $8.815 cash per unit, being $8.89 per unit less a distribution of $0.075 payable in April 2017. BPP Fund was externally managed, ASX listed and held a portfolio of interests in four A-grade office buildings, of which three were located in the Sydney CBD and one was in Perth. The portfolio was valued at $707 million.

Acquisition of GPT Metro Office Fund by Growthpoint

5 On 1 July 2016, Growthpoint made an offer to acquire all the units in GPT Metro Office Fund. This offer gazumped Centuria Metro REIT's offer announced on 16 June 2016, which included consideration of $0.31 cash and one Centuria Metro REIT stapled security per GPT Metro Office Fund unit. Under the successful Growthpoint offer, GPT Metro Office Fund unitholders received 0.3968 Growthpoint stapled securities and $1.25 cash per unit. GPT Metro Office Fund was an externally managed ASX listed REIT offering investors exposure to a $439.3 million portfolio of six office properties located in Sydney, Melbourne and Brisbane.

Acquisition of Australian Industrial REIT (ANI) by Industrial Fund

6 On 19 December 2014, ANI announced that it had received an unsolicited off-market all scrip takeover offer from the responsible entity for 360 CIF to acquire all of the units in ANI. The offer was subsequently increased a number of times over the following nine months, while ANI concurrently solicited other bidders. On 22 September 2015, 360 CIF increased its offer to 0.90 360 CIF units and 24.5 cents cash per ANI unit[97], as well as a further 4.84[98] cents cash per ANI unit for unitholders who accepted before 12 October 2015. ANI unitholders were expected to hold approximately 40% of 360 CIF after the transaction. At the time of the acquisition ANI was an externally managed ASX listed REIT that held a $330 million portfolio of 16 industrial properties located across Sydney, Melbourne and Perth.

Merger of Folkestone Social Infrastructure Trust (FST) with Folkestone Education Trust

7 On 13 November 2014, FST announced that it had entered into a merger agreement with FET, by way of a trust scheme under which FET would acquire FST. Under the merger FST unitholders would receive 1.32 FET units plus cash consideration of $0.675 for every FST unit (implying a value of $3.14 per FST unit). FST was an externally managed ASX listed

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96 A wholly-owned subsidiary of Brookfield Australia Pty Limited, ultimately controlled by Brookfield Asset Management Inc.

97 14.5 cents per unit to be paid by 360 CIF and 10.0 cents per ANI unit to be paid by 360 Capital.

98 Being the ANI equivalent of the 360 CIF's September distribution.

REIT that invested in Australian social infrastructure property and securities. At the time of the proposed merger FST held 49 properties, with property assets geographically diversified across Australia, with a value of $93.3 million.

Acquisition of Mirvac Industrial Trust (MIX) by the Goldman Sachs Group

8 On 28 May 2014, MIX announced it would undertake a formal process to seek expressions of interest to realise 100% of MIX units listed on the ASX. On 19 September 2014, MIX announced that it had entered into a scheme implementation agreement with Austfunding Pty Ltd, a wholly owned subsidiary of Goldman Sachs Group, under which Goldman Sachs Group would acquire all of the units in MIX. Under the offer, the total consideration was US$30.5 million less transaction costs. As at the announcement date it was estimated MIX unitholders would receive a cash payment of $0.214 per MIX unit (based on an AUD:USD exchange rate of 0.8973 as at 18 September 2014). The actual consideration paid was A$0.2258 cash per unit. MIX was not paying distributions and did not expect to pay distributions in the foreseeable future. MIX was an externally managed industrial property trust listed on the ASX that owned a portfolio of industrial properties in the greater Chicago metropolitan region in the US. At the time of the acquisition MIX owned 24 B-grade industrial properties with a book value of US$164.0 million.

Acquisition of Challenger Diversified Property Group (CDI) minorities by Challenger Life Company Ltd

9 On 11 April 2014, CDI's majority unitholder Challenger Life Company Limited (Challenger Life), a wholly-owned subsidiary of Challenger Limited, announced an offer to acquire all of the units in CDI it did not already own for $2.74 cash per CDI unit. At the time of the offer, Challenger Life held 58.7% of the units in CDI. CDI was a diversified A-REIT with interests in 27 office, retail and industrial properties located in Australia and France with a carrying value of $867 million. Around 25% of the portfolio, by value, was co-owned by Challenger Life or its related entities. The properties were predominately located in Australia (93%) and were geographically diversified across all six states.

F Glossary

Term	Meaning
1H24	Six months to 31 December 2023
360 Capital	360 Capital Group
AASB 16	Australian Accounting Standard AASB 16 – *Leases*
ABS	Australian Bureau of Statistics
AFCA	Australian Financial Complaints Authority
AFR	Australian Financial Review
ALE	ALE Property Group
ANI	Australian Industrial REIT
APDC	Asia Pacific Data Centre Group
APPF	Aspen Parks Property Fund
A-REIT	Australian listed REIT
ASIC	Australian Securities & Investments Commission
Aspen	Aspen Group
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Australand	Australand Property Group
AWSS	Aspen Whitsunday Shores Pty Limited
Bidder's Statement / Replacement Bidder's Statement	Replacement Bidder's Statement in respect of the Offer released on 15 March 2024
BPP Fund	Brookfield Prime Property Fund
Brookfield	Brookfield Property Group
CAGR	Compound annual growth rate
CDI	Challenger Diversified Property Group
CGB	Commonwealth Government Bond
CGT	Capital gains tax
Challenger Life	Challenger Life Company Limited
Charter Hall	Charter Hall Holdings Pty Ltd
CLW	Charter Hall Long WALE REIT
CMA	Centuria Metropolitan REIT
Cooper Investors	Cooper Investors Pty Limited
Copia	Copia Investment Partners Ltd
Corporations Act	*Corporations Act 2001* (Cth)
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
CUA	Centuria Urban REIT
DCF	Discounted cash flow
DMF	Deferred management fees
DPS	Distributions per security / Dividends per share
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
EPS	Earnings per share
Ethical Partners	Ethical Partners Funds Management Pty Ltd
Eureka / the Company	Eureka Group Holdings Limited
Eureka Villages WA Fund / the WA Fund	Eureka Villages WA Property Trust
FET	Folkestone Education Trust

Appendix F

Term	Meaning
Filetron	Filetron Pty Limited
First Supplementary Bidder's Statement	First Supplementary Bidder's Statement in respect of the Offer released on 15 March 2024
FSG	Financial Services Guide
FST	Folkestone Social Infrastructure Trust
FY	Financial year
Generation	Generation Healthcare REIT
HomeCo	HomeCo Daily Needs REIT
Hostplus	Hostplus Pooled Superannuation Trust
IER	Independent expert's report
Indicative Proposal	Unsolicited, non-binding, indicative and conditional proposal received by Eureka from Aspen on 2 March 2023 to acquire all the issued shares of Eureka that it did not already own at an offer price of 0.225 stapled securities in Aspen for each ordinary share held in Eureka
Ineligible Foreign Shareholders	Eureka shareholders with a registered address other than Australia (or its external territories) or New Zealand
Ingenia	Ingenia Communities Group
Irongate	Irongate Property Fund II
LEA	Lonergan Edwards & Associates Limited
Leftfield	Leftfield Investments Pty Ltd as trustee of the Eureka Villages WA Fund
LLC	Land lease community
MHIF	Marina Hindmarsh Islands Fund
MIX	Mirvac Industrial Trust
NAB	National Australia Bank
NAV	Net asset value
NCI	Non-controlling interest
NDIS	National Disability Insurance Scheme
NorthWest	NorthWest Healthcare Properties REIT
Novion	Novion Property Group
NPAT	Net profit after tax
NSW	New South Wales
NT	Northern Territory
NTA	Net tangible assets
Offer	Off-market takeover offer by Aspen for all the ordinary shares in Eureka that it did not already own at an offer price of 0.26 Aspen securities for each ordinary share held in Eureka
Original Bidder's Statement	The Bidder's Statement in respect of the Offer lodged with ASIC and the ASX on 8 March 2024
Partnership	Charter Hall PGGM Industrial Partnership No. 2
PBT	Profit before tax
PP&E	Property plant and equipment
QLD	Queensland
REIT	Real estate investment trust
RG 111	Regulatory Guideline 111 – *Content of expert reports*
SA	South Australia
TAS	Tasmania
Tasmanian JV	Tasmanian joint venture comprising the Affordable Living Unit Trust and the Affordable Living Services Unit Trust
Tribeca	Tribeca Investment Partners
TSR	Total shareholder return
US	United States of America
VIC	Victoria

Appendix F

Term	Meaning
VWAP	Volume weighted average price
WA	Western Australia
WACR	Weighted average capitalisation rate
WANOS	Weighted average number of shares outstanding

Annexure B – ASX Announcements

Date	Title
26 September 2023	2023 Annual Report
26 September 2023	2023 Notice of Annual General Meeting/Proxy Form
28 September 2023	Ceasing to be a substantial holder
4 October 2023	Update - Dividend/Distribution - EGH
12 October 2023	Application for quotation of securities - EGH
12 October 2023	Cleansing Notice
16 October 2023	Appendix 3Y - Murray Boyte
16 October 2023	Appendix 3Y - Greg Paramor
26 October 2023	2023 AGM Chair Address
26 October 2023	2023 AGM Results
31 October 2023	Amended Constitution
8 November 2023	Eureka-managed Fund acquires 6 villages in Western Australia
6 December 2023	Change in substantial holding
7 December 2023	Eureka-managed Fund completes acquisition of 6 villages
20 December 2023	Far North Queensland Cyclone and Flood Update
8 January 2024	Notification regarding unquoted securities - EGH
8 January 2024	Appendix 3G Attachment
9 January 2024	Notification regarding unquoted securities - EGH
9 January 2024	Appendix 3G Attachment
23 January 2024	Intended Takeover Offer for Eureka Group Holdings Limited
23 January 2024	Intended Off-Market Takeover Offer from Aspen
9 February 2024	Update on Proposed Takeover Offer
26 February 2024	Change in substantial holding
29 February 2024	Appendix 4D and Half Year Financial Report
29 February 2024	1H24 Results Announcement
29 February 2024	1H24 Investor Presentation
29 February 2024	Dividend/Distribution - EGH
5 March 2024	Ceasing to be a substantial holder

Date	Title
6 March 2024	Becoming a substantial holder
7 March 2024	Ceasing to be a substantial holder
8 March 2024	Change in substantial holding
8 March 2024	APZ: Aspen Group Offer for Eureka-Bidder's Statement
8 March 2024	Change in substantial holding from APZ
11 March 2024	Change in substantial holding
12 March 2024	Change in substantial holding
14 March 2024	Change in substantial holding
14 March 2024	Aspen's Takeover Offer for Eureka
15 March 2024	Change in substantial holding
15 March 2024	First Supplementary Bidder's Statement
15 March 2024	Replacement Bidder's Statement
18 March 2024	Change in substantial holding
19 March 2024	Change in substantial holding
20 March 2024	Change in substantial holding
21 March 2024	Major Shareholder Does Not Intend to Accept Aspen Offer
22 March 2024	Completion of despatch of bidder's statement
25 March 2024	Change in substantial holding from APZ
25 March 2024	Shareholders advised to take NO ACTION regarding APZ Offer
28 March 2024	Becoming a substantial holder
2 April 2024	Change in substantial holding
3 April 2024	Notification of cessation of securities – EGH
8 April 2024	FY24 earnings guidance

eureka
Group

CORPORATE DIRECTORY

Company

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(ASX: EGH)

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