

ASX Announcement

29 March 2023

Response to The Australian article about Aspen Group proposal

Eureka Group Holdings Limited (ASX: EGH) (Eureka) notes the article *"Aspen Group rebuffed after Eureka Group buyout proposal"* published today at 11.16am on The Australian.

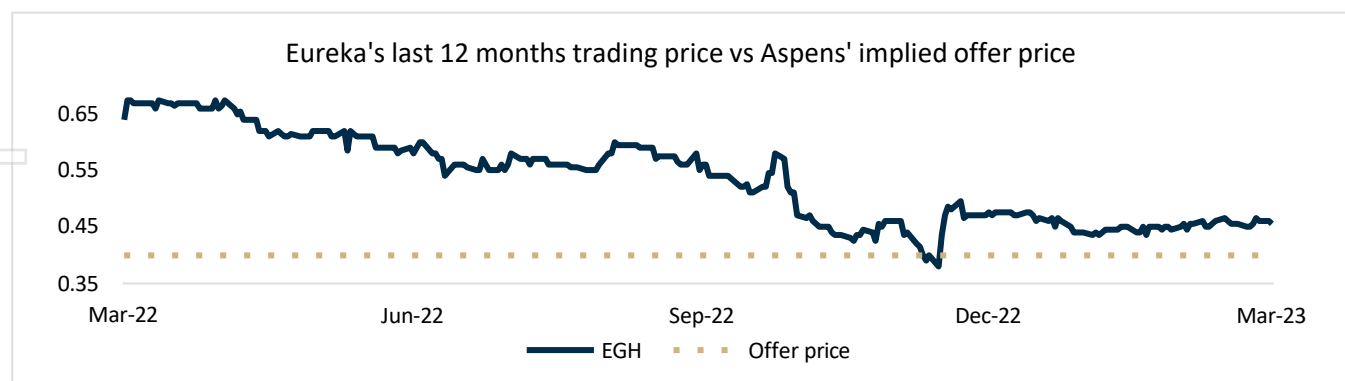
Eureka confirms that, on 2 March 2023, it received an unsolicited, draft, confidential, indicative, conditional and non-binding proposal from Aspen to acquire all the issued shares of Eureka that it does not already own (Proposal).

The Proposal was for an all-scrip merger on a ratio of 0.225 Aspen securities per Eureka share. This represented a value of only 39.9 cents per Eureka share (Offer Price) and a 12.2% discount to Eureka's close price on 28 March 2023, the day prior to this announcement.¹

Eureka had commenced discussions with Aspen when it withdrew its Proposal on 21 March 2023 on the basis that it was not prepared to wait until Eureka had completed an independent valuation of its property portfolio. The Eureka Board advised it was open to explore opportunities that are in the best interests of Eureka shareholders.

During its deliberations regarding the Proposal, the Board of Eureka particularly noted the following:

1. The Offer Price was at a material discount to Eureka's current trading price and historical trading performance.



2. The Proposal was estimated to be materially dilutive to Eureka's forecast FY23 earnings per share excluding non-recurring development profits from Aspen's forecast underlying earnings per share.
3. The Proposal would significantly reduce Eureka's exposure to the retirement living sector from 100% to 44% and in turn add exposure to discretionary markets such as tourism and mining accommodation.²

1. Based on Aspen's closing price of \$1.775 and Eureka's last close of \$0.455 per share on 28 March 2023.

2. Combined retirement portfolio of \$273m calculated using Aspen's HY23 book values for its Residential (\$192m), Retirement (\$70m) and Parks segments (\$154m) and Eureka's HY23 investment property value (\$203m)

4. Eureka is forecasting Underlying EBITDA³ growth of 12% - 15% in FY23 with Underlying EBITDA margin expected to improve from late FY23 through organic growth, acquisitions and economies of scale.

Eureka is the only pure play ASX-listed provider of affordable seniors rental accommodation in Australia, with a resilient revenue stream underpinned by inflation-indexed Government payments. Eureka has a very attractive future and is pursuing opportunities that are aligned with its business model, and which aim to deliver future earnings and net asset value growth for all shareholders.

As highlighted in its 31 December 2022 half year results, Eureka has engaged an independent valuer to value its whole property portfolio. Eureka anticipates this to be completed in May 2023, at which time Eureka will provide shareholders with a market update.

This announcement was approved, and authorised for release, by Eureka's Board of Directors.

For further information

Investors, contact Murray Boyte, Executive Chairman on 07 5568 0205.

Media, contact John Hurst, Tribune Partners on 0418 708 663

Important Information and Disclaimer

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Eureka). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based.

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