

ASX ANNOUNCEMENT

27 October 2022

EUREKA GROUP STRATEGIC ACQUISITIONS AND \$28.2 MILLION EQUITY RAISING

KEY DETAILS

- Entered into unconditional contracts to acquire two villages located in Tamworth, NSW and Horsham, VIC for \$11.8 million
- Expansion at Brassall, QLD to commence with a further 51 new free standing residences to be developed at an estimated cost of \$11 million
- Fully underwritten non-renounceable pro-rata entitlement offer to raise approximately \$28.2 million

Eureka Group Holdings Limited (ASX:EGH) (“**Eureka**” or the “**Company**”) is pleased to announce that it has entered into unconditional contracts to acquire two seniors rental villages for a total purchase price of \$11.8 million. EGH will also commence the development of its Brassall village which is estimated to cost \$11 million.

To fund the Acquisitions and its Brassall development, Eureka is undertaking a fully underwritten equity raising (“**Equity Raising**”), comprising:

- A 1 for 4 accelerated non-renounceable pro-rata entitlement offer to raise \$28.2 million (“**Entitlement Offer**”)

The remainder of the proceeds from the Equity Raising will provide funding capacity to fund future acquisition and development pipeline.

STRATEGIC ACQUISITIONS

Eureka has entered into unconditional contracts to acquire 100% freehold interests in the following properties:

Properties	State	Purchase price	No. of units	EBITDA yield	Occupancy
62 Johnston Street, Tamworth	NSW	\$6.7 million	50	>8.7%	92%
17 River Road, Horsham	VIC	\$5.1 million	46	>7.4%	76%
Total / weighted average		\$11.8 million	96		84%

Eureka also has line of sight to a number of other off-market opportunities and is in due diligence on over \$20 million of further potential acquisitions.

BRASSALL DEVELOPMENT

Eureka will commence the development of its village in Brassall, QLD in early 2023. The village was acquired in July 2021 and comprises 43 rental residences, 12 land lease residences and surplus development land. The development plan, approved by Ipswich City Council, includes 51 new dwellings along with refurbished community facilities. The opportunity will take approximately 9 months to complete. On completion of the development, which is expected to cost \$11.0 million (including contingency), the village will comprise 106 free standing residences.

Eureka Executive Chairman, Murray Boyte commented: "The acquisitions and development plans announced today are aligned with Eureka's strategic objective to be the most trusted, scaled provider of rental retirement communities in Australia. The assets being acquired are located in Eureka growth markets of Tamworth and Horsham with excellent core community links and networks".

"Eureka is currently seeing strong demand and enquiry for its units, with affordable accommodation supported by transparent lease structures proving highly attractive for residents and their families over other seniors living operators".

"Since 2018, Eureka has delivered portfolio growth of 64% through a combination of acquisitions, developments and organic growth. Portfolio quality has been enhanced through the implementation of Eureka's 'Resident First' strategy, which has delivered improved social experiences for residents to comfortably age in place with support from empathetic village managers. Targeted marketing campaigns, cost effective refurbishments and disciplined expense control has also improved occupancy and enhanced operational performance".

Following the acquisitions and completion of the Brassall development, Eureka's portfolio will increase to 47 assets worth \$189 million.

EQUITY RAISING OVERVIEW

To fund the Acquisitions, Eureka is undertaking a fully underwritten \$28.2 million Equity Raising comprising:

- A 1 for 4 Entitlement Offer to raise \$28.2 million

New fully paid ordinary shares issued under the Equity Raising ("**New Shares**") will be offered at \$0.47 per share, representing a:

- 9.6% discount to the last traded price of \$0.52 on Wednesday, 26 October 2022; and
- 15.3% discount to the 5 day VWAP of \$0.55 on Wednesday, 26 October 2022.

New shares issued under the Equity Raising will rank equally with existing EGH shares from the date of issue.

ENTITLEMENT OFFER

The fully underwritten Entitlement Offer of \$28.2 million will consist of a 1 for 4 accelerated non-renounceable pro-rata entitlement offer.

All New Shares issued from eligible shareholders taking-up their Entitlement under the Entitlement Offer will be issued at the Offer Price.

The Entitlement Offer is non-renounceable and Entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full Entitlement will not receive any payment in respect of Entitlements they do not take up and their percentage equity interest in EGH will be diluted.

EGH shares will remain in a trading halt pending completion of the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**").

Institutional Entitlement Offer

Eligible institutional and sophisticated shareholders will be invited to participate in the Institutional Entitlement Offer which will take place today, Thursday, 27 October 2022. Eligible institutional shareholders may opt to take up all, part or none of their entitlement.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild being conducted concurrently with the Institutional Entitlement Offer to eligible institutional and sophisticated investors at the Bookbuild Price.

Retail Entitlement Offer

Under the Entitlement Offer, eligible retail shareholders are invited to subscribe for 1 share for every 4 shares held ("**Entitlement**") as at 8:30am (Sydney time) on Monday, 31 October 2022 ("**Record Date**").

Retail shareholders who have a registered address in Australia or New Zealand as at 7:00pm on Monday, 31 October 2022 will be invited to participate in the Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer ("**Retail Entitlement Offer**"). The Retail Entitlement Offer will open on Thursday, 3 November 2022 and close at 5:00pm on Friday, 18 November 2022.

Eligible retail shareholders will receive an offer booklet ("**Retail Offer Booklet**") including a personalised entitlement and acceptance form on Thursday, 3 November 2022. The Retail Offer Booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Retail Offer Booklet will also be lodged with the ASX on Thursday, 3 November 2022. Eligible retail shareholders may opt to take up all, part or none of their Entitlement.

In addition to each eligible retail shareholder's Entitlement under the Retail Entitlement Offer, eligible retail shareholders will be offered the opportunity to apply for additional New Shares (up to 100% of their Entitlement) under a top-up facility ("**Top-Up Facility**"). Eligible retail shareholders are not assured of being allocated any New Shares in excess of their Entitlement under the Top-Up Facility. New Shares allocated under the Top-Up Facility will be allocated in accordance with the allocation policy outlined in the Retail Offer Booklet. EGH retains absolute discretion regarding allocation under the Top-Up Facility.

EGH may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to, but was not invited to participate in, the Institutional Entitlement Offer (subject to compliance with relevant laws).

FINANCIAL IMPACT

- FY23 Underlying EBITDA range of \$11.6 million to \$11.9 million (growth of 10.3 – 13.2% on FY22)
- FY23 Underlying EPS of 2.6 cents per share (cps)
- Pro forma gearing is forecast to be 32.7% following completion of the Acquisitions and Equity Raising, providing capacity to pursue future on-strategy acquisitions.

OTHER INFORMATION

The Capital Raising is fully underwritten by Moelis Australia Advisory Pty Ltd and Taylor Collison Limited who are acting as Underwriters and Joint Lead Managers. BG Capital Corporation Pty Limited is acting as corporate adviser to the Offer and is a co-lead manager to the Offer. Hamilton Locke is acting as legal adviser.

KEY DATES

Key event	Date
Trading halt and announcement of the Equity Raising	Thursday, 27 October
Institutional Entitlement Offer launch	Thursday, 27 October
Announcement of results of Institutional Entitlement Offer	Friday, 28 October
Trading halt lifted and trading re-commence on an ex-entitlement basis	Friday, 28 October
Record date for Retail Entitlement Offer	Monday, 31 October
Settlement of new shares issued under the Institutional Entitlement Offer	Wednesday, 2 November
Allotment and ASX quotation of new shares issued under the Institutional Entitlement Offer	Thursday, 3 November
Retail Entitlement Offer opens and retail offer booklet dispatched	Thursday, 3 November
Retail Entitlement Offer closes	Friday, 18 November
Announcement of results of Retail Entitlement Offer	Wednesday, 23 November
Settlement of new shares issued under the Retail Entitlement Offer	Friday, 25 November
Allotment of new shares issued under the Retail Entitlement Offer	Monday, 28 November
ASX quotation of new shares issued under the Retail Entitlement Offer	Monday, 28 November
Dispatch of holding statement for new shares issued under Retail Entitlement Offer	Tuesday, 29 November

All dates and times are indicative only and subject to change at the discretion of Eureka with the prior written consent of the Underwriters.

All dates and times are references to Australian Eastern Daylight Time (AEDT). Any changes to the timetable will be posted on Eureka's website at www.eurekagroup Holdings.com.au.

ADDITIONAL INFORMATION

Additional information about the Acquisitions and the Equity Raising, including key risks, is contained in the Eureka investor presentation released to the ASX today. All dollar amounts are in Australian dollars unless otherwise indicated.

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

For further information, contact Murray Boyte, Executive Chairman on 07 5568 0205