

## ASX Announcement 5 November 2021

### Acquisition of Management and Letting Rights Portfolio

Eureka Group Holdings Limited (ASX: EGH) (Eureka) is pleased to announce it has entered into conditional interdependent contracts to acquire the Management and Letting Rights (MLRs) for six (6) villages in South-East Queensland. The villages are currently operated by Oxford Crest and provide affordable rental accommodation for seniors.

Consideration for the acquisition of the MLRs and the associated real estate (managers' units) is \$6.1 million (excluding transactions costs) and will be earnings accretive from year one. The transaction will be funded by debt and cash reserves and settlement is scheduled for 1 February 2022. The annual return on investment<sup>1</sup> (prior to funding costs) is forecast to be 13% after incremental support office costs.

The acquisition is conditional on finance approval and certain body corporate approvals, including the change in caretaker and manager to Eureka.

This portfolio of villages increases Eureka's presence in the South-East Queensland region and includes villages in:

- Deagon and Beachmere which provide additional exposure in metropolitan Brisbane;
- Raceview and Bundamba which provide an increased presence in the Ipswich region and follow the acquisition of Gainsborough Lifestyle Village, Brassall (Ipswich) in July 2021;
- Toowoomba which gives Eureka its initial presence in a significant regional city which has been targeted by Eureka for further acquisition and development; and
- Gympie which complements Eureka's existing owned village in that town.

The 6 villages comprise 414 units, of which approximately 330 would be managed by Eureka. The majority of the units are owned by external investors, affording Eureka a further opportunity to increase units under management in the portfolio.

Eureka will continue to actively identify strategic opportunities to grow its managed portfolio in the seniors' independent living sector alongside its ownership model. The Eureka village management model is characterised by above average returns, low management risk and ownership potential through progressively acquiring individual units. Following this acquisition, the total number of units under management will be 2,580, up from 2,191 at 30 June 2021.

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.

<sup>1</sup> To be included in Underlying EBITDA (earnings before interest, tax, depreciation and amortisation)

**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 EGH). 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.