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ASX Announcement

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Acquisition of independent living villages in Hervey Bay and Cairns

Eureka Group Holdings Limited (ASX: EGH) (**Eureka**) is pleased to announce it has entered into interdependent conditional contracts to acquire two independent seniors' living villages comprising 123 units in the strong regional Queensland areas of Cairns and Hervey Bay.

The 70 unit village situated to the south west of the Cairns CBD complements the existing village owned and operated by Eureka in Smithfield, 20 kilometres north of Cairns.

The 53 unit Hervey Bay village is currently operated as a mix of rental units and deferred management fee (DMF) units. This acquisition gives Eureka a presence in the growing Hervey Bay retirement region and will allow Eureka to bolster its senior independent living rental offering over time.

Total consideration for the acquisitions is \$13.0 million (excluding transactions costs) and the villages will be earnings accretive from year one with no additional support overhead costs required. Payment of \$2.5 million of the consideration will be deferred for 2 years from settlement.

The contracts are conditional upon regulatory approval of the change in scheme operator for the Hervey Bay Village under the Retirement Villages Act.

The transaction will be funded by debt and cash reserves and is expected to settle in November 2020. Following settlement, Eureka's gearing ratio (calculated as net debt to net debt plus equity) will be approximately 42%.

The acquisition is consistent with Eureka's strategy to recycle capital from the realisation and sale of non-core and under-performing assets and pursue acquisitions to grow its core operations in the seniors' independent rental living sector.

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.

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.