

ASX ANNOUNCEMENT

18 April 2024

Deficiencies in Aspen's Second Supplementary Bidder's Statement

The Board of Directors of Eureka Group Holdings Limited (ASX: EGH) (**Eureka**) has carefully considered the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) lodged by Aspen Group Limited (**Aspen**) on 16 April 2024 declaring that its unsolicited all-scrip takeover offer to acquire all of the shares in Eureka for 0.26 Aspen securities for every one Eureka Share is now unconditional (**Offer**).

The Eureka Board disagrees with a number of statements made by Aspen in the Second Supplementary Bidder's Statement, as outlined in detail below.

Additionally, the Eureka Board remains of the view that the implied value of the Offer is inadequate. Eureka Shareholders who accept the Offer will receive Aspen securities with an implied value materially LESS than the current price of Eureka shares. Based on the last closing price of Aspen securities prior to the date of this announcement, the implied value of the Offer is \$0.450¹ per Eureka share which is materially less than the current price at which Eureka shares trade on the ASX of \$0.535² (representing a 15.9% discount).

The implied value of the Offer is also below the Independent Expert's fair value of Eureka shares on a 100% controlling interest basis of \$0.52 - \$0.55 per Eureka share.

The Directors continue to unanimously recommend that shareholders **REJECT THE OFFER** and **IGNORE ALL DOCUMENTS** sent to them by Aspen.

Eureka has requested Aspen to reconsider certain statements contained in the Second Supplementary Bidder's Statement, including:

1. In Section 6 of the Second Supplementary Bidder's Statement, Aspen has stated that "*the assertions that Aspen will not be able to achieve the 90% threshold necessary to compulsorily acquire all Eureka Shares...are now fundamentally untrue.*"

As announced on 17 April 2024, the Eureka Board received written notice from Filetron Pty Ltd as trustee for Hunter Discretionary Trust (**Filetron**), which holds 19.55% of Eureka shares,³ and the directors of Eureka who own or control 2.3% of Eureka shares, stating their position remains unchanged and that they **will not accept** Aspen's Offer as set out in Aspen's bidder's statement dated 15 March 2024 (**Bidders Statement**) and as supplemented by the Second Supplementary Bidder's Statement.

This means that Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all Eureka shares during the Offer period and that the purported merger benefits claimed by Aspen are not attainable including estimated synergies.

¹ Based on the closing price of Aspen securities of \$1.730 as at 17 April 2024.

² Based on the closing price of Eureka shares of \$0.535 as at 17 April 2024.

³ Based on Filetron's notice of change of interests of substantial holder dated 18 April 2024.

Furthermore, as Aspen will not reach the 80% threshold requirement, scrip-for-scrip roll-over relief will not be available for Eureka shareholders who accept the Offer.

2. Aspen has provided an estimate of Eureka's FY25 underlying earnings per share (**EPS**) of 3.00 cents with no explanation of the operating assumptions underlying this estimate.

Eureka has not provided FY25 underlying EPS guidance. However, as announced on 8 April 2024, Eureka provided midpoint FY24 underlying EPS guidance of 3.00 cents and annualised pro-forma midpoint FY24 underlying EPS of 3.07 cents, taking into account the full year impact of the Brassall development, which was completed in February 2024, and the investment in the Eureka Villages WA Fund, which occurred in December 2023.

Aspen's FY25 underlying EPS estimate for Eureka of 3.00 cents therefore assumes negative growth of 2.0% on Eureka's annualised pro-forma midpoint FY24 guidance with no explanation of the change in operating assumptions to contribute to this decline. The Board of Directors believe that Eureka has an attractive future and will continue to pursue opportunities that are aligned with Eureka's business model to deliver future earnings and net asset growth for all shareholders.

3. Section 6 of the Second Supplementary Bidder's Statement makes references to certain sections of the Independent Expert's Report, prepared by Lonergan Edwards & Associates Limited (**Independent Expert**). The Independent Expert's Report is intended to be read in full to provide the basis and reasoning behind its opinion. Individual sections are considered to be incomplete and should not be referenced on a standalone basis.

Furthermore, the Independent Expert has confirmed to Eureka that the Second Supplementary Bidder's Statement does not impact its opinion and the Independent Expert continues to conclude that the Offer is **neither fair nor reasonable** for Eureka shareholders not associated with Aspen.

4. Section 6 of the Second Supplementary Bidder's Statement makes a number of claims regarding purported deficiencies in Eureka's Target's Statement. Eureka rejects the assertion that the Target's Statement contains a number of deficiencies. In addition, Eureka disputes the following claims made by Aspen:

- a) Aspen's claim - In relation to Eureka's intention to continue to own units that are not fully self-contained, Aspen claims that *"In Aspen's opinion this is a higher risk strategy that severely limits Eureka's target customer base and growth prospects"*.

Eureka's response - As set out in section 2.7 of the Target's Statement, Eureka has focused on the food offering in its villages given it underpins Eureka's social licence, enhances resident satisfaction and differentiates the Eureka portfolio. This has contributed to Eureka's successful portfolio performance including average occupancy of over 98% over the past four years; and

- b) Aspen's claim - *"In Aspen's opinion, Eureka will find it more difficult to maintain rents, net income, and occupancy at current levels as competition increases"*.

Eureka's response - Eureka is the largest pure play provider in a highly fragmented sector, Eureka is uniquely positioned to understand its customer needs and market dynamics that support its national rental pricing model, which is underpinned by

inflation-indexed Government payments. In its 1H24 results, Eureka reported underlying EBITDA that was 19% higher than the prior corresponding period.

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

-Ends-

For further information:

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

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