

ASX Announcement
8 November 2023

**Eureka-managed Fund acquires 6 villages in Western Australia
Strengthens Eureka's position as a leader in the affordable build-to-rent sector**

Key Details

- Acquisition of six seniors' rental villages in Western Australia for \$44 million by a new wholesale property fund, Eureka Villages WA Fund (the Fund)
- Eureka will hold a cornerstone investment in, and manage, the Fund
- Strategic acquisition delivering scale and national expansion, consistent with Eureka's growth strategy
- Immediately earnings per share accretive for Eureka

Eureka Group Holdings (ASX: EGH) ("**Eureka**" or the "**Company**") is pleased to announce that a portfolio of six seniors' rental villages located in Western Australia ("the Portfolio") will be acquired by a new Eureka-managed wholesale property fund called Eureka Villages WA Fund (the Fund).

The Fund has today entered into unconditional contracts to acquire the Portfolio from Ingenia Communities Group (ASX: INA) ("Ingenia") for \$44 million. The villages are located in strong residential areas of Perth, Mandurah, Bunbury and Albany in WA and in total comprise 321 units with occupancy exceeding 98%.

Post completion Eureka's portfolio will comprise 52 owned or managed villages, totalling 2,872 units across Australia.

Eureka Executive Chairman Mr Murray Boyte said, "We are very pleased to have secured this excellent portfolio that establishes Eureka's position as a national leader in the affordable build-to-rent sector. The Portfolio has been well managed by Ingenia, delivers scale to Eureka, and is supported by the existing overhead base. This transaction demonstrates Eureka's ability to access alternative forms of capital which are necessary to grow the business."

The Portfolio has been independently valued at \$44 million which reflects the purchase price. The weighted average capitalisation rate of 8.4% is in line Eureka's property portfolio which was independently valued at 30 June 2023.

The Fund will acquire the Portfolio and fund associated transaction costs using equity and a stand-alone debt facility of \$21 million. The Fund is raising \$28.5 million from professional and wholesale investors, including a \$5 million cornerstone investment from Eureka. Completion of the transaction is due to occur in early December 2023. Eureka has guaranteed the Fund's contractual obligation under the acquisition contracts to acquire the Portfolio.

The Fund will be managed by Eureka Asset Management Pty Ltd, a wholly owned subsidiary of Eureka. Another wholly owned subsidiary of Eureka has been granted the right of first and last refusal to acquire the Portfolio from the Fund after 3 years.

The Fund will have an initial 3-to-5-year term and will provide a forecast starting distribution yield of 8.0% pa, paid quarterly.

Eureka FY24 Outlook

The acquisition is immediately earnings per share accretive for Eureka and strengthens Eureka's income streams and FY24 outlook.

During FY24, Eureka expects continued growth in maintainable earnings, like-for-like growth in revenue and underlying EBITDA¹, strong contributions from prior year acquisitions and the Brassall development in Queensland and continued high demand with occupancy at 98% or above.

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.

¹ EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. Underlying EBITDA represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.