

SUPPLEMENTARY TARGET'S STATEMENT

This Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement dated 8 April 2024 issued by Eureka Group Holdings Limited ACN 097 241 159 (Eureka) in relation to the off-market takeover offer by Aspen Group Limited ACN 004 160 927 (Aspen) for all the ordinary shares in Eureka (Offer).

The Directors unanimously recommend that you

REJECT

the Offer

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have any questions in relation to the Offer, please contact the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit <https://eurekagroupholdings.com.au/reject-aspen-offer/> to access an electronic copy of the Target's Statement, this Supplementary Target's Statement and other important information.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

Legal Adviser



Financial Advisers



bg capital corporation pty ltd



IMPORTANT NOTICES

Nature of this document

This document is given by Eureka under Part 6.5, Division 4 of the Corporations Act and is the first supplementary target's statement (**Supplementary Target's Statement**) to the target's statement issued by Eureka and lodged with the Australian Securities and Investments Commission (**ASIC**) on 8 April 2024 in relation to the Offer (**Target's Statement**).

This Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement.

A copy of this Supplementary Target's Statement was lodged with ASIC and given to ASX on 6 May 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Supplementary Target's Statement.

If you have recently sold all of your Eureka Shares, please disregard this document.

Defined terms and interpretation

Unless the context otherwise requires, capitalised terms and certain abbreviations used but not defined in this Supplementary Target's Statement have the meanings given to them in Section 12.1 of the Target's Statement. The interpretation rules set out in Section 12.2 of the Target's Statement also apply to this Supplementary Target's Statement. This Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

All references to times in this Supplementary Target's Statement are references to Australian Eastern Standard Time (**AEST**), unless otherwise stated.

Eureka Shareholders Information Line

If you have any questions in relation to the Offer, please contact the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). Eureka Shareholders may also visit

<https://eurekagroupholdings.com.au/reject-aspen-offer/> to access an electronic copy of the Target's Statement, this Supplementary Target's Statement and other important information.

KEY DATES

The key dates in relation to the Offer are as follows:

Announcement of Aspen's intention to make a bid for Eureka Shares	23 January 2024
Date of original bidder's statement	8 March 2024
Date of replacement bidder's statement	15 March 2024
Date of the Offer	22 March 2024
Date of the Target's Statement	8 April 2024
Date of second supplementary bidder's statement	16 April 2024
Date of third supplementary bidder's statement	2 May 2024
Date of this Supplementary Target's Statement	6 May 2024
Close of the Offer	7:00pm (AEST) on 28 May 2024

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1. YOUR EUREKA DIRECTORS RECOMMEND THAT YOU REJECT THE REVISED OFFER

1.1 EUREKA DIRECTORS' RECOMMENDATION

Aspen lodged its third supplementary bidder's statement on 2 May 2024 (**Third Supplementary Bidder's Statement**) announcing that the consideration payable under its off-market takeover offer to acquire all of the ordinary shares in Eureka is increased from 0.26 Aspen Securities per Eureka Share to 0.28 Aspen Securities per Eureka Share and that its offer is best and final (**Revised Offer Consideration**).

The Eureka Board has considered Aspen's off-market takeover offer to acquire all of the ordinary shares in Eureka as set out in the Bidder's Statement and as supplemented by Aspen's second supplementary bidder's statement dated 16 April 2024 (**Second Supplementary Bidder's Statement**) and the Third Supplementary Bidder's Statement (**Revised Offer**) and remains of the view that the implied value of the Revised Offer is inadequate. The implied value of the Revised Offer of \$0.49¹ per Eureka Share is below the Independent Expert's fair value of Eureka Shares on a 100% controlling interest basis of \$0.52-\$0.55 per Eureka Share (representing a 6% - 11% discount) and a material discount to the last closing price at which Eureka Shares traded on the ASX of \$0.53² (representing an 8% discount).

As such, the Directors unanimously recommend that Eureka Shareholders **REJECT** the Revised Offer for the reasons set out in Section 1 of the Target's Statement, as supplemented by this Supplementary Target's Statement and **IGNORE ALL DOCUMENTS** sent to them by Aspen.

Your Eureka Directors holding Eureka Shares intend to **REJECT** the Revised Offer in relation to all Eureka Shares they own or control.

1.2 THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE BEST AND FINAL REVISED OFFER IS NEITHER FAIR NOR REASONABLE FOR EUREKA SHAREHOLDERS NOT ASSOCIATED WITH ASPEN

The Independent Expert has reviewed the Revised Offer and has prepared a supplementary Independent Expert's Report (**Supplementary Independent Expert's Report**) supplementing the Independent Expert's Report contained in the Target's Statement. The Independent Expert continues to conclude that the Revised Offer is neither fair nor reasonable for Eureka shareholders not associated with Aspen.

In assessing the fairness of the Revised Offer, and as provided in the Target's Statement, the Independent Expert has estimated the fair value of Eureka Shares on a 100% controlling interest basis to be \$0.52 - \$0.55 per Eureka Share. Therefore, the fair value of the Revised Offer Consideration, as assessed by the Independent Expert of \$0.46 - \$0.50 per Eureka Share is still below the assessed valuation range, represents a 3% - 16% discount to the fair value of Eureka Shares and still fails to provide Eureka Shareholders with a sufficient control premium. The Independent Expert stated, "while the value of the Revised Offer consideration is higher than that under the Offer, the high end of the Revised Offer consideration is still less than the low end of our assessed value range of 100% of the ordinary shares in Eureka (i.e. there is no overlap). Accordingly, in our opinion, **the Revised Offer is not fair**".

In assessing the reasonableness of the Revised Offer, the Independent Expert stated "the disadvantages of the Offer that were raised in our IER dated 5 April 2024 continue to persist (to varying degrees) under the Revised Offer" and commented that the disadvantages of the

¹ Based on the closing price of Aspen Securities of \$1.75 as at 3 May 2024.

² Based on the closing price of Eureka Shares of \$0.53 as at 3 May 2024.

Revised Offer outweigh other mitigating factors. The Independent Expert stated “we have concluded that **the Revised Offer is not reasonable**”.

The Independent Expert has detailed its assessment of the Revised Offer in the Supplementary Independent Expert’s Report set out in Annexure A. Eureka shareholders are encouraged to read the Supplementary Independent Expert’s Report in full.

1.3 EUREKA SUBSTANTIAL SHAREHOLDER, FILETRON, WHICH HOLDS APPROXIMATELY 19.68%³ OF EUREKA SHARES, HAS ADVISED EUREKA THAT IT WILL NOT ACCEPT THE REVISED OFFER

As announced by Eureka to the ASX on 2 May 2024, Filetron Pty Ltd ACN 054 309 009 as trustee for Hunter Discretionary Trust (**Filetron**) has given notice to Eureka stating that its position remains unchanged and that **it will not be accepting the Revised Offer**.

On this basis, Aspen will not be able to achieve the 90% threshold needed to compulsorily acquire all Eureka Shares by the end of the Offer Period. This means that a number of the merger benefits outlined by Aspen in its Bidder’s Statement, as supplemented by the Second Supplementary Bidder’s Statement and Third Supplementary Bidder’s Statement, will not be realised, including the estimated synergies.

Secondly, as outlined in the Target’s Statement, scrip-for-scrip rollover relief is only available to Eureka Shareholders if Aspen becomes the owner of at least 80% of all Eureka Shares. Aspen will not meet the 80% threshold by the end of the Offer Period given that Filetron, which holds 19.68% of Eureka Shares, will not accept the Revised Offer, and the Directors who hold or control approximately 2.3% of Eureka Shares also intend to reject the Revised Offer. This means that any Eureka Shareholder who makes a capital gain on the disposal of their Eureka Shares will crystallise a capital gains tax liability (subject to eligible losses to offset the capital gain) if they accept the Revised Offer, despite not receiving any cash consideration under the Revised Offer.

Please refer to Sections 10 and 11.7 of the Target’s Statement for further information.

2. UPDATES ON THE REVISED OFFER

2.1 LEVEL OF ACCEPTANCES UNDER THE OFFER

The Offer has been open for acceptance by Eureka Shareholders since 22 March 2024. On 25 March 2024, Aspen announced to the ASX a change in substantial holding, from 13.64% to 35.72%,⁴ indicating an acceptance level of 22.08%. As disclosed in section 7.9 of the Target’s Statement, this was due to acceptances received from Cooper Investors Pty Limited, prior to the issue of the Target’s Statement. As at the date of this Supplementary Target’s Statement, other than the acceptance of Cooper Investors Pty Limited, Aspen has not released any further changes in substantial holdings to the ASX. Aspen has also confirmed in section 2 of the Third Supplementary Bidder’s Statement that its Eureka voting power is 35.5%, demonstrating that it has received no further material acceptances from Eureka Shareholders.

2.2 STATUS OF CONDITIONS

Aspen has waived all the Conditions of the Offer in its Second Supplementary Bidder’s Statement. This means that any shareholder that has accepted the Offer will receive the

³ In accordance with the substantial shareholder notice dated 30 April 2024.

⁴ Section 2 of the Third Supplementary Bidder’s Statement provides that Aspen’s voting power in Eureka is 35.5%. The discrepancy between the 35.72% disclosed to the ASX on 25 March 2024 and the 35.5% in the Third Supplementary Bidder’s Statement is due to dilution as a result of the operation of Eureka’s dividend re-investment plan.

Revised Offer Consideration, within one month of acceptance. This also means that Aspen will retain a shareholding in Eureka of at least 35.5% following the close of the Offer.

3. OTHER INFORMATION

3.1 SUBSTANTIAL SHAREHOLDERS

As at the last practicable date before lodgement of this Supplementary Target's Statement, the substantial Eureka Shareholders are set out below:

Substantial Eureka Shareholder	Number of Eureka Shares (m)	Interest of Eureka Shareholder and its associates (%)
Aspen Group Limited ⁵	107.80	35.48
Filetron Pty Ltd	58.65	19.68
Tribeca Investment Partners	37.68	12.40
Copia Investment Partners Ltd	22.36	7.36
1851 Capital Pty Ltd	16.71	5.50

3.2 CONSENTS

(a) **ASIC Instruments**

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683 (Corporations Instrument 2023/683)*, this Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC. Pursuant to the ASIC Corporations Instrument 2023/683, consent is not required for the inclusion of such statements in this Supplementary Target's Statement.

Any Eureka Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Eureka Shareholder Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding national public holidays). As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72 (Corporations Instrument 2016/72)*, this Supplementary Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

⁵ Based on the number of Eureka Shares disclosed in Aspen's substantial holder notice dated 25 March 2024 and adjusted for the dilutive effect of Eureka Shares issued under Eureka's dividend re-investment plan.

In addition, as permitted by Corporations Instrument 2016/72, this Supplementary Target's Statement contains share price trading data sourced from IRESS and FactSet without its consent.

(b) **Independent Expert**

Loneragan Edwards & Associates Limited has given and not withdrawn before the lodgement of this Supplementary Target's Statement with ASIC, its written consent to be named in this Supplementary Target's Statement as Eureka's Independent Expert in the form and context it is so named and to the inclusion of the Supplementary Independent Expert's Report contained in Annexure A to this Supplementary Target's Statement and statements based on the Supplementary Independent Expert's Report in the form and context in which those statements are included and to all references in this Supplementary Target's Statement to those statements in the form and context in which they are included.

(c) **Advisers**

The following persons have given, and not withdrawn before the lodgement of this Supplementary Target's Statement with ASIC, their written consent to be named in this Supplementary Target's Statement in the form and context it is so named:

- (i) Link Market Services Limited as Eureka's share registry;
- (ii) BG Capital Corporation Pty Ltd as Eureka's financial adviser;
- (iii) MA Moelis Australia Advisory Pty Ltd as Eureka's financial adviser;
- (iv) Taylor Collison Limited as Eureka's financial adviser; and
- (v) Hamilton Locke Pty Ltd as Eureka's Australian legal advisers.

Each person named in Sections 3.2(b) and 3.2(c) as having given their consent to be named in this Supplementary Target's Statement:

- does not make, or purport to make, any statement in this Supplementary Target's Statement or any statement on which a statement in this Supplementary Target's Statement is based other than those statements which have been included in this Supplementary Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Target's Statement, other than a reference to its name and any statements or report which have been included in this Supplementary Target's Statement with the consent of that person.

4. AUTHORISATION

4.1 DATE OF SUPPLEMENTARY TARGET'S STATEMENT

The Supplementary Target's Statement is dated 6 May 2024 which is the date on which it was lodged with ASIC and provided to ASX.

4.2 APPROVAL OF SUPPLEMENTARY TARGET'S STATEMENT

This Supplementary Target's Statement has been approved by resolutions passed by Eureka. All Directors voted in favour of the resolution.

Date: 6 May 2024

Signed for and on behalf of Eureka:

A handwritten signature in black ink, appearing to read 'Murray Boyte', written over a horizontal line.

Murray Boyte

Executive Chairman

ANNEXURE A – SUPPLEMENTARY INDEPENDENT EXPERT’S REPORT

LONERGAN EDWARDS & ASSOCIATES LIMITED

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The Directors
Eureka Group Holdings Limited
Suite 2D, 7 Short Street
Southport QLD 4215

6 May 2024

Subject: Revised takeover offer for Eureka Group Holdings Limited

Dear Directors

Introduction

- 1 On 23 January 2024, Aspen Group (Aspen)¹ announced an intention to make an off-market takeover offer for all the ordinary shares in Eureka Group Holdings Limited (Eureka or the Company) that it did not already own at an offer price of 0.26 Aspen securities for each ordinary share held in Eureka (the Offer)².
- 2 The original bidder's statement in respect of the Offer was subsequently lodged with the Australian Securities & Investments Commission (ASIC) and the Australian Securities Exchange (ASX) on 8 March 2024 (Original Bidder's Statement). The first Supplementary Bidder's Statement (First Supplementary Bidder's Statement) and the Replacement Bidder's Statement were released on 15 March 2024 (Bidder's Statement / Replacement Bidder's Statement).
- 3 The Offer was subject to a number of conditions which needed to be satisfied, or waived, in order for it to proceed, including the key condition that Aspen acquire no less than a 50.1% interest in Eureka.
- 4 On 21 March 2024, Eureka announced that Filetron Pty Ltd as trustee for the Hunter Discretionary Trust (Filetron)³, which held 19.4% of Eureka's issued ordinary shares at the time, had stated that it did not intend to accept the Offer as described in the Bidder's Statement. It was also noted that the Directors who held or controlled approximately 2.3% of Eureka's ordinary shares at the time intended to reject the Offer. As a result, Aspen could only acquire up to 78.3% of Eureka's issued shares under the Offer (i.e. Aspen would be

¹ Comprising Aspen Group Limited and the Aspen Property Trust.

² At the time of the Offer, Aspen held a relevant interest in approximately 13.6% of Eureka's ordinary shares on issue.

³ An entity associated with Mr Ben Cottle and the FDC Group. The FDC Group is a provider of construction, fit-out, refurbishment and building services.

Authorised Representatives:

Hung Chu • Martin Hall • Grant Kepler* • Julie Planinic* • Jorge Resende • Nathan Toscan • Wayne Lonergan • Craig Edwards

* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.
Liability limited by a scheme approved under Professional Standards Legislation

unable to achieve the 90% threshold needed to move to compulsory acquisition and obtain 100% control of Eureka, nor the 80% threshold required for scrip-for-scrip rollover relief).

- 5 Lonergan Edwards & Associates Limited (LEA) prepared an independent expert's report (IER) dated 5 April 2024 for Eureka shareholders in relation to the Offer. The IER was included as Annexure A to Eureka's Target's Statement dated 8 April 2024 (Target's Statement). LEA concluded that the Offer was "*neither fair nor reasonable*".
- 6 On 16 April 2024, Aspen released its Second Supplementary Bidder's Statement (Second Supplementary Bidder's Statement) and declared the Offer unconditional. At that time, Aspen's relevant interest in Eureka had increased to approximately 35.7%.
- 7 LEA confirmed that the Second Supplementary Bidder's Statement did not impact our opinion and that we continued to conclude that the Offer was "*neither fair nor reasonable*".
- 8 On 2 May 2024, Aspen increased its offer to 0.28 Aspen securities for each ordinary share held in Eureka (Revised Offer) and declared the Revised Offer "*best and final*". Aspen's Third Supplementary Bidder's Statement (Third Supplementary Bidder's Statement) detailing the Revised Offer is dated 2 May 2024.
- 9 The Directors of Eureka have asked LEA to consider the Revised Offer and any change in circumstances and advise whether these factors result in any change to LEA's opinion.

Opinion

- 10 LEA confirms its opinion remains unchanged and considers the Revised Offer to be neither fair nor reasonable. Our reasoning is set out below.

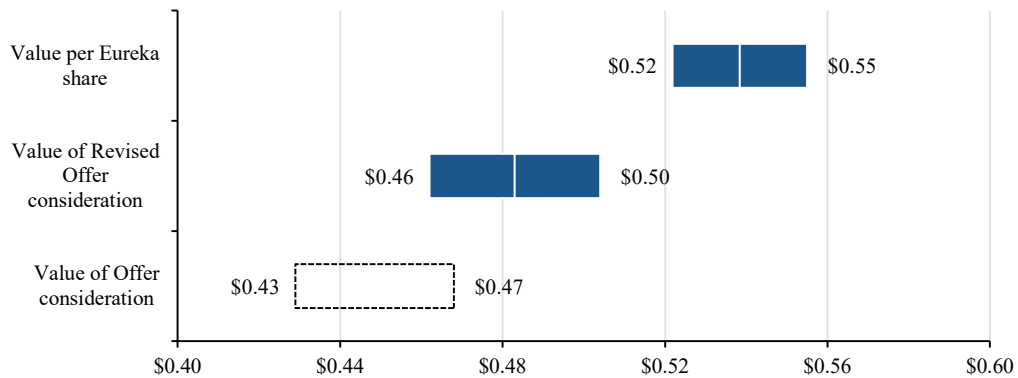
Assessment of "fairness"

- 11 LEA has reviewed and considered the additional information disclosed by both Aspen and Eureka as well as other changes in circumstances that occurred (e.g. movements in share prices, changes in relevant interests, general market movements and trading conditions, etc.) subsequent to the finalisation of its IER on 5 April 2024. Based upon its review, it does not consider it necessary to revise either its:
 - (a) assessed value of Eureka on a 100% controlling basis, being \$0.52 to \$0.55 per share; or
 - (b) assessed realisable value of Aspen securities (or the value that Eureka shareholders could expect to realise if they sold the securities they receive as consideration either immediately, or in the short term after the completion of the transaction), being \$1.65 to \$1.80 per security.
- 12 However, as the exchange ratio has been improved under the Revised Offer (from 0.26 to 0.28), our assessed value of the consideration offered by Aspen has increased (from \$0.43 to \$0.47) to \$0.46 to \$0.50 per Eureka share, as outlined below:

Assessed value of consideration offered by Aspen				
	Offer		Revised Offer	
	Low	High	Low	High
	\$	\$	\$	\$
Assessed realisable value of Aspen security	1.65	1.80	1.65	1.80
Exchange ratio (times)	0.26	0.26	0.28	0.28
Assessed value of consideration (per Eureka share)	0.43	0.47	0.46	0.50

- 13 Pursuant to ASIC Regulatory Guideline 111 – *Content of expert reports* (RG 111)⁴, an offer is “fair” if, “*the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.*”
- 14 This comparison for Eureka shares is shown below:

Comparison of Revised Offer consideration and Eureka share value⁽¹⁾



Note:

- 1 The white line positioned at the middle of our valuation range signifies the mid-point.

- 15 As the consideration offered by Aspen comprises Aspen securities (rather than cash), there is no single definitive estimate of value that can be relied upon for assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes. As the value of a Eureka share also has a range of possible outcomes, there are numerous different value comparisons that can be made between the value of Eureka shares and the value of the consideration offered. Given this, LEA considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the respective valuation ranges, rather than by reference to any single point of comparison.
- 16 While the value of the Revised Offer consideration is higher than that under the Offer, the high end of the Revised Offer consideration is still less than the low end of our assessed value range of 100% of the ordinary shares in Eureka (i.e. there is no overlap). Accordingly, in our opinion, the Revised Offer is not fair.

⁴ Which establishes the framework that is to be adhered to by an expert in evaluating the merits of a transaction.

Assessment of “reasonableness”

- 17 Pursuant to RG 111, an offer is “reasonable” if it is “fair”. An offer may also be considered “reasonable” if, despite being “not fair”, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.
- 18 We note that the disadvantages of the Offer that were raised in our IER dated 5 April 2024 continue to persist (to varying degrees) under the Revised Offer. In summary, the disadvantages are:
- (a) the value of the Revised Offer consideration is still below our assessed valuation range and still fails to provide Eureka shareholders with a sufficient control premium, noting inter alia:
 - (i) the premiums to the pre-bid price of Eureka shares implied by the Revised Offer range between 3% and 9%⁵ (the previously ranged between negative 5% and positive 1% based upon the Offer)
 - (ii) the implied premiums are likely to be overstated because they are calculated by reference to Eureka share prices up to and including 22 January 2024. These prices do not reflect the benefit of Eureka’s 1H24 results (which included a 2.7% and 2.9% increase in its reported NAV and NTA⁶ per share), the positive FY24 guidance provided within the Target’s Statement, or the relatively marginal increase in the S&P/ASX 300 A-REIT Index⁷
 - (iii) the average and median premiums (to pre-bid security prices) implied by relatively recent acquisitions of internally managed property focused businesses and Australian listed REITs⁸ (A-REITs) considered most comparable to Eureka were 18.1% and 17.9% respectively (i.e. higher than those implied by the Revised Offer, even before allowing for the issues raised in (ii))
 - (iv) there are a number factors outlined at paragraph 237 of our IER dated 5 April 2024 which, in our view, support the payment of a relatively substantial premium

⁵ Determined by applying the same methodology as that applied at paragraphs 234 and 235 of our IER dated 5 April 2024. Specifically, the high is measured by comparing the mid-point of our assessed value range of the Revised Offer consideration (i.e. \$0.48 per Eureka share) with the three-month volume weighted average price (VWAP) of Eureka shares up to and including 22 January 2024 (\$0.44), being the last trading day prior to the announcement of Aspen’s intention to make a takeover offer. The low is measured by comparing the implied value of the Revised Offer consideration based upon Aspen’s closing price on 22 January 2024 (\$1.65 per security multiplied by 0.28) against Eureka’s closing share price on the same day (\$0.45).

⁶ Net asset value (NAV) and net tangible assets (NTA).

⁷ Which has increased by some 11% from between 22 January 2024 and 3 May 2024. We note that the increase in the S&P/ASX 300 A-REIT Index is heavily skewed towards Goodman Group, which currently accounts for approximately 40% of the index weighting and has exhibited an increase of 32% over the period between 22 January 2024 and 3 May 2024. Excluding Goodman Group, the increase in the S&P/ASX 300 A-REIT Index over this period is closer to 2%.

⁸ Real estate investment trust.

- (b) Filetron (which now holds some 19.7% of Eureka’s issued shares) and the Directors that hold or control approximately 2.3% of Eureka’s issued shares have both stated that they will not accept the Revised Offer⁹. As a result, Aspen will be unable to obtain 100% control of Eureka, with the maximum interest obtainable being only some 78.0%. This has a number of ramifications for Eureka shareholders:
- (i) Aspen’s ability to realise the potential benefits that would otherwise accrue in the event it was able to acquire 100% of Eureka (e.g. cost savings / synergies, potential scale benefits including improved share trading liquidity, improved access to debt and equity markets (and possibly on more attractive terms) to fund growth opportunities etc.) will be significantly diminished
 - (ii) as the maximum number of shares Aspen can acquire is below the 80% threshold, scrip-for-scrip rollover relief will not be available for those Eureka shareholders that accept the Revised Offer and a make a capital gain. This means that any Eureka shareholder who makes a capital gain on disposal of their Eureka shares will crystallise a capital gains tax liability (subject to losses to offset the capital gain) if they accept the Revised Offer, despite not receiving any cash consideration under the Revised Offer
- (c) Eureka is currently trading at prices that exceed the implied value of the Revised Offer consideration¹⁰. Eureka shareholders therefore have an opportunity to realise cash value well in excess of the Revised Offer consideration through selling their shares on market. For as long as Eureka shares continue to trade at prices above the implied value of the Revised Offer consideration, Eureka shareholders have no incentive to sell their shares into the Revised Offer
- (d) Eureka shareholders that accept the Revised Offer will be exposed to different portfolio risks to those they currently face in respect of their shareholding in Eureka. Some Eureka shareholders may, even in light of the other potential advantages that may be realised, prefer not to acquire an economic exposure to Aspen’s business (which is heavily concentrated in residential accommodation, and in particular, Aspen’s Perth Apartments portfolio). Further, since the Revised Offer does not reflect a sufficient premium for control, Eureka shareholders are being offered minimal, if any, financial incentive to alter their risk profile.

19 In our view, the abovementioned disadvantages outweigh the following other factors that Eureka shareholders may also want to consider:

- (a) Aspen has declared its Revised Offer “*best and final*” and it therefore will not (and cannot) be increased

⁹ Eureka ASX announcement, *Eureka Directors Recommend Shareholders Reject Aspen’s Revised Offer*, dated 2 May 2024.

¹⁰ Eureka shares last traded at \$0.53 on 3 May 2024, while Aspen securities closed at \$1.75 (which based upon an exchange ratio of 0.28 implies a value of \$0.49 per Eureka share). Eureka’s one-week, two-week and one-month VWAPs to 3 May 2024 were all \$0.53 per share respectively, while Aspen’s were \$1.75, \$1.75 and \$1.72 per security respectively (which based upon an exchange ratio of 0.28, implies a value of \$0.49, \$0.49 and \$0.48 respectively per Eureka share).

- (b) Aspen's current interest in Eureka of some 35.5% is likely to act as a deterrent to other bidders and diminish the prospect of an alternative superior offer / proposal emerging prior to the close of the Revised Offer
- (c) in the absence of the Revised Offer, Eureka shares are likely (at least in the short term) to trade at a discount to our assessed value. Although Eureka shares last traded at \$0.45 prior to the announcement of Aspen's intention to make a takeover offer, in our view, the share price should be supported by the additional information disclosed by Eureka subsequent to 23 January 2024 (including 1H24 results, FY24F guidance etc.) and the relatively marginal increase in the S&P/ASX 300 A-REIT Index¹¹. There have also been significant on-market purchases of Eureka shares at prices in excess of \$0.50 per share¹²
- (d) if Aspen successfully acquires 50.1% or more of Eureka, then:
 - (i) Aspen will control Eureka including its day-to-day management, strategic direction and dividend payments. Should this occur the liquidity of Eureka shares may be diminished, which may result in a fall in the price of Eureka shares¹³. That said, there is a reasonable prospect that Aspen will make a further takeover offer at a later date in order to obtain 100% control of Eureka. However, the prospect of a future takeover offer is inherently uncertain as to whether it arises, the timing thereof and the related offer price (particularly given Filetron's shareholding and its stated intention to be a long-term investor)
 - (ii) Eureka shareholders who accept the Revised Offer will likely experience an increase in earnings and dividends per share as well as an improvement in reported NAV and NTA per share (albeit the uplift in reported NAV and NTA is largely illusory as Aspen trades at a significantly larger discount to reported NAV / NTA than Eureka¹⁴). Post-transaction, Aspen is also expected to have lower gearing than Eureka on an equivalent standalone basis.

20 Overall, having regard to the above, we have concluded that the Revised Offer is not reasonable.

General

- 21 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this supplementary report. Such conditions can change significantly over relatively short periods of time.
- 22 This supplementary report should be read in conjunction with our IER dated 5 April 2024 (including all appendices) which was included as Annexure A to the Target's Statement dated

¹¹ Refer to footnote 7.

¹² Noting that Filetron's average purchase price since 23 February 2024 (when it starting acquiring Eureka shares) is \$0.53 per share. Excluding Filetron, the Eureka VWAP over the period 23 February 2024 through to and including 3 May 2024 was \$0.51 per share (19.8 million shares at a total value of \$10.1 million).


¹³ Aspen may, depending on the level of shareholding obtained, also seek to remove Eureka from the official list of the ASX.

¹⁴ Since the release of its FY23 results through to the last trading day prior to the announcement of its intention to make a takeover offer, Aspen traded at a discount to reported NAV and NTA of approximately 15%. Eureka, on the other hand, traded at a much smaller discounts to reported NAV and NTA of approximately 8% and 2% respectively.

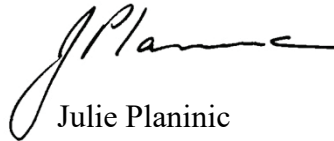
8 April 2024. In particular, all limitations, disclaimers and declarations set out in that IER apply in full to this supplementary report.

- 23 This supplementary report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Eureka shareholders. Accordingly, before acting in relation to the Revised Offer, Eureka shareholders should have regard to their own objectives, financial situation and needs. Eureka shareholders should also read the Target's Statement and the First Supplementary Target's Statement issued by Eureka in relation to the Offer and the Revised Offer.
- 24 Furthermore, this supplementary report does not constitute advice or a recommendation (inferred or otherwise) as to whether Eureka shareholders should accept the Revised Offer. This is a matter for individual Eureka shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Eureka shareholders are in doubt about the action they should take in relation to the Revised Offer or matters dealt with in this supplementary report, shareholders should seek independent professional advice.

Yours faithfully



Nathan Toscan
Authorised Representative



Julie Planinic
Authorised Representative

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

Financial Services Guide

- 3 LEA has been engaged by Eureka to provide general financial product advice in the form of an IER in relation to the Revised Offer. The Corporations Act requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

Appendix A

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the First Supplementary Target's Statement should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This supplementary report was prepared by Mr Nathan Toscan and Ms Julie Planinic, who are each authorised representatives of LEA. Mr Toscan and Ms Planinic have over 21 years' and 24 years' experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This supplementary report has been prepared at the request of the Directors of Eureka to accompany the First Supplementary Target's Statement to be sent to Eureka shareholders. It is not intended that this supplementary report serve any purpose other than as an expression of our opinion as to whether or not the Revised Offer is "fair and reasonable" to Eureka shareholders.
- 4 LEA expressly disclaims any liability to any Eureka shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

Interests

- 5 At the date of this report, neither LEA, Mr Toscan nor Ms Planinic have any interest in the outcome of the Revised Offer. With the exception of the fee that we will receive for the preparation of this supplementary report (which are based on our standard hourly rates), LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this supplementary report.
- 6 LEA has not had within the previous two years, any business or professional relationship with Eureka or Aspen or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Revised Offer.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Revised Offer. Its only role has been the preparation of this supplementary report.

Indemnification

- 9 As a condition of LEA's agreement to prepare this supplementary report, Eureka agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Eureka which is false or misleading

Appendix B

or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 10 LEA consents to the inclusion of this supplementary report and the statements based on this supplementary report in the form and context in which it is included in Eureka's First Supplementary Target Statement.

Glossary

Term	Meaning
A-REIT	Australian listed real estate investment trust
ASIC	Australian Securities & Investments Commission
Aspen	Comprising Aspen Group Limited and the Aspen Property Trust
ASX	Australian Securities Exchange
Bidder's Statement / Replacement Bidder's Statement	Replacement Bidder's Statement released on 15 March 2024
Eureka / the Company	Eureka Group Holdings Limited
Filetron	Filetron Pty Ltd
First Supplementary Bidder's Statement	First Supplementary Bidder's Statement released on 15 March 2024
First Supplementary Target's Statement	First Supplementary Target's Statement released on 6 May 2024
IER	Independent expert's report
LEA	LonerGAN Edwards & Associates Limited
NAV	Net asset value
NTA	Net tangible assets
Offer	Aspen's off-market takeover offer for all the ordinary shares in Eureka that it did not already own at an offer price of 0.26 Aspen securities for each ordinary share held in Eureka
Original Bidder's Statement	Original bidder's statement in respect of the Offer lodged with ASIC and the ASX on 8 March 2024
Revised Offer	Aspen's increased offer of 0.28 Aspen securities for each ordinary share held in Eureka
RG 111	ASIC Regulatory Guide 111 – <i>Content of expert reports</i>
Second Supplementary Bidder's Statement	Aspen's second Supplementary Bidder's Statement in respect of the Offer dated 16 April 2024
Target's Statement	Target's statement in respect of the Offer dated 8 April 2024
Third Supplementary Bidder's Statement	Aspen's third Supplementary Bidder's Statement in respect of the Revised Offer dated 2 May 2024
VWAP	Volume weighted average price