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Eureka Group Holdings Limited AGM Presentation

24 November 2014



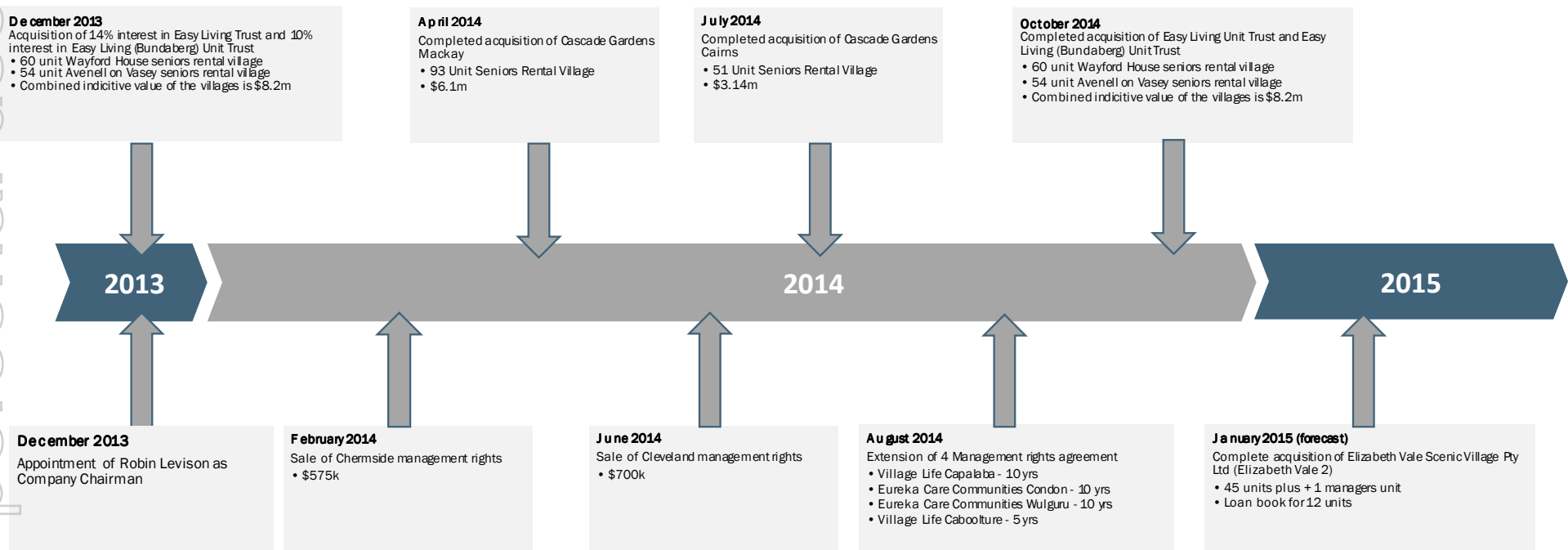
Overview

Eureka Group Holdings Limited (“Eureka”) is an ASX listed company (ASX: EGH) focused on the following:

- 1) Providing quality and affordable **rental accommodation** for seniors and disability pensioners in a friendly, safe and well managed environment.
- 2) All communities owned or managed by Eureka are located in **close proximity** to public transport, shopping areas and other amenities such as hospitals and allied medical support.
- 3) Governed by a **highly experienced** board of directors, Eureka is implementing an ambitious growth strategy, with a target of consolidating a position as one of Australia’s larger specialist affordable senior living community operators.
- 4) **Strong capable** management team with a combined industry experience of greater than 60 years.
- 5) The company owns a small, but rapidly expanding portfolio of accommodation villages, and is a property asset manager of 25 villages nationally **with 1,409** units managed at the date of this AGM. Eureka will own 312 units following the settlement of the Elizabeth Vale 2 acquisition in January 2015.

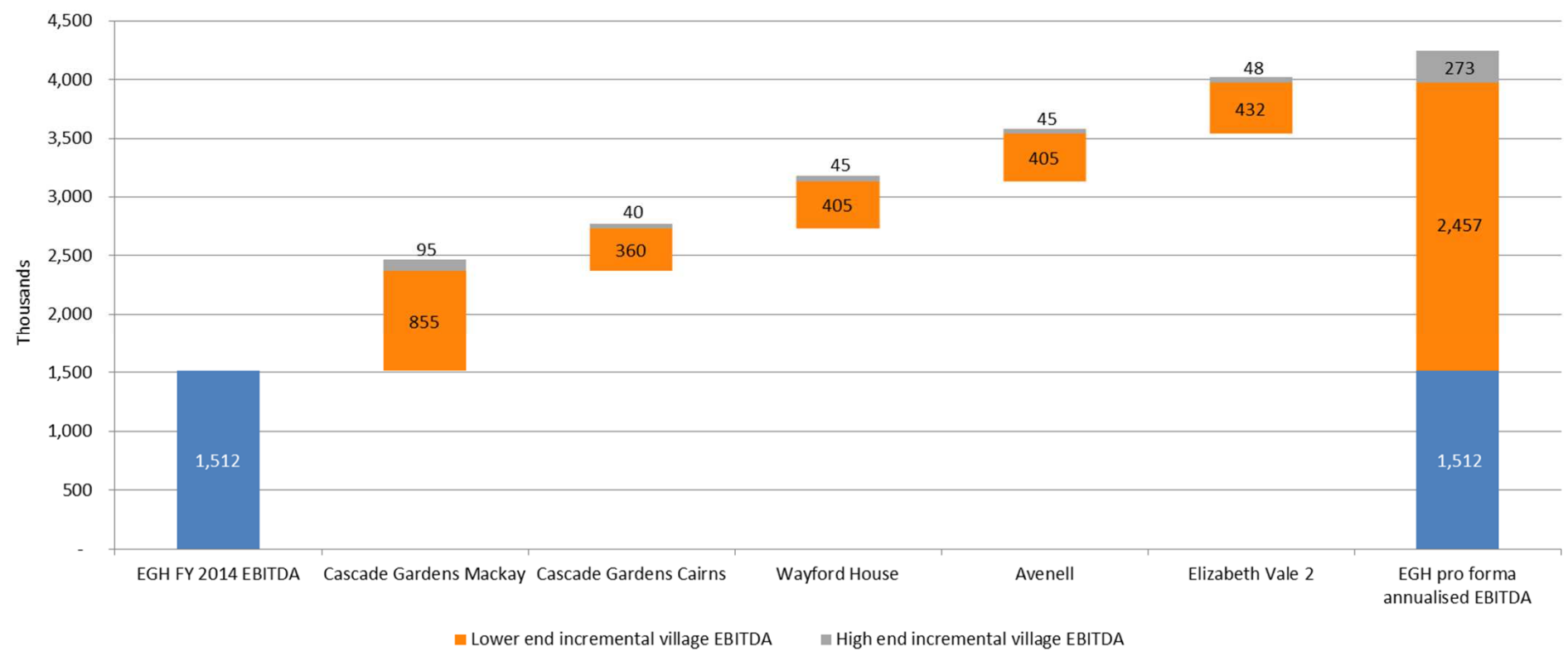
Recent Activity | Timeline

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EBITDA | Pro Forma Annualised Basis

The five villages (Mackay, Cairns, Wayford House, Avenell, Elizabeth Vale 2) acquired between April 2014 and January 2015 are expected to contribute an additional \$2.46m - \$2.73m to Eureka's EBITDA on an annualised basis.



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Pro Forma Balance Sheet and Income Statement

The pro forma balance sheet shows the increase in assets and liabilities from the village acquisitions, the internal / independent valuation of management rights, as well as the inclusion of 1-year pro forma NPAT for Eureka on an annualised basis:

Proforma balance sheet										Proforma balance sheet
(\$millions)	Eureka FYE 2014	Cascade Gardens Cairns	Wayford House	Avenell	Elizabeth Vale 2	Revaluation of management rights*	Sale of management rights	Other	1 year NPAT	
Assets										
Cash	1.29	(1.14)	(0.80)	(0.60)	(1.35)	-	1.00	-	2.69	1.09
Assets classified as held for sale	1.05	-	-	-	-	-	-	-	-	1.05
Other current assets	0.61	-	-	-	-	-	-	-	-	0.61
Total current assets	2.94	(1.14)	(0.80)	(0.60)	(1.35)	-	1.00	-	2.69	2.74
PP&E	7.43	3.14	4.17	3.97	4.39	-	-	-	-	23.10
Intangible assets	4.81	-	-	-	-	10.50	(2.00)	-	-	13.31
Other non-current assets	0.53	-	-	-	-	-	-	-	-	0.53
Total non-current assets	12.77	3.14	4.17	3.97	4.39	10.50	(2.00)	-	-	36.94
Total assets	15.71	2.00	3.38	3.38	3.04	10.50	(1.00)	-	2.69	39.68
Liabilities										
Total current liabilities	2.01	-	-	-	-	-	-	(0.23)	-	1.78
Non-current financial liabilities	7.16	2.00	2.25	2.25	2.04	-	(1.00)	(0.65)	-	14.05
Total non-current liabilities	7.16	2.00	2.25	2.25	2.04	-	(1.00)	(0.65)	-	14.05
Total liabilities	9.17	2.00	2.25	2.25	2.04	-	(1.00)	(0.88)	-	15.83
Net assets	6.54	-	1.13	1.13	1.00	10.50	-	0.88	2.69	23.85
Equity										
Share capital	46.04	-	1.13	1.13	1.00	-	-	0.88	-	50.16
Accumulated losses/reserves	(39.50)	-	-	-	-	10.50	-	-	2.69	(26.31)
Total equity	6.54	-	1.13	1.13	1.00	10.50	-	0.88	2.69	23.85
Total liabilities and equity	15.71	2.00	3.38	3.38	3.04	10.50	(1.00)	-	2.69	39.68

Pro forma income statement				
(\$millions)	FY 2014	Net effect other	Incremental from villages	Pro forma
EBITDA	1.51	-	2.46	3.97
Less: depreciation	(0.10)	-	-	(0.10)
Less: amortisation	(0.18)	-	-	(0.18)
EBIT	1.23	-	2.46	3.69
Less: Interest	(0.57)	0.34	(0.77)	(1.00)
NPBT	0.66	0.34	1.69	2.69
Less: Tax expense	-	-	-	-
NPAT	0.66	0.34	1.69	2.69
Basic earnings per share**				1.91 cents
Diluted earnings per share***				1.91 cents

*The management rights have been valued internally based on historical sales information and independent broker data to present the pro forma balance sheet. Management rights cannot be revalued upwards under Australia Accounting Standards so the carrying amounts in the balance sheet represents the costs associated with acquiring the rights less accumulated amortisation.

** Basic EPS is calculated based on the number of shares outstanding as at 20 November 2014 and includes the forecast share issuances to acquire Wayford House, Avenell and Elizabeth Vale 2.

*** All convertible notes have now been converted into shares at the date of this AGM.

Summary Forecast – 6 months ending 31 December 2014

The table below is the summary forecast results for the 6 months ending 31 December 2014 compared with the results from the comparative 6 month period last financial year:

6 months ending 31 December 2014					
	YTD	Summary			
(\$millions)	Oct 2014	Forecast	6mths	6mths	Movement
		Nov + Dec	31 Dec 2014	31 Dec 2013	
Total revenue	3.83	1.72	5.55	5.23	6%
EBITDA	0.81	0.41	1.22	0.78	56%
NPAT	0.48	0.23	0.71	0.40	77%
Basic earnings per share*			0.52 cents	0.52 cents	0%
Diluted earnings per share			0.52 cents	0.51 cents	2%

*Basic EPS is calculated based on the number of shares outstanding as at 20 November 2014 and includes the forecast share issuances to acquire Wayford House and Avenell.

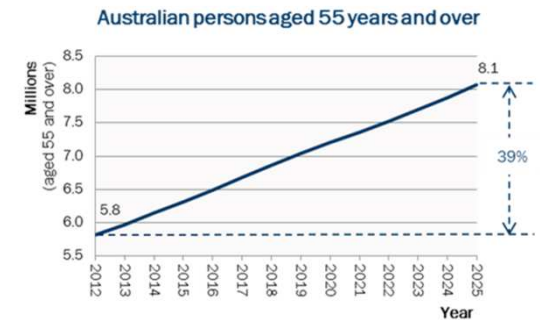
Rental Villages | About The Industry

Industry Overview

- There are over 1,750 facilities catering for aged accommodation across Australia, with approximately 150,000 residents.
- Research has indicated satisfaction levels of approximately 95% with residents' decision to reside in a village.
- All Eureka villages have strong enquiry driven by demand from an increasing aging population. Rental is the most affordable and often the only option for residents that rely on the pension as their only source of income.
- Research indicates that 15,000 new retirement dwellings are required per year over the coming decades.
- Historically, seniors rental villages have been a favored sector for investors but during the GFC, the market collapsed as prices fell alongside tightening credit. The sector is starting to gain favor again due to the characteristics of the industry projections and of its assets.

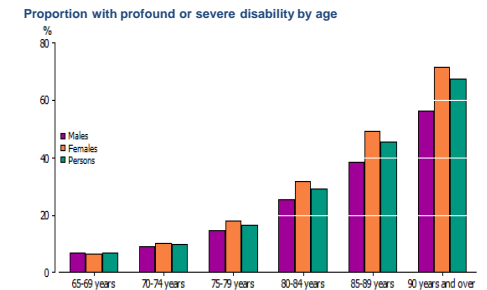
Demographic Growth

- The Australian Bureau of Statistics forecasts a consistent increase in population of the over 55 demographic in the coming years which will drive demand.
- In 2012 home ownership in Australia dropped to 67% and the number of people renting rose to 25%.
- Not only has the proportion of renters increased by 2012 but the proportion of households that have paid off their mortgage by retirement age slumped from 42% to 31%.
- The graph to the right models Australian population projection for persons aged 55 years and over.



Rentals

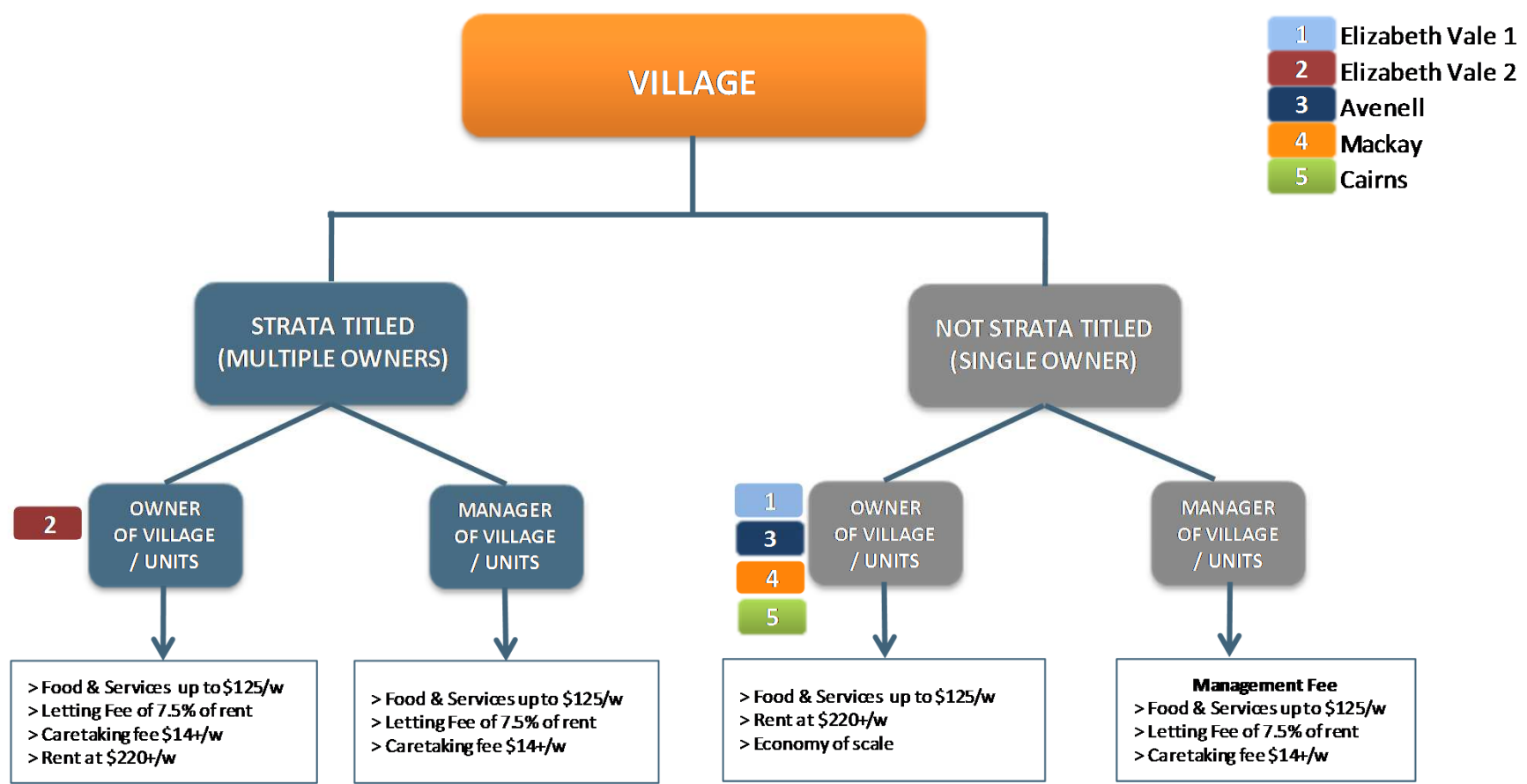
- The flexibility of a rental solution offers greater access for the delivery of in home aged and disability care services.
- Beyond the cost benefits, the Eureka floor plan provides disability access not found in traditional rental housing or NRAS options.
- There is increasing demand for accommodation that is able to provide for the affects of disabilities that over time impacts our ageing population.
- Government policy dictates that more and more people will be assisted to age while remaining in their home. This is having a significant impact on public housing where a family once lived that now accommodates only one aged resident. This is blocks the flow of new families into public housing until the aged resident is relocated.



Source: http://guidesacts.fahcsia.gov.au/guides_acts/ssg/ssguide-5/ssguide-5.2/ssguide-5.2.2/ssguide-5.2.2.05.html

Rental Villages | Standard Revenue Structures

The following diagram provides a comparison of the standard revenue model of the villages Eureka manage versus those that Eureka own based on overall average village pricing:



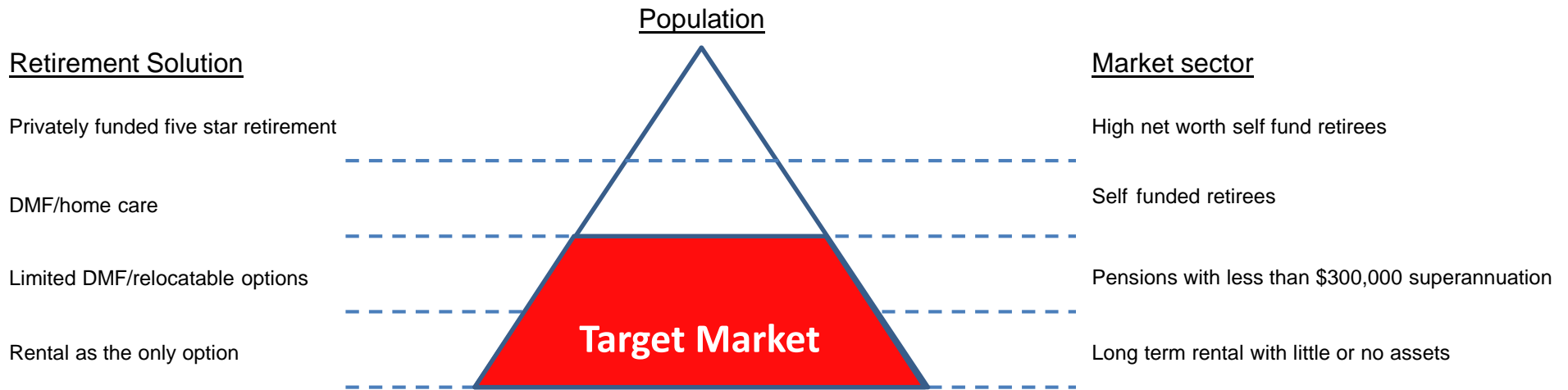
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Potential Opportunities | Villages & Management Rights

- The Eureka operating model is refined to ensure the highest possible returns given the restraints of our resident's pension based income. This demands strict cost management and the highest degree of administration efficiencies. From our direct debit rent collection (fortnightly in advance) to our ability to provide three quality meals per day. Consequently, our yield is industry leading on per bed basis. Our efficient management services will attract new business.
- Any village that Eureka manage is a target for acquisition. Our existing knowledge gives us accurate data to assess potential value and possible negative risks.
- In terms of the potential for further acquisitions, there are around 1,750 villages in Australia, of which 200-250 are directly comparable to the four Eureka has recently purchased:
 - 100+ Village Life villages
 - 30+ SunnyCove villages
 - 20+ Westminster House villages
- The changing needs of the ageing population and government funding will dictate that people will live at home longer and receive care in their home for as long as possible. Eureka is strategically positioned to meet this demand and offer solutions for care providers to deliver additional services as resident's needs change.
- Flexibility to create a product that is desirable to baby boomers who will have significantly different lifestyle needs in their retirement.
- Eureka has the ability to offer RSA Level 3 services. Population statistics show a significant and increasing demand for accommodation for the disabled and vulnerable in our community. Eureka believe this market will appreciate the affordable accommodation solution offered at our villages.

Potential Opportunities | Ethical Investment

- There is an expanding gap in the market as other service providers move their product up in market price and away from a rental option. They have lost sight of the ethical responsibility we have to the lower socio-economic sector of our community and the strength of this market. Eureka has taken specific interest in the needs of our vulnerable aging population. Eureka has strived to provide affordable accommodation to the financially challenged that if given the opportunity will neglect themselves and forgo critical nutrition.
- Recent trends have seen many of these villages move to the DMF model, significantly reducing the amount of affordable housing available in the market. This has driven the demand higher and placed greater importance on Eureka to continue striving to provide affordable rental solutions.
- The opportunity to provide affordable housing to people who are unable to afford other models is critical. ABS figures suggest a significant percentage of our population will never own their own property and will always rent. As this market sector approach retirement age they will have little or no option but to rent.



Empathy **U**nderstanding **R**espect **E**xperience **K**indness **A**ffordability

Our Model | Why Rental?

The table below is a comparison of the Eureka model against other models in the market from the perspective of a typical resident:

Case Study 1 Deferred Management Fee Model

- Use all their savings/superannuation of \$300,000 to move into a DMF village.
- Lose on average 30% of the \$300,000 purchase price upon exit.
- Pay ongoing owner contributions of \$300 per fortnight as well as paying for all of their own food and social activities, assuming \$350 per fortnight this leaves around \$204 per fortnight for the resident. There is no government subsidy for rent assistance.

Under this model the resident's savings are significantly diminished once they move to higher care. In addition they pay ongoing amounts out each week to contribute to the maintenance of the village and need to purchase their own food. In the case of a couple, there is a critical risk in the event one person needs to obtain higher care, there is no personal finance available to pay an entry bond to the Aged Care Provider.

Case Study 2 Relocatable Home

- Using a large portion of the \$300,000 savings/superannuation, say \$200,000 to purchase a relocatable home. The balance of savings, say \$100,000 is invested for a small return \$5,000 or \$200 per fortnight (assuming a rate of 5% p.a.).
- Pay ongoing site fee of \$200 per fortnight after rent assistance and be responsible for their own building maintenance.
- Pay for all of their own food and social activities (assuming \$350 per fortnight), the resident is left with \$500 per fortnight (including the return on investment).

Under this model the residents are required to use their savings to purchase the property and pay ongoing site fees as well as maintenance costs. At the time the resident needs to move to higher care, they face the task of selling their asset to fund adequate aged care.

Case Study 3 Rental Model

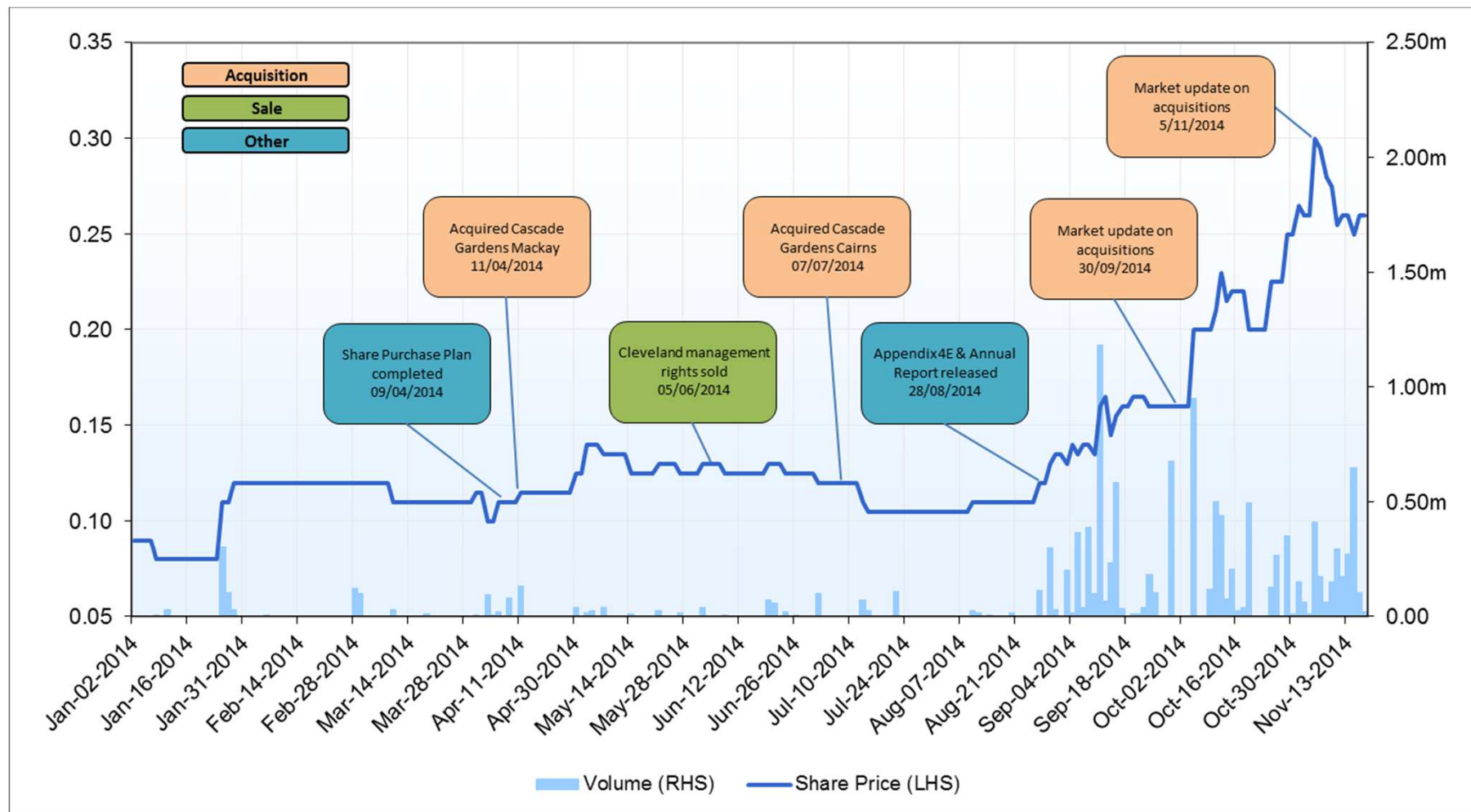
- Invest entire savings of \$300,000 for a return of \$15,000 per year or \$577 per fortnight (assuming rate of 5% p.a.).
- Pay a rent and service fee to live in an Eureka unit of \$534 per fortnight after rent assistance and receive freshly prepared meals each day, community activities and programs and have the support of an on-site manager. The resident is left with \$897 per fortnight left (including the return on investment).

Under the Eureka model the resident can retain their savings and earn a return, while using the money they receive from the Government to manage all of their other costs. Each fortnight they have around \$897 without diminishing their savings.

The rental option is the only solution for residents that have little or no savings or superannuation. They have no ability to own a residence.

Performance | Share Price & Liquidity

The graphs below show the recent improvement in both share price and liquidity:



Shareholders | Top 20

The table below is a snapshot of the top 20 shareholders as at 21 November 2014:

Rank	Name	Shares held on a diluted basis	% held
1	ROBIN LEVISON (THROUGH CONTROLLED ENTITIES)	12,304,608	9.66%
2	LACHLAN MCINTOSH (THROUGH CONTROLLED ENTITIES)	12,082,697	9.48%
3	CO-INVESTOR CAPITAL PARTNERS PTY LTD	7,214,169	5.66%
4	SANDHURST TRUSTEES LTD	7,118,388	5.59%
5	WAVET FUND NO 2 PTY LTD	7,058,624	5.54%
6	CUSTODIAN NOMINEE COMPANY LIMITED	6,200,000	4.87%
7	NAVIGATOR PROPERTY GROUP P/L	5,057,879	3.97%
8	NORFOLK ENCHANTS PTY LTD	4,651,238	3.65%
9	RICHARD MEWS (THROUGH CONTROLLED ENTITIES)	4,396,045	3.45%
10	NATIONAL NOMINEES LIMITED	2,851,227	2.24%
11	DEALCITY PTY LIMITED	2,591,310	2.03%
12	JELLYFISH GLOBAL INVESTMENTS PTY LTD	2,500,000	1.96%
13	QFM NOMINEES PTY LTD	2,332,174	1.83%
14	JOSEPH CONDON (THROUGH CONTROLLED ENTITIES)	2,240,000	1.76%
15	ALISTER WRIGHT	2,100,000	1.65%
16	NORFOLK ENCHANTS PTY LTD	1,651,238	1.30%
17	MR STEPHEN WALKER & MRS SUSAN SARAH WALKER	1,376,000	1.08%
18	CONTEMPLATOR PTY LTD	1,352,707	1.06%
19	PACIFIC DEVELOPMENT CORPORATION PTY LTD	1,350,000	1.06%
20	WULGURU TOWNSVILLE PTY LTD	990,000	0.78%

Contact Details

Robin Levison
Chairman

Phone: (07) 5568 0205

Email: robin.levison@eurekagroupholdings.com.au

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