1H23 Results Presentation

February 2023

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1H23 Highlights

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Revenue and earnings growth driven by strong resident demand and rental growth across the portfolio

$17.5m
Revenue
↑ 18% 1H22

Like-for-like revenue growth 8%

$5.9m
Underlying EBITDA[1]
↑ 14% 1H22

Like-for-like village EBITDA growth 7%

$7.8m
Profit after tax
↑ 92% 1H22

EBITDA growth and property valuation uplift

41.5 cents
NTA per share
↑ 9% FY22

Whole-of-portfolio valuation to be completed in 2H23

3.11 cps
EPS
↑ 80% 1H22

0.67 cps
1H23 dividend
↑ 6% 1H22

32.7%
Gearing
40.8% FY22

$7.5m
Valuation uplift
$1.8m 1H22

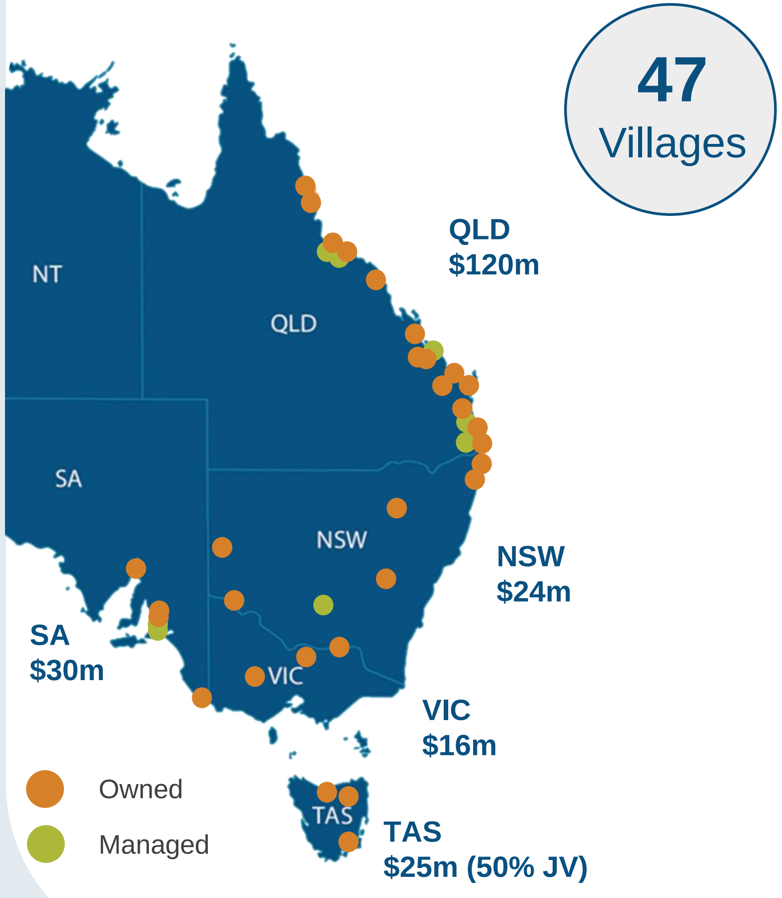
Includes independent valuations on four properties

1. Refer Definitions. Underlying EBITDA growth achieved despite no current period contribution from Lismore which was impacted by a severe flood event in 2H22. Prior period contribution was $0.45m.

1H23 Highlights

Eureka operates a pure play, specialist strategy of providing affordable seniors rental accommodation

GEOGRAPHIC OVERVIEW



PORTFOLIO SNAPSHOT

2,692
Units under management
+185 units FY22

$203m
Investment property value[1]
$172m FY22

98%
Occupancy
98% FY22

9.35%
WACR[3]
9.4% FY22

340 units[2]
Owned development pipeline

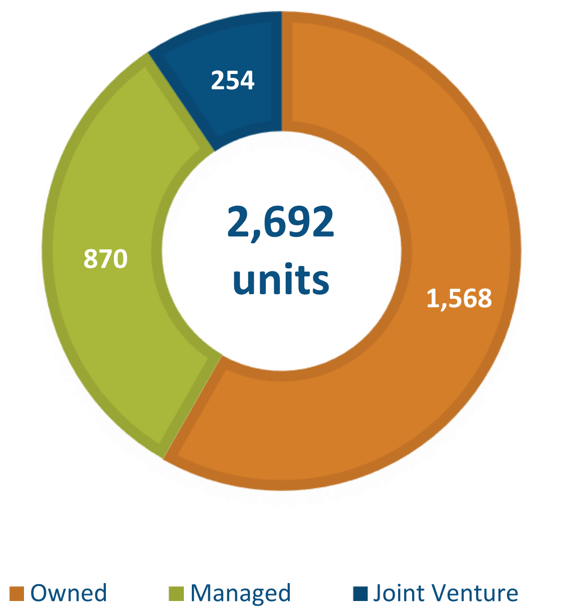
>95%
Rent underpinned by government pension and rent assistance

1. Includes 50% share of investment properties held in JV. Refer slide 14
2. Owned sites with development potential consistent with Eureka's develop to hold strategy
3. Refer Definitions

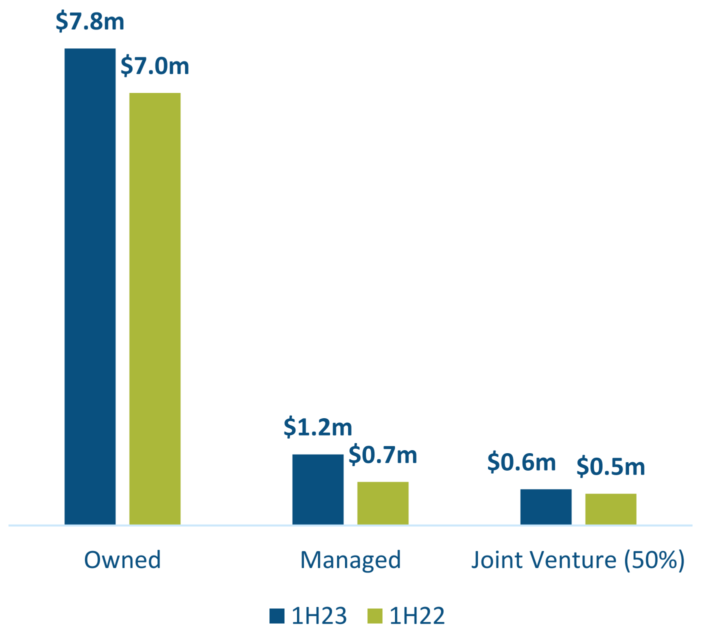
Segment information

Solid contributions from all segments

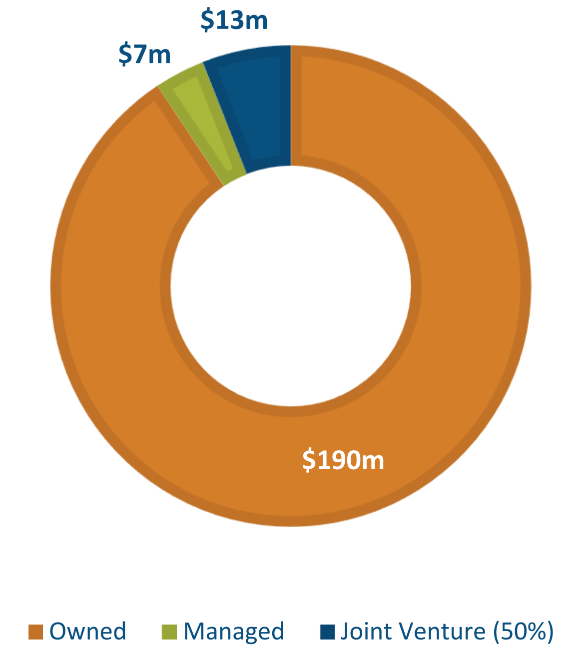
Unit numbers at 31 December 2022



Village contributions[1] (excluding revaluations)



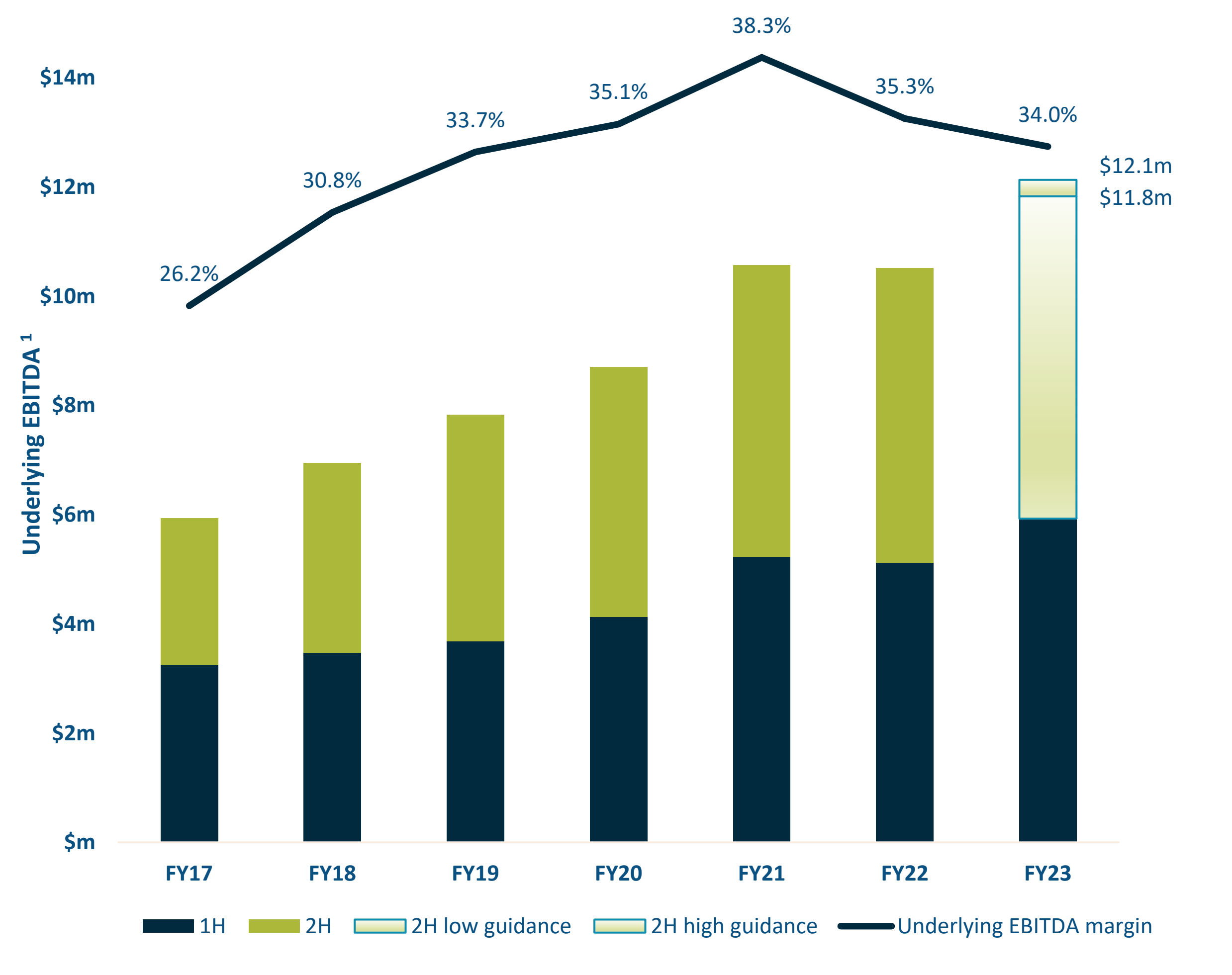
Asset values at 31 December 2022



1. Refer Definitions

Underlying EBITDA[1]

Continued Underlying EBITDA growth, with margins expected to improve



- **Updated FY23 underlying EBITDA guidance range of $12.1m - $12.1m**

- Full year contribution from FY22 acquisitions underpins growth in 1H23 and forecast FY23 underlying EBITDA

- Loss of the Lismore village in the 2022 flood event impacted underlying EBITDA margin in 1H23 by 0.8%
- Revenue growth offset impact of inflation on wages and energy costs, with rising energy costs also partly mitigated by solar program
- Essential investment in people and resources reduced the underlying EBITDA margin in FY22 as a prerequisite to delivering growth. Final key management appointments have been made in 1H23

- **Underlying EBITDA margin expected to improve from late FY23 through organic growth, acquisitions and economies of scale**

1. Refer Definitions

1H23 Highlights

Eureka has a sound financial base, a sustainable business model and significant growth opportunities

Strong results ✓

- 18% Revenue and 14% underlying EBITDA growth, reflecting strong resident demand, rental growth, asset acquisitions and an active development program
- Maintained high portfolio occupancy of 98%

Portfolio value uplift ✓

- Independent valuations undertaken on 4 assets, uplift of 22% achieved
- Village level EBITDA growth of 7% on pcp
- Valuation uplift during the period largely driven by increased village earnings
- A ‘whole of portfolio’ valuation will be undertaken in 2H23

Acquisitions and developments ✓

- Acquired 3 villages (Tamworth, Horsham and Eagleby) and continued individual unit acquisition strategy which delivered 185 additional units
- Commenced construction of Brassall in January 2023

Capital management ✓

- Successful $28.2m Entitlement Offer in November 2022
- Gearing reduced from 40.8% at FY22 to 32.7% at 31 December 2022

Resident-first approach ✓

- Resident first approach to ensure sense of belonging and community to extend tenure
- Community room upgrades commenced across 15 villages
- Roll-out of solar energy program continues with 13 villages completed and a further 6 in CY2023, reducing resident power bills

Strengthened management team ✓

- Key senior leadership appointments completed during the period across real estate, operations and technology

About Eureka

Well placed within the seniors living spectrum

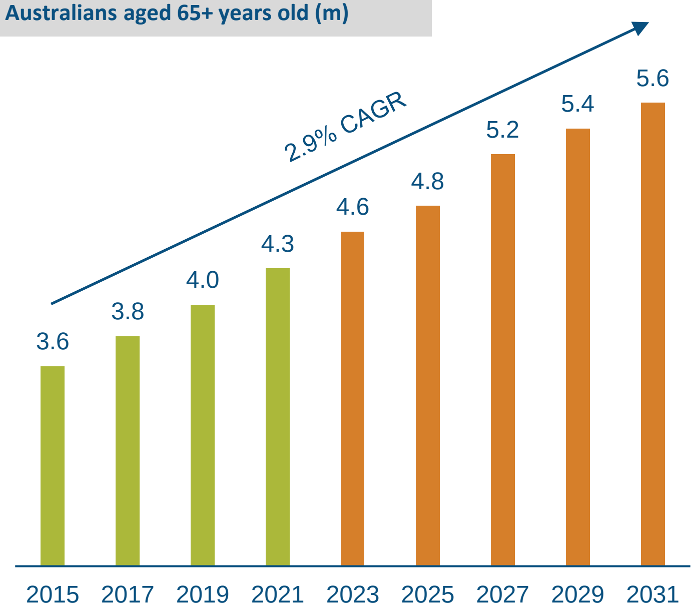
Eureka is a leading operator of affordable and scalable seniors rental accommodation

Residential home	Government social housing	Land lease communities	Seniors rental 'Eureka'	Retirement village	Aged care
	Community-based independent living			Care services available	Advanced care services
Operator characteristics	Provision of services	Facilities development and asset ownership	Facilities development and asset ownership	Facilities development and asset ownership	Combination of facilities and service provision
Typical age	All	50+	70+	70+	80+
Rental assistance available?	✔	✔	✔	✘	✔
Key features	• Mixed resident demographic • Very limited availability with long waiting lists • No social / community engagement • Does not include meal service	• Site agreement model whereby residents own a manufactured home on rented land • Community style living and facilities • Few additional services • Upfront capital commitment and ongoing rent	• Community style living and facilities, including meal service in a majority of villages • All inclusive headline rental price • Simple Residential Tenancy Agreement • No entry or exit fees • Significant level of autonomy and independence • Safe and secure villages	• Increased services, including care • Residents generally pay an entry contribution equivalent to unit purchase price • Significant ongoing fees • Deferred management fee model in some instances	• Little independence, significant levels of care • Homes staffed with nurses and other healthcare professionals • Typically charge daily care fees and upfront refundable accommodation bond
Caters for	• Means tested • Only available to lowest socio-economic demographic	• Those seeking to release capital by selling their residential home	• Retirees receiving government pension • Seniors ageing in place independently	• Elderly retirees who have typically sold their main residence and can afford lifestyle arrangements • Residents are typically independent	• Elderly people who require significant levels of care

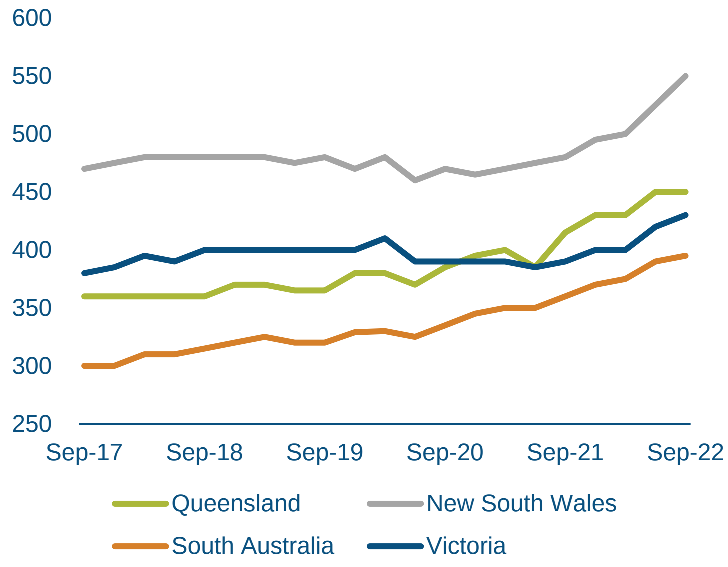
Favourable industry dynamics

Positioning Eureka's portfolio strongly for the future

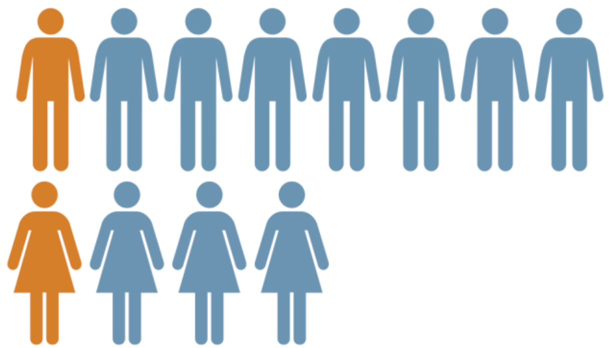
Australians aged 65+ years old (m)



Median weekly rent ($)



People with no superannuation (%)



23% of women
13% of men
have no superannuation
in the 60-64 age group

Ageing population[1,2]

- ~4.6 million or 18% of Australians are currently 65 years of age or older - this is forecast to grow to 5.6 million (or 19% by 2031)
- ~57% of Australians aged 65 and over rely on the Government aged pension as their primary source of income and 67% receive a form of income support payment

Housing unaffordability[3]

- Considerable growth in rents and house prices over the last 5 years has made everyday residential living unaffordable for many older Australians
- The proportion of Australians renting compared with owning a home continues to rise and has done so across all age brackets for the last 20 years

Underfunded retirees[4,5]

- On average, Australians aged 65 and older have insufficient superannuation balances to support a comfortable retirement
- 33% women and 25% men, across all ages, have no superannuation account. On retirement ~23% of women and 13% of men have no superannuation[6]

1. ABS National, State and Territory Population 2021
2. The Treasury 2021 Intergenerational Report
3. State government data
4. ABS Household Income and Wealth 2019-20
5. Association of Superannuation Funds of Australia Retirement Standard Report 2018
6. ASFA Snapshot of Account Balance in Australia 2019

Operational Performance

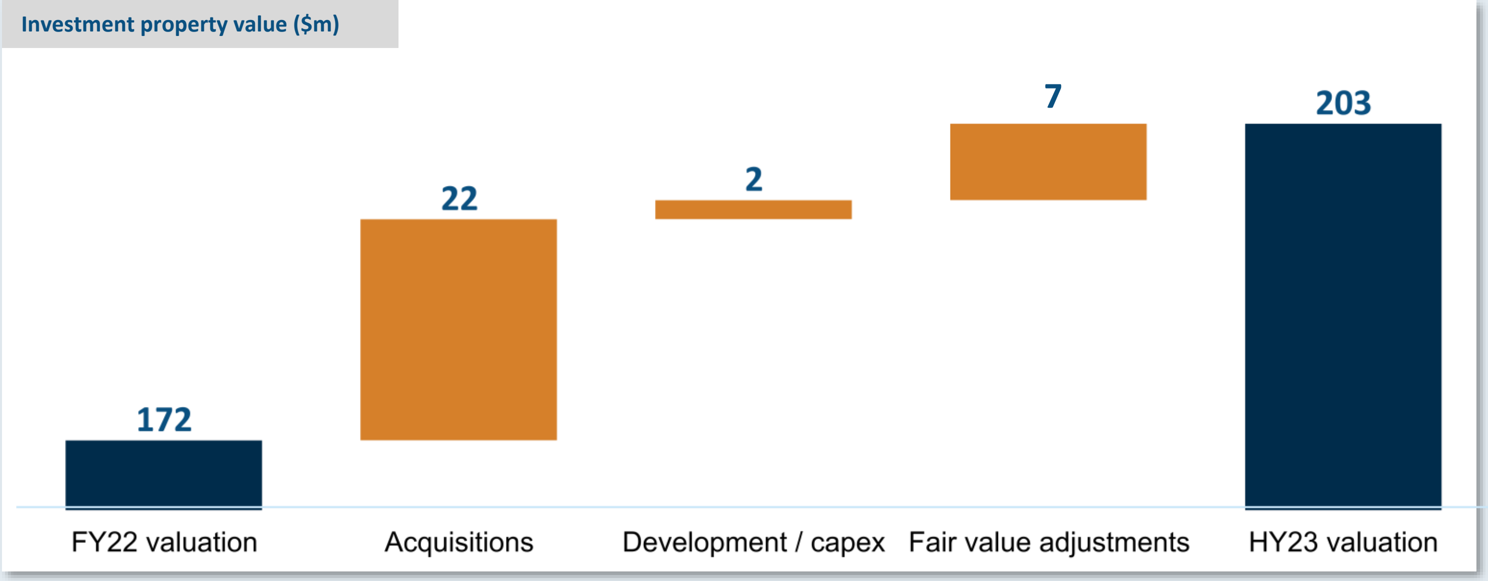
Investment properties

Portfolio enhanced by active management

Commentary

- **Valuation uplift of 22% on the 4 properties independently valued during the period, largely driven by increased village earnings**
- Acquisitions and capital improvements also supplemented valuation growth over the period, contributing $24m[1]
- **A 'whole of portfolio' valuation will be undertaken in 2H23**
- Further portfolio growth is forecast as Eureka continues to move towards "institutional scale"

Strong portfolio growth[2] supported by acquisitions and developments



Independent valuation summary

	FY22 Valuation ($m)	HY23 Valuation ($m)	Valuation uplift ($m)	Change in valuation (%)
Margate, QLD	5.1	6.6	1.5	29%
Southport QLD	4.3	5.4	1.1	23%
Orange, NSW	6.1	6.9	0.8	14%
Mt Gambier, SA	4.9	6.0	1.1	23%
Total valuation	**20.4**	**24.9**	**4.5**	**22%**

1. Includes capitalised transaction costs
2. Includes 50% share of investment properties held in JV

Portfolio diversified across owned, JV and managed units

Commentary

- Eureka maintains a core portfolio of 1,568 owned units and 254 units held in a 50% Joint Venture
- Eureka's interest in these units is valued at $203m
  - $190m of owned investment property
  - $13m of JV assets
- In addition to owned and JV units, Eureka also manages 870 units that generated 1H23 EBITDA of $1.2m, with a carrying value of $7m

Portfolio statistics		1H23	FY22
Owned units	[#]	1,568	1,392
JV units	[#]	254	254
Managed Units	[#]	870	861
Total Units	**[#]**	**2,692**	**2,507**
Investment property value	[m]	$190m	$160m
Value of JV units (50%)	[m]	$13m	$12m
Total portfolio value	**[m]**	**$203m**	**$172m**

Select Eureka communities


Mackay, QLD


Orange, NSW


Hervey Bay, QLD


Albury, NSW


Eagleby, QLD

Disciplined acquisition strategy

Completed 3 village acquisitions[1] in 1H23 and actively assessing other opportunities

Completed acquisitions

Tamworth, NSW

$6.7m acquisition
50 units settled November 2022

Horsham, VIC

$5.1m acquisition
46 units settled November 2022

Eagleby, QLD

$7.3m acquisition[2]
55 units plus management rights settled September 2022

Acquisition objectives

- Actively identifying and assessing accretive acquisition opportunities including:
  - Existing villages;
  - Individual units; and
  - Management rights
- Focus on fit-for-purpose assets that align to the needs of target residents to ensure high occupancy and tenure
- Fragmented nature of the sector provides an opportunity to construct a high-quality portfolio of assets with geographic diversification

Integration of acquisitions

- New acquisitions are performing as expected with a focus on onboarding village managers, increasing food participation and community networking to drive improved occupancy by June 2023

1. Eureka also purchased individual units at various managed villages worth $2.6m during 1H23
2. $6.5m acquisition excluding management rights

Development strategy – building long term value

Committed to growing the portfolio via greenfield and brownfield development opportunities

Proven development track record which includes swift ramp up to steady state occupancy

Development opportunities well supported by tenant enquiries

Ability to unlock embedded development potential in existing portfolio, with ~340 units that can be added to existing sites

Completed

Wynnum, QLD

- 22 unit village expansion
- Completed in January 2022
- 9.0% yield on cost delivered
- Fully leased

Commenced

Brassall, QLD

- 51 unit village expansion
- Construction commenced February 2023
- Estimated completion by November 2023
- Stage 1 pre-leased
- $11.0m development cost funded by 1H23 capital raise
- On track to deliver incremental EBITDA yield on development costs of >8.0%

Pipeline

Future development strategy

- Kingaroy, QLD greenfield development in detailed design
- FY24 - FY26 development strategy utilising data analytics
- Identified growth opportunities exist across:
  - Redevelopment of existing villages
  - Adjoining village developments
  - Greenfield development to deliver new villages

Sustainability

Resident first philosophy enhances resident experience, creating sustainable value for shareholders

	Initiatives	Achievements	Targets / Focus
Environment *Developing an environmental program to reduce the impact of operations on the environment*	**Solar power** Commitment to energy conservation through a continuation of village solar programs **Energy efficiency** NABERS energy standards to be implemented into the portfolio through the ESG framework	• Implemented solar at 13 villages • FNQ building resilience and storm readiness	• Solar to be implemented in a further 6 villages in CY2023, reducing resident power bills • Remove single use plastic containers by FY24 • Brassall development incorporates 6-star energy rating
Social *A nationally important provider of essential social infrastructure*	**Resident first** Empowering the well-being and independence of residents in a safe, secure and active village where residents can age in place **Community connections** Key part of social infrastructure, supporting the wellbeing of residents and the broader communities in which villages are located	• Resident first approach to ensure sense of belonging and community to extend tenure • Security enhancement through installation of security gates at most villages • Community room upgrades commenced across 15 villages	• CCTV and wi-fi installation across all villages by FY24 • Enhance customer value proposition to improve resident welfare, safety and physical and mental well-being • Employee value proposition to engage staff, retain talent and ensure staff welfare
Governance *Established framework to proactively consider and action ESG initiatives*	**Board governance** Experienced leadership and management team with expertise in property, financial management, governance and health **Ethical practices** Independent social impact consultant engaged to establish an integrated ESG plan	• Independent consultant has delivered a 3 year ESG framework and action plan • Risk management framework of policies, legislative and regulatory compliance and reporting	• Implement preferred technology systems across all business units • Cyber security upgrade • Climate change – resilience planning

Capital Management

Robust capital management

Capital management planning provides optionality for future funding requirements

Commentary

- Funding of Brassall development and targeted 2H23 acquisitions is well supported by existing cash flows, covenant headroom and undrawn and available debt facilities
- Post the completion of the Entitlement Offer in November 2022, gearing was reduced from 40.8% to 32.7%
  - Current gearing at lower end of target range of 30% to 40%
  - Eureka maintains covenant headroom on interest cover ratio and gearing
- $40m of interest rate hedging now in place across two tranches covering ~60% of drawn debt
  - $20m at 2 year duration maturing in December 2024
  - $20m at 3 year duration maturing in December 2025

Key debt metrics		1H23	FY22
Facility limit	[$m]	83.0	77.5
Drawn amount	[$m]	67.0	70.0
Proportion hedged	[%]	60	-
Weighted average hedge maturity	[years]	2.5	-
Cost of debt p.a.	[%]	5.7	2.26
Gearing	[%]	32.7[1]	40.8

32.7%
Gearing[1]

4.7x
ICR

5.7%
Cost of debt

$67m
Debt drawn

$83m
Facility limit

1. Pro forma 1H23 gearing of 36.5% post Brassall development

Dividends

Consistent returns to shareholders since commencement of paying dividends

Dividends

1H23 interim dividend

0.67c per share

- Dividend reinvestment plan (DRP) operative
- DRP issue price of 5-day VWAP less 2% discount

Key dates

Ex-dividend date

16 March 2023

Record date

17 March 2023

DRP election date

22 March 2023

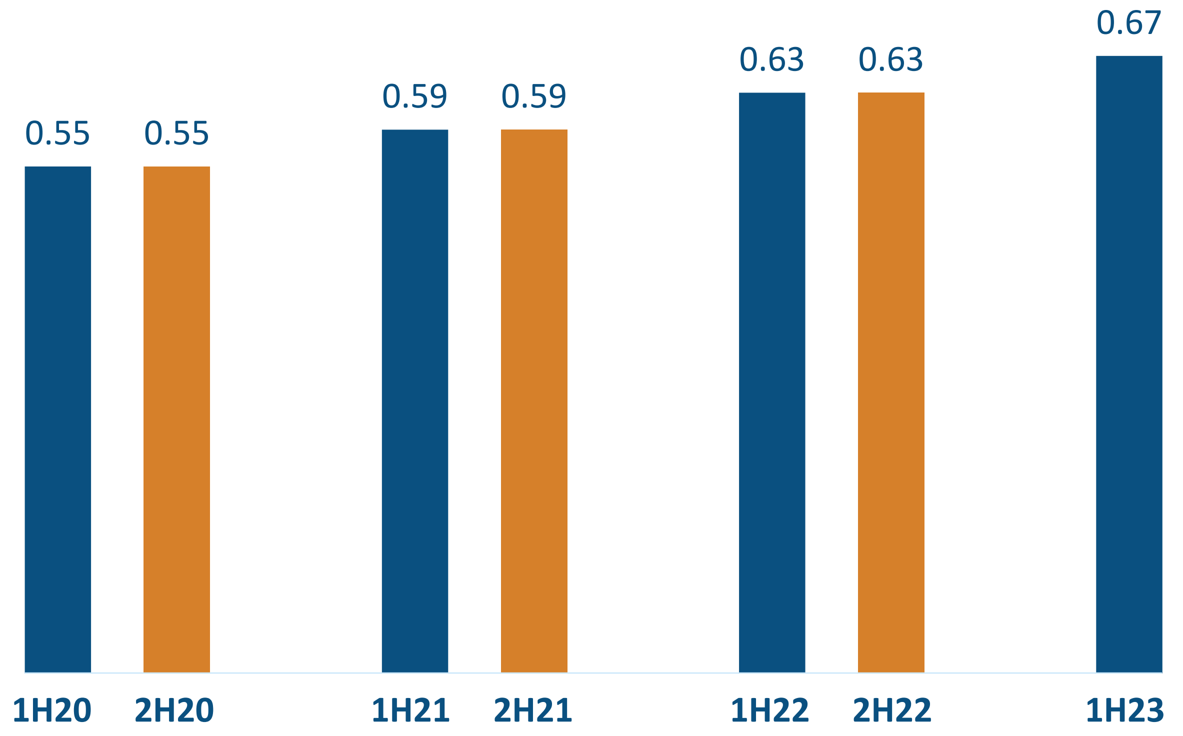
Payment date

6 April 2023

DRP issue date

6 April 2023

Dividend track record (cps)



Strategic Priorities

Delivering on strategy

Building long term value through a disciplined growth plan, backed by an ESG focused, resident first philosophy

Resident experience initiatives	✓	• Continue investment in key areas to enhance resident experience to maintain the high resident retention rate
Portfolio value	✓	• Valuation uplift primarily from increased village earnings • Whole-of-portfolio valuation to be completed by 2H23
Portfolio management	✓	• Deliver on development opportunities identified in high-demand regional markets • Continue to pursue earnings-accretive acquisitions in existing and new markets
Capital management	✓	• Ongoing capital management planning to support performance and growth
People	✓	• High quality, well resourced management team to deliver on growth objectives
Technology	✓	• Implement preferred technology systems across all business units
Brand repositioning	✓	• Revitalising and repositioning Eureka's brand in the affordable rental retirement market

Guidance and outlook

Updated FY23 full year guidance

FY23 underlying EBITDA range

$11.8m – $12.1m

FY23 underlying EBITDA growth

12% – 15%

FY23 underlying EPS

2.6c

Whole-of-portfolio valuation

To be completed in 2H23

1. Refer Definitions

Appendix

Profit and loss

- Profit after tax increased 92% to $7.8m
- 18% increase in total revenue driven by like-for-like village growth (+8%) and acquisitions
- Average village occupancy was 98% across the portfolio
- Profit growth driven by 14% increase in underlying EBITDA and valuation uplift of $7.5m
- Reduction in underlying EBITDA margin due to impact of Lismore flood. Margin is expected to improve from late FY23 through organic growth, acquisitions and economies of scale
- Strategic project costs include technology upgrade and brand revitalisation projects and corporate relocation costs
- Finance costs increased 36% due to rising interest rates. 60% of the drawn debt is hedged at 31 December 2022. Weighted average cost of debt 5.7%
- No cash tax is payable due to carry forward revenue tax losses

($ '000)	31-Dec-22	31-Dec-21
Rental income	11,765	10,293
Catering income	2,699	2,402
Service and caretaking income	2,991	2,107
Total revenue	**17,455**	**14,802**
Reconciliation of profit after tax to underlying EBITDA[1]		
Profit after tax	**7,750**	**4,033**
Income tax expense	2,749	971
Depreciation and amortisation	422	345
Finance costs	1,760	1,293
EBITDA[1]	**12,681**	**6,642**
Net gain on change in fair value of:		
- Investment properties, including assets held in joint venture	(7,523)	(1,851)
- Non-current assets held for sale	-	(20)
(Profit)/ loss on sale of assets	(15)	38
Transaction costs including acquisitions, disposals and asset realisations	85	50
Strategic projects – technology, brand and support office relocation	335	222
Interest expense included in the share of profit of a joint venture	100	51
Other	266	49
Underlying EBITDA[1]	**5,929**	**5,181**
Underlying profit before tax[1]	**3,746**	**3,543**
Basic earnings per share (cents)	3.11	1.73
Dividends per share (cents)	0.67	0.63
Underlying EBITDA margin[1]	34.0%	35.0%

1. Refer Definitions

Balance sheet

- Strong balance sheet with financial capacity for expansion
- Competed $28.2m capital raise to fund acquisitions, expand the Brassall village and retire debt
- Balance sheet gearing decreased to 32.7%
- Net debt decreased by $3.1m and the debt facility limit increased to $83.0m during the period
- Weighted average capitalisation rate for investment properties firmed to 9.35% (FY22: 9.43%)
- Investment property $30.7m net increase in portfolio – refer slide 13
- Other financial liabilities decreased due to payment of $2.5m deferred consideration relating to the Hervey Bay, QLD acquisition

($ '000)	31-Dec-22	30-Jun-22
Assets		
Cash and cash equivalents	2,068	1,837
Trade, other and loans receivable	549	1,138
Joint venture investment	7,894	7,196
Investment property	190,431	159,660
Other property assets	493	523
Intangible assets	9,151	8,471
Other assets	4,743	3,943
Total assets	**215,329**	**182,768**
Liabilities		
Trade and other payables	4,322	3,392
Provisions	847	712
Borrowings	67,178	70,018
Other financial liabilities	1,003	3,900
Deferred tax liabilities	8,076	5,713
Total liabilities	**81,426**	**83,735**
Net assets	**133,903**	**99,033**
Net debt[1]	65,167	68,238
Balance sheet gearing[1]	32.7%	40.8%
Net tangible assets per share (cents)	41.5	38.2

1. Refer Definitions

Cash flow statement

- Reliable operating cash flows
- Net cash from operating activities was $3.7m (+33% on pcp)
- Acquisition of new villages and units in managed villages was funded by capital raise and debt
- Dividends paid during the period were funded by a fully underwritten dividend reinvestment plan

($ '000)	31-Dec-22	31-Dec-21
Cash flows from operating activities		
Receipts from customers	17,659	14,796
Payments to suppliers and employees	(13,047)	(10,919)
Distributions from joint venture	250	250
Interest received	8	11
Interest paid	(1,123)	(1,315)
Net cash provided by operating activities	3,747	2,823
Cash flows from investing activities		
Payments for investment property and intangibles	(27,144)	(11,942)
Payments for property, plant & equipment	(13)	(24)
Proceeds from repayments of loans provided	91	100
Proceeds from sales of assets	(9)	(77)
Other net receipts / (payments)	(66)	746
Net cash used in investing activities	(27,141)	(11,197)
Cash flows from financing activities		
Net proceeds / (repayment) of borrowings	(2,840)	8,211
Payment of dividends	(893)	(986)
Proceeds from share issue	29,126	983
Other payments for financing activities	(1,768)	(140)
Net cash provided by financing activities	23,625	8,068
Net increase / (decrease) in cash and cash equivalents	231	(306)
Cash and cash equivalents at the beginning of the period	1,837	1,890
Cash and cash equivalents at the end of the period	2,068	1,584

Definitions

Balance sheet gearing
Calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity

EBITDA
(Earnings before interest, tax, depreciation and amortisation)
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. EBITDA is calculated from amounts disclosed in the financial statements

Eureka
Eureka Group Holdings Limited (ACN 097 241 159)

NABERS
National Australian Built Environment Rating System

Net debt
Interest-bearing drawn debt net of cash

Underlying EBITDA
An unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions

Underlying EPS
Net profit before tax excluding valuation adjustments and certain non-core or non-recurring transactions divided by the number of shares outstanding

Village contribution
An unaudited non-IFRS measure calculated from amounts disclosed in the operating segments note to the financial statements. Excludes changes in fair value, finance costs and depreciation and amortisation

VWAP
Volume-Weighted Average Price

WACR
Weighted Average Capitalisation Rate

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