



Investor Presentation

Year ended 30 June 2020

August 2020



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FINANCIAL PERFORMANCE

Net profit after tax
\$8.10m, up 19%
on prior year (PY)

Earnings Per Share
3.52c, up 19% on PY

EBITDA¹
\$12.2m, up 24% on PY

EBITDA core operations¹
\$8.70m, up 11% on PY

Net operating cash flow
\$7.6m, up 60% on PY

¹ refer to page 9 for explanations



CAPITAL MANAGEMENT

Net Debt
\$52.0m, up \$5.8m due to
acquisition

Balance sheet gearing²
36%, in line with PY

Net Tangible Assets
35.2c per share, up 6% on PY

Final Dividend
0.55c per share

Total Dividends
1.10c per share, up 10% on PY

Total Assets
\$145m, up 9% on PY

² Net debt to total assets excluding cash



PORTFOLIO VILLAGES (30 OWNED, 8 MANAGED)

Total Units
2,147 units, up 1.3% on PY

Occupancy
95%, up from 91% in PY

Capital Recycling
\$8.46m of disposals,
up from \$5.9m in PY

Acquisition
Liberty Villas \$13.13m

Solar Energy Enhancement
13 villages converted to date

Portfolio highlights:

- Acquisition and integration of Liberty Villas, a 124-unit village in Bundaberg, Qld
- Disposal of 27 Terranora units for total consideration of \$6.39 million, resulting in a gain of \$1.03 million. Subsequent to year end, disposal of 4 units for \$1.13 million, with a further 1 exchanged contract for \$0.30 million
- Board approval to proceed with Wynnum expansion of 22 units
- Weighted average cap rate 10.04% (2019: 10.22%; 2018: 10.31%)

Response to COVID-19:

- Early implementation of best practice and preventative measures
- Government financial support mitigated increase in operational costs
- Occupancy remained strong
- Continued strong debtor collection
- Ongoing vigilance and risk management
- The Board thanks all residents, families and staff for their support during this period

Governance:


- Mr Greg Paramor AO joined the Board on 19 June 2020
- Mr Lachlan McIntosh resigned from the Board on 31 December 2019
- Eureka values the contribution it is able to make within the social infrastructure segment. Eureka is committed to implementing and communicating environmental, sustainability and governance best practice initiatives in FY21

FY21 Accelerate the Momentum

Accelerate the Momentum

- Full benefit of increased occupancy and cost initiatives to flow through from FY20
- Accelerate acquisition/development opportunities and capital recycling program
- Integrated information technology systems for accurate real time reporting and analytics
- Engaging marketing and digital channels to connect with new networks and customers- building enquiry waitlists
- Instill a safety culture through the business - people and property safety
- Development and accountability throughout the Village Manager Ambassador network
- Continually improve our customer value proposition and experience

Building Momentum



FY20 Recap - Reset The Operating Platform

Occupancy, Revenue + Cost Initiatives

- Improve referral network to grow occupancy & revenue
- Cost reduction initiatives

Team Culture + Engagement

- Increase operating intensity, accountability and quick decision making
- Training & development strengthened to support team through COVID-19 period

Safety, Risk + Compliance

- Ongoing commitment to safety for all and standardisation of policies
- Procedures implemented to mitigate COVID-19 risk

Information Systems + Technology

- Improve and standardise

Applications

- CRM and customer analytics
- Marketing and digital channels to connect with customers and decision makers

Our competitive advantage:

Eureka is a specialist owner and manager of rental villages for independent seniors



Strategy:

- Rental villages for independent seniors
- Economically stable market underpinned by the government pension
- Population shift with increasing proportion of seniors demographic
- Fragmented village ownership provides the opportunity for acquisition from private and corporate owners
- Multi-faceted growth of the core business with
 - Portfolio enhancement through disciplined acquisitions and greenfield developments of new villages
 - Optimisation of the core business with sustainable occupancy, rental growth, cost control and cost effective value add refurbishments, with a focus on safety and comfort

Customer proposition:

- Independent living in a community environment
- Comfortable village lifestyle
- Safe environment with like-minded neighbours
- Rental model with simple agreement and no upfront capital or exit fees

Investor proposition:

- Growth opportunities exist to scale the business
- Dividends backed by consistent earnings
- Social infrastructure asset class
- Improving returns on equity

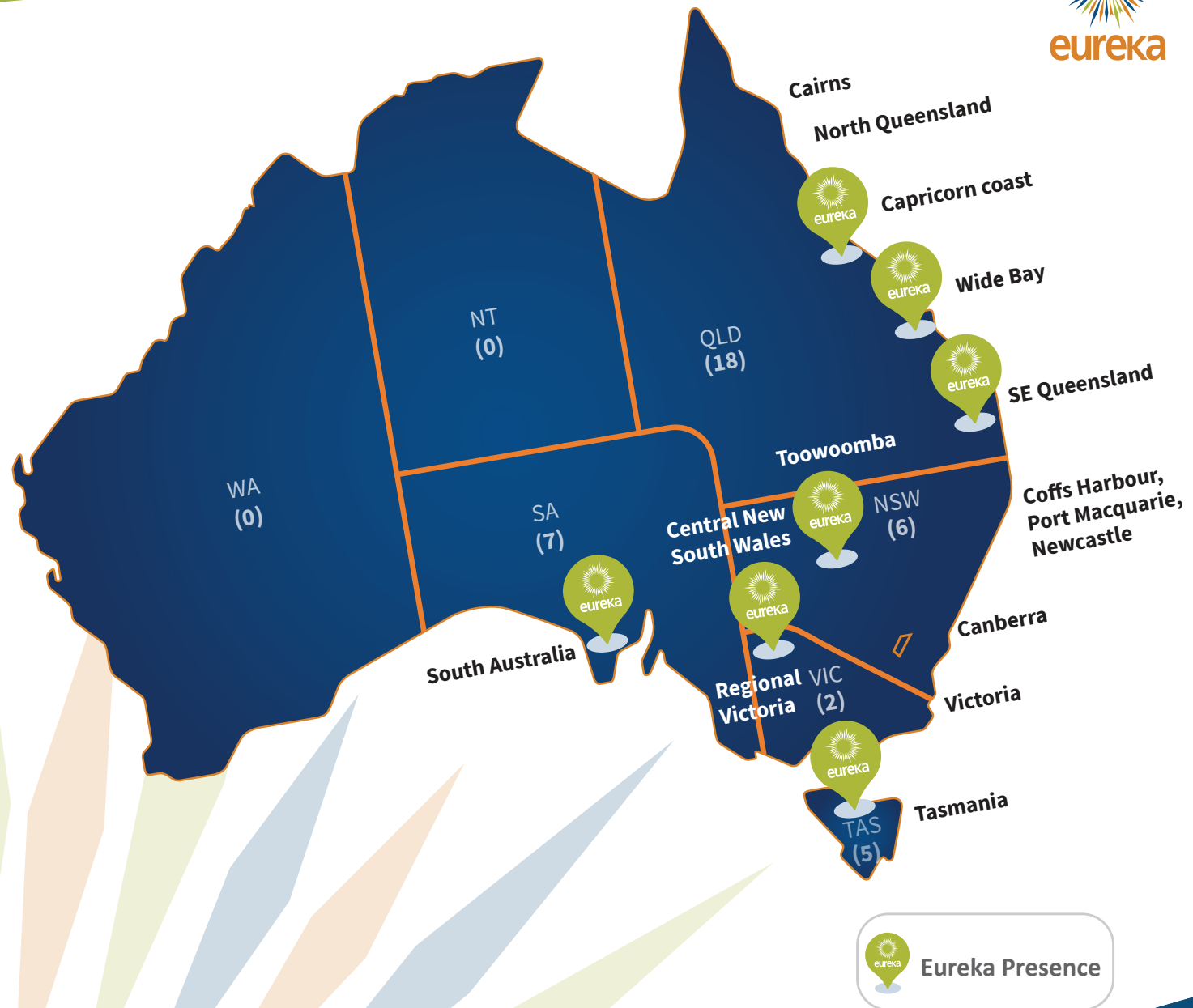
Portfolio Growth



Eureka opportunity - consolidation in a fragmented industry segment Australia-wide

Number of Villages: 38

Number of Units: 2,147



FY21 Initiatives and Outlook



- Focus on generating improved operating cashflow through consistent occupancy and capital recycling
- Deliver earnings accretive acquisition and development opportunities to scale the business
- Deliver Wynnum village expansion of 22 units in a prime Brisbane metropolitan location
- Cost effective village refurbishment program to improve Eureka's customer value proposition and maintain occupancy
- Integrated technology systems across all business units



Key Financial Information



The table below summarises the results for the year ended 30 June 2020

(\$'000)	30-Jun-20	30-Jun-19
Rental income	16,874	15,847
Catering income	4,223	4,257
Service and caretaking income	3,712	3,132
Revenue from ordinary activities	24,809	23,236

(\$'000)	30-Jun-20	30-Jun-19
Profit after tax	8,095	6,794
Income tax expense	980	-
Depreciation and amortisation	591	225
Finance costs	2,508	2,766
EBITDA¹	12,174	9,785
Net gain on asset revaluations and impairments	(1,799)	(1,953)
Gain on sale of Terranora units	(1,031)	-
Refund of prior period GST	(644)	-
EBITDA¹ from core operations	8,700	7,832
Basic earnings per share (cents)	3.52	2.95
Diluted earnings per share (cents)	3.52	2.95

- EBITDA from core operations up 11% due to portfolio expansion, improved occupancy and additional service fees
- Revaluation net gain of \$1.80m, including a \$1.09m revaluation uplift from Tasmanian village portfolio
- Gain on sale of Terranora units \$1.03m

¹EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure however, 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 presented has been calculated from amounts disclosed in the financial statements.

Key Financial Information



The table below summarises the balance sheet at 30 June 2020

(\$'000)	30-Jun-20	30-Jun-19
Assets		
Cash and cash equivalents	2,451	3,060
Trade and other receivables	1,065	1,503
Inventory	4,880	9,215
Joint Venture Investment	5,955	4,661
Investment property	121,443	105,406
Other property assets	1,077	1,178
Intangibles and other assets	8,334	8,049
Total Assets	145,205	133,072
Liabilities		
Trade and Other Payables	2,125	1,672
Provisions	596	428
Deferred tax liability	980	-
Other financial liabilities	55,636	49,490
Total Liabilities	59,337	51,590
Net Assets	85,868	81,482

- Inventory - Terranora unit sales underway. 31 units on hand at year end. 27 units on hand at the date of this presentation including 1 under contract
- Joint venture investment uplift with underlying revaluation of Tasmanian villages portfolio
- Acquisition of 124-unit village in Bundaberg, Qld
- Debt facility increased to \$60M from Feb 2020. Increase in net debt of \$5.85m to support acquisition of new village

Key Financial Information



The table below summarises the cash flows for the year ended 30 June 2020

(\$'000)	30-Jun-20	30-Jun-19
Cash Flows from Operating Activities		
Receipts from customers	25,783	23,925
Payments to suppliers and employees	(15,884)	(17,150)
Net interest paid	(2,285)	(2,030)
Net Cash provided by Operating Activities	7,614	4,745
Cash Flows from Investing Activities		
Payments for additions to investment property	(16,585)	(1,589)
Payments for additions to inventory	(407)	(1,270)
Payments for property, plant & equipment	(17)	(61)
Net proceeds from sales of property assets	7,314	4,260
Proceeds from repayments of loans provided	208	1,660
Other payments for investing activities	(111)	-
Net Cash provided by/(used in) Investing Activities	(9,598)	3,000
Cash Flows from Financing Activities		
Net proceeds from / (repayment of) borrowings	5,237	(6,605)
Payment of dividends	(3,565)	-
Other payments for financing activities	(297)	(66)
Net Cash provided by/ (used in) Financing Activities	1,375	(6,671)
Net Increase/(decrease) in cash and cash equivalents	(609)	1,074
Cash and cash equivalents at the beginning of period	3,060	1,986
Cash and cash equivalents at end of the period	2,451	3,060

- Net cash from operating activities due to improved occupancy, new village acquisition and GST refund
- Acquisition of new village funded from sale of Terranora units and other non-core assets in addition to debt drawdown
- Total dividend payments of 1.55 cents per share during the year

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