

Eureka Group Holdings Limited



MAM Micro Equities Investor Presentation

June 2017

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Overview of Eureka Group

- Eureka aims to provide the highest level of low cost rental accommodation and associated care to independent retirees who are either completely or primarily reliant on the Australian Government Pension and Rent Assistance
 - In Australia 77% of single people (over age 65) rely on pensions as their primary source of income
- Through 2014 to 2015, retirement villages accounted for 18% of the A\$17bn revenue spent on aged care accommodation
- Eureka sources almost all of its revenue indirectly from the Federal Government with rent and associated weekly costs coinciding with the social security and rental assistance payments
- As of June 2017, Eureka has 35 villages under management with a total of 2,069 units owned and/or managed



Source: Third party source

Company Snapshot

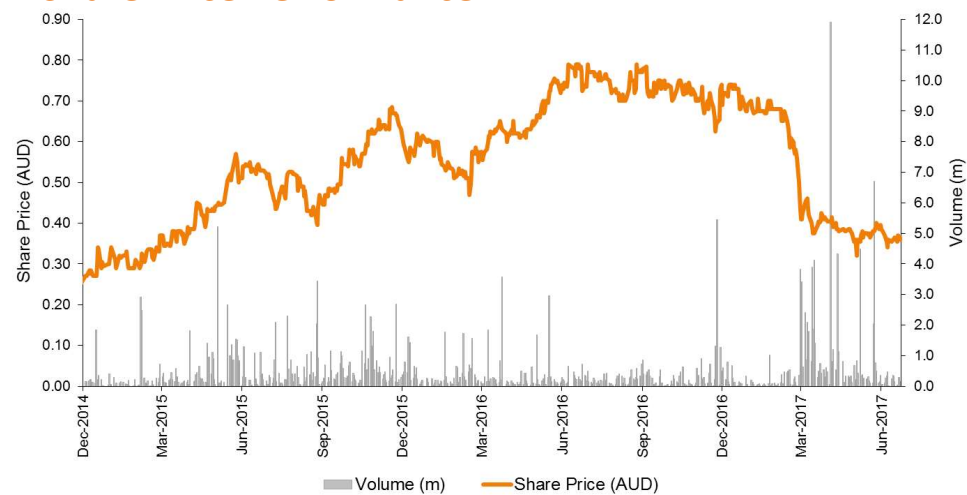
Capital Structure¹

Share Price	A\$0.36
Shares Outstanding (m)	229.7
Market Capitalisation	A\$82.7M
Cash (31-Dec-16)	A\$9.3M
Debt (31-Dec-16)	A\$51.4M

Directors & Senior Management

Robin Levison	Non-Executive Chairman
Lachlan McIntosh	Non-Executive Director
Nirmal Hansra	Non-Executive Director
Jeff Weigh	Chief Executive Officer
Oliver Schweizer	Company Secretary
Ryan Maddock	Chief Financial Officer

Share Price Performance



Major Shareholders

National Nominees Limited	16.77%
HSBC Custody Nominees (Australia) Limited	7.70%
JP Morgan Nominees Australia Limited	5.92%
Robin Levison	5.62%
Lachlan McIntosh	5.19%
BNP Paribas Noms Pty Ltd <DRP>	4.06%
Nirmal Hansra	0.37%
Jeff Weigh	0.17%

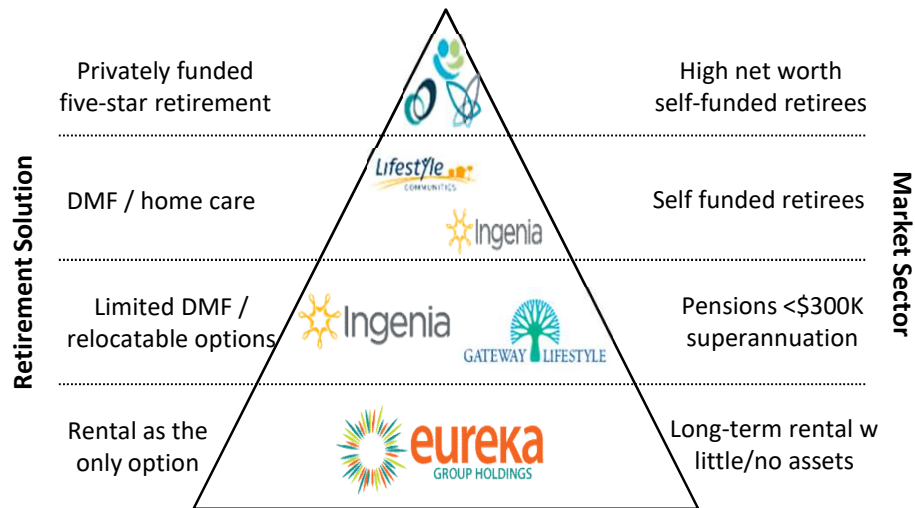
1. Market data as of 23 June 2017

Market Primer: The Australian Retirement Industry

- Eureka's model caters to the 65+ year olds whose primary source of income is the full aged pension and requires no upfront capital
 - 77% of single people (over age 65) rely on pensions as their primary source of income

High Demand for Affordable Rental Solutions

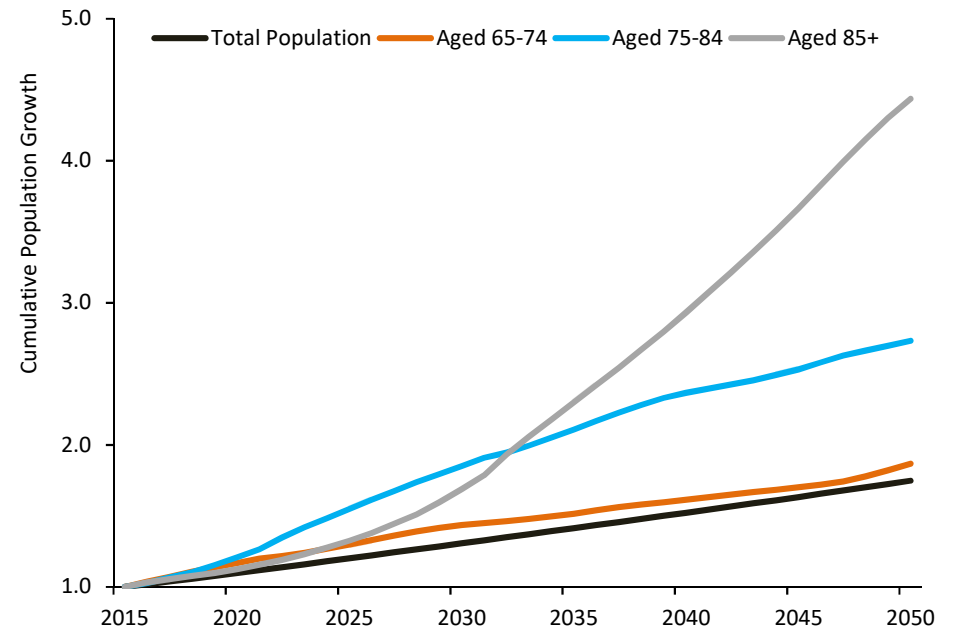
- Recent trends have seen service providers move to the DMF and MHE models, significantly reducing the amount of affordable housing available in the market
- Has driven high demand and placed greater importance on Eureka to continue providing affordable rental solutions



Source: Third party research

Ageing Australian Population

- The ABS forecasts the number of Australians aged over 65 will increase from 3.6 million today to 4.2 million in 2020
- Will increase to 8.8 million by 2050



Market Primer: The Australian Retirement Industry (cont'd)

- Through 2014 to 2015, retirement villages accounted for 18% of the A\$17bn revenue spent on aged care accommodation

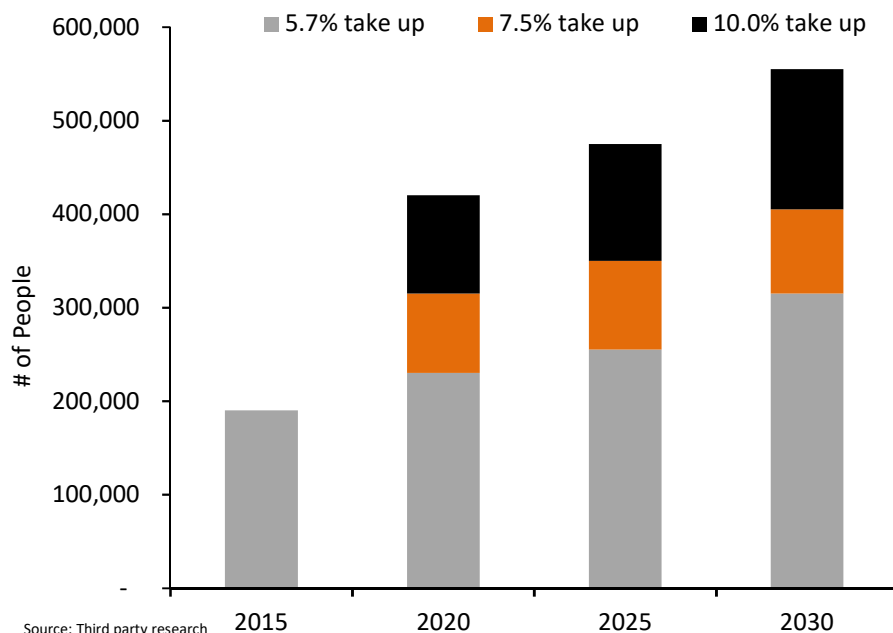
Low Penetration of Retirement Living in Australia

- According to the ABS, less than 6% of Australians reside in retirement villages, compared to 12% of seniors in the U.S.

Growth in Demand Anticipated Across Cities

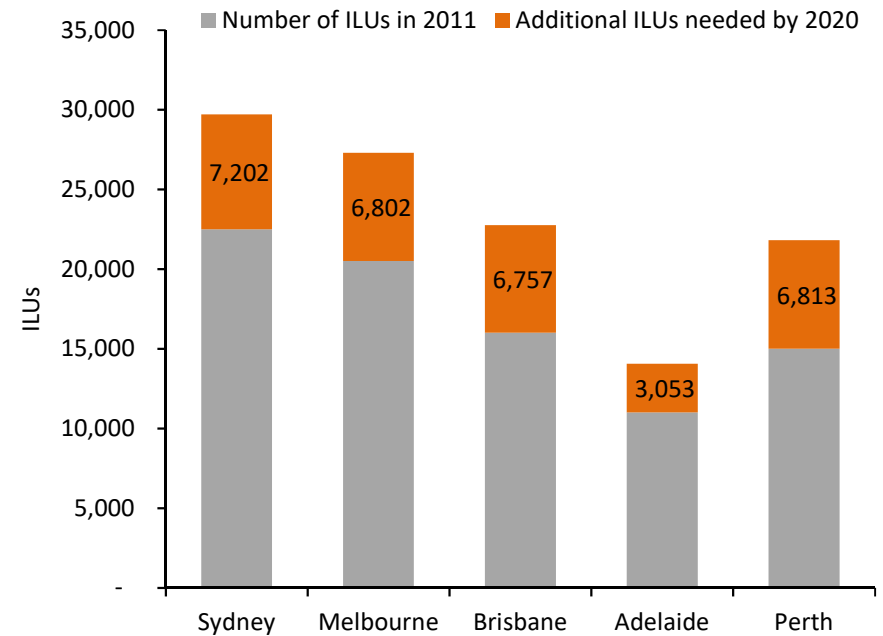
- Knight Frank estimates 31,035 new independent living units will be required across Australia's cities by 2020 in order to meet expected consumer demand

Implied Demand, Retirement Living Community Residents



Source: Third party research

Demand for Retirement Living By City



Business Units Overview

The Eureka business model has three key business units:

- **Real Estate Acquisition Team** – The key to our Growth Strategy
Searches regional Australia for low cost retirement villages or assets suitable for re-purposing to low cost rental retirement accommodation
- **Infrastructure and Asset Management Team** – The key to our Financial Strategy
Concentrates on filling those assets with suitable residents and providing food and associated support services including those from the Blue Care partnership
- **Property Management, Finance and Compliance Team** – The key to our Cost Savings and Performance Strategy
Ensures all rents and other associated payments are collected, all local, state and federal regulations are complied with and all ASX, ATO and other report requirements are met and are creating significant shared back office services economies of scale

Changes to Senior Management - CEO

Eureka appointed Mr Jeff Weigh as the group's Chief Executive Officer (CEO) in early February 2017. The Board is confident Mr Weigh has the specific skills, vision and enthusiasm to continue Eureka's next level growth pathway.

Mr Weigh brings the following experience to Eureka:

- Over 15 years experience in heading growth-oriented property operations with a proven track record of successfully building and growing profitable enterprises.
- CEO of South Bank Corporation for four years until September 2016. During his tenure, Mr Weigh planned and implemented several key restructuring and operational initiatives which more than doubled the Corporations' EBITDA, significantly increased cash reserves and reduced debt from \$35 million to \$nil.
- Queensland Operations Manager of I-Med, part of the DCA Group Ltd that became an ASX 200 company specialising in medical imaging and aged care.
- 10 years as Managing Director of Fortland Hotels and Resorts, which managed 3 to 4 star regional hotels and eco-lodges and which were ultimately sold to Accor Asia Pacific.
- Mr Weigh is also currently a Non-Executive Director of the Port of Brisbane Pty Ltd.

Changes to Senior Management – CFO

Eureka appointed Mr Paul Cochrane as the group's Chief Financial Officer (CFO) in late May 2017.

Mr Cochrane starts in the role on Wednesday 28th June after completing his notice period with his previous employer.

Mr Cochrane brings to Eureka 25 years experience in blue chip companies as a senior finance executive including the following roles:

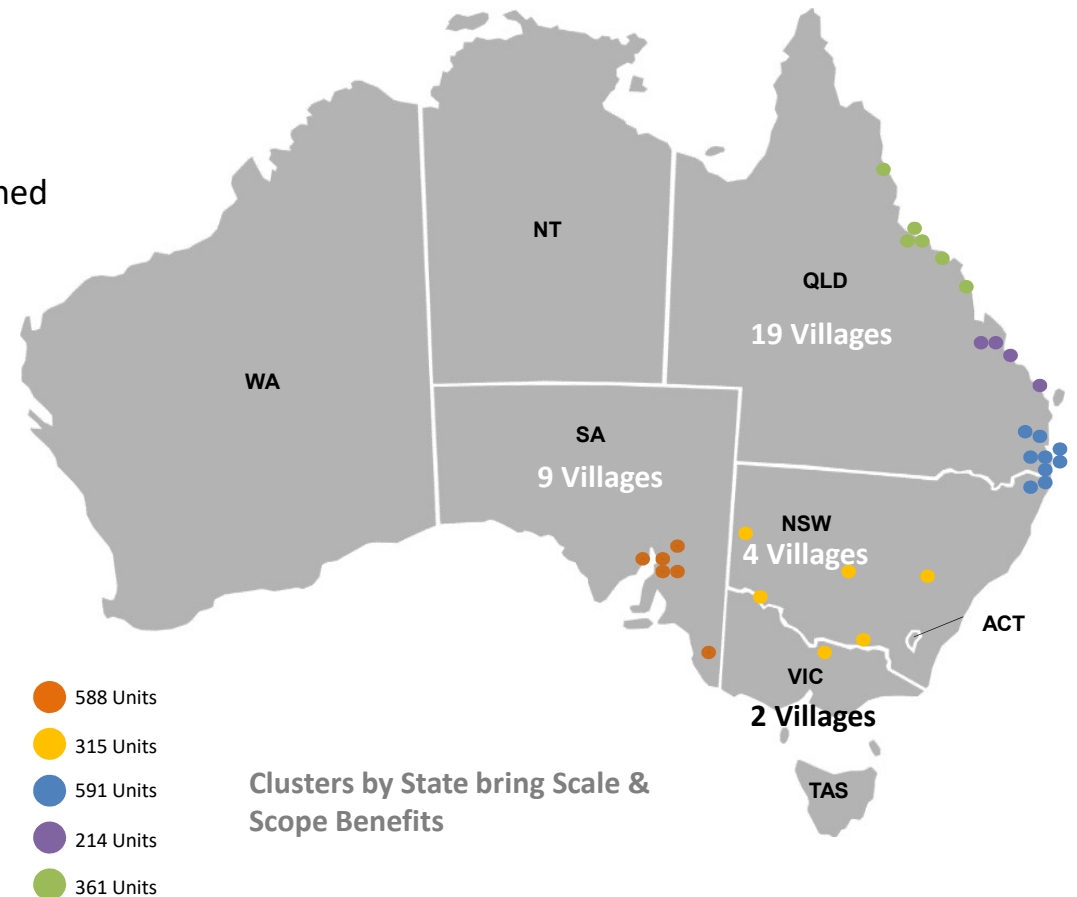
- 5 years as CFO of property development and management company Devine Limited including Company Secretarial responsibilities
- Chief Financial Officer and Company Secretary at Affinity Education Group Ltd
- 7 years as Queensland Finance Manager at Lend Lease
- General Manager - Finance at retirement living operator Aveo

Key Operational Highlights

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Geographical Distribution of Villages

- 35** villages under management
- 26** villages with freehold land and buildings owned
- 1,388** units owned
- 2,069** units owned and/or managed
- 8-12** villages to be acquired in next 12 months



Eureka's "Buy & Build" strategy succeeding with a further 200 low-cost rental accommodation assets identified and preliminary due diligence completed

Eureka's Steady Growth Trajectory

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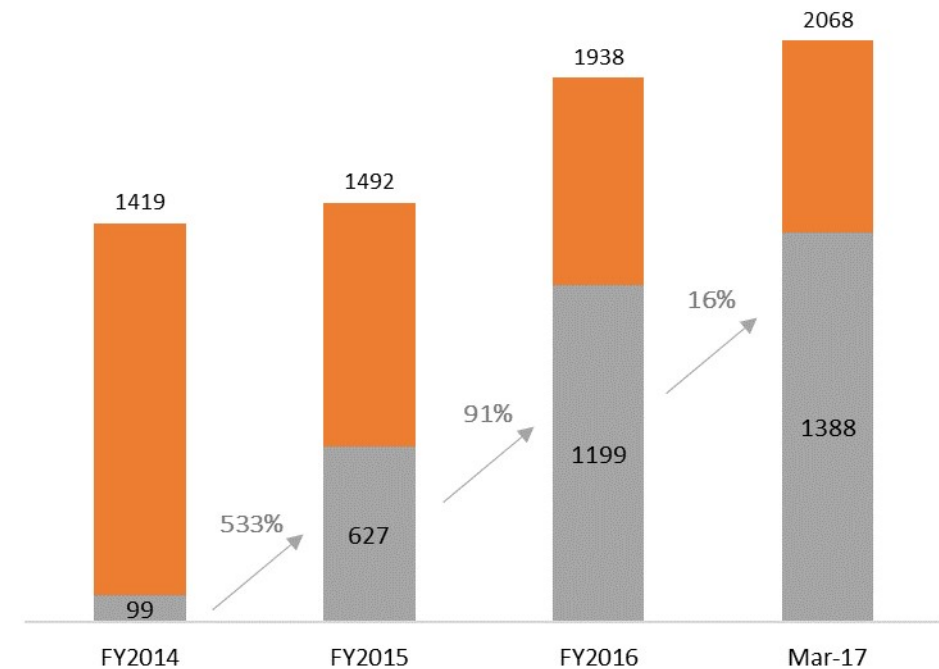
- Eureka has grown over significantly the last three years, with owned properties increasing 91% year-over-year in FY2016
- 200 low-cost rental accommodation assets identified and preliminary due diligence completed
- During 6 months to 31 December 2016 Eureka only acquired 2 villages due to multiple due diligence failures
- Targeting a further 8-12 acquisitions in the next 12 months, with a further 1-2 villages to be unconditional by June 30, 2017 excluding today's Freshwater Gympie announcement

Units Owned/Managed

(in units)

■ Owned

■ Managed

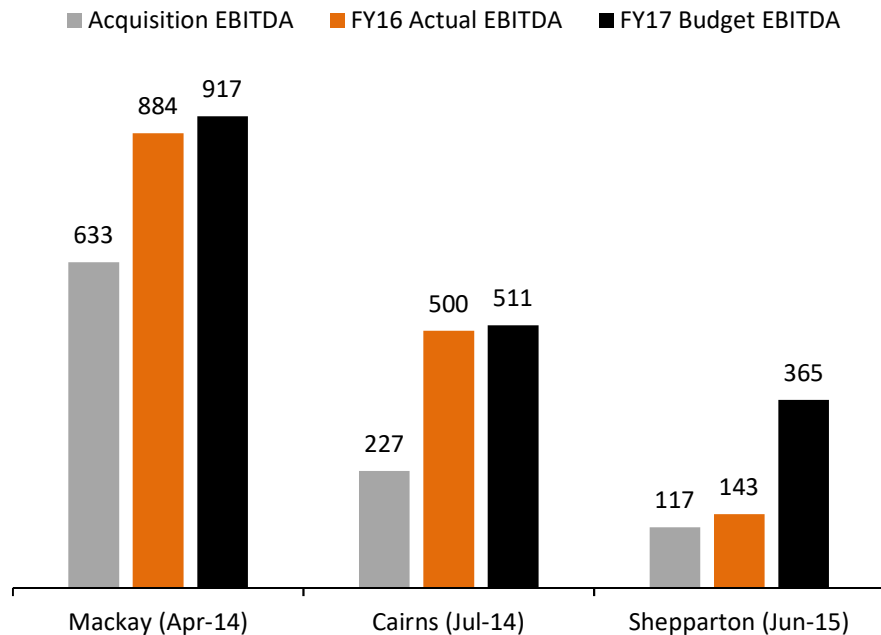


Eureka's Ability to Improve Village Performance Post-Acquisition

- Historically earnings for most villages have increased since acquisition by Eureka
- Operating efficiencies and economies of scale benefits to continue to drive improved earnings
 - Focus on increased rental rates, occupancy and back office consolidation creating cost savings and margin growth

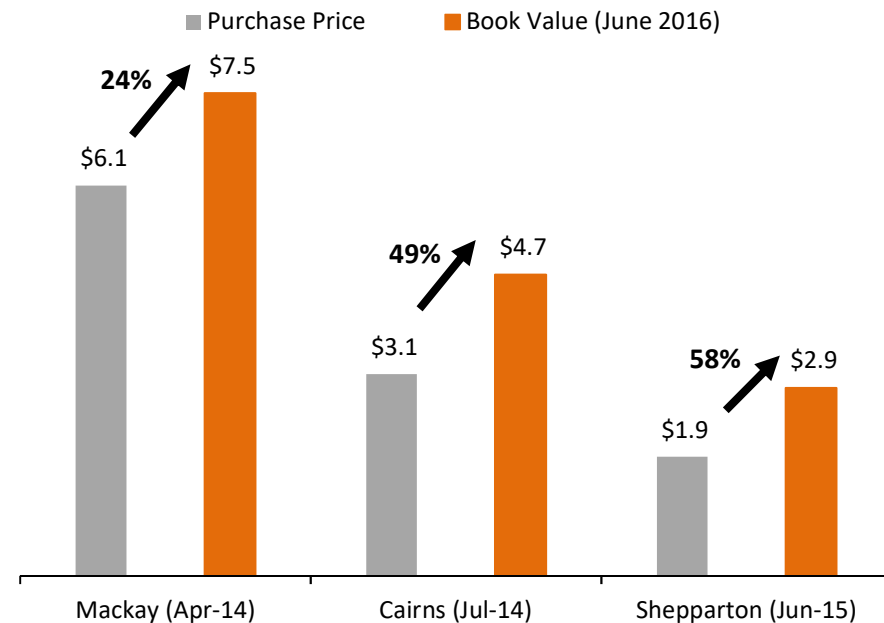
Village EBITDA

(in \$000's)



Purchase Price v. Book Value

(in \$ millions)



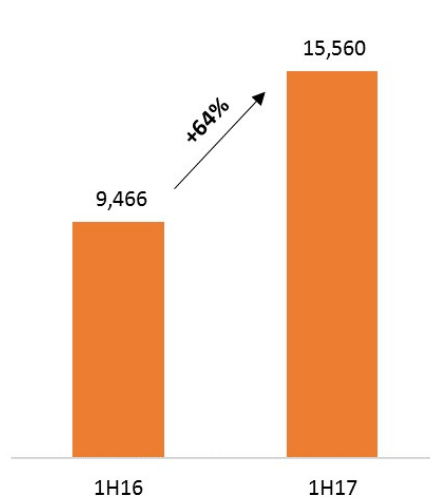
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Key Financial Highlights – 31 December 2016

- Revenue, EBITDA and NPAT have continued to increase as a result of village acquisitions completed during the period
- Cost control focus and scale benefits have flowed through to margins and bottom line results
- Strong balance sheet – net assets of \$75.1 million, up 16%
- Investment property book value of \$99.6 million, up 15%
 - \$10 million invested for 2 village acquisitions settled plus other associated assets and village improvements during the period

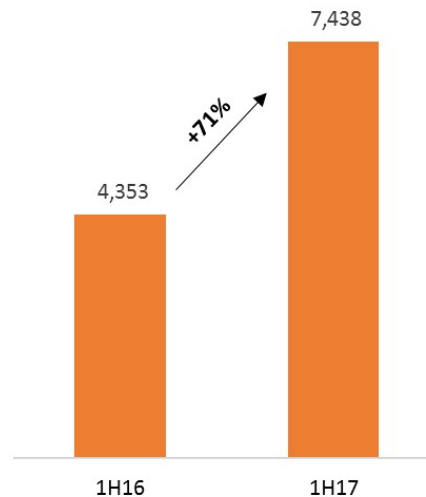
Revenue

(\$000's)



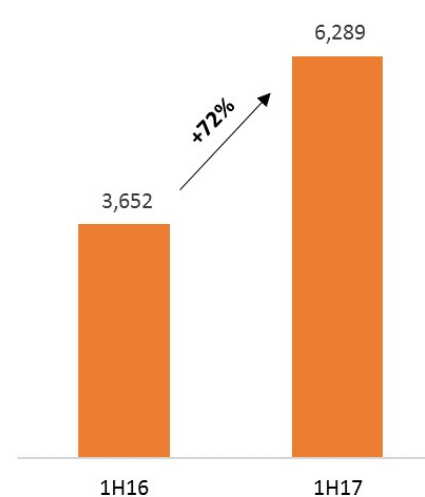
EBITDA

(\$000's)



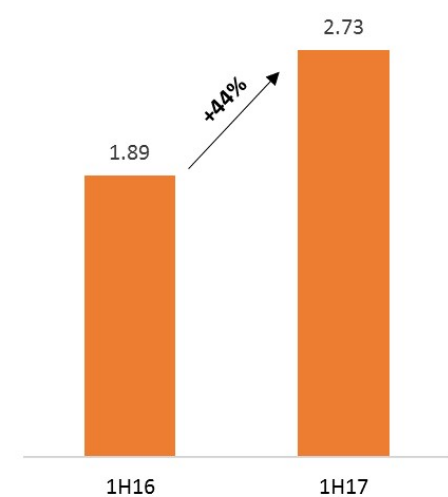
NPAT

(\$000's)



EPS

(cents per share)



Growth Strategy – Existing Properties

1

Acquisition Growth

Acquired 26 villages in last 30 months and is targeting a further 8-12 low-cost accommodation asset acquisitions in the 2017-2018 Financial Year

2

Organic Growth

Development on existing owned village sites will allow Eureka to develop more than 350 additional units existing village land including Couran Cove (7 villages equivalent); also opportunity to develop at least 150 purpose-built retirement units at Terranora

3

Margin Growth

Increased rental rates, occupancy and back office economies of scale

4

Services/Care Growth

Now offers government funded in-home care packages to residents that will make the villages initially more attractive, keep residents longer, and accordingly increase profitability

Acquisition Growth

- Eureka has this morning announced it has gone unconditional on Freshwater Villas that will add 42 rooms to its existing portfolio
- The acquisition of the 42 room Freshwater Villas at Gympie will be acquired for \$4million and show a return of between 10-11% with further room for both occupancy and operational improvement and will be settled on 19 July 2017
- There are also another 3 village acquisitions in very advanced stages of negotiation, which would add a further 132 rooms to the company's existing portfolio and also provide significant brown field or in-fill development opportunities. We would expect at least one of these opportunities to become unconditional before June 30 2017
- Eureka has also moved closer to a Development Approval for its Terranora project in Northern New South Wales. Eureka is holding \$8.2m in exchanged contracts, subject only to the DA from the local shire council and issuance of titles

Select Case Study – Royal Terranora Resort

Terranora Village Redevelopment



Acquired in December 2015 for \$7M, the planned re-development will include:

- Sale of 80 existing rental units, delivering \$14M in net cash
- 80 units re-engineered to 60 large apartments
- 27 contracts in place to a gross value of approximately \$8 million
- Strata Title approval due in next few weeks
- Settlement and cash proceeds receipt thereafter but not before June 30 2017
- Retention of management rights for the 60 apartments sold, adding an expected \$250,000 annually to EBITDA
- Sale of 3.5 hectares of vacant land, generating \$4M net cash
- Future reinvestment of \$10M from excess cash to build a 'next generation' village on remaining 2.5 hectares of vacant land – expected for 2018

Improving Performance – Broken Hill

Shorty O’Neil Village



Acquired the 42-unit village in August 2016 for \$1.05 million

- Includes a community centre, separate office building and large commercial kitchen
- On acquisition Village acquired on “Vacant Possession” terms (i.e. completely empty of residents)
- Village now 100% occupied
- Waiting list due to effective advertising campaign
- Eureka achieving > 20% unlevered EBITDA return

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