



Eureka Group Holdings

For immediate release to market

Eureka Group Holdings Limited

ASX Code: EGH

28 November 2013

Annual General Meeting
Chairman's Address

FY 2013 Performance Overview

(\$,000)	FY 2013	FY 2012	Change
Revenue	\$10,874	\$15,540	(30%)
Reported EBITDA	\$865	\$1,632	(47%)
Reported NPAT/comprehensive income for period	\$75	\$686	(89%)

- Reported EBITDA in FY 2013 of \$865k was down on FY 2012 EBITDA of \$1,632k.
- EBITDA was negatively impacted in FY 2013 by: (a) one-off costs associated with applying to become an aged-care provider; (b) the impact of termination of a management contract detailed below; and (c) the delay in settlement of a property sale affecting commission income.
- During the year EGH managed 29 Seniors Villages with a total number of 1,763 units. Occupancy increased from 81% to 89% while services income increased by 51% during the period.
- In September 2012, the Young Village Estates management contract for 10 villages was cancelled. This contract provided over 50% of FY 2012 revenue but a relatively modest EBITDA contribution.
- During the year EGH continued to improve its balance sheet through a \$290k reduction in bank debt to \$3,309k and a significant reduction in overall liabilities.

FY 2014 Update

- EGH announces the acquisition of a 93 unit village in Mackay Queensland for \$6,075,000. EGH has managed this high quality village for six years and has this morning executed a contract subject to 60 days for finance approval with settlement 90 days thereafter.
- EGH also announces the acquisition of 14% and 10% of the unit trusts that own villages known as Elizabeth Vale 1 which has 60 units and Bundaberg which has 54 units, respectively. The combined price to acquire these units is \$530,000. EGH currently manages these villages and their acquisition is part of an agreement currently being formalised to acquire all of the units in the unit trusts, and thereby, complete ownership of both villages. These acquisitions along with Mackay underpin EGH's growth strategy for FY 2014.
- To fund the above acquisitions, EGH is issuing \$550,000 in convertible notes. The convertible notes will be for two years, paying interest of 10% per annum, payable quarterly in arrears, and will be convertible at 6 cents. The note holders will have security over the units acquired in the Elizabeth Vale 1 and Bundaberg unit trusts. As directors will be participating in the convertible note capital raising, shareholder approval will be required.
- The balance of funding for the acquisitions is primarily from bank funding and from completion of the sale of four sets of management rights. These include: (a) Stafford which is under contract for \$515,000; (b) Chermside for which we have accepted an offer for \$575,000; and (c) Cleveland and Slacks Creek which are on the market for sale. The returns on Bundaberg, Mackay and Elizabeth Vale 1 villages will be significantly higher than the return on the management rights being sold.
- EGH intends appointing a new Chairman, Robin Levison to drive its growth strategy. Mr. Levison has 14 years of Public Company management experience. During this time he has served as Managing Director at Industrea Limited and Spectrum Resources and has held senior roles at KPMG, Barclays Bank and Merrill Lynch. Mr. Levison is also a director of St Aidan's Foundation Limited and is a Graduate and Fellow of Australian Institute of Company Directors.
Mr. Levison holds a Masters of Business Administration from the University of Queensland and is a Chartered Accountant.
- The current Chairman will continue as a non-executive director.
- These initiatives will materially increase the profitability of the company.
- Lastly, following due diligence investigations, EGH will not be proceeding with the acquisition Epic Property Investments Limited.

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