

Eureka Group Holdings Limited General Meeting presentation

23 March 2015



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 23 villages nationally **with 1,397** units managed at the date of this report, Eureka will own 374 units following the settlement of the Elizabeth Vale 2 acquisition in March 2015.

Overview | Our Mission

Eureka has cemented its place as a customer focussed innovator, providing affordable accommodation and support for aging Australians who rely on the Aged or Disability Pension as their only income.

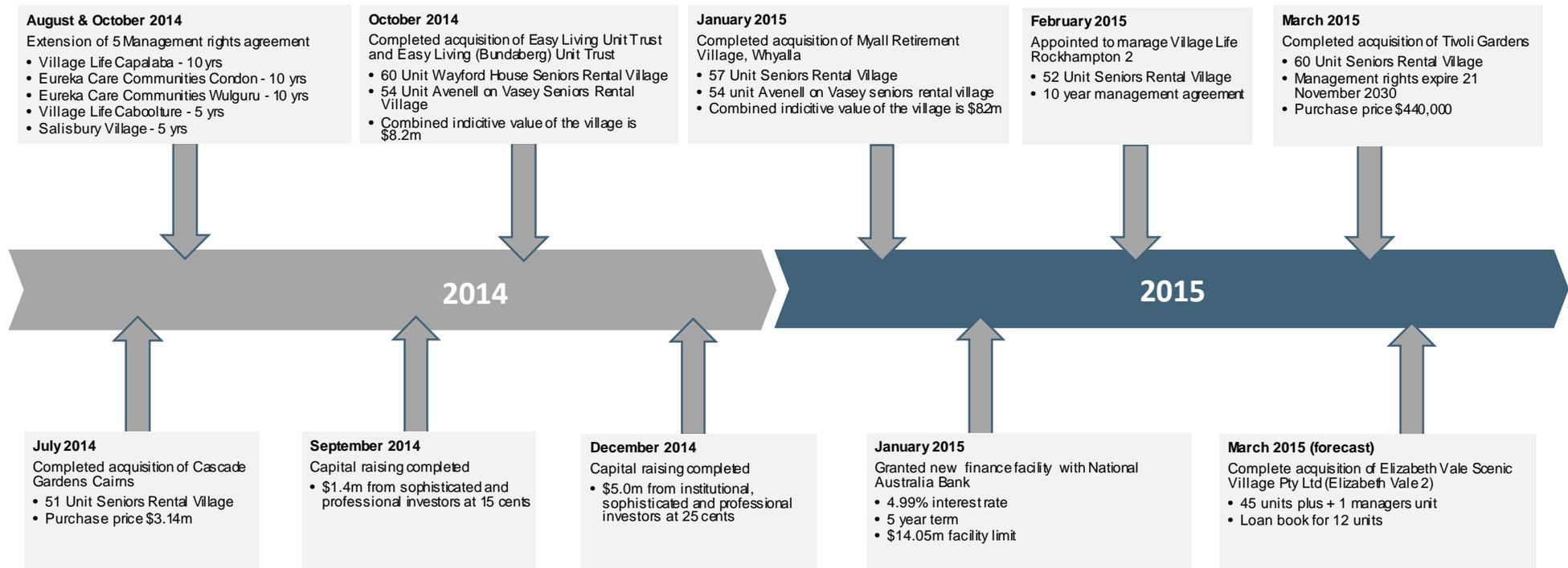
While many of our population arrive at retirement with a plan and budget, this trend has only evolved in the last 20 years. Following the imposition of employer superannuation contributions our society began to understand the impact of medical improvements and lifestyle changes that prolong life. The Australian Bureau of Statistics report that government pension or allowance was the main source of income for over two million older Australians (65%) in 2012. For the majority of Australians aged over 65, the superannuation system hasn't had time to provide enough savings to fund their retirement. Coupled with the GFC and low interest rates, many of these people constantly struggle financially to make ends meet.

Eureka is committed to the increasing demand for affordable accommodation for our aging population.

Our key drivers are:

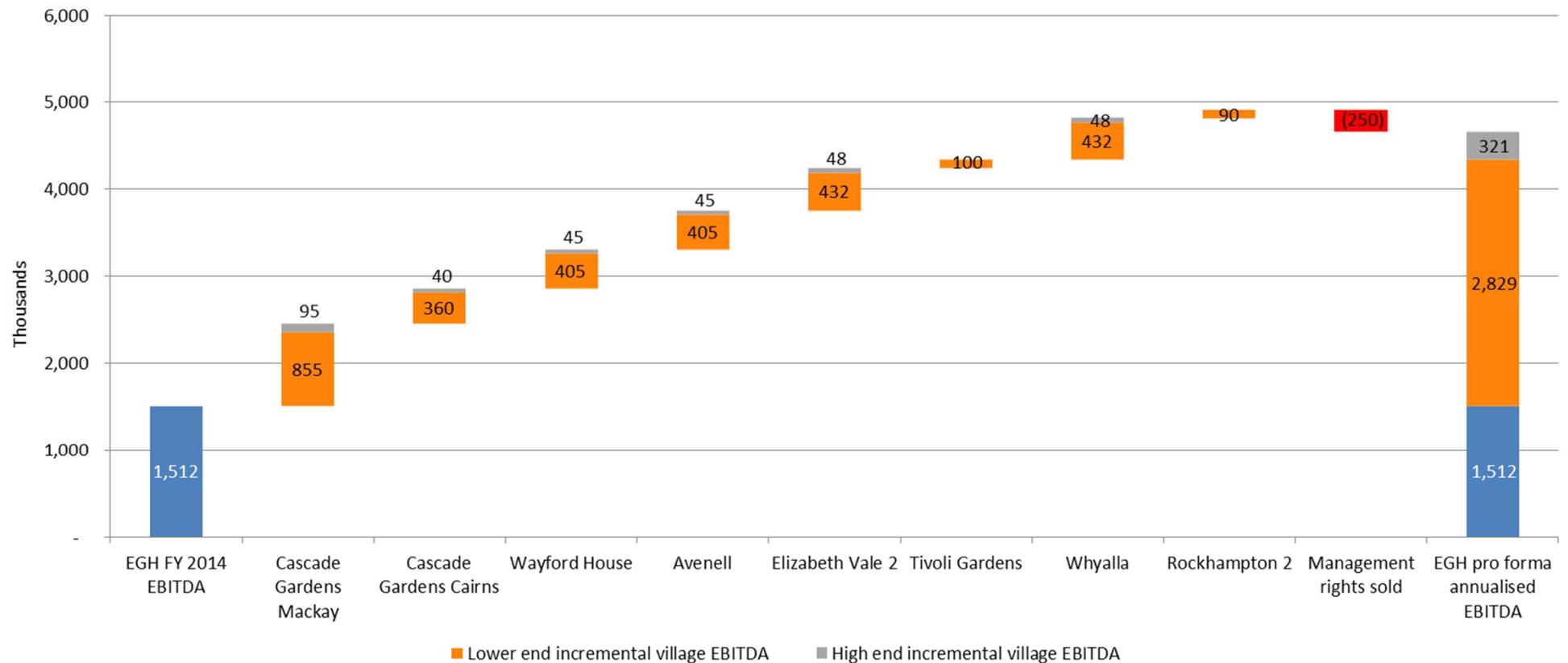
- **E**mpathy – “We know its not easy for our residents”
- **U**nderstanding - “We understand our customers limits”
- **R**espect - “We provide residents with a dignified lifestyle”
- **E**xperience – “We have the experience to deliver practical solutions”
- **K**indness – “We consider this is a basic human right, no matter your wealth bracket”
- **A**ffordability - “We squeeze the most out of every dollar for our residents”

Recent Activity | Timeline



EBITDA | Pro Forma Annualised Basis

The five villages (Mackay, Cairns, Wayford House, Avenell, Elizabeth Vale 2, Whyalla) and two management rights (Tivoli Gardens and Rockhampton 2) acquired between April 2014 and March 2015 are expected to contribute an additional \$2.83m - \$3.15m to Eureka's EBITDA on an annualised basis.



Summary Forecast – Year ending 30 June 2015

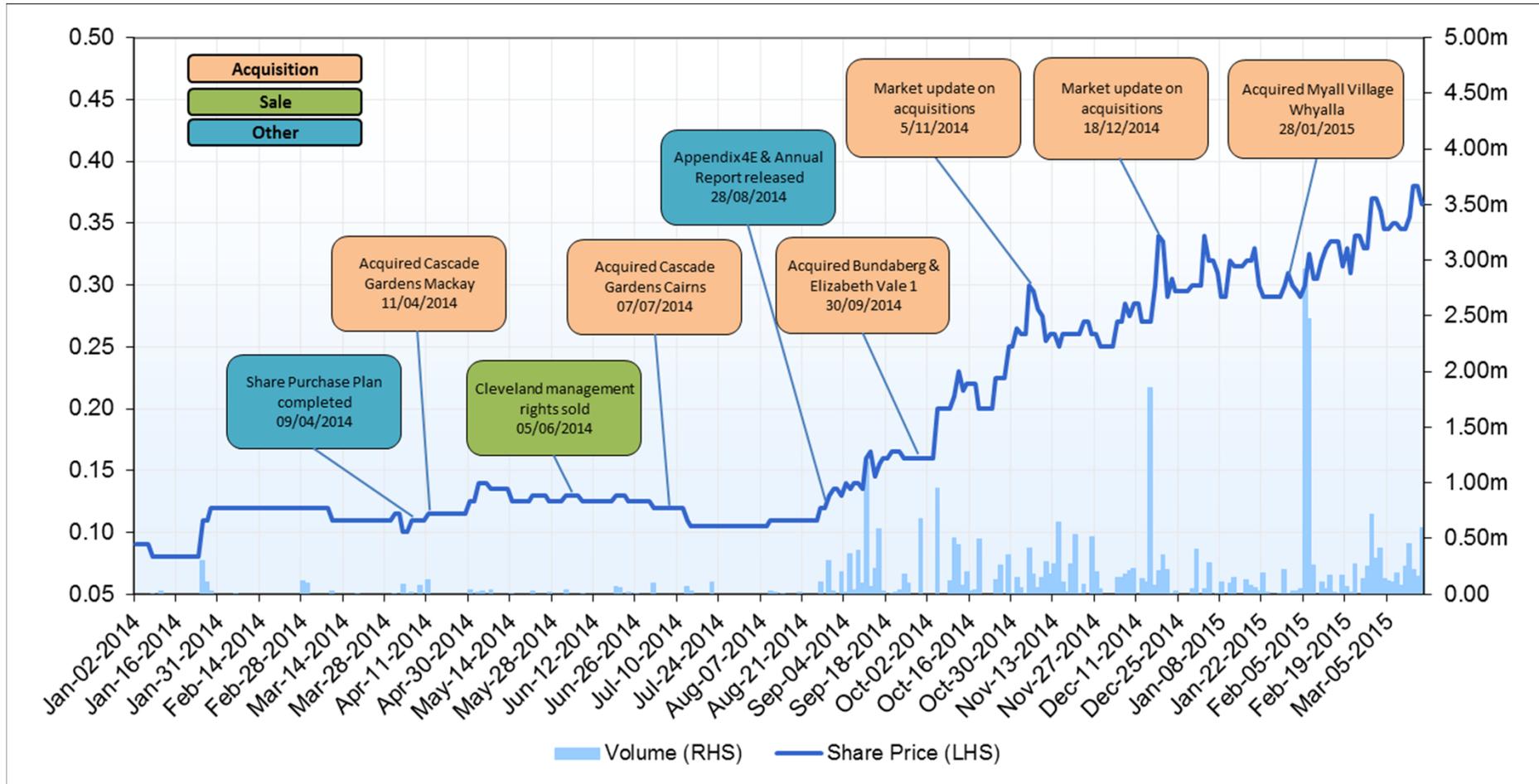
The table below is the summary forecast results for the year ending 30 June 2015 compared with the results from the comparative financial year:

Year ending 30 June 2015					
	Actual	Summary Forecast			
(\$millions)	6 months to 31 Dec 2014	1 Jan to 30 Jun 2015	Year ended 30 Jun 2015	Year ended 30 Jun 2014	Movement
Total revenue	5.62	5.95	11.57	10.66	9%
EBITDA	1.22	1.90	3.12	1.51	106%
NPAT	0.72	1.22	2.26	0.66	242%
Basic earnings per share*			1.62 cents	0.80 cents	103%
Diluted earnings per share			1.62 cents	0.80 cents	103%

*Basic EPS is calculated based on the number of shares outstanding as at 20 March 2015 and includes the forecast share issuances to acquire Elizabeth Vale 2.

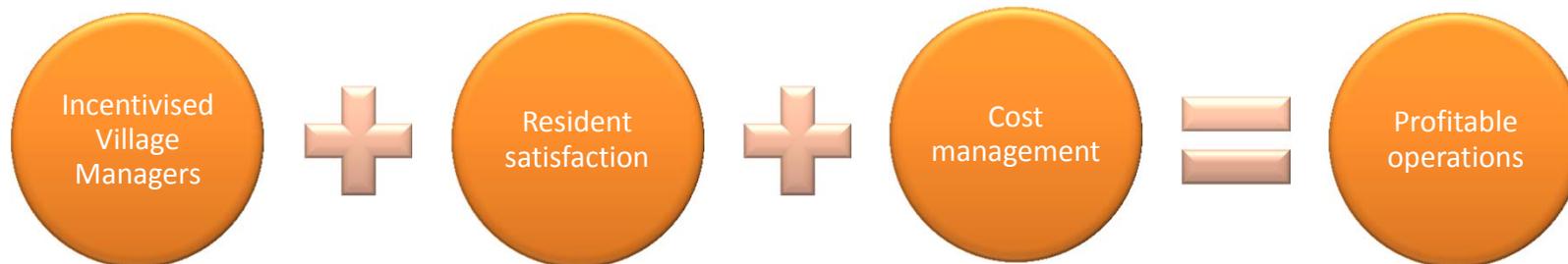
Performance | Share Price & Liquidity

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



Rental Villages | Innovation in Operation

- Eureka has recognised that our Village Managers on the ground are our greatest asset for ensuring customer satisfaction and high occupancy.
- Caring for and living with residents and their constant need for moral support is a situation that only few have the skills and strength to provide.
- Eureka introduced an incentive based contractor agreement for Village Managers which provides greater clarity in their role and higher rewards for success
- Focus on village presentation and a strong supportive community atmosphere is the foundation of our wellbeing plan.
- Our Village Managers have lifted our customer satisfaction and occupancy and now share in the rewards of success
- Stringent cost management is a critical at all levels in line with the strict cost management lifestyle of our residents
- Constant vigilance seeking affordable options to improve the lifestyle of our residents.



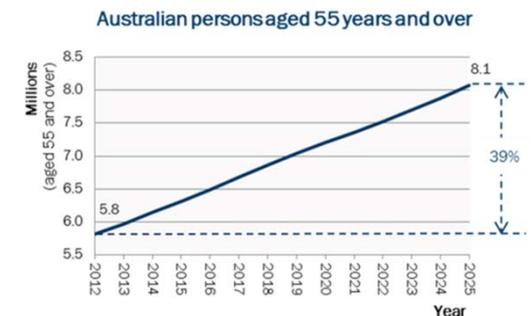
Rental Villages | About The Industry

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.

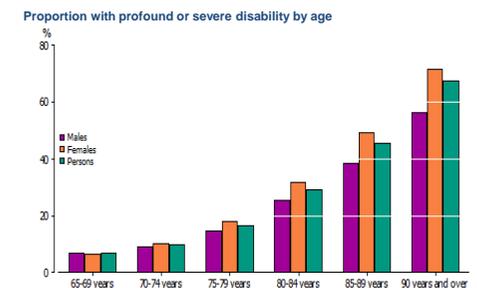
Demographic Growth

- 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/ssq/ssguide-5/ssguide-5.2/ssguide-5.2.2/ssguide-5.2.2.05.html

Our Market | Target Sector

- Over the next 20 years the number of Australians aged 75 and above will more than double.
- The Australia Bureau of Statistics report that government pension or allowance was the main source of income for over two million older Australians (65%) in 2012.
- The Australian Superannuation Funds Association estimates the retirement savings required to live a modest lifestyle is \$340,000 for males aged over 65 and \$370,000 for females aged over 65. These modest lifestyle amounts will only deliver an income of about \$450 per week for single retirees, of which 80% will be used for essential costs of living including food and utilities.
- Deloitte estimates that as at June 2013, the average retirement savings in Australia is \$151,000 for men older than 66 and \$133,000 for women.
- The Department of Social Services estimated that in 2008 over 50% of the pensioners in Australia have assessable assets under \$300,000 and **30% report having bank balances of less than \$1,000.**
- Based 2011 Census data, there was a total of 3.0m Australians aged 65 or older. Of that total population, 1.66m (55%) of those Australians receive less than \$399 each week in income from all sources including government support.

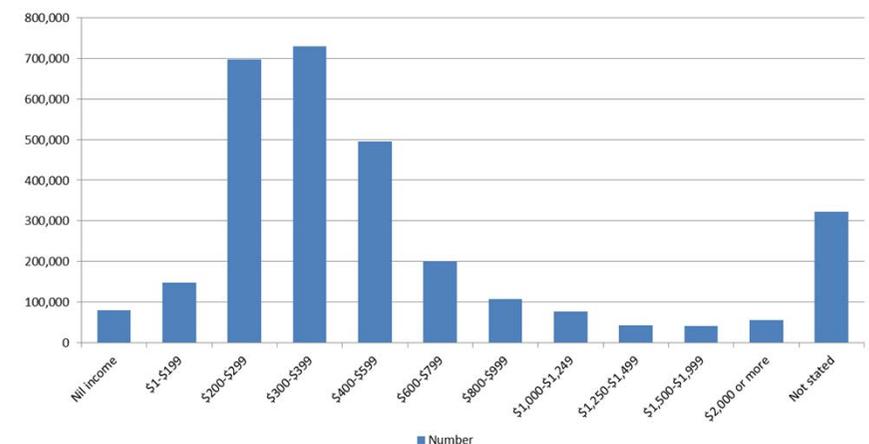
Average Superannuation account balances

Average superannuation account balances were \$82,615 for males and \$44,866 for females in 2011-12. These averages are well above the balances of \$56,400 for males and \$23,900 for females in 2003-04. These figures include zero balance superannuation accounts.

For those people with superannuation, the average balance for males was around \$112,000 while for females it is around \$68,600. These figures exclude zero balance superannuation accounts.

(Source: ASFA "An update on the level and distribution of retirement savings" March 2014)

Australian residents aged 65+ weekly earnings (2011)



Our Model | Why Rental?

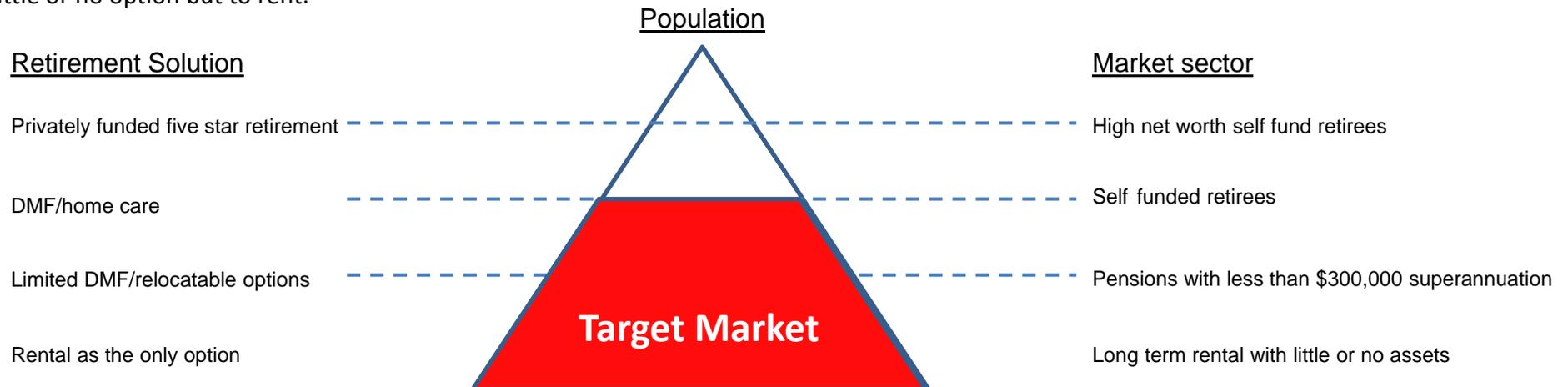
The table below is a comparison of the Eureka model against other models in the market from the perspective of a typical resident:

<p>Case Study 1 Deferred Management Fee Model</p>	<ul style="list-style-type: none"> • Use their savings/superannuation of \$300,000 to move into a DMF village. • Repay the DMF on average 30% of the \$300,000 purchase price upon exit. • Pay ongoing owner contributions of \$300 per fortnight as well as paying for their 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. <p>Under this model the resident's savings are significantly diminished when they move to higher care. In addition they pay ongoing amounts 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 as there is no personal finance available to pay an entry bond to the Aged Care Provider.</p>
<p>Case Study 2 Relocatable Home</p>	<ul style="list-style-type: none"> • 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 their own food and social activities (assuming \$350 per fortnight), the resident is left with \$500 per fortnight (including the return on investment). <p>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.</p>
<p>Case Study 3 Rental Model</p>	<ul style="list-style-type: none"> • 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 (including the return on investment). <p>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.</p>

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.

Our Market | Target Sector

- 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 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 personal wellbeing.
- Recent trends have seen many of rental villages move to the DMF model, significantly reducing the amount of affordable housing available in the rental 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 options 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.



Our Market | Demographics of our resident

In our experience, a resident that is totally reliant upon the pension develops a perceived right to government support in return for their years of paying taxes. This attitude combined with the growing population in this sector provides the motivation for Eureka to offer an understanding and friendly solution. We will seek out affordable rental accommodation to cater for the almost overwhelming numbers of Australians aged 65+ that have no personal plan for their retirement. This is supported by the Department of Social Services report that found:

"30% of pensioners advised they had less than \$1,000 in the bank"

The report also found that around 26.1% of males and 34.6% of females reported having no superannuation.

These figures are down significantly from two years earlier, from around 31.6 % of males and 38.5% of females reporting no superannuation. Around 60% of females aged 65 to 69 reported having no superannuation and this has not really changed over the last two years.

While the superannuation situation is slowly improving for females over 65 years old, it's not surprising that over 75% of Eureka residents are female given the number of females with little or no superannuation.

Eureka offers rental accommodation that allow our resident to access rental assistance from the government. This gesture from the Government is seen as a strong draw card. Eureka has moved away from the old fee structure of 85% of the pension plus the whole rent assistance. This fee structure left a pensioner with little or no money after paying for basic utilities and medical costs, let alone being able to live a dignified life in their retirement.

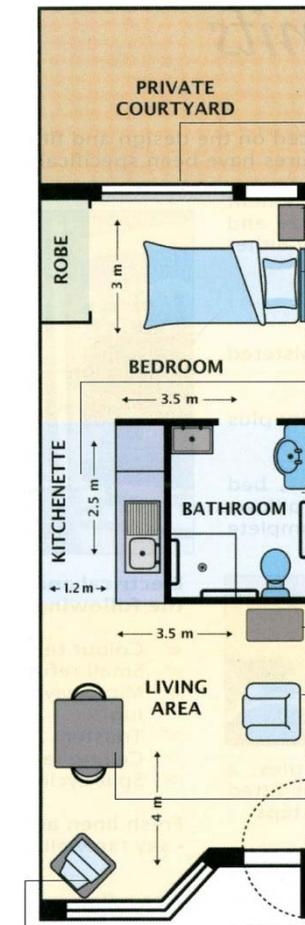
Eureka now offers rent on a competitive market comparison to the local area and affordable fees for additional resident services.

Eureka feels that this creates the opportunity to expand it's portfolio of villages that are specifically tailored to the segment of the market who don't have the income or savings to afford anything but rental accommodation in retirement.

Our Market | Our Resident Experience

Eureka strives to make our resident's experience comfortable, friendly supportive and independent.

- 49sqm self contained units
- Freshly prepared meals each day
- Live in onsite manager
- Emergency monitoring
- Social and wellbeing programs
- Village atmosphere promoting self care and community support
- Independent Care providers offer services to our residents through the ageing at home initiatives of the Federal Government Department of Ageing
- Eureka will build relations with care providers to create easier access for our residents in need and standardise services throughout our locations



Summary

- Eureka is focused on providing affordable seniors rental accommodation in Australia.
- There is a clear strategy in place to grow the number of properties Eureka owns and/or manages in its portfolio and increase its share of this market.
- Eureka is a company in an industry with growing demand. Future market demand is supported by the growing number of Australian's aged over 65 who rely on the Aged or Disability Pension.
- Reliable cash flow from operations is driven by high demand for affordable accommodation.
- Eureka move to an owner/operator has been well supported by investors through recent capital raisings.
- Eureka has experienced recent improvements to both share price and liquidity.



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