Eureka Group Holdings Limited

Investor Presentation

March 2017

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 March 2017, Eureka has 35 villages under management with a total of 2,069 units owned and/or managed



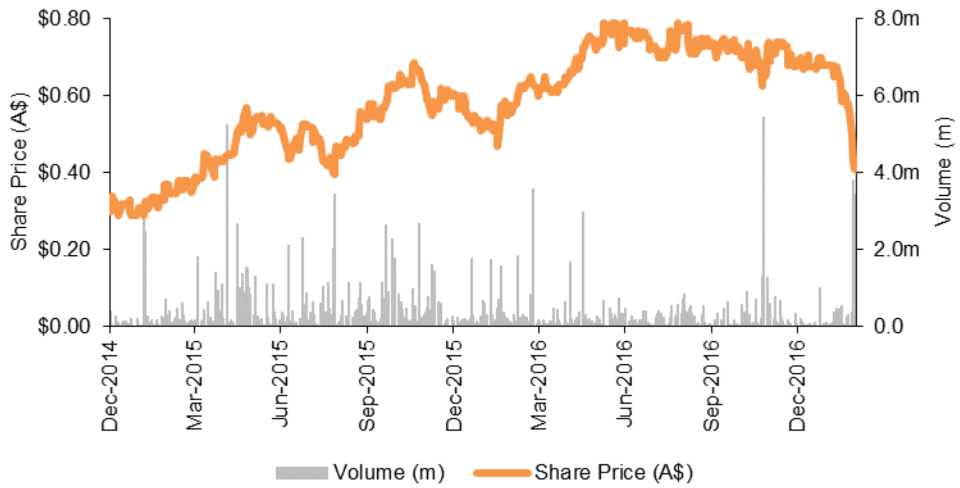

Source: Third party source

Company Snapshot

Capital Structure[1]

Share Price	A$0.425
Shares Outstanding (m)	231.0
Market Capitalisation	A$98.2M
Cash (31-Dec-16)	A$9.3M
Debt (30-Jun-16)	A$51.4M

Share Price Performance



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

National Nominees Limited	15.57%
JP Morgan Nominees Australia Limited	12.59%
HSBC Custody Nominees (Australia) Limited	6.15%
Robin Levison	5.51%
BNP Paribas Noms Pty Ltd <DRP>	5.42%
Lachlan McIntosh	5.16%
Citicorp Nominees Pty Limited	4.32%
Nirmal Hansra	0.35%
Jeff Weigh	0.13%

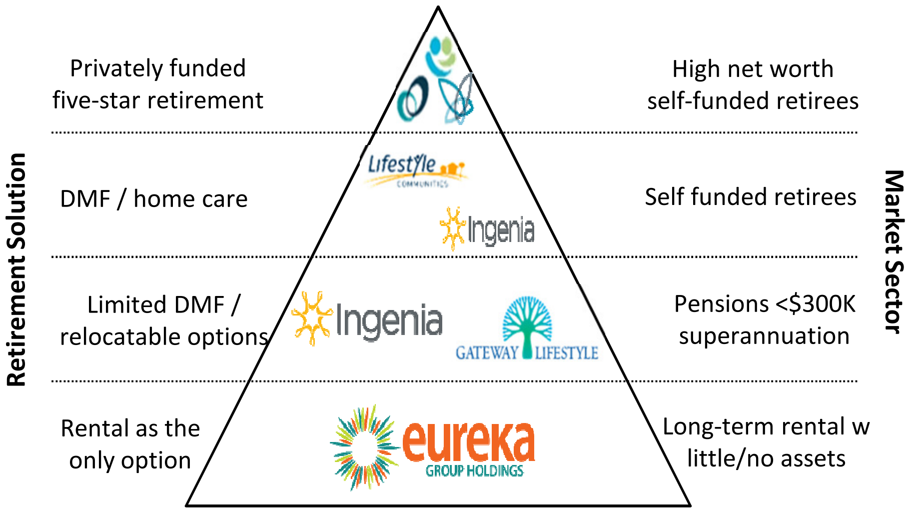
1. Market data as of 3 March 2017

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

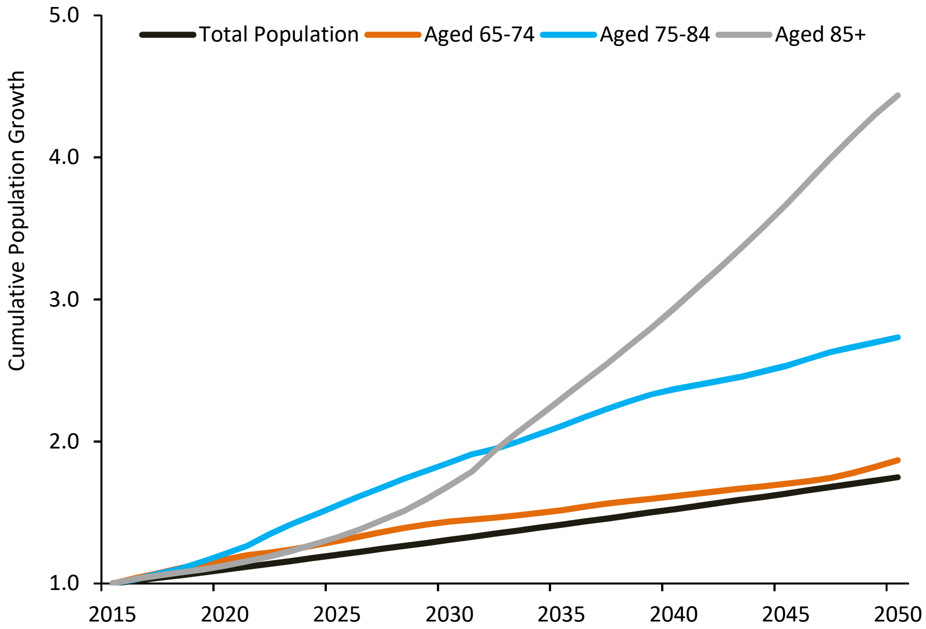
- Recent trends have seen service providers move to the DMF and MHE models, significantly reducing the amount of affordable housing available in the market
- Has driven high demand and placed greater importance on Eureka to continue providing affordable rental solutions



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

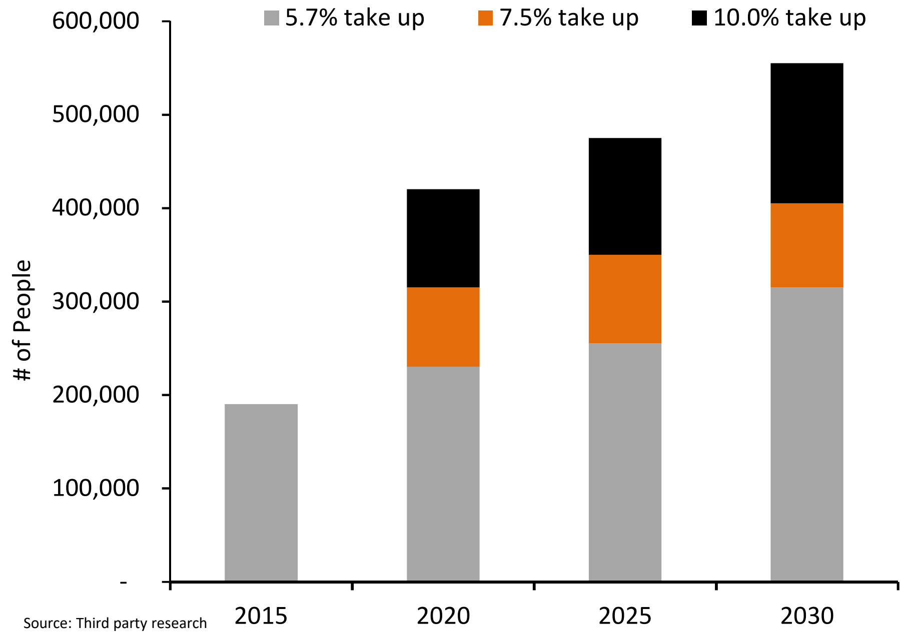
Low Penetration of Retirement Living in Australia

- 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

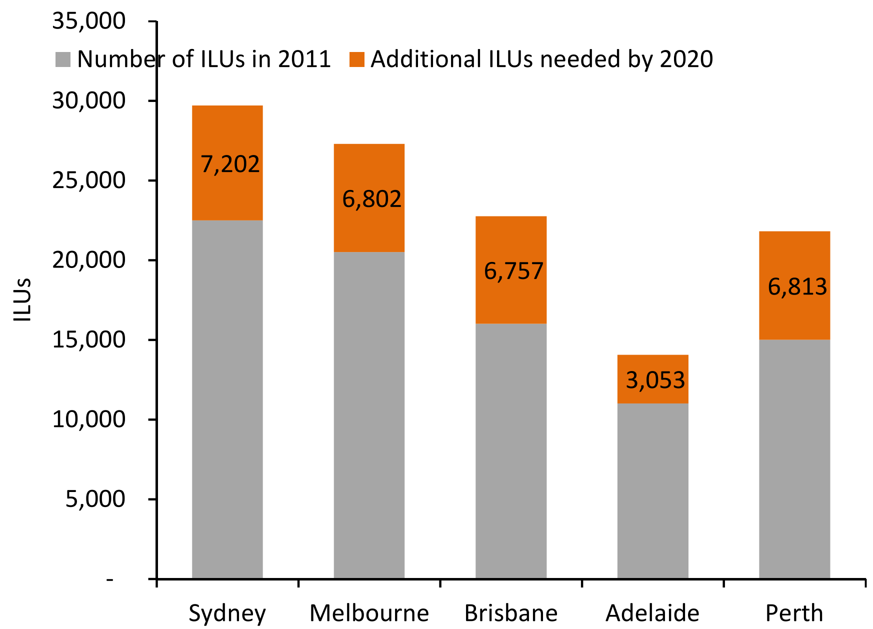
- Knight Frank estimates 31,035 new independent living units will be required across Australia's cities by 2020 in order to meet expected consumer demand

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

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.

In early February 2017 Mr Greg Rekers and Mr Kerry Potter resigned as Executive Directors.

Key Operational Highlights

35 villages under management

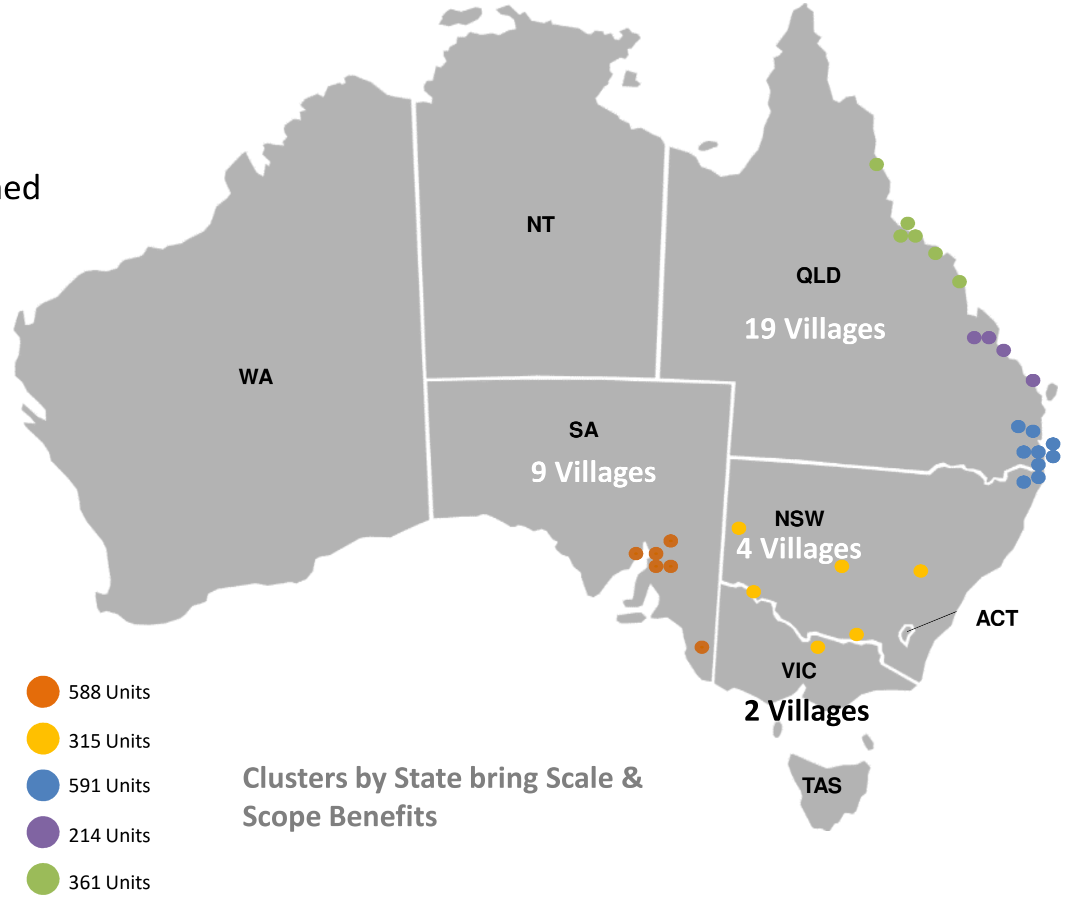
26 villages with freehold land and buildings owned

1,388 units owned

2,069 units owned and/or managed

8-12 villages to be acquired in next 12 months

Geographical Distribution of Villages



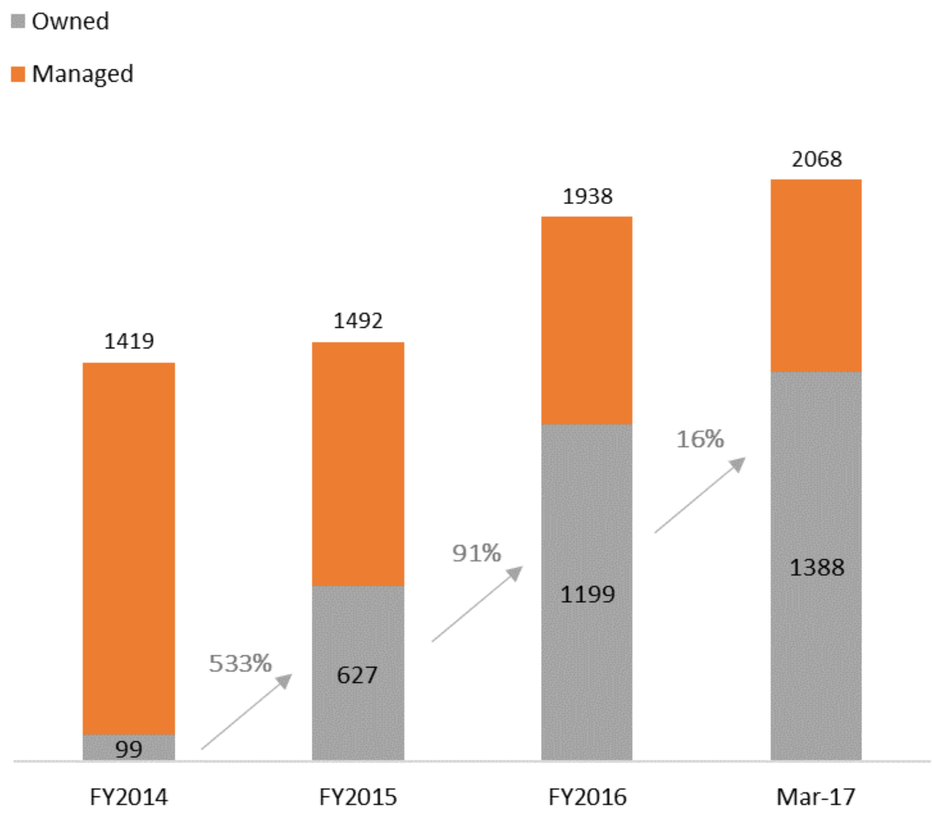
Eureka's "Buy & Build" strategy succeeding with a further 200 low-cost rental accommodation assets identified and preliminary due diligence completed

Eureka's Steady Growth Trajectory

- 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 4-6 villages to be acquired by June 30, 2017

Units Owned/Managed

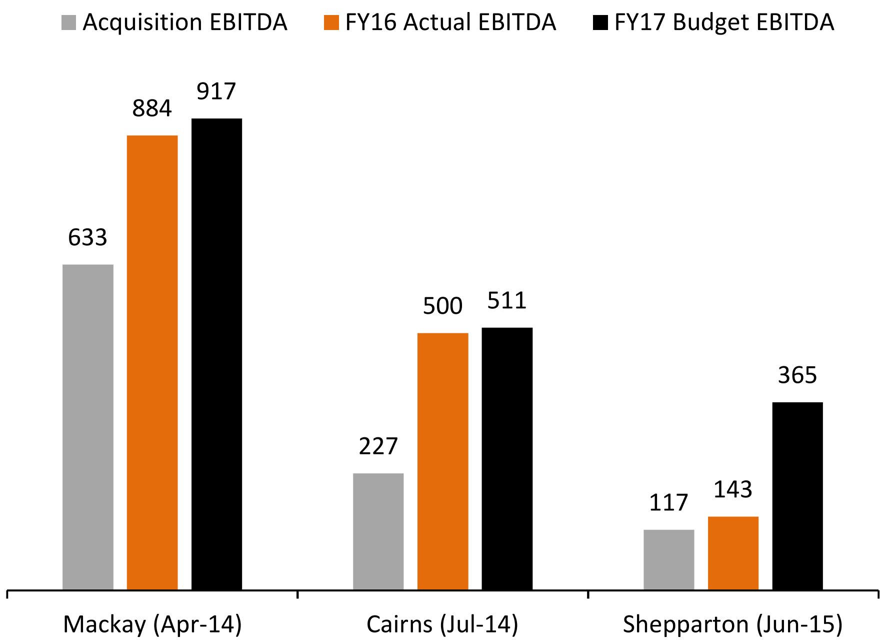
(in units)



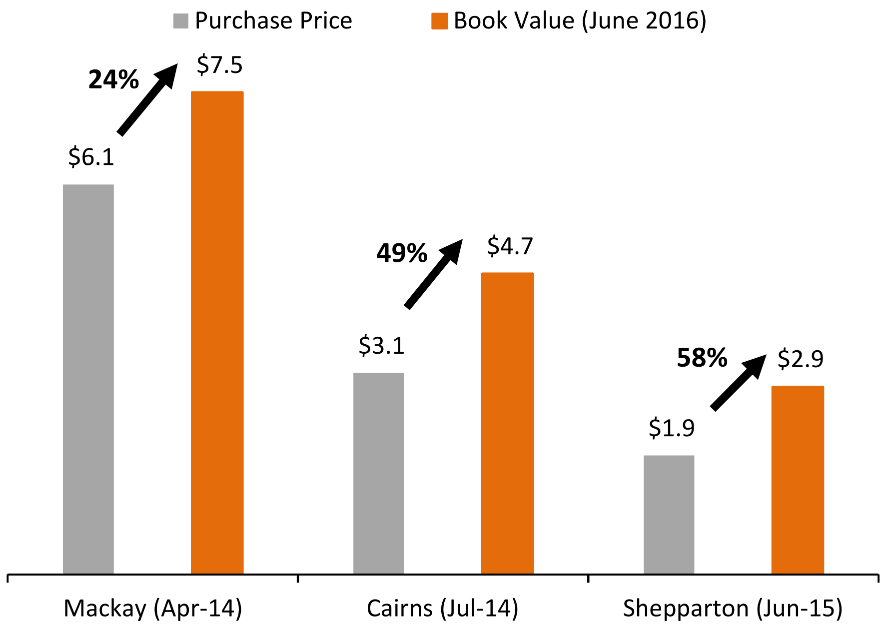
Eureka's Ability to Improve Village Performance Post-Acquisition

- Historically earnings for all 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)



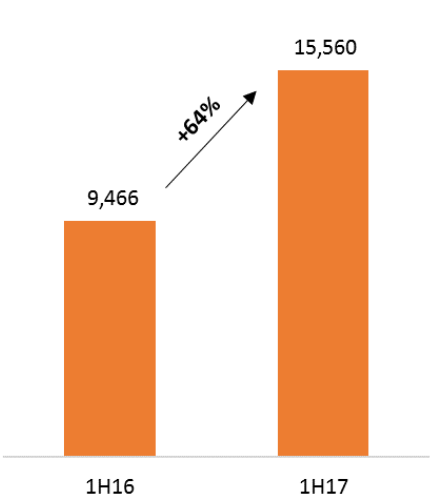
Purchase Price v. Book Value
(in $ millions)



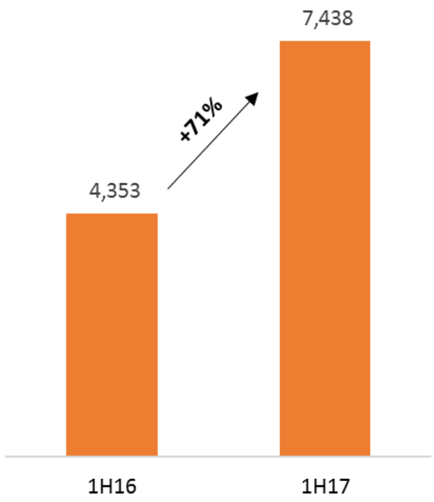
Key Financial Highlights – 31 December 2016

- 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

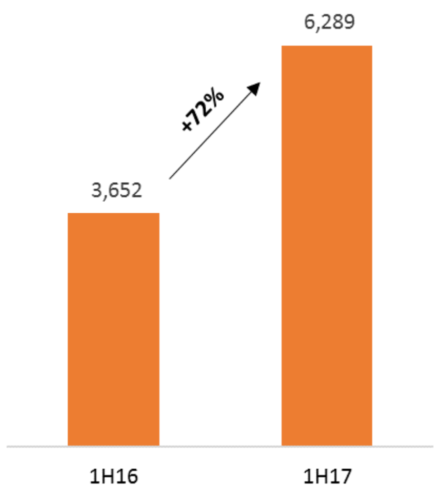
Revenue
($000's)



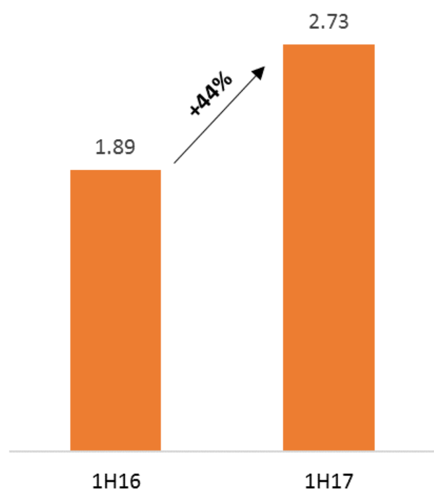
EBITDA
($000's)



NPAT
($000's)



EPS
(cents per share)

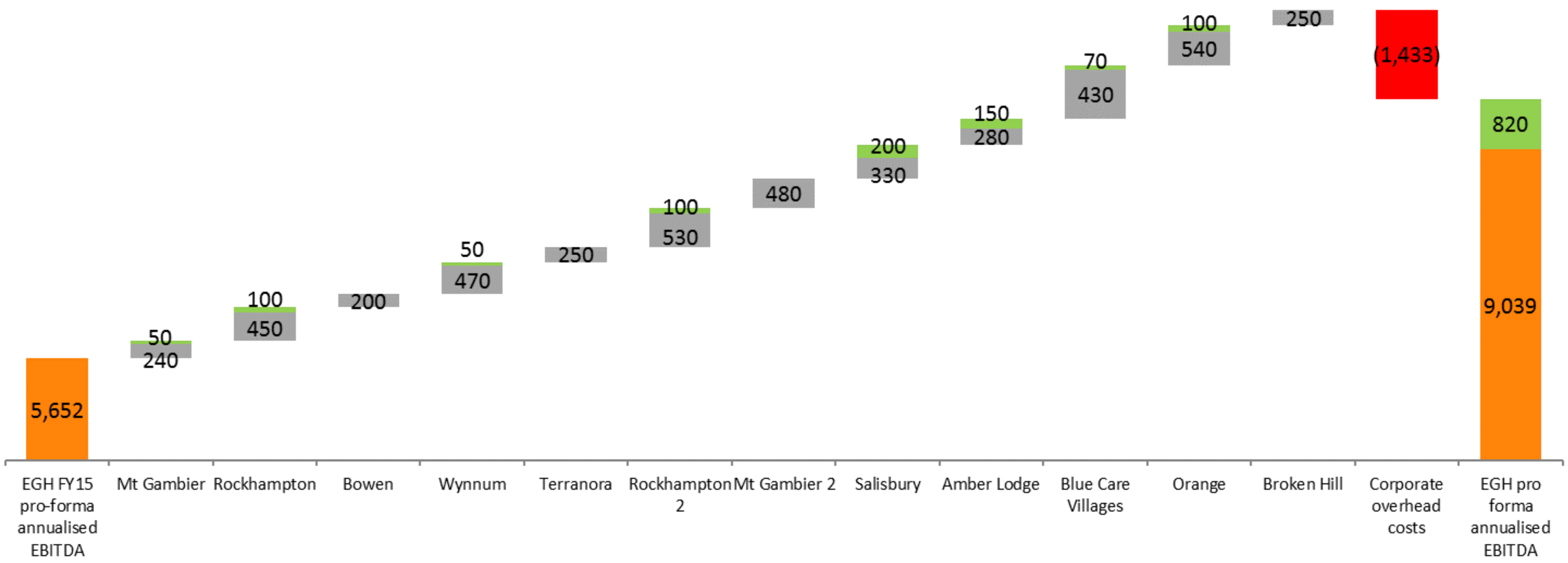


Pro Forma Annualised EBITDA

- The fourteen village acquisitions announced since 1 July 2015 are expected to contribute an additional $4.21 million to Eureka's EBITDA on an annualised basis

Pro Forma Annualised EBITDA

($000's)



Notes

1. Terranora village EBITDA adjusted to reflect long term earnings from management rights following sale of the units in 2017
2. EBITDA for Mt Gambier, Salisbury and Amber Lodge adjusted to account for higher village operating costs
3. Additional amounts shown in green are subject to improved occupancy and cost control

Growth Strategy

1

Acquisition Growth

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

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

Organic Growth – Brownfield & infill opportunities

Many of Eureka's villages have excess land which provides the opportunity for further unit development:

- **Royal Terranora Resort** – 150 unit 'next generation' retirement village
- **Couran Cove** – 120 units
- **Existing owned villages** – 350 units

This land provides Eureka with an organic growth opportunity for up to a total of additional 620 units.

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 and 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

Income Statement

Income Statement

(in $000's, except per share amounts)	1H16	1H17	Change $	Change %
Total Revenue	9,466	15,560	6,094	64%
Operating Expenses	(5,113)	(8,122)	(3,009)	59%
EBITDA	**4,353**	**7,438**	3,085	71%
Depreciation & Amortisation	(128)	(125)	3	-2%
EBIT	**4,225**	**7,313**	3,088	73%
Finance Costs	(573)	(1,024)	(451)	79%
Profits before Income Tax	**3,652**	**6,289**	2,637	72%
Income Tax	-	-	-	n/a
Net Profit	**3,652**	**6,289**	2,637	72%
Basic EPS	**1.89**	**2.73**	1	44%
Diluted EPS	**1.89**	**2.73**	1	44%

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

Finance costs have increased as a result of total borrowings which have been used to fund village acquisitions

Nil tax expense as Eureka continues to utilise carried forward tax losses

Strong revenue to cash flow conversion rate

Balance Sheet

Balance Sheet

	30-Jun-16	31-Dec-16
Assets		
Cash & cash equivalents	6,841	9,318
Trade and other receivables	3,434	1,713
Inventories	6,300	7,106
Other assets - current	819	755
Loans receivable - current	66	78
Loans receivable - non-current	539	513
Other receivables	-	992
Other assets - non-current	-	3,000
Investment property	86,472	99,589
PP&E	1,232	1,736
Intangible assets	5,620	5,619
Total Assets	**111,323**	**130,419**
Liabilities		
Trade and other payables	3,688	3,605
Other financial liabilities	42,516	51,357
Provisions	185	317
Total Liabilities	**46,389**	**55,279**
Net Assets	**64,934**	**75,140**
Equity		
Share capital	90,860	94,777
Accumulated losses	(25,926)	(19,637)
Net Profit	**64,934**	**75,140**

- Healthy balance sheet to pursue an continued growth strategy.
- Improved working capital from $8.5m at 30 June 2016 to $12.9m at 31 December 2016.
- Significant increase in investment property as a result of 2 village acquisitions settled during the period plus revaluations.
- Management rights carrying value on balance sheet at cost less amortisation.
- Value of tax losses not yet recognised on balance sheet.

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