



# Eureka Group Holdings

For immediate release to market

Eureka Group Holdings Limited

ASX Code: EGH

2 April 2014

Morgan's Emerging Company Conference  
Chairman's Address

# Eureka's principal activities

## Property management

- Eureka provides specialist property management services to single owners of rental accommodation targeted at tenants aged 55 years and over.
- Services include: (1) letting management; (2) caretaking; (3) administration; and (4) food and linen to on-site residents

## Management rights management

- Eureka provides specialist property management rights services to multiple-owner, strata-titled rental communities targeted at tenants aged 55 years and over.
- Services include: (1) letting management; (2) caretaking; (3) administration; and (4) food and linen to on-site residents

## Accommodation and services

- Eureka provides food and linen services to on-site residents
- Eureka assists in arranging third-party care to on-site residents
- Eureka assists with on-site entertainment and activities to residents and the community

## Project management

- Eureka provides consultancy services to owners and operators in the 55 and over senior's living industry

# Eureka's strategy

## Stabilise

- Build on FY 2013 stabilisation strategy

## Strengthen

- Continue to strengthen Eureka's balance sheet through conservative leverage relative to the earnings of Eureka's core assets

## Increase

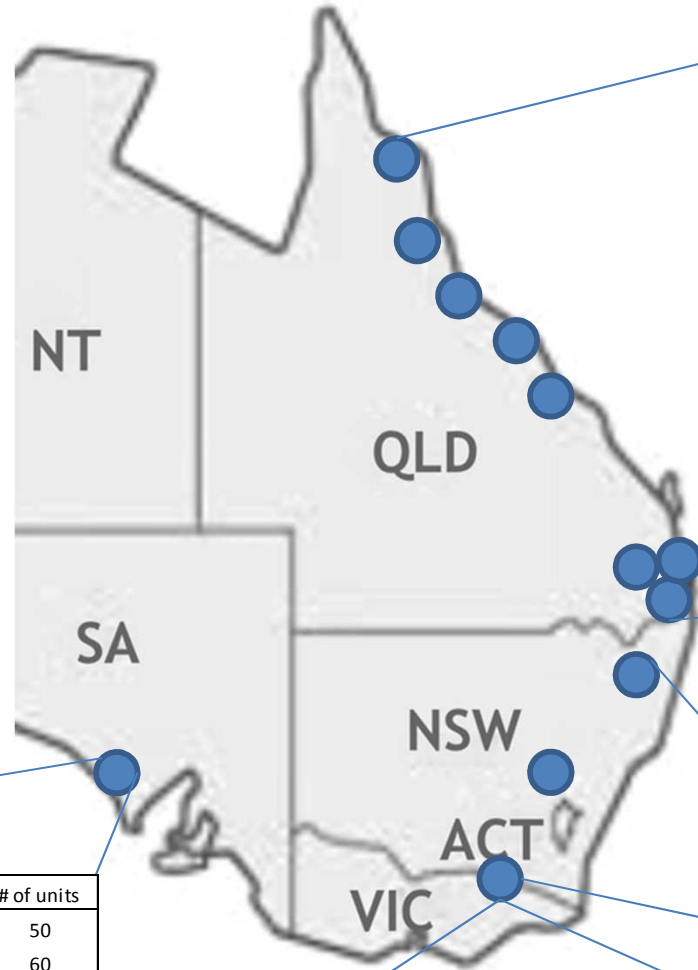
- Increase the number of beds under management and further leverage economies of scale

## Optimise

- Optimise Eureka's asset base through:
  - Divestment of underperforming management rights
  - Utilise sale proceeds in combination with a mixture of debt and equity to acquire higher performing villages and management rights
  - Continue to acquire villages the Eureka manages.

Long-term  
predicable revenue  
and earnings  
streams resulting in  
long-term  
shareholder value

# Summary of Eureka's assets



Village name	# of units
Bundaberg - Avenell Village On Vasey**	54
Caboolture - Village Life	79
Capalaba - Village Life	37
Cleveland - Sunnycove*	50
Comptons - Caboolture*	181
Condon - Eureka Care Communities	57
Gladstone - Eureka Care Communities	52
Inala - Village Life	35
Mackay - Cascade Gardens **	92
Maroochydore - Sunnycove	48
Rockhampton - Eureka Care Communities	51
Slacks Creek - Parkview Gardens*	83
Smithfield - Village Life	49
Toowoomba - Village Life	48
Wulguru - Eureka Care Communities	50
Wynnum - Village Life Wynnum	40
<b>Total - 16 villages</b>	<b>1006</b>

\* managers unit owned  
 \*\* village contracted to be acquired

Village name	# of units
Armidale - Sunnycove	76
Griffith - Village Life	45
Albury - Village Life Thurgoona	52
<b>Total - 3 villages</b>	<b>173</b>

Village name	# of units
Wodonga - Village Life	76
<b>Total - 1 village</b>	<b>76</b>

Village name	# of units
Christie Downs - Eureka Care Communities	50
Elizabeth Vale 1 - Eureka Care Communities Wayford House**	60
Elizabeth Vale 2 - Eureka Care Communities Elizabeth Vale	57
Evanston - Eureka Care Communities	52
Goolwa - Village Life	44
Hackham - Eureka Care Communities Onkaparinga	95
Salisbury - Village Life Salisbury Downs	50
<b>Total - 7 villages</b>	<b>408</b>

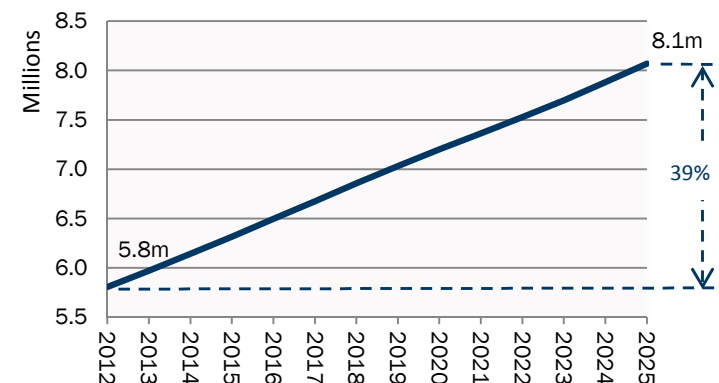
\* managers unit owned

\*\* village contracted to be acquired

# Favourable demographics

- The Australian Bureau of Statistics forecasts a consistent increase in population of the over 55 demographic in the coming years.
- The aging population equates to increased demand for retirement village living.
- The graph to the right models the ABS Australian population projection for persons aged 55 years and over in their high growth scenario.
- There are over 1,750 villages 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 the village.
- Over 50% of villages have waiting lists.
- Research indicates that 15,000 new retirement dwellings are required per year over the coming decades.
- A presentation by Christopher Baynes (of Docomemonday) and Grant Corderoy (of Stewart Brown Accountants) estimates that over 20,000 new independent living units need to be delivered to maintain the current 8% market penetration. An excerpt of their presentation is set out below.

Australian persons aged 55 years and over



## New village growth to maintain 8% penetration (165% cumulative)

Year	New ILUs	Build at +2.5%	Land at +2.5%	Sell at +2.5%	15% Dev. Profit Total	Dev. Profit p.a.	Total sales p.a.	Capital required
2014	1,200	\$225,000	\$100,000	\$400,000	\$60,000	\$72 million	\$480 million	\$390 million
2015	1,980	230,625	102,500	410,000	61,500	122 million	812 million	660 million
2016	3,267	236,391	105,063	420,250	63,038	206 million	1,373 million	1,100 million
2017	5,391	242,300	107,689	430,756	64,613	348 million	2,322 million	1,900 million
2018	8,894	248,358	110,381	441,525	66,229	589 million	3,927 million	3,200 million
<b>Total</b>	<b>20,732</b>					<b>\$1,337 million</b>	<b>8,914 million</b>	<b>\$7,300 million</b>

# Current year and future profitability

(\$,000)	FY 2013	FYTD (28 February 2014)
Revenue	\$10,874	\$6,943
Reported EBITDA	865	1,139
Reported NPAT/comprehensive income for period	75	634

- Eureka has already surpassed FY 2013 EBITDA and NPAT through February 2014 (unaudited).
- With previously announced contracted acquisitions, EBITDA is expected to increase by \$2.0m per annum.

# Equity capital structure

- The table below sets out: (1) Eureka’s current ordinary shares on issue; (2) potential shares on issue through convertible note instruments; and (3) forecast shares to be issued at \$0.10 from the recently announced \$1.5m sophisticated investor placement and share purchase plan

<b>Ordinary shares on issue</b>		<b>80,668,902</b>
<b>Convertible notes</b>		
(\$0.06 conversion price)	650,000	10,833,333
(\$0.10 conversion price)	225,000	2,250,000
<b>Forecast shares to be issued through SSPP and Sophisticated Investor Placement</b>	<b>1,500,000</b>	<b>15,000,000</b>
<b>Total ordinary shares currently, potentially and forecast to be on issue (from current activities)</b>		<b>108,752,235</b>

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# Eureka Group Holdings

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