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Eureka Group Holdings Limited ASX Investor Series Presentation



21 April 2015



Snapshot



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 living independently 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 largest 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 21 villages nationally **with 1,291** units managed at the date of this report. Eureka now owns 374 units following the settlement of the Elizabeth Vale 2 acquisition.

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.

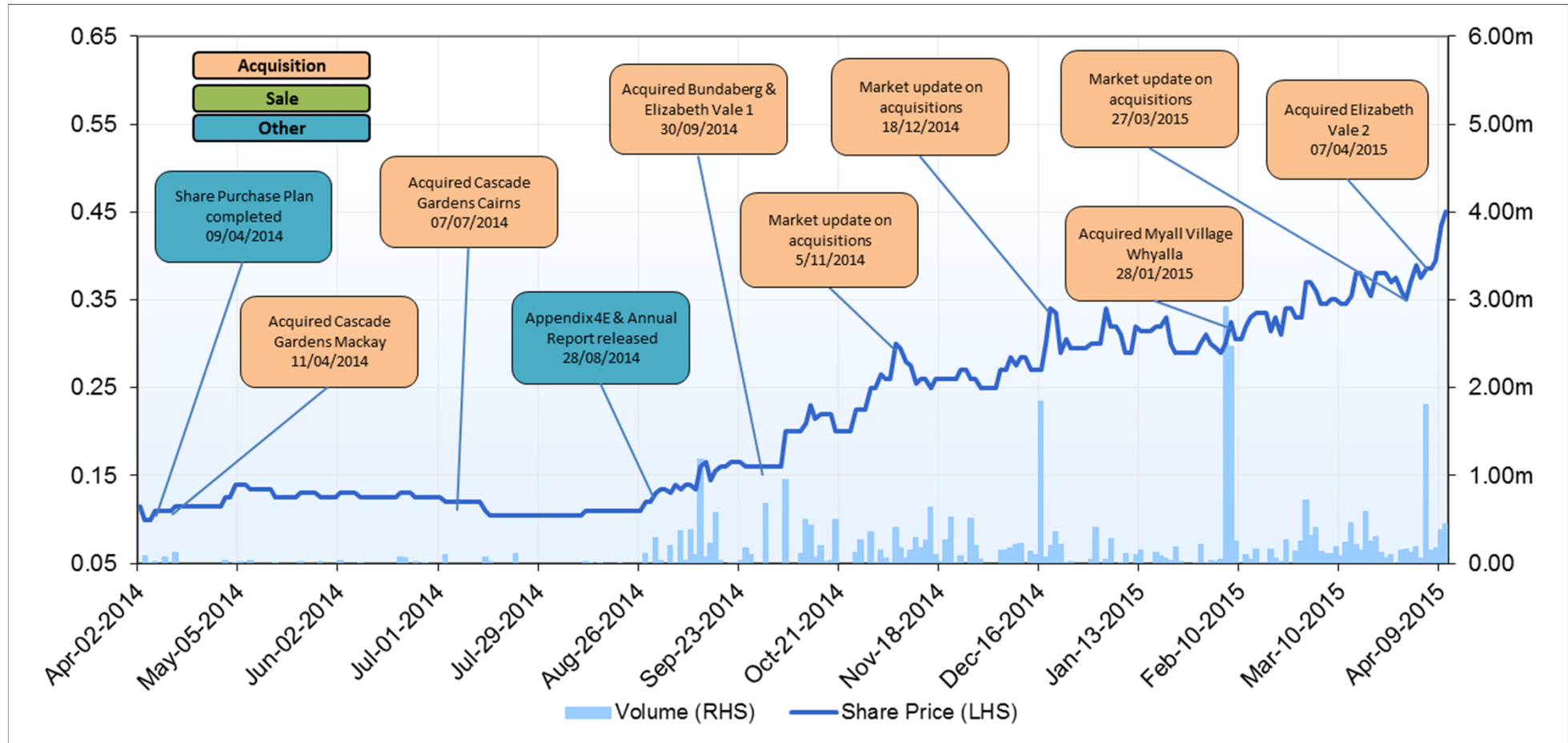
Eureka is committed to the increasing demand for affordable accommodation for our aging population.

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”

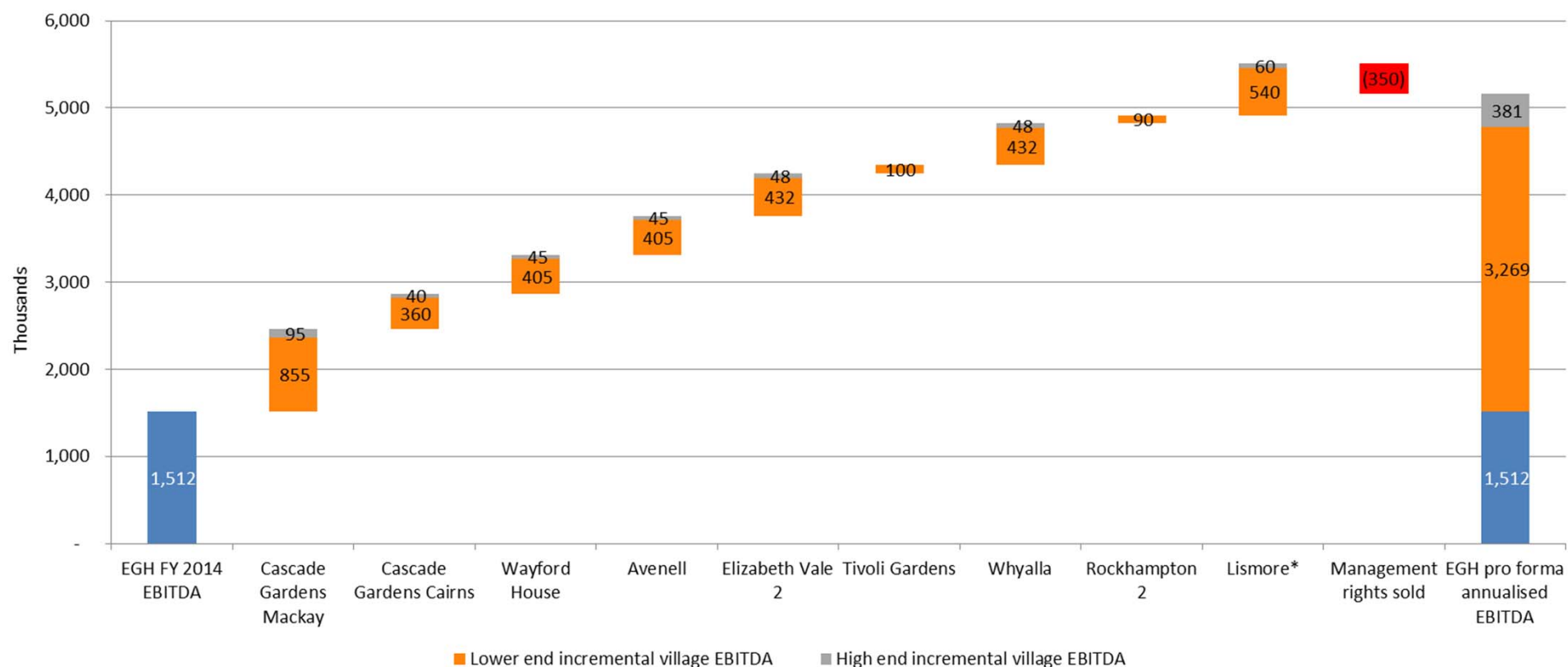
Share Price, Liquidity & Timeline

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



EBITDA | Pro Forma Annualised Basis

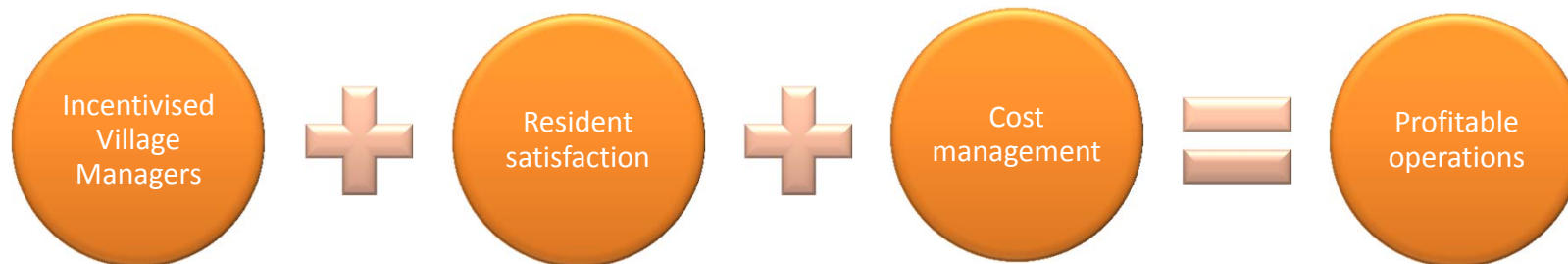
The seven villages (Mackay, Cairns, Wayford House, Avenell, Elizabeth Vale 2, Whyalla, Lismore) and two management rights (Tivoli Gardens and Rockhampton 2) acquired between April 2014 and May 2015 are expected to contribute an additional \$3.27m - \$3.65m to Eureka's EBITDA on an annualised basis.



* Lismore has been included on the basis that Eureka decides to proceed with the acquisition of the village following the completion of due diligence.

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.



Our Model | Why Rental?

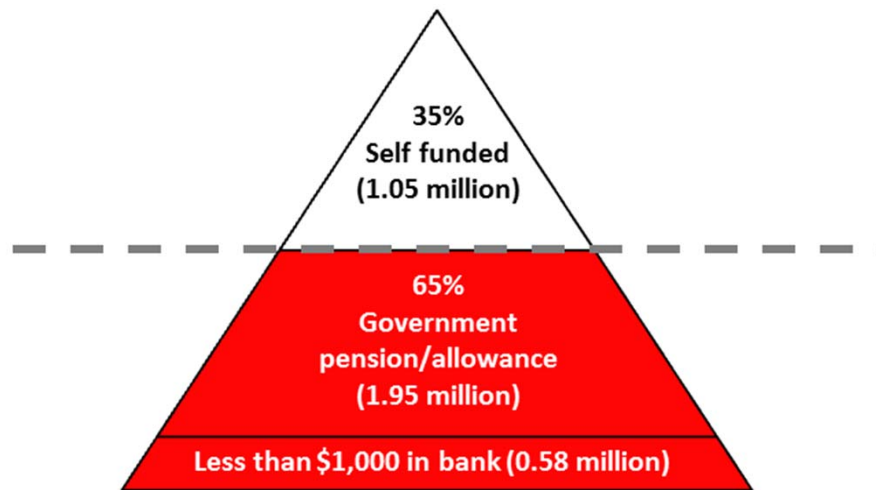
The table below is a comparison of the Eureka model against other models in the market from the perspective of a typical resident:

Case Study 1 Deferred Management Fee Model	<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>
Case Study 2 Relocatable Home	<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>
Case Study 3 Rental Model	<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>

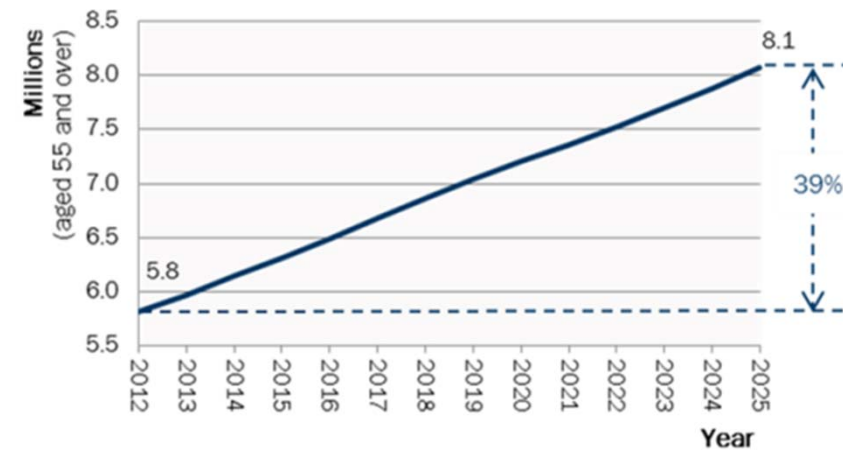
The rental option is the only solution for residents that have little or no savings or superannuation. They have no ability to own a residence.

Our Market | The Population

3 million Australian's over 65 years old (2012)



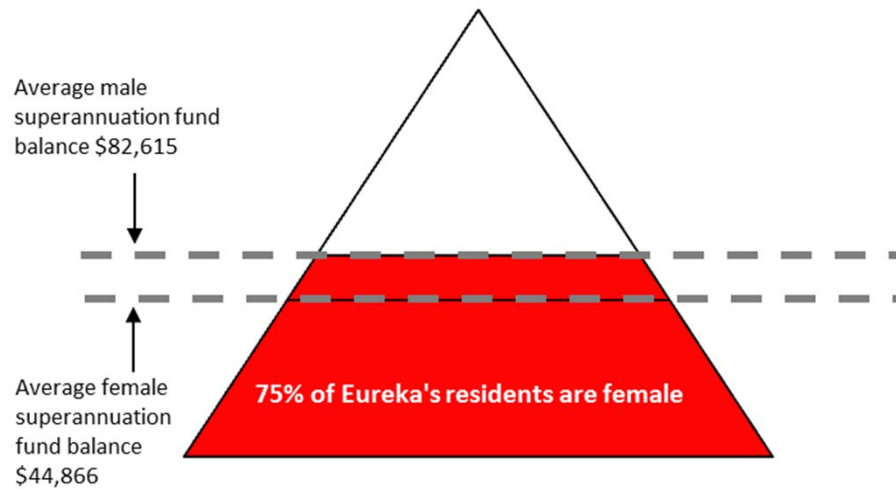
Australian persons aged 55 years and over



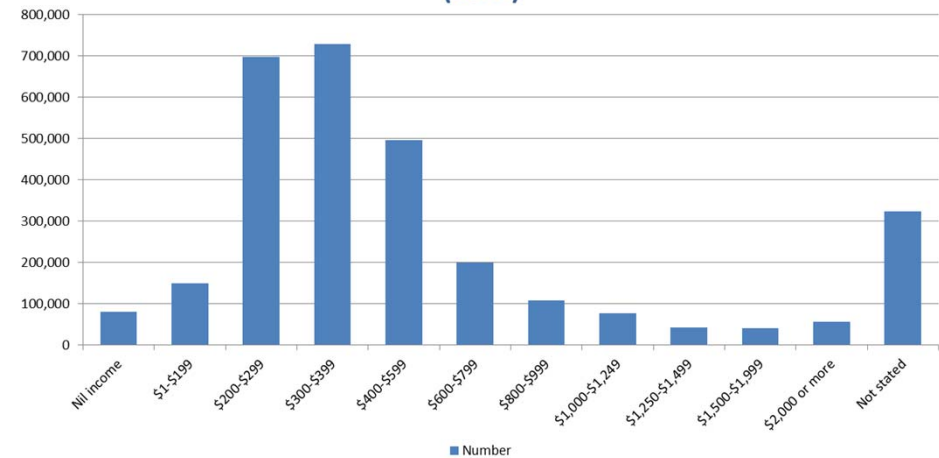
- Over the next 20 years the number of Australian's aged 75 and above will more than double.
- The Australian Bureau of Statistics forecasts a consistent increase in population of the over 55 demographic in the coming years which will drive demand.
- In 2012 home ownership in Australia dropped to 67% 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 above models Australian population projection for persons aged 55 years and over.

Our Market | Affordability

Average superannuation balances (2012)



Australian residents aged over 65 years old weekly earnings (2011)



- 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.
- 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 blocks the flow of new families into public housing until the aged resident is relocated.

Our Market | Target Sector



- Expanding gap in the market as other service providers move their product up in market price and away from a rental option.
- Other operators have lost sight of the lower socio-economic sector of our community and the strength of this market.
- Eureka has strived to provide affordable accommodation to the financially challenged.
- Recent trends have seen many other rental villages move to the DMF model, significantly reducing the amount of affordable housing available in the rental market.
- At the same time, the DMF model is under increasing scrutiny as baby boomers move into retirement.
- Demand has been driven 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.

Our Market | Aggregation Potential

Attractive Market

- Highly fragmented industry
- Limited competition offering affordable solutions
- Demographic trends underpin long term demand
- Stable earnings and cash flow
- Self funded care only available to those who can afford

Industry Potential

- Around 1,750 villages in Australia
- 200-250 are directly comparable to the six Eureka has purchased
- Of the 250, the following villages are in our sights for future acquisition: 100+ Village Life, 30+ SunnyCove, 20+ Westminster House
- Potential to acquire 50+ villages in the future
- Ability to repurpose existing assets into affordable rental solutions

Acquisition Strategy

- Disciplined purchasing approach
- Strong pipeline of acquisition opportunities
- Systems in place to identify new opportunities
- Acquisitions must meet specific ROI criteria

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 rental accommodation for seniors living independently 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.

Contact Details



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