eureka GROUP HOLDINGS

Acquisitions and Equity Raising

October 2022

Contents

About Eureka

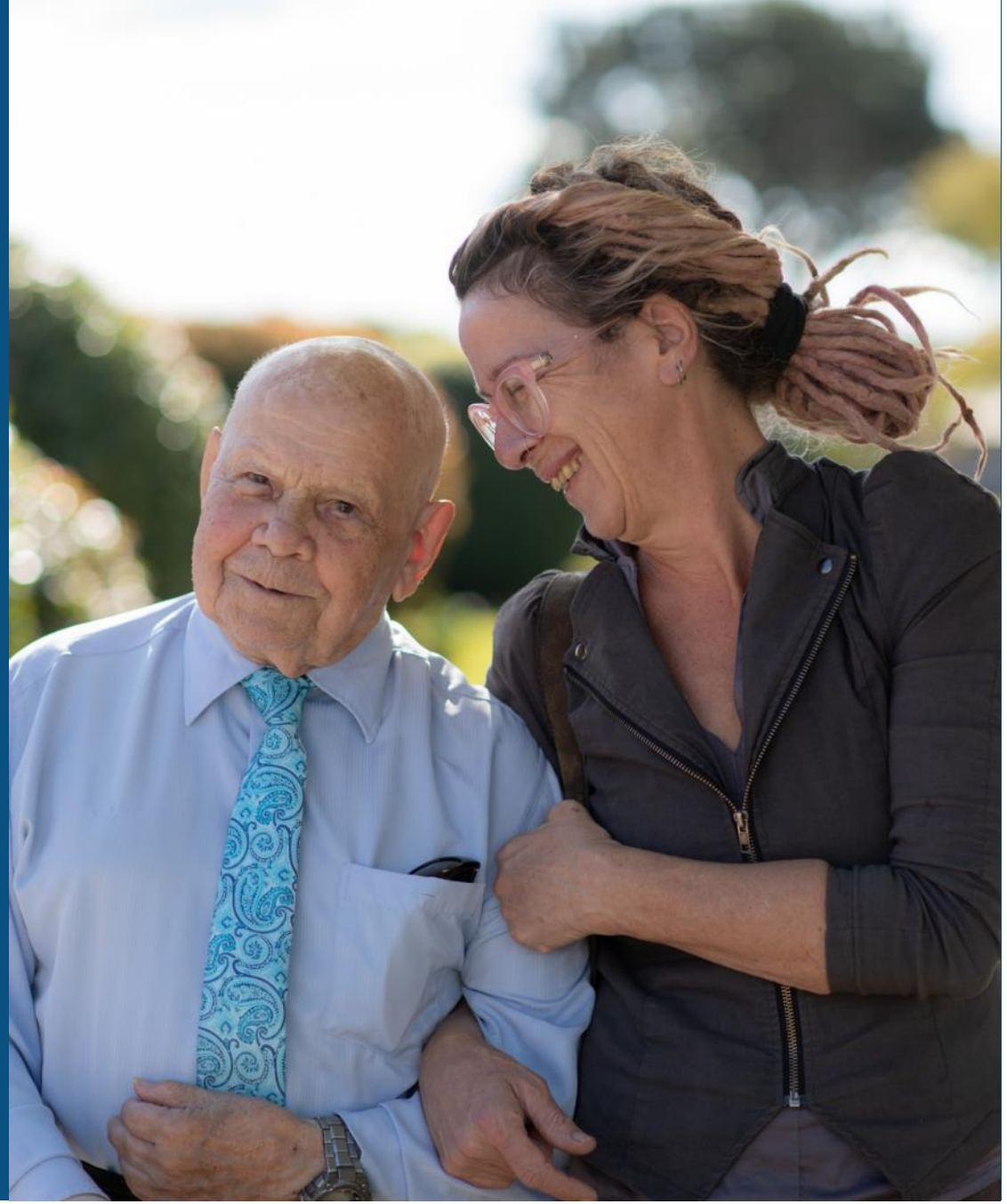
Transaction Overview

Equity Raising

Appendix

Definitions

Contact Details



About Eureka

Transaction Summary

Acquisitions

- Eureka proposes to acquire two villages (the Acquisitions) for a total purchase price of $11.8 million

Village region	State	Purchase price	No. of units	EBITDA yield	Occupancy
62 Johnston Street, Tamworth	NSW	$6.7m	50	>8.7%	92%
17 River Road, Horsham	VIC	$5.1m	46	>7.4%	76%

- Eureka has entered into unconditional contracts to acquire the two villages at Tamworth and Horsham with settlement to occur in late November 2022

Development opportunities

- In line with Eureka's strategy of expanding its business via brownfield value-add developments, a well progressed opportunity exists to expand an existing village at Brassall, QLD
- The opportunity is shovel-ready and will take c.9 months to complete subject to finalisation of the building contract
- The Brassall expansion will deliver 51 new, free standing residences along with refurbished community facilities, increasing the size of the village to 106 residences
- The estimated development cost ~$11m, including contingency

Funding

- To fund the Acquisitions and the Brassall development, Eureka intends to undertake an Equity Raising comprising:
  - A fully underwritten 1 for 4 accelerated non-renounceable pro-rata entitlement offer to raise $28.2 million (the Entitlement Offer)
- The remainder of the proceeds from the Equity Raising will provide funding capacity to fund future acquisition and development pipeline

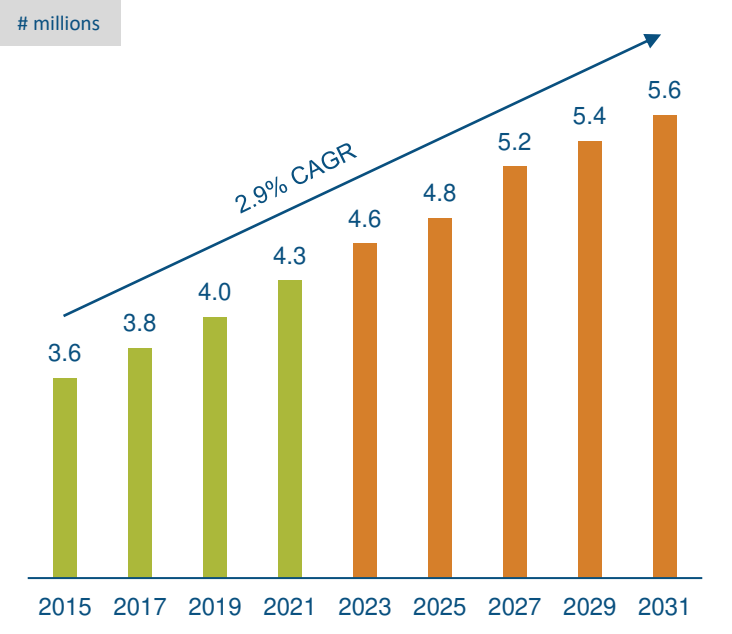
Key metrics

- The pro forma impact of the Acquisitions and Equity Raising (excluding the impact of Brassall development) are:
  - FY23 Underlying EBITDA range of $11.6m to $11.9m (growth of 10.3 – 13.2% on FY22)
  - FY23 Underlying EPS of 2.6 cents per share (cps)
  - Pro forma gearing is forecast to be 32.7%
- The transaction will be accretive to Underlying EPS following the Acquisitions, Equity Raising and completion of the Brassall development, including stabilisation of EBITDA yields

Compelling backdrop to support industry growth

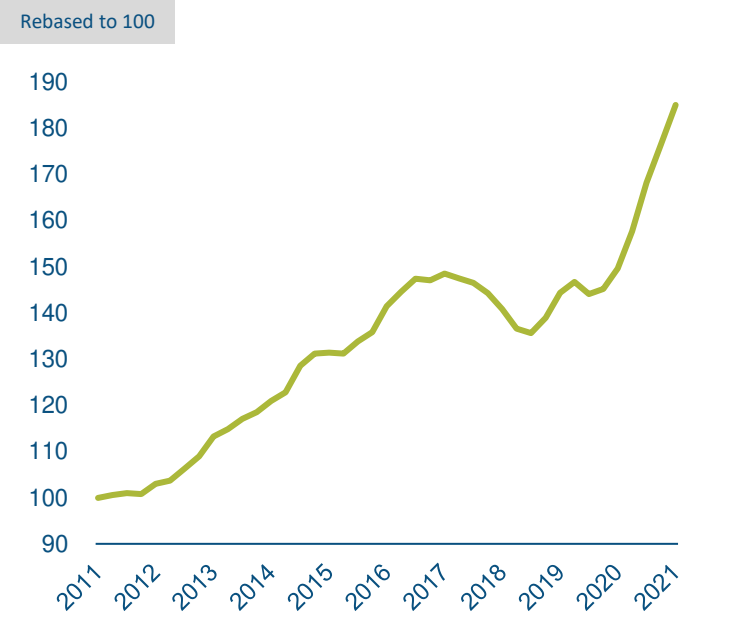
A growing ageing population and housing affordability concerns supports demand for affordable seniors rental accommodation

High +65yrs population growth forecasted[1,2]



- ~4.5 million Australian's are currently 65 years of age or older - this is forecast to grow significantly into the future
- ~57% of Australians aged 65 and over rely on the Government aged pension as their primary source of income and 67% receive a form of income support payment

House prices have grown rapidly over the past 10 years[3]



- Considerable house price and rental growth over the last 10 years has made everyday residential living unaffordable for many older Australians
- A growing reliance on the Government aged pension is leading to an increase in demand for low-cost, quality rental accommodation

Superannuation balances are generally low amongst the elderly[4,5]

- On average, Australian's aged 65 and older have insufficient superannuation balances to support a comfortable retirement, increasing the need for the age pension to support daily living

1. ABS National, State and Territory Population 2021
2. The Treasury 2021 Intergenerational Report
3. ABS Residential Property Price Index 2021
4. ABS Household Income and Wealth 2019-20
5. Association of Superannuation Funds of Australia Retirement Standard Report 2018

Well placed within the seniors living spectrum

An affordable accommodation option providing a community environment

Residential home	Government social housing	Land Lease Communities	Seniors rental 'Eureka'	Retirement village	Aged care
	Community-based independent living	Community-based independent living	Community-based independent living	Care services available	Advanced care services
Operator characteristics	Provision of services	Facilities development and asset ownership	Facilities development and asset ownership	Facilities development and asset ownership	Combination of facilities and service provision
Typical age	All	50+	70+	70+	80+
Rental assistance available?	✔	✔	✔	✘	✔
Key features	• Mixed resident demographic • Very limited availability with long waiting lists • No social / community engagement • Does not include meal service	• Site agreement model whereby residents own a manufactured home on rented land • Community style living and facilities • Few additional services • Upfront capital commitment and ongoing rent	• Community style living and facilities including meal service in a majority of villages • Rates, building insurance included in headline rental price to customer • Simple Residential Tenancy Agreement • No entry or exit fees • Significant level of autonomy and independence • Safe and secure villages	• Increased services, including care • Residents generally pay an entry contribution equivalent to unit purchase price • Significant ongoing fees • Deferred management fee model in some instances	• Little independence, significant levels of care • Homes staffed with nurses and other healthcare professionals • Typically charge daily care fees and upfront refundable accommodation bond
Caters for	• Means tested • Only available to lowest socio-economic demographic	• Those seeking to release capital by selling their residential home	• Retirees receiving government pension • All inclusive accommodation with comfortable community environment and interaction	• Elderly retirees who have typically sold their main residence and can afford lifestyle arrangements • Residents are typically independent	• Elderly people who require significant levels of care

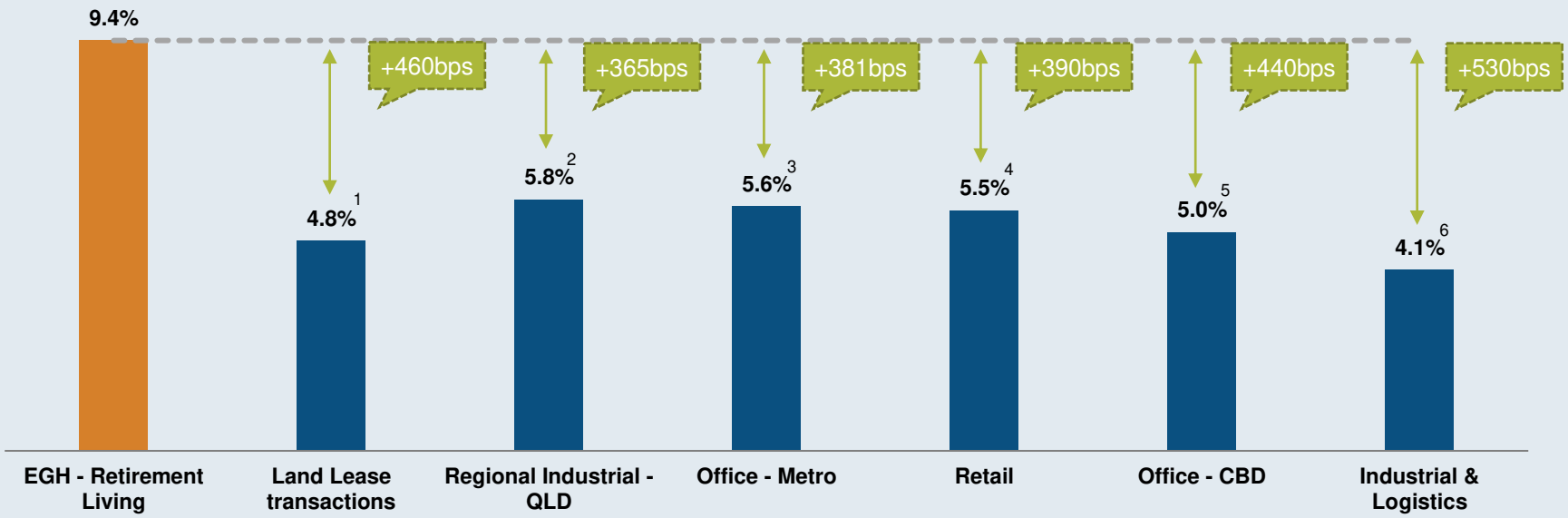
Seniors rental offers compelling yields vs other asset classes

An alternative asset class with potential for significant capital upside

Commentary

- Core Australian commercial property sectors are generally characterised by tight yields within 4.0% - 6.0%
- The seniors rental sector has not experienced the same level of yield compression compared to other real estate sectors
  - "Look through covenant" to the Australian Government via the age pension
  - Potential portfolio upside once Eureka's portfolio reaches "institutional scale"
- Affordable seniors rental NOI yields of +9.0% represent compelling value in an increasing interest rate environment

FY22 Eureka cap rate compared to yields in other sectors

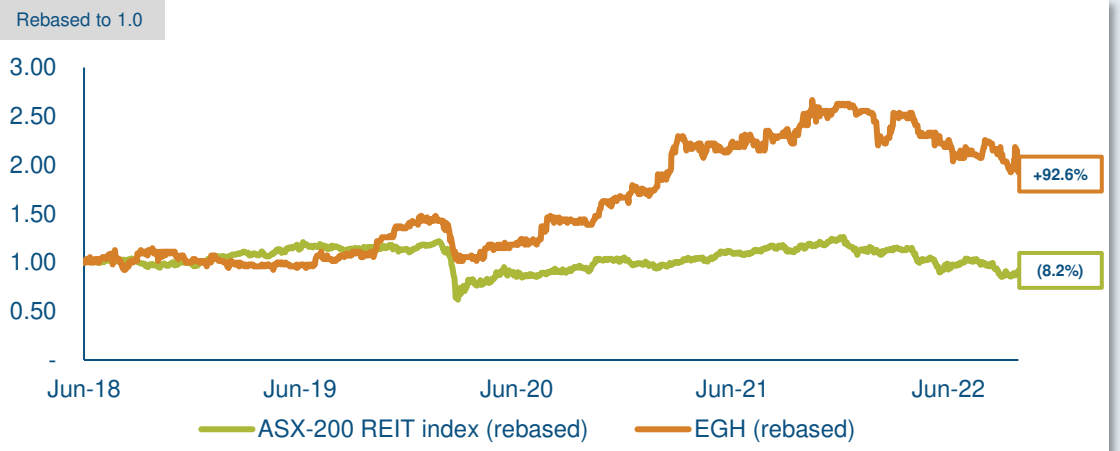


1. Transaction evidence
2. Colliers Regional Spotlight Industrial 2022 – mid point of Toowoomba
3. Colliers Australian Metro Office Snapshot Q2 2022
4. Colliers Australian Retail Snapshot Q2 2022
5. Colliers Australian CBD Office Snapshot Q2 2022
6. Colliers Australian Industrial & Logistics Snapshot Q2 2022

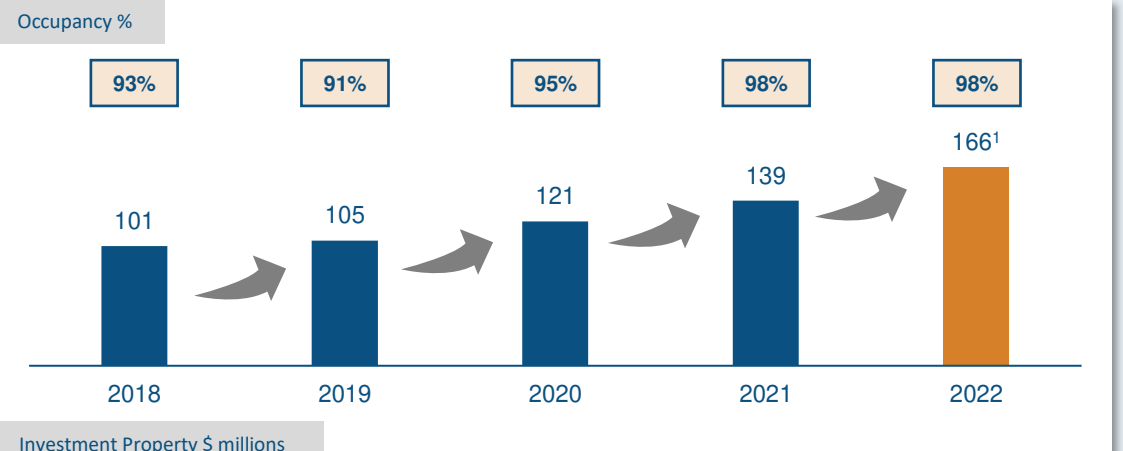
Delivering on strategic plan

Eureka's strategy over the last c.2 years has delivered significant value to investors

EGH outperformance vs the ASX 200 A-REIT index



Increased scale and improving occupancy



A 'Resident First' strategy supported by high quality assets and village management is core to Eureka

- **Portfolio enhancement through targeted acquisitions, brownfield and 'build to rent' greenfield developments**
- **'Resident First' philosophy, providing a safe environment and social connections for residents to age in place**
- **Cost effective refurbishments to maintain / improve occupancy rates and support rental growth**
- **Targeted village manager recruitment and staff training ensuring high calibre village teams**
- **Digital marketing initiatives to support new enquiry generation**
- **National rental pricing strategy and active cost management, enhancing profitability**

Source: IRESS, Company disclosures as at 26 October 2022
Note: Market data as at 26 October 2022
1. Includes Eagleby acquisition

Has a meaningful social impact

Eureka has a strong focus on ESG initiatives across the entire business and portfolio

Environmental Initiatives

Developing an environmental program to reduce the impact of operations on the environment

Solar power

Commitment to energy conservation through a continuation of village solar programs

Energy efficiency

NABERS energy standards to be implemented into the portfolio through the ESG framework

Waste management & recycling

Strong focus on sustainability across the food delivery program with a target to replace plastic containers by end FY23

Social Focus

Philosophies underpinned by compassion, respect and trust

Resident First

Empowering the well-being and independence of residents in a safe, secure and active village where residents can age in place

Community connections

Key part of social infrastructure, supporting the wellbeing of residents and the broader communities in which villages are located

One team

Diverse and inclusive workplace comprised of a professional team with strong capability and experience

Governance Practices

Established framework to proactively consider and action ESG initiatives

Board governance

Experienced leadership and management team with expertise in property, financial management, governance and health

Ethical practices

Appointment of independent social impact consultant to assist in the establishment of an integrated ESG plan

Risk mitigation systems

Risk management framework, policies, legislative and regulatory compliance and reporting

Investing in a high quality team

Well positioned to deliver on future growth objectives

Executive leadership			Recent appointments	
Murray Boyte *Executive Chair*	**Cameron Taylor** *Chief Executive Officer*	**Laura Fanning** *Chief Financial Officer*	**Michael Heffernan** *Head of Real Estate*	**Andrew Hudson** *National Operations Manager*
• 35 years' experience across merchant banking and finance • Member of the Australian Institute of Company Directors, Institute of Directors of New Zealand and is a Chartered Accountant	• 22 years' experience spanning across senior property roles • Prior to his role as Chief Executive Officer, Cameron served as Eureka's Chief Operating Officer	• 25 years' financial, governance and commercial experience gained primarily in ASX-listed companies • In addition to her role as Chief Financial Officer, Laura serves as Joint Company Secretary	• Lead for strategic property management planning across the portfolio • Lead for strategic property projects to support achievement of Eureka's growth objectives	• Lead for resident experience initiatives, asset management and operations strategy • Responsible for operational process

Well placed for the next phase of growth as the business continues to achieve scale

Key appointments have been made in FY22 and FY23 to-date to accelerate growth and scale the business

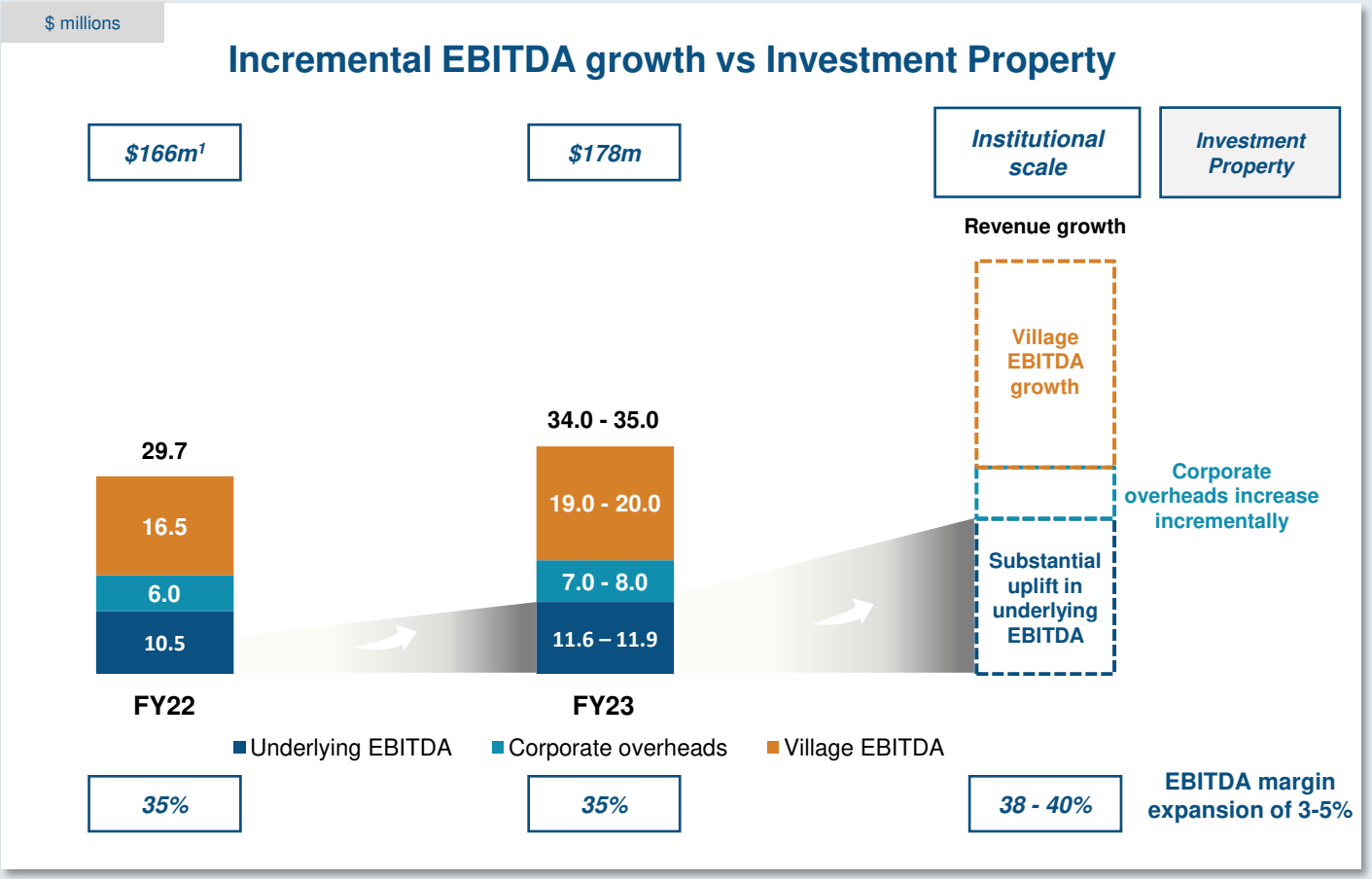
Upskilled village and support office teams create the culture, skill base and capacity to drive further organic growth

Positioned for upside from operational leverage once further scale achieved

Strengthens internal capabilities to target quality acquisitions and seamlessly integrate into the portfolio

Significant operating leverage when scale achieved

Eureka has invested heavily in enhancing its capabilities across the platform and is now at an inflection point



EBITDA margin improvement anticipated by exploiting its scale whilst corporate overheads increase incrementally

Potential portfolio upside once Eureka's portfolio reaches "institutional scale"

1. Includes Eagleby acquisition

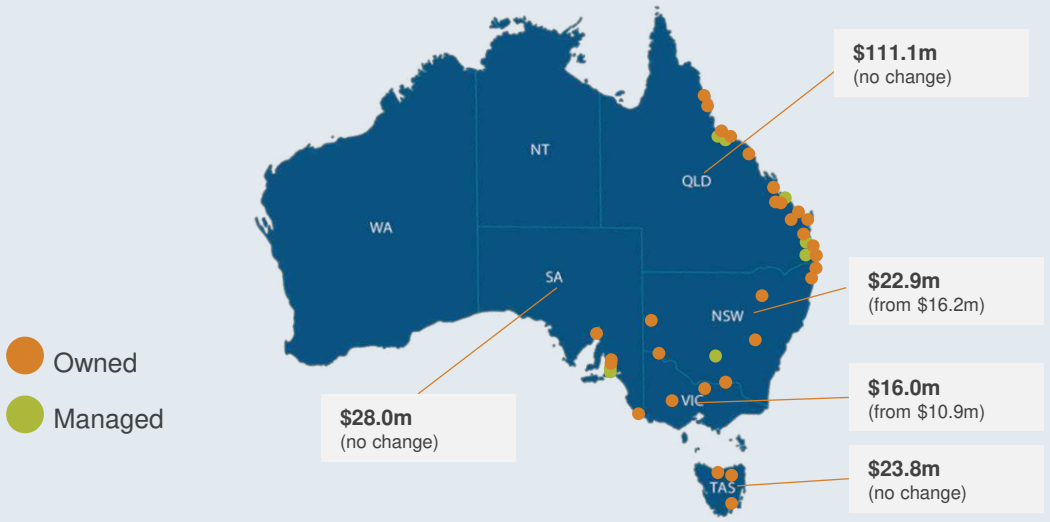
Transaction Overview

Portfolio enhanced through acquisitions

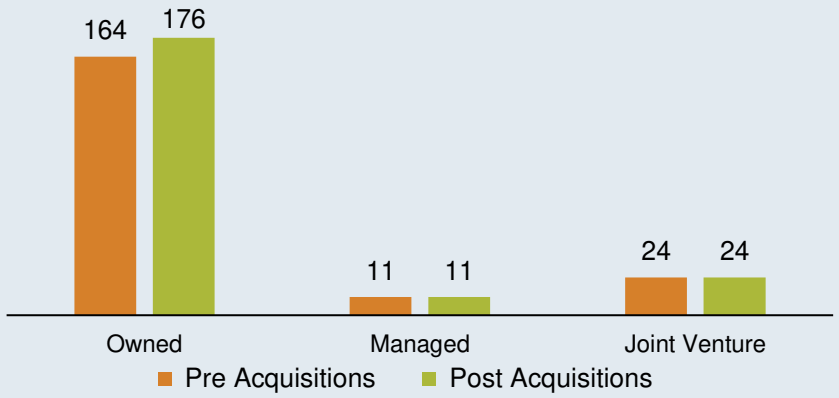
PORTFOLIO SNAPSHOT

	Pre Acquisitions[1]	Post Acquisitions
Owned	26	28
Managed	14	14
Joint Venture	5	5
Total Number of Villages	**45**	**47**
Investment Properties[2]	$166m	$178m
Units under management	2,562	2,658

PORTFOLIO GEOGRAPHY BY VALUE POST ACQUISITIONS

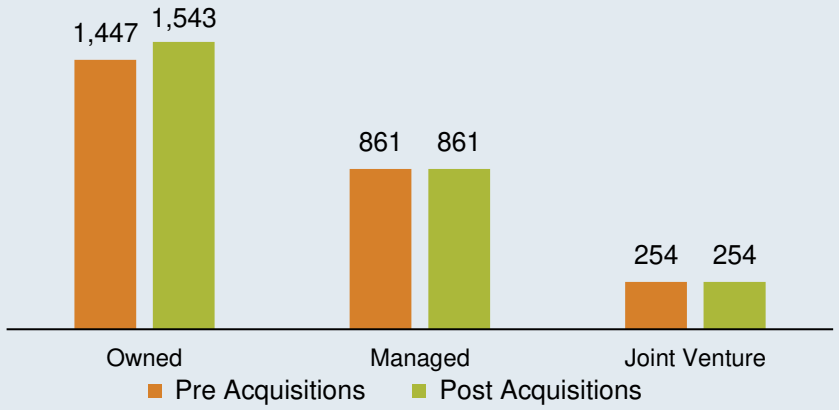


VILLAGE SPLIT BY VALUE ($m)



Increasing weight in owned villages, achieving further benefits in scale and operational efficiencies

UNITS BY TYPE



6.6% growth in owned units

1. As at 30 June 2022 plus Eagleby acquisition
2. Excludes Joint Venture asset value

Strategic rationale for the transactions

On strategy acquisitions (1)

- Acquisitions are aligned with Eureka's portfolio objectives to acquire high-quality sites located in key regional cities
- Acquisitions demonstrate Eureka's platform capability of sourcing quality off-market opportunities from credible counterparties

Positioning EGH for future growth (2)

- Underlying EBITDA growth of 10.3 – 13.2% on FY22
- Platform growth and increased scale strengthens ability for Eureka to target quality acquisitions, positioning Eureka as the leading provider of affordable rental retirement living

Reduced gearing (3)

- Increased debt headroom will provide balance sheet strength to support pipeline of organic development opportunities and further acquisitions across the portfolio

Continued sector tailwinds (4)

- Management continues to see support from attractive long term industry fundamentals, characterised by growing ageing population and constrained accommodation supply
- Fair and transparent lease structures continue to win favourable support from target residents and their families compared to deferred management fee based operators

62 Johnston St, Tamworth NSW

DESCRIPTION

- Asset is situated in Tamworth, NSW located c.4-5 hours from Sydney and other major regional hubs such as Orange and Grafton
- Comprises 50 units split between single and couples accommodation across low maintenance, ground level units
- Gated community that is in close proximity to public transport, town centre and other local amenities
- Acquisition cost of $134,000 per unit is considered below replacement cost for the area
- With a population of ~63k people, Tamworth is a key growth market for Eureka, playing a key role in servicing a wide catchment in the New England area
  - Demographics including a population of over 12,000 above the age of 65[1]

Snapshot	62 Johnston St, Tamworth
Price	$6.7m
Ownership	100%
Units	50
Occupancy	92%
EBITDA yield	>8.7%

1. Australian Bureau of Statistics, 2021 Census

17 River Road, Horsham VIC

DESCRIPTION

- Asset is situated in Horsham, VIC located c.3.5 hours from Melbourne
- Comprises 46 units split between single and couples accommodation across low maintenance, ground level units
- Gated community that is in close proximity to public transport, town centre and other local amenities including the local hospital
- Acquisition cost of $110,000 per unit is considered below replacement cost for the area
- Eureka owns similar villages in regional Victoria and a NSW border town which the village will complement
- The village is located in a core market for Eureka, with favourable demographics including a population of over 4,300 above the age of 65[1]

Snapshot	17 River Road, Horsham
Price	$5.1m
Ownership	100%
Units	46
Occupancy	76%
EBITDA yield	>7.4%

1. Australian Bureau of Statistics, 2021 Census

1380 Warrego Highway, Brassall QLD

Near term development opportunity

DESCRIPTION

- Eureka will commence the development of its village in Brassall, QLD in early 2023
- Village was acquired in July 2021 and comprises 43 rental residences, 12 land lease residences and surplus development land

Development Information

- The development plan, approved by Ipswich City Council includes 51 new dwellings along with refurbished community facilities
- Key infrastructure is in place with pre-existing civil works (internal roads) and essential services (water, sewage and power)
- Development to be completed via a 4-stage build over c.9 months and incorporates a 6-star energy rating
- Dwellings will comprise premium, free standing 2-bedroom residences with modern amenities including kitchen, bathroom and car parking
- On completion of the development, the village will comprise 106 free standing residences. Future opportunities include acquiring the current land lease homes and rental uplift in the existing accommodation

Snapshot	1380 Warrego Highway, Brassall
Current land / asset value	$7.6m
Estimated development cost[1]	$11.0m
Total new residences	51
Incremental EBITDA yield on development costs	>8.0%

1. Including contingency

Equity Raising

Equity Raising Summary

Equity Raising structure	• Fully underwritten 1 for 4 accelerated non-renounceable pro-rata entitlement offer to raise $28.2 million (the Entitlement Offer) • The Entitlement Offer will comprise an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer – Record date for the Retail Entitlement Offer is 31 October 2022
Pricing	• Fixed issue price of $0.47 per share represents a: – 9.6% discount to the last close price of $0.52 per share on 26 October 2022 – 15.3% discount to 5-day VWAP of $0.55 per share
Ranking	• New shares issued under the Equity Raising will rank equally with existing EGH shares from the date of issue
Underwriting	• The Equity Raising is fully underwritten
Brokers to Equity Raising	• Underwriter and Joint Lead Managers: MA Moelis Australia Advisory Pty Limited and Taylor Collison Limited • Co-Lead Manager: BG Capital Corporation Pty Limited

Sources and Uses of Proceeds

Sources of Proceeds	$m
Equity Raising Proceeds	28.2
Total sources	**28.2**

Uses of Proceeds	$m
Acquisitions (Tamworth and Horsham)	11.8
Brassall development funding	11.0
Stamp duty	0.7
Equity raising costs	1.7
Debt retirement	3.0
Total uses	**28.2**

- Equity Raising will raise approximately $28 million
- The Equity Raising will fund the Tamworth and Horsham acquisitions, Brassall development and associated transaction costs
- Eureka has ~$20m of assets under due diligence. There is no certainty that these transactions will proceed.
- Post transaction pro forma gearing is forecast to be 32.7% which provides debt capacity to fund future acquisitions and developments
- Pro forma gearing is expected to increase to 36.5% post completion of the development of Brassall

Pro Forma Balance Sheet

Pro forma gearing to reduce to 32.7% post raise

		30-Jun-22	Eagleby[1]	Shares issued post balance date[2]	30-Jun-22 Pro forma	Equity Raise and Acquisitions[3,4]	Pro forma
Cash	[$m]	1.8	-	1.5	3.3	-	3.3
Investment properties	[$m]	159.7	6.5	-	166.2	11.8	178.0
JV interest	[$m]	7.2	-	-	7.2	-	7.2
Other assets	[$m]	5.6	-	-	5.6	-	5.6
Intangibles	[$m]	8.5	0.8	-	9.3	-	9.3
Total assets	**[$m]**	**182.8**	**7.3**	**1.5**	**191.6**	**11.8**	**203.3**
Debt	[$m]	70.1	7.8	-	77.9	(14.0)	63.8
Other liabilities	[$m]	13.6	-	1.5	15.1		15.1
Total liabilities	**[$m]**	**83.7**	**7.7**	**1.5**	**93.0**	**(14.0)**	**79.0**
NAV	**[$m]**	**99.0**	**(0.5)**	**-**	**98.5**	**25.8**	**124.4**
NTA	**[$m]**	**90.6**	**(1.3)**	**-**	**89.3**	**-**	**115.1**
Shares on issue	[#m]	237.2	-	3.1	240.3	60.1	300.4
NTA per share	**[$]**	**0.38**			**0.37**		**0.38**
Balance sheet gearing	**[%]**	**40.8%**			**43.1%**		**32.7%**

1. Post balance date, EGH acquired 55 units and the management and letting rights for a village in Eagleby, QLD which was funded by debt
2. Post balance date, EGH issued 2.7 million shares via a Dividend Reinvestment Plan at an issue price of $0.5557 and 0.4m via an Employee Incentive Scheme
3. Net of acquisition and transaction costs of $2.4m
4. Proceeds received for Brassall development will initially be used to retire debt and will be redrawn to fund the development over time. Pro forma balance sheet gearing would increase to 36.5%

Equity Raising Indicative Timetable

Key event	Date 2022
Trading halt and announcement of the Equity Raising	Thursday, 27 October
Institutional Entitlement Offer launch	Thursday, 27 October
Announcement of results of Institutional Entitlement Offer	Friday, 28 October
Trading halt lifted and trading re-commences on an ex-entitlement basis	Friday, 28 October
Record date for Retail Entitlement Offer	Monday, 31 October
Settlement of new shares issued under the Institutional Entitlement Offer	Wednesday, 2 November
Allotment and ASX quotation of new shares issued under the Institutional Entitlement Offer	Thursday, 3 November
Retail Entitlement Offer opens and Retail Offer booklet dispatched	Thursday, 3 November
Retail Entitlement Offer closes	Friday, 18 November
Announcement of results of Retail Entitlement Offer	Wednesday, 23 November
Settlement of new shares issued under the Retail Entitlement Offer	Friday, 25 November
Allotment of new shares issued under the Retail Entitlement Offer	Monday, 28 November
ASX quotation of new shares issued under the Retail Entitlement Offer	Monday, 28 November
Dispatch of holding statement for new shares issued under Retail Entitlement Offer	Tuesday, 29 November

Appendix

Key Risks

General Risks

This section discusses some of the key risks associated with an investment in Eureka. A number of risks and uncertainties may adversely affect the operating and financial performance or position of Eureka and in turn affect the value of Eureka shares. These include specific risks associated with an investment in Eureka and general risks associated with any investment in listed shares. The risks and uncertainties described below are not an exhaustive list of the risks facing Eureka. Potential investors should carefully consider whether the new shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risks set out below.

Financial Product Advice Disclaimer

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in new shares, you should consider whether an investment in new shares is suitable for you. Potential investors should consider publicly available information on Eureka (such as that available on the websites of Eureka and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

General Investment Risks	There are risks associated with any stock market investment, including: ▪ The demand for Eureka shares may increase or decrease and Eureka shares may trade above or below the issue price on the ASX; ▪ If Eureka issues new shares, an existing Shareholder's proportional interest in Eureka may be reduced; and ▪ The market price of the shares may be affected by factors unrelated to the operating performance of Eureka such as stock market fluctuations and volatility and other factors that affect the market as a whole.
Share Price Fluctuations	The value of the Company's shares will be determined by the stock market and will be subject to varied and often unpredictable influences in the share market beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of the Company's shares, movements in interest rates, exchange rates, and rates of inflation, fluctuations in the Australian and international stocks markets, changes in fiscal, monetary and regulatory policies, and general domestic and international and economic activity. Depending on general market conditions and Eureka's share price, Eureka may not be able to attract new investors or raise capital as and when required.
Macro-economic Risks	Changes to economic conditions in Australia and internationally, investor sentiment and international and local stock market conditions, changes in fiscal, monetary and regulatory policies which may impact economic conditions such as interest rates and inflation and consequently the performance of Eureka.
Legislative and Regulatory Risks	Changes in laws, regulation and government policy may affect Eureka's business and therefore the returns Eureka is able to generate.
Environmental and Insurance Risk	Eureka's properties are subject to environmental risks including loss of property and profits due to bushfires, floods, cyclones, erosion of waterways and other events. These risks and potential losses may increase in future as the climate continues to change. Eureka carries insurance for some of these events, however insurance may not cover all or any of the losses incurred, insurance may prove increasingly difficult to obtain or the cost may become prohibitive.

Key Risks

Liquidity and Dilution	Turnover of Eureka shares can be limited and it may be difficult for investors to buy or sell lines of shares at market prices. In response to market conditions or for other reasons, ASX may amend temporarily or permanently, rules relating to the issue or trading of shares, which may affect the liquidity a shares. Eureka may issue further new shares in the future. This may be on terms which may result in the shareholder being ineligible to participate pro rata or at all. Upon implementation of the Entitlement Offer, the Company will issue Shares, as set out in this Presentation. The issue of Shares will dilute the interests of existing Shareholders to differing extents depending on whether the individual Shareholders take up their Entitlements. There is also a risk that Shareholders will be further diluted as a result of future capital raisings required in order to fund the Company's activities. It is not possible to predict what the value of the Company's Shares will be following completion of the Entitlement Offer and the Directors do not make any representation as to such matters. The last trading price of Share on the ASX prior to the date of this Presentation is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.
Tax Implications	Future tax liabilities may be impacted by changes to the Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia. This in turn could impact the value or trading price of Eureka shares, the taxation treatment of an investment in Eureka or the holding costs or disposal of its shares.
Impact of COVID-19	While the risk of COVID-19 remains, Eureka has preventative measures in place and ongoing protocols are embedded in day-to-day wellbeing management to ensure the COVID-19 risk to residents and staff is minimal. Events relating to COVID-19 have at times resulted in significant disruption and volatility, including material declines in the prices of shares trading on the Australian Securities Exchange (ASX) (including the price of Eureka's shares) and on other foreign securities exchanges. There is continuing uncertainty as to the further impact of COVID-19, including in relation to government responses, work stoppages, lockdowns, quarantines, travel restrictions and unemployment and on what affect such factors may have on Eureka, the Australian economy and share markets. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not possible to assess the full impact of COVID-19 on Eureka's business. Further it is possible that any adverse economic impact of COVID-19 may continue beyond the duration of the pandemic.
Litigation	Eureka may, in the ordinary course of business, be involved in possible litigation disputes (such as environmental and workplace health and safety, industrial disputes and other legal claims). A material legal action may adversely affect the operational and financial results of Eureka.
Business Strategy Risk	Eureka's business strategy is focused on growing its portfolio through earnings accretive acquisitions and identified development opportunities in high demand regional markets. A key element to this strategy is ensuring ongoing capital recycling and strong capital management planning. Eureka's future growth is dependent on the successful execution of this strategy. Any change or impediment to implementing this strategy may adversely impact on Eureka's operations and future financial performance.

Key Risks

Development Risk	Eureka undertakes property development. Such projects have a number of risks including (but not limited to): delays or issues around planning, application and regulatory approvals; development cost overruns; environmental costs; project delays; issues with building and supply contracts; expected sales prices and leasing rates or timing of expected sales and leasing not being achieved. A sustained downturn in the residential property markets due to deterioration in the economic climate could result in reduced development profits through lower selling / leasing prices, lower selling / leasing volumes and delayed settlements / leasing.
Increased Competition	Eureka operates in a variety of markets and offers a unique accommodation product. While there are barriers to entry for new operators, future developments that directly or indirectly compete with Eureka's existing portfolio could impact Eureka's current business and financial performance.
Government Assistance	Governments and other authorities provide rental assistance and other subsidies for many residents in Eureka's portfolio. Any change to legislation could result in a reduction in resident demand for leases in the properties and therefore impact Eureka's business. Reductions in subsidies for residential residents could result in loss in rent or increased arrears.
Income and Expense Growth Rates	Higher than expected inflation rates could lead to greater development and/or operating costs. The ability to raise future rents and maintain or grow occupancy may be impacted by residents' income levels and a change in government subsidies. Eureka's future financial performance could be impacted where the inflation in operating and development costs exceeds the growth in rental income.
Dividends	Future dividends for Eureka shares will be determined by the Directors having regard to the operating results, future capital requirements, bank debt covenants and the financial position of Eureka. There can be no guarantee that Eureka will continue to pay dividends at the current level or at all.
Asset Valuation Risk	Assets are assessed for changes in fair value or impairment (as required) whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors affecting property valuations include capitalisation and discount rates, the economic growth outlook, land resumptions and releases and major infrastructure projects. Such impacts on property valuations may lead to variations in the valuation of Eureka shares.

Key Risks

Funding Risk	Eureka currently has bank debt which contains certain financial and operational covenants. Any breach of these covenants could result in the early enforced repayment of debt. Such repayment could incur capital losses if assets need to be sold in a short period or shareholders may be diluted if equity needs to be raised at a large discount. Eureka currently has a single debt maturity in March 2024. At the maturity of this loan, there is no certainty it will be refinanced on the same terms currently in place. Eureka's borrowings are at fully variable interest rates.
Operational Risks	Routine village operations require Eureka to manage risks related to maintenance of a safe environment including property condition, food service, building compliance and resident well-being. Compliance and management systems, including third party inspections where appropriate, have been established to manage these risks.
Personnel Risk	The ability of Eureka to successfully deliver on its business strategy is dependent on retaining key employees of Eureka. The loss of senior management or other key personnel could adversely impact on Eureka's business and financial performance.
Accounting Standards	Changes to accounting standards may affect the reported earnings of Eureka from time to time.
Acquisition Risks	The Entitlement Offer is not conditional on deploying the proceeds into the specified acquisition of assets. There is a risk that acquisitions may not occur and the timing, consideration paid and investment return on any acquisition made may vary from the existing portfolio.
Acquisition Integration	Eureka intends to implement a number of initiatives to integrate assets that it acquires into the group's operations and to achieve the optimal, stabilised position and return. This may include redevelopment of existing sites or changing the way the asset is managed. The cost to reposition the asset at the time of implementation may vary from the assumptions at time of acquisition. It may take longer than expected for the assets to reach their optimal stabilised position.
Investment Risks	The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its shares. Shares issued in the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares

International Restrictions

Offer Restriction Legend for Canada
This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Underwriting Agreement Summary

Underwriting Agreement Summary
Eureka has entered into an Underwriting Agreement with MA Moelis Australia Advisory Pty Ltd ACN 097 241 159 (**MA Moelis**) and Taylor Collision Limited ACN 008 172 450 (**Taylor Collision**) (**Joint Lead Managers**) in respect of the Entitlement Offer (**Underwriting Agreement**).

If certain conditions are not satisfied under the Underwriting Agreement, or certain events occur, some of which are beyond the control of Eureka, the Joint Lead Managers may terminate their obligations under the Underwriting Agreement without cost or liability, at any time before the date of settlement of the Entitlement Offer.

Termination of the Underwriting Agreement may have an adverse impact on the ability of Eureka to proceed with the Entitlement Offer and the quantum of funds raised as part of the Entitlement Offer. If the Underwriting Agreement is terminated by the Joint Lead Managers, there is no guarantee that the Entitlement Offer will continue in its current form or at all. Failure to raise sufficient funds under the Entitlement Offer (as a result of it not proceeding or otherwise) could materially adversely affect Eureka's business, cash flow, financial performance, financial condition and share price.

The events which may trigger termination of the Underwriting Agreement include the following:

- Any Offer Material includes a statement or fact that is misleading or deceptive or omits to state a fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or deceptive or any statement of opinion or belief in any Offer Material is not truly and honestly held or there are no reasonable grounds for making any such statement.
- Any event (other than events solely within the control of the Joint Lead Managers) specified in the Timetable which is scheduled to occur:
  - on or prior to the Institutional Allotment Date, is delayed for one or more Business Days; or
  - after the Institutional Allotment Date, is delayed for three or more Business Days,

  without the prior written approval of the Joint Lead Managers.
- The Entitlement Offer Cleansing Notice is or becomes "defective":
  - within the meaning of section 708AA(11)(b) or (c) of the Corporations Act; or
  - within the meaning of section 708AA(11)(a) of the Corporations Act and that defect is materially adverse from the point of view of an investor.
- Each of the Acquisition Agreement ceases to be on foot, or becomes void or voidable, or ceases to be valid and binding on the parties or is (or is capable of being) terminated, rescinded or repudiated or is materially amended (without the prior written consent of the Joint Lead Managers), or is breached in any material respect.
- ASX announces that Eureka's securities will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (which, for the avoidance of doubt, does not include a trading halt requested to facilitate the Offer).
- ASX does not, or states that it will not, agree to grant official quotation of the Offer Shares on an unconditional basis (or on a conditional basis provided such condition would not, in the opinion of the Joint Lead Managers (acting reasonably), have a material adverse effect on the Offer) is refused or not granted to the official quotation of all of the Offer Shares by 9.30am on the Institutional Settlement Date or Retail Settlement Date (as applicable).
- Eureka is prevented from conducting or completing the Offer (including allotting or issuing the Offer Shares) by or in accordance with the Listing Rules, ASIC, ASX, any applicable laws, an order of a court of competent jurisdiction or a Government Agency, or otherwise is unable or unwilling to do any of these things.
- Any ASIC Modification or ASX Approval is withdrawn or revoked or if a regulatory body withdraws or revokes any regulatory approvals required for Eureka to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Materials.

Underwriting Agreement Summary (continued)

- A Closing Certificate which is required to be furnished by Eureka under the Underwriting Agreement is not furnished when required.
- A change to the members of Senior Management or to the non-executive directorship of Greg Paramor AO occurs.
- There is a Material Adverse Change or an event occurs which is reasonably likely to give rise to a Material Adverse Change.
- Eureka withdraws the Offer.
- Any Government Agency:
  - holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or Eureka; or
  - prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, Eureka or any of its directors, officers, employees or agents in relation to the Offer,

  and such hearing, notice, investigation, prosecution or proceeding becomes public or is not withdrawn within two Business Days after it is made or is not discontinued before the Institutional Settlement Date or the Retail Settlement Date (as applicable).
- Any of the following occur:
  - any Director or any member of Senior Management is charged with an indictable offence; or
  - any Governmental Agency commences any public action against Eureka or any of its Directors in its capacity as a director of Eureka, or announces that it intends to take action; or
  - any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.
- Eureka or one of its subsidiaries which represents 5% or more of the consolidated assets or earnings of the Group (each a **Material Subsidiary**) suffers an Insolvency Event or there is an act or omission which will or is likely to result in Eureka or a Material Subsidiary suffering an Insolvency Event.
- Eureka or any of its Directors, members of Senior Management or officers (as that term is defined in the Corporations Act) engages in any fraudulent conduct or activity whether or not in connection with the Offer.
- At the close of any Trading Day during the period between the date of the Underwriting Agreement and the Institutional Settlement Date, the S&P/ASX 200 Index is 10% (or more) below the level of the index at the close of the Trading Day immediately prior to the date of the Underwriting Agreement.

In addition, the Joint Lead Managers may terminate the Underwriting Agreement without any cost or liability if any of the following events occur, provided that the Joint Lead Managers reasonably believes, and does believe, that the event: (a) has had, or is likely to have, a Material Adverse Effect on the outcome or success of the Entitlement Offer, the willingness of investors to subscribe for Entitlement Offer Shares or on the ability of the Joint Lead Managers to market, promote or settle the Entitlement Offer; or (b) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Joint Lead Managers or its Affiliates under any applicable law:

- A change in the board of directors of the Company (other than Greg Paramor AO).
- Eureka is or becomes in default of the terms and conditions of the Underwriting Agreement or a representation or warranty given by Eureka under the Underwriting Agreement is or becomes false or incorrect.
- There is an omission from, or misstatement relating to, the completed Management Questionnaire, Due Diligence Report or any other information supplied by or on behalf of Eureka to the Joint Lead Managers for the purpose of due diligence inquiries in relation to the Offer or such Management Questionnaire, Due Diligence Report or any other information becomes misleading or deceptive.
- Any ASIC Modification or ASX Approval is amended or if a regulatory body amends any regulatory approvals required for Eureka to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Materials.

Underwriting Agreement Summary (continued)

- The content in the Closing Certificate (which is required to be furnished by Eureka) is untrue or incorrect.
- There occurs a new circumstance that arises after the ASX Materials were given to the ASX that would have been required to be included in the ASX Materials (or otherwise to have included in material previously disclosed to the ASX) if it had arisen before the ASX Materials were given to the ASX.
- Proceedings are commenced or threatened, or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Offer.
- There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of the Underwriting Agreement).
- Hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation of existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom the United States of America, Japan, North Korea, South Korea, the People's Republic of China, Russia, any Member State of the European Union, any Member of or applicant to the North Atlantic Treaty Organisation, or a national emergency is declared by any of those countries or any diplomatic military, commercial or political establishment of any of those countries, or a significant terrorist act (including, without limitation, a chemical weapon attack, a nuclear weapon attack or, in each case, a test in preparation for such attack) is perpetrated anywhere in the world.
- Any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, Hong Kong, New Zealand, Singapore, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading of securities quoted on ASX, the London Stock Exchange, Hong Kong Exchanges and Clearing, the New York Stock Exchange or Singapore Stock Exchange is suspended, or there is a material limitation in trading, for one Business Day or a substantial part of one Business Day on which the exchange is open for trading; or
  - any adverse change or disruption occurs to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Hong Kong, New Zealand, Singapore, the United Kingdom or the United States of America, or there is any change or development involving a prospective change in national or international political, financial or economic conditions, from those existing at the date of the Underwriting Agreement.

If the Underwriting Agreement is Terminated by the Joint Lead Managers, the Joint Lead Managers (and its Related Bodies Corporates or Affiliates) will be relieved of all further obligations that remain to be performed under the Underwriting Agreement. Termination by the Joint Lead Managers will discharge Eureka's obligation to pay the Joint Lead Managers any fees, costs, charges or expenses which as at Termination are not yet accrued.

Details of the fees payable to the Joint Lead Managers are set out in Appendix 3B lodged by Eureka on 27 October 2022.

Eureka also gives certain representations, warranties and undertakings to the Joint Lead Managers and an indemnity to the Joint Lead Managers and their Affiliates subject to certain carve-outs.

Definitions

Balance sheet gearing
Calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity

EBITDA
(Earnings before interest, tax, depreciation and amortisation)
An unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements

Eureka
Eureka Group Holdings Limited (ACN 097 241 159)

NABERS
National Australian Built Environment Rating System

Net debt
Interest-bearing drawn debt net of cash

Underlying EBITDA
An unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions

Underlying EPS
Net profit before tax excluding valuation adjustments and certain non-core or non-recurring transactions divided by the number of shares outstanding

VWAP
Volume-Weighted Average Price

WACR
Weighted Average Capitalisation Rate

Disclaimer

Purpose

This presentation (**Presentation**) is dated 27 October 2022 and has been prepared by Eureka Group Holdings Limited (ABN 15 097 241 159) (**Eureka**). This Presentation has been prepared in relation to a fully underwritten institutional placement and a fully underwritten pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Eureka (**Offer**). The Offer is being underwritten by MA Moelis Australia Advisory Pty Limited (ABN 72 142 008 446) and Taylor Collison Limited (ABN 53 008 172 450) (**Joint Lead Managers**).

No offer to sell or invitation to buy

This Presentation does not, and should not be considered to, constitute or form part of any offer to sell, or solicitation of an offer to buy any shares in Eureka, and no part of this Presentation forms the basis of any contract or commitment whatsoever with any person. This Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law. Distribution of this Presentation in or from certain jurisdictions may be restricted or prohibited by law. Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither Eureka, its officers, advisers or representatives accept any liability to any person in relation to the distribution or possession of this Presentation from or in any jurisdiction.

Any advice in this Presentation is general advice. This advice has been prepared without taking into account the objectives, financial situation and needs of the recipients of this Presentation. For that reason, recipients should consider the appropriateness of the advice having regard to their own objectives, financial situation and needs and, if necessary, seek appropriate independent legal, financial and other professional advice.

No responsibility for contents of presentation

To the maximum extent permitted by law, Eureka, the Joint Lead Managers and their respective related bodies corporate and affiliates, and each of their respective directors, officers, employees, shareholders, partners, consultants, contractors, agents, advisers and representatives (**Beneficiaries**):

- make no representation, warranty or undertaking, and accept no responsibility or liability, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Presentation or any other written or verbal communication transmitted or made available to any recipient; and
- accept no responsibility for any errors in, or omissions from, this Presentation whether arising out of negligence or otherwise.

Accuracy of projections and forecasts

This Presentation includes certain statements, opinions, estimates, projections and forward-looking statements with respect to the expected future performance of Eureka Group Holdings Limited. These statements, which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties are based on, and are made subject to, certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of Eureka. Except to the extent implied by law, no representations or warranties, express or implied, are made by Eureka, the Joint Lead Managers or their respective officers, advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward-looking statements or that any such statement should or will be achieved. The forward-looking statements should not be relied on as an indication of future value or for any other purpose.

Industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Eureka nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications. The Joint Lead Managers may rely on such market or industry data in connection with managing, conducting or underwriting the Offer without having independently verified that information and the Joint Lead Managers do not assume responsibility for the accuracy or completeness of that information.

Eligibility

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Joint Lead Managers. Each of Eureka, the Joint Lead Managers and their respective Beneficiaries disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Disclaimer (continued)

Joint Lead Managers

Eureka has engaged the Joint Lead Managers to act as sole bookrunners, joint lead managers and underwriters of the Offer.

The Joint Lead Managers and their respective Beneficiaries (together, the **Limited Parties**) have not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Presentation or any of its contents and there is no statement in this presentation which is based on any statement by any Limited Party. None of the Limited Parties accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Offer or otherwise. By accepting this Presentation each recipient expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Offer and any other transaction or other matter arising in connection with this Presentation and that there is no duty of care owed to any security holder of Eureka or any other person.

To the maximum extent permitted by law, the Limited Parties exclude and disclaim all liability for any loss, damages or costs arising from the use of this Presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence, or liability for any direct, indirect, consequential or contingent loss or damage arising from the use of information contained in this Presentation or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this Presentation including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

None of the Limited Parties guarantees the repayment of capital or any particular rate of income or capital return. Eureka and the Limited Parties make no recommendation as to whether a recipient of this Presentation should participate in the Offer.

The Joint Lead Managers and their respective affiliates and related bodies corporate are financial advisory institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Joint Lead Managers and their respective affiliates and related bodies corporate have provided, and may in the future provide, financial advisory, financing services and other services to Eureka and to persons and entities with relationships with Eureka, for which they received or will receive customary fees and reimbursement of expenses. The Joint Lead Managers and their respective affiliates and related bodies corporate may purchase, sell or hold a broad array of investments (including holding security interests over these investments) and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments , or otherwise originate, hedge, enforce or effect transactions, for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Eureka, and/or persons and entities with relationships with Eureka. The Joint Lead Managers and their respective affiliates and related bodies corporate may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the new Eureka securities (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Joint Lead Managers or their respective affiliates and related bodies corporate may, for their own respective accounts, write derivative transactions with those investors relating to the new Eureka securities to provide the Economic Interest, or otherwise acquire securities in Eureka in connection with the writing of those derivative transactions in the Offer and/or the secondary market. As a result of those transactions, the Joint Lead Managers or their respective affiliates or related bodies corporate may be allocated, subscribe for or acquire new Eureka securities or securities of Eureka in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in Eureka acquired by the Joint Lead Managers or their respective affiliates or related bodies corporate in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers or its respective affiliates or related bodies corporate disclosing a substantial holding and earning fees.

The Joint Lead Managers and Eureka reserve the right to change the timetable in their absolute discretion including by closing the Offer early or extending the Offer closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you.

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eureka
GROUP HOLDINGS