

EUMUNDI GROUP LIMITED

2018 Annual General Meeting



EUMUNDI GROUP

Agenda

- Chairman's Welcome
- CEO's Presentation
- Formal Business

EUMUNDI GROUP LIMITED

Chairman's Welcome 2018 Annual General Meeting



EUMUNDI GROUP LIMITED

CEO's Presentation 2018 Annual General Meeting



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FY18 performance summary

Significant increase in profit after tax:

- ✓ driven by substantial increase in contribution from Investment Properties segment and solid Hotels segment performance
- substantial fair value adjustment on Aspley Arcade Shopping Village

| Year ended 30 June (\$'000) | 2017 | 2018 | Change |
|--|--------------|--------------|-------------|
| Total revenue | 24,232 | 24,782 | +2% |
| Reported profit after tax | 1,464 | 3,900 | +166% |
| Net gain on fair value adjustment of investment property | 56 | 2,253 | |
| Profit after tax excluding fair value adjustment | 1,408 | 1,647 | +17% |

- ✓ FY18 reported profit after tax of \$3.90 million was up 166% and equates to EPS of 10.62 cents per share
- ✓ Increase in NTA per share from 97.2 cents to 103.5 cents at 30 June 2018
- ✓ Fully franked ordinary dividends (interim and final FY18 payments) of 5.55 cents per share (FY17: 5.50 cents per share)

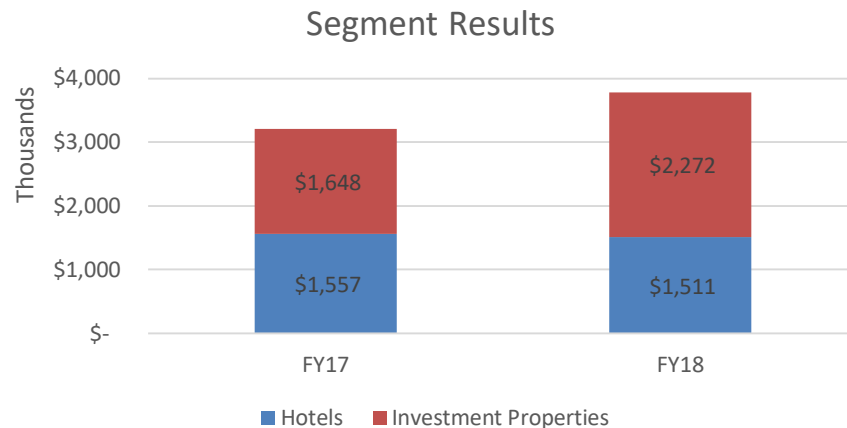
FY18 segment contributions

Investment Properties result increased by 38% to \$2.27 million:

- 8 month contribution from the acquisition of The Plough Inn head lease in November 2017
- reduced contribution from the Aspley investment properties as expected due to increased vacancy levels pending commencement of the capital works program

Hotels segment result decreased slightly by 3% to \$1.51 million:

- increased contribution from the Ashmore Tavern
- decreased contribution from Aspley Central Tavern pending redevelopment



Represents earnings before finance expenses, tax, depreciation, unallocated items and fair value adjustment on investment properties – refer to the Segment Information in Note 4 of the 2018 Financial Statements

Review of Hotels

Solid performance overall from Ashmore & Aspley Central Taverns

Ashmore Tavern turnover up 1.9%

- gaming revenues up 0.6%
- bar and bistro up 4.7%
- retail and wholesale in line with prior year



Aspley Central Tavern turnover down 4.7% due to centre vacancy levels

- gaming revenues in line with prior year
- bar & bistro down 4.6%
- retail down 12.9%



Review of Hotels (cont)

Ashmore Tavern improvements

Gaming fleet investment in Q1 FY18

- total cost of \$0.11 million
- continued strong gaming performance
- 21st ranking held in OLGR FY18 annual report in Qld hotels



Beer reticulation, CCTV and fire systems upgrades in Q1 FY18

- total cost \$0.13 million

External lighting, outdoor furniture and weatherproof shade structures in Q3 FY18

- total cost \$0.08 million
- increased bar and bistro sales



Review of Hotels (cont)

Aspley Central Tavern gaming upgrades

Continued investment in gaming room

- gaming fleet upgrades Q1 FY18
- furniture upgrade Q4 FY18
- total cost of \$0.12 million
- underpinning gaming revenues



Quench Liquor

- Renegotiation of retail liquor outlet leases connected to the Ashmore Tavern
- Vacancy levels at Aspley centres affected retail sales

Review of Investment Properties

The Plough Inn head lease

- In November 2017, the Group acquired the 96 year head lease over land and buildings of The Plough Inn at South Bank
- Purchase price of \$13.9 million (including acquisition costs)
- Triple net lease – all outgoings, repairs and capital works payable by lessee
- Upgrade of premises completed by lessee June 2018
- Strong 8 month contribution
- First annual rent rise of 2.5% effective November 2018



Review of Investment Properties (cont)

Aspley Shopping Centre & Aspley Arcade Shopping Village

- Reduced contribution pending redevelopment and upgrade of shopping centres
 - vacancy rate increased from 16.8% to 24.1% at year end as anticipated
 - WALE of 2.27 years
- Design and documentation of capital works program advanced during FY18
- Capital works program now underway with construction scheduled for completion 4Q FY19
- Leasing program scheduled





“The Board remains focussed on improving the performance of the Aspley centres and achieving their long term potential”

Aspley Upgrade Program

Aspley Upgrade program (cont)

Roof and air-conditioning

- Investment \$0.524 million
- Commenced August 18 – completed November 2018

Stage 1 – Refurbishment of existing buildings

- Investment approx. \$3.5 million including consultants
- Architects - Myers Ellyett
- Builder – Apollo Property Group (pending contract finalisation)
- Early works program commenced November 2018
- Main works scheduled to commence January 2019 - completion May 2019
- Targeted leasing campaign to commence January 2019

Stage 2 – Design and construct new building

- Development planning at concept stage
- subject to securing new anchor tenant on suitable terms



DRAFT OPPORTUNITIES PLAN



LEGEND

Proposed work

- Proposed new footpath surface
- Proposed new tree plantings and garden beds
- Proposed trees and/or garden beds subject to underground services investigations
- Groundcover planting
- Pedestrian crossing and accessibility upgrade at signalised intersection - subject to State Government approval
- Bus stop improvement

Existing features

- Boundary of project within public land
- Formal pedestrian crossing
- Existing trees to be retained

EXAMPLES OF IMPROVEMENTS



NOTES

- The project will not be able to change or deliver:
- works on private property, unless they are required to achieve project outcomes and are approved by the Property Owner
 - traffic network improvements or intersection upgrades to the Queensland Government-controlled Gympie Road
 - trees along the full length of the centre median for safety reasons
 - reconfiguration of existing kerb alignments within the footpath space
 - the location of existing bus stops, bus routes or frequency of bus services
 - new public toilets or additional on-street carparks

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ASPLEY VILLAGE PRECINCT PROJECT

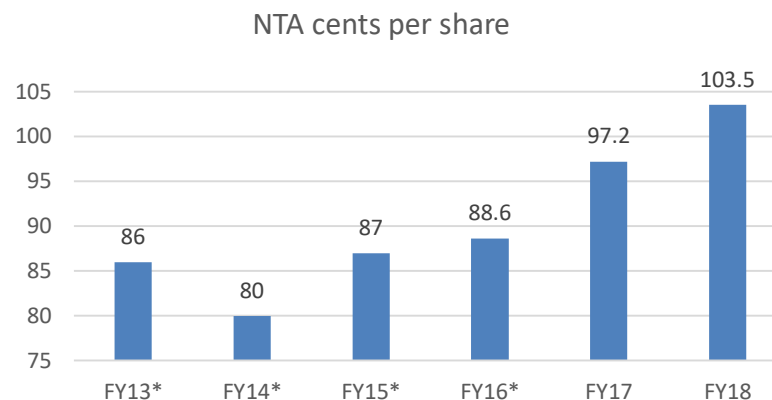
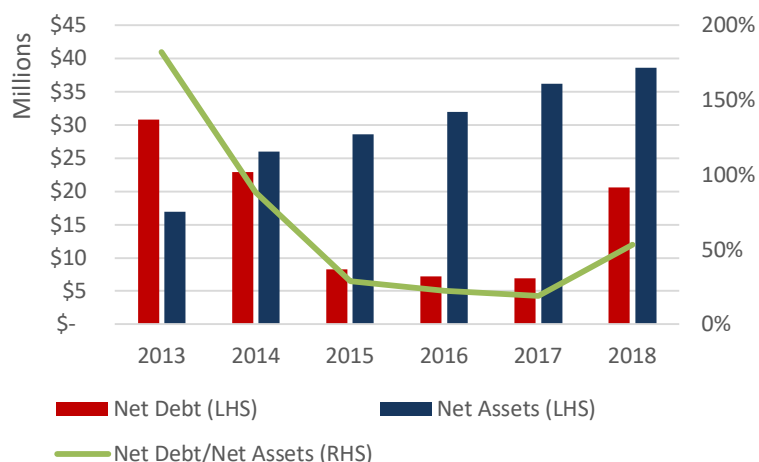
URBAN DESIGN B

Aspley Village Precinct Project announced September 2018

- BCC investment \$5.9 million
 - footpath upgrades
 - pedestrian crossing upgrades
 - tree planting
 - street furniture
 - public art installations
- Construction to commence early 2019 – completion by late 2019

Aspley Village Precinct Project

Strong financial position



*adj for 1:10 consolidation

- The Group's financial position has continued to strengthen over the last five years
- Net assets at 30 June 2018 were \$38.6 million, an increase of 6.4% in FY18 mainly due to:
 - the revaluation of investment properties by \$3.7 million as a result of further compression of cap rates
 - the solid performance of the Group's Investment Properties and Hotels operations
- Net tangible asset backing per share increased in FY18 from 97.2 cents to 103.5 cents at 30 June 2018
- Cash flow from operations in FY18 was \$2.98 million (FY17: \$1.72 million), with rental income from The Plough Inn since November 2017 and the timing of insurance payments in the prior year
- The increase in net debt to \$20.6 million at 30 June 2018 was primarily due to the acquisition of The Plough Inn head lease (\$13.9 million including costs)
- Eumundi enjoyed a comfortable net debt to net assets ratio of 53.4% at 30 June 2018
- This strong financial position enabled the Group to sustain dividends and further invest in its core assets

Dividends

- Total fully franked FY18 ordinary dividends of 5.55 cents per share (FY17: 5.50 cents per share)
 - interim dividend of 2.25 cents per share
 - final dividend of 3.30 cents per share
- Shareholders have received regular fully franked ordinary dividends since June 2014
- A total of 26.55 cents in fully franked dividends paid since June 2014 (adjusted for 1:10 share consolidation)
- Franking account balance at 30 June 2018 of \$0.36 million
- Dividend Reinvestment Plan recommenced for FY18 final dividend to preserve cash for Aspley capital works program
 - DRP participation rate of 96%

Outlook

- Hotels
 - Ashmore revenues down on FY18 - Gold Coast remains a challenging market post Commonwealth Games
 - Aspley performance strong despite redevelopment disruption.
- Investment Properties
 - Full year contribution from The Plough Inn head lease
 - Aspley rental income will continue to be impacted by vacancy levels throughout FY19
- Further enhance performance of existing hotel operations
 - Ashmore Tavern interior upgrade Q3 FY19
 - Ashmore Tavern sports bar deck and gaming room expansion design/planning Q3 FY19 for completion FY20
 - Aspley Central Tavern gaming expansion Q4 FY19
- Successfully implement Aspley Upgrade Program to enhance leasing outcomes
 - refurbishment commenced Q2 FY19 for completion Q4 FY19
 - leasing campaign to commence Q3 FY19

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**Formal Business
2018 Annual General Meeting**



EUMUNDI GROUP

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2018.

Re-election of Gilberto De Luca

Resolution 1 - Re-election of Gilberto De Luca as a director

To consider and, if thought fit, pass the following as an Ordinary Resolution of the Company:

“That Gilberto De Luca, who retires by rotation in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

| Proxies | Number | % |
|---------|------------|--------|
| For | 18,489,472 | 72.73% |
| Open | 6,928,378 | 27.25% |
| Against | 5,625 | 0.02% |
| Abstain | nil | N/A |

Remuneration Report

Resolution 2 - Remuneration Report

To consider and, if thought fit, pass the following as an Ordinary Resolution of the Company:

“That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company’s 2018 Annual Report be adopted.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

| Proxies | Number | % |
|---------|-----------|--------|
| For | 6,747,999 | 95.43% |
| Open | 309,305 | 4.38% |
| Against | 13,550 | <0.2% |
| Abstain | 12,480 | N/A |

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.