



Eureka Group Holdings Ltd
ABN 15 097 241 159

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For immediate release to the market
Eureka Group Holdings Limited
ASX Code EGH
30 September 2014

Market Update

Eureka Group Holdings Limited (“Eureka”) provides the following update as foreshadowed in the trading halt announcement on 26 September 2014:

Acquisition Update - Easy Living Unit Trust and Easy Living (Bundaberg) Unit Trust (the “Trusts”)

Eureka has come to an arrangement with vendors of the above Trusts to complete the acquisition of all units in the Trusts on 1 October 2014, rather than the previously scheduled date of 1 December 2014. These Trusts are the owners of a 60-unit seniors’ rental village in Adelaide (known as Elizabeth Vale 1), and a 54-unit village in Bundaberg (known as Bundaberg).

Eureka has reached agreement with vendors of the Trusts to complete the transaction in the following manner:

- A. \$850,000 share placement at 15c.
- B. \$1,400,000 share placement at 15c, subject to shareholder approval at Eureka's Annual General Meeting, up until which time will be a loan.
- C. \$1,750,000 (approximately) of vendor finance. Of this, \$800,000 is payable 1 December 2014, with the balance payable on or before 30 June 2015. Interest on the loan will be at 10% per annum.

The loans made in items B and C above will be secured over the units in the Trusts.

These villages are performing strongly and taking ownership early will further enhance Eureka's 2015 earnings.

Elizabeth Vale 2

Eureka has signed a Heads of Agreement (“HOA”) (subject to shareholder approval and due diligence) to acquire the shares in Elizabeth Vale Scenic Village Pty Ltd (known as Elizabeth Vale 2) which owns 45 freehold units and a first mortgage loan book secured against 12 other units in this village. This village is adjacent to Elizabeth Vale 1 and creates a “super village” giving ownership economies of scale in Adelaide, where Eureka manages a further 240 units. The village is performing strongly with an EBITDA, excluding Eureka's management fee, of \$460,000 per annum. The HOA is subject to 21 days due diligence.

The agreed terms of the transaction are:

Total price of approximately \$4.386m made up of:

1. Assumption of debt of \$1.64m
2. Further borrowing against the village of \$400k to be arranged by Eureka
3. Cash of approximately \$162k



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4. Share issue of approximately \$1.684m at 15c subject to shareholder approval
5. Vendor finance of \$500k for 12 months at 6.5% due for repayment on or before 1 January 2016

The ownership of these large super village clusters such as Elizabeth Vale 1 & 2 (118 units) and Eureka's existing Mackay village (93 units) is highly beneficial to Eureka due to the incremental benefits that their economies of scale and scope help achieve.

Settlement of this transaction would occur early January 2015 and upon completion, Eureka will own a total 309 seniors' rental units, whilst holding management control over 1,419 units. Both transactions are expected to be EPS accretive on an immediate basis.

It should be noted that Lachlan McIntosh is a minority investor in this village. Voting exclusions apply to this transaction in respect of related parties.

Capital Raising

Eureka has also completed a \$1.4m sophisticated and professional investor capital raising at 15cents. These funds will primarily be utilised to complete the Elizabeth Vale 1 and Bundaberg transactions mentioned above.

For further information please contact:

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