

For immediate release to the market

Eureka Group Holdings Limited

ASX Code EGH

23 October 2015

### Market Update

- **Eureka enters into conditional agreement for 16<sup>th</sup> Village**
- **Eureka continues due diligence on villages 17 – 19**
- **Eureka continues acceleration of “buy and build” strategy**

Eureka Group Holdings Limited (“Eureka”) is pleased to announce it has entered a conditional agreement to acquire its 16<sup>th</sup> freehold senior’s rental village which will be known as Eureka Cascade Gardens Rockhampton 2.

Given this village has been managed by Eureka for the last 10 months and is next door to Eureka’s own Rockhampton 1 village, once completed the acquisition will create what the company terms a “super-village with greater than 90 beds in a single location.

Eureka will pay \$4.565 million for the Rockhampton 2 village which is expected to add annual rental revenue of around \$620,000 bringing total village revenue to \$940,000 (inclusive of management fees already received as incumbent village manager) and total estimated village EBITDA to \$580,000. Conditions of the Rockhampton 2 agreement are to be satisfied within 14 days with settlement expected on December 1<sup>st</sup> 2015.

The \$4.565 million purchase price will be funded through:

- \$1.04 million in cash
- \$1 million in shares to be issued at 58 cents per share
- \$2.525 million in assumption of debt

The cash component of the transaction will be sourced from existing cash reserves which have been bolstered by the recent successful \$10m capital raise and leaves the company with greater than \$20m in spending power including assumed debt funding.

Eureka Chairman Robin Levison stated “The acquisition of the Rockhampton 2 village is a great opportunity for the company given it already manages the village and hence provides an easy integration opportunity into the Eureka portfolio of villages. It adds to the 210 units already managed by the company in the Central Queensland area and will add to the regional economies of scale and scope in that area.”

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Eureka now has scale in the following regions:

- North Queensland 253 units
- Central Queensland 269 units
- South East QLD/Northern NSW 439 units
- South Australia 365
- VIC/NSW Border Region 218 units

Post-completion, Eureka will own 938 units comprising 16 villages and manage a total of 1,709 units.

Eureka is also currently engaged in due diligence for its 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> acquisition opportunity, as it continues the acceleration of its “buy and build” growth strategy.

For further information, contact:

Robin Levison (Chairman) on 07 5568 0205.

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