



Eureka Group Holdings Ltd

ABN 15 097 241 159

7, 486 Scottsdale Drive

Varsity Lakes QLD 4227

PO Box 4231, Robina Town Centre 4230

Phone: 07 5568 0205 Fax: 07 5568 0206

Email: info@eurekagroupholdings.com.au

For immediate release to the market

Eureka Group Holdings Limited

ASX Code EGH

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Market Update

Eureka Group Holdings Limited (Eureka) is pleased to announce an update to the Terranora Village re-engineering project.

Eureka acquired the 80 unit Terranora Village for \$7 million in November 2015 along with 6 hectares of vacant land.

After a careful analysis of the total Terranora site, the Board of Eureka determined the best return for shareholders would be to:

- Subdivide the site into 3 separate titles
- Renovate and reconfigure the existing 80 units to 61 individually strata titled units
- Sell the reconfigured 61 units, most of which are materially larger than the company's existing rental retirement units (net \$14 million cash expected)
- Retain the management rights over the sold units for an annualized EBITDA of \$250,000
- Sell 3.5 hectares of vacant land (net \$4 million cash expected)
- In due course reinvest \$10 million from the excess cash generated from land and unit sales to build a "next generation" Eureka retirement village comprising approximately 125 x 39m² senior's rental units on the remaining 2.5 hectares of land, expected to generate approximately \$2 million EBITDA annually.

Progress to date includes the subdivision and strata title plans being submitted to the Tweed Shire Council, an initial Stage One marketing campaign which in the first four weeks has generated twenty-five Expressions of Interest (EoI's) to a net value of \$7.5 million dollars giving the company confidence that the net \$14 million return forecast from the sale of existing units will be achieved.

Eureka Chairman Robin Levison commented "The Board and management of the company are delighted with the first 4 weeks of the marketing campaign. Given the units are competitively priced, have views down to Byron Bay, up to the Gold Coast or Tweed Valley hinterland and are 7 kilometers from the sea and Gold Coast Airport, there was always confidence they would be popular with investors and tenants seeking a low cost rental retirement housing outcome. Once the subdivision and strata titling have been completed, we expect the EoI's to convert to Sale and Purchase contracts with settlements of the Stage One sell out to be completed late this calendar year".

A further update will be provided once the subdivision and strata titling process has been approved and completed.

For further information, contact Robin Levison (Executive Chairman) on 07 5568 0205

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