

22 July 2010

ASX Announcement

Acquisition of 100% of 2Up Holdings Pty Ltd

On 24 May 2010, Consolidated Capital Investment Limited (ASX:CNC) (CNC) announced that it had entered into an agreement to acquire 19.9% of the issued capital in 2Up Holdings Pty Ltd (2UP). The acquisition was to be funded by the issue of 73,966,666 CNC shares.

Subsequently, on 18 June 2010, CNC announced that it had entered into an agreement (Sofcom Sale Agreement) together with the other shareholder of 2UP to sell 100% of the issued capital in 2UP to Sofcom Limited (ASX:SOF) (Sofcom). As indicated at the time, the Sofcom Sale Agreement was subject to the satisfaction of a number of conditions precedents.

As it had become apparent that certain of the conditions precedent to the Sofcom Sale Agreement were unlikely to be satisfied, CNC has reached agreement with the other shareholders of 2UP and Sofcom that will result in the following:

- the termination of the initial agreement by CNC to acquire a shareholding of 19.9% in 2UP;
- the termination of the Sofcom Sale Agreement; and
- the entry by CNC into an agreement to acquire from the shareholders of 2UP all of the issued capital of 2UP in return for a base consideration comprising the issue of 187,000,000 CNC shares at A\$0.15 per share. In addition, the 2UP shareholders may be issued up to a further 134,750,000 CNC shares at A\$0.20 per share as deferred consideration on an earn-out basis, subject to the achievement by the 2UP business of certain agreed targets over the period to 31 December 2012.

The first of these earn-out targets requires the 2UP business to be fully operational and to be deriving revenues from its online gaming activities by 30 June 2011. The remaining earn-out targets require the 2UP business to achieve agreed revenue targets by 31 December 2011, 30 June 2012 and 31 December 2012 respectively.

The acquisition of 2UP is subject to the satisfaction of a number of conditions, including the approval of CNC's shareholders and completion of a capital raising by CNC to fund the further development of the 2UP business. It is expected that a general meeting of the CNC shareholders will be held in late August 2010 to approve the acquisition. If approved, completion is due to occur by 1 November 2010.

Consolidated Capital Investments

2UP is a Melbourne based company focused on the development and deployment of gaming, wagering and betting exchange services. 2UP is licensed to provide such services under an international interactive gaming license granted to 2UP in May 2010. Their first offering will be an interactive animated 'coin toss' game, capturing the atmosphere of real 'two up' games, which will be streamed to an international audience via the internet. The directors of CNC (Directors) are impressed by the simplicity of the 2UP on-line gaming platform, the management expertise within 2UP and the opportunity it presents to participate in the high growth online gaming industry (predicted to achieve global revenues of \$US30 billion by 2012 by a recent KPMG report). The Directors believe the full acquisition of 2UP is preferable to the acquisition of a minority holding and provides the best opportunity to maximise the benefits available to CNC and its shareholders.

The Directors have determined the consideration payable for the acquisition of the 2UP business by reference to published material pertaining to valuations of and transactions involving other participants in the online gaming industry. With an established platform and licensing arrangements in place, the Directors believe the consideration payable for the issued capital of 2UP is both fair and reasonable and, as a result of the earn-out provisions, is likely to encourage a cohesive effort between the management of 2UP and CNC to build the business.

The Directors are delighted to be able to expand CNC's interest in 2UP and to be able to provide the vehicle to enable the 2UP business to grow to reflect its significant inherent value.

Upon completion, 2UP will become a wholly owned subsidiary of CNC. The largest shareholder of 2UP, Marino Sussich, will become a substantial shareholder of CNC, holding approximately 17% of the issued capital in CNC upon completion (assuming that a number of other resolutions, to be put forward at the next general meeting, are also approved). Accordingly, Marino Sussich has been invited to join the board of CNC, or to nominate another person to do so.

CNC will keep the market advised of developments.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Consolidated Capital Investment Limited