

For immediate release to the market

Eureka Group Holdings Limited

ASX Code EGH

1 October 2015

Eureka continues to future-proof growth options

- **Acquires 41 unit Wynnum village for \$4 million (with balance land for up to a further 30 units)**
- **Acquires 80 unit Terranora village for \$7 million (subject to due diligence)**
- **Settles 41 unit Rockhampton village as planned today**
- **Appoints Robin Levison as Executive Chairman**

Eureka Group Holdings Ltd (“Eureka” or “the Company”) is pleased to announce the acquisition of villages 14 and 15, the settlement of village 12 and the appointment of Robin Levison to the role of Executive Chairman.

As Eureka continues to future proof its growth ambition of being the largest “Rental Only” Retirement Village operator in Australia, the acquisition of the Wynnum and Terranora villages will add another 121 units to the Company’s existing 764 owned units. Post-completion, Eureka will manage a total of 1,656 units on the regional East Coast of Australia.

The Wynnum village is seen as a key acquisition on the outskirts of Brisbane and is full with a waiting list. Wynnum is expected to contribute Revenue of \$740,000 and EBITDA of \$470,000 with vacant land to build at least 18 and possibly up to 30 new units, subject to development approval.

Given Wynnum is the strongest retirement suburb in the greater Brisbane area, the fact the village has been full over a long-term period with a current waiting list, the strength of retirement rental market and the fact the property is ideal for future in-fill brown field development, the Company has accepted an initially lower entry level yield, than previous villages it has acquired. However, in the near to mid-term, following completion of new infill unit construction, the Company expects the yield on this village to be at or in excess of other villages already in Eureka’s portfolio.

Eureka will also pay \$7 million (subject to a 30-day due diligence period) for the 80 unit Terranora seniors’ rental village on the Tweed Heads which includes 6 hectares of vacant land. The Terranora village, which is 100 percent occupied, has views over and is 7 km’s from Tweed Heads.

Eureka Executive Chairman Robin Levison commented “Both the Wynnum and Terranora acquisitions really complement our existing portfolio of owned villages. They are both fully occupied, have waiting lists and are ideally situated to be very stable asset backed, reliable income earning assets.”

Wynnum is the strongest retirement suburb in the greater Brisbane area and the Tweed Shire is generally recognised as one of the strongest retirement areas in Australia with virtually no seniors’ rental accommodation currently available. Given the village at Wynnum has the ability to add another 18-30 units, the Terranora property has approximately 6 hectares of balance land that, subject to development approval,

can hold significant further seniors' units and along with the around 250 existing brown field future unit development opportunities, these 2 acquisitions ensure Eureka can continue to grow its units under ownership and management, whilst increasing the yields on its existing villages. Both the Wynnum and Terranora units to be acquired are also larger and/or of higher standard of than previous village acquisitions

The settlement of Eureka Cascade Gardens Rockhampton 41 units plus manager's unit continues to add scale to the companies North Queensland cluster and is an extremely simple integration operation given Eureka has managed the village for the previous 7 years.

Given the continued acceleration of the Company's "Buy and Build" strategy, the Nomination and Remuneration Committee of the Board of Eureka has appointed Mr. Robin Levison to the role of Executive Chairman for a period of 12 months (Mr. Levison was previously Non-Executive Chairman).

The Board of Eureka has determined Mr. Levison has the appropriate capabilities and motivation to drive Eureka's continued strategic development and lead the company through the next period of expansion at which time the Board will consider the appointment of a suitably qualified Chief Executive Officer and Mr. Levison will return to the position of Non-Executive Chair.

Mr Levison has the following skills to enable the role:

- Former Managing Director and CEO of ASX 200 listed company
- 15 years' public company management and board experience
- Prior senior roles with KPMG, Barclays Bank and Merrill Lynch
- Qualifications include: Masters of Business Administration from the University of Queensland (MBA) Chartered Accountant (CA) and is a Fellow of the Australian Institute of Company Directors (FAICD)

Eureka Board member Mr. Lachlan McIntosh commented "We are delighted Robin has agreed to devote more time to this critical growth phase for Eureka, and we are certain that his leadership will further accelerate the company's strategy of acquiring "asset backed income generating assets" and the monetisation of further revenue opportunities that currently exist within Eureka."

Mr. Levison will receive an increased Directors Fee of \$120,000 and may be entitled to further consultancy payments that are pre-approved by the Eureka Board.

In summary, the settlement of Rockhampton village and the acquisition of the Wynnum and Terranora villages continue to provide the extra economies of scale Eureka is seeking in order to maximise the return from the Companies growing clusters of regional villages. Eureka continues to increase its scale in the following regions:

- North Queensland - 303 units
- Central Queensland - 210 units
- South East Queensland/Northern New South Wales - 560 units
- South Australia - 365 units
- Victoria/New South Wales Border Region - 218 units

Post-completion of the above transactions, Eureka will own 885 units comprising 15 villages, whilst managing a total of 1,656 units and have brown field development opportunities for around 250 units (excluding the



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Terranora village's 6 hectares of balance land) or the equivalent of another 5 villages. The Company is currently undertaking due diligence on acquisition opportunities 16 and 17, and has a clear line of sight on a further 5 village acquisition opportunities beyond those acquisitions.

For further information, contact:

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