



G8 Education^{ltd}

ASX Announcement

G8 Education Limited
(ASX:GEM)

28 June 2010

Acquisition of a further 10 childcare centres

Overview

On 1 April 2010, Queensland based listed child care operator G8 Education Limited (ASX: GEM) announced a proposal to acquire 10 childcare centres which has now progressed to the completion phase.

During the due diligence phase of this transaction, G8 Education Limited recognised that there were additional centres which met G8 Education's operating criteria. As a result of this, arrangements with the vendor were renegotiated to enable G8 Education Limited to purchase an additional 10 centres giving a total of 20 centres, including the 10 centres previously announced.

The total consideration for the 20 centres is capped at 3.4 times centre based EBIT. The total forecast EBIT for the 20 centres for the next 12 months is \$3.37 million.

The 20 centres are situated in the following locations:

- 11 centres located in South Australia; and
- 3 centres located in Victoria;
- 1 centre located in New South Wales; and
- 5 centres located in Queensland.

A legally binding Heads of Agreement has been signed for the second 10 centres with the vendors. The Heads of Agreement is subject to due diligence and National Australia Bank consent. Settlement of the second 10 centres is scheduled to occur by 31 July 2010.

The completion of the second transaction will increase the number of childcare positions in the G8 Education group to over 6,200 across 118 centres.

The current childcare capacity of G8 Education Limited is as follows:

State	Total Centres before acquisitions	Centres to be acquired – tranche 1	Centres to be acquired – tranche 2
Queensland	57	1	4
New South Wales	15	1	-
Victoria	12	2	1
Australian Capital Territory	5		-
South Australia	6	6	5
Western Australia	2		-
Tasmania	1		-
Total Centres	98	10	10
Total Licence Capacity	4,720	847	719

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Transaction Summary: 10 child care centres, 719 licensed places

The acquisition of the additional 10 centres will also be conducted through the issue of scrip and a performance based cash payment.

G8 Education Limited to issue 3,555,426 shares in total at an issue price of \$0.55 per share.

In addition, a performance based cash payment will be made on 31 August 2011 based on the audited performance of the 10 centres for the financial year ended 30 June 2011.

Chairperson Jenny Hutson said “The acquisition of these additional centres will provide G8 Education Limited the opportunity to increase the geographic diversity of the group and further leverage the expertise of the head office team in a way that is earnings per share accretive. This acquisition further progresses G8 Education’s well planned expansion strategy.”

The maximum cash payment will be \$1,303,656.

ENDS

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