



G8 Education^{ltd}

2 August 2010

ASX Announcement

G8 Education Limited
(ASX:GEM)

Acquisition of 20 child care centres

Overview: Acquisition of 20 child care centres

Queensland based listed child care operator G8 Education Limited (ASX: GEM) is pleased to announce a proposal to acquire a further 20 childcare centres in New South Wales and Queensland.

The 20 centres are situated in the following locations:

- 15 centres located in New South Wales; and
- 5 centres located in Queensland.

A legally binding Heads of Agreement has been signed for the centres with the vendors of the entity that owns the centres. The Heads of Agreement is subject to due diligence and consent from both the vendors and purchaser's banks.

The completion of the transaction will increase the number of childcare positions in the G8 Education group to over 9000 across more than 130 centres.

Transaction Summary: 20 child care centres, over 1,400 licensed places

The acquisition of the additional 20 centres will occur through the issue of 10.3 million shares at \$0.60 in G8 Education at financial close and a further 10.3 million shares at \$0.60 in G8 Education on 31 January 2012 subject to the centre based EBIT target being achieved in the 2011 calendar year. The transaction also involves the assumption of \$5.6 million in existing debt.

The issue of the additional shares in January 2012 is conditional upon the total forecast EBIT for the 20 centres for the 2011 calendar year of \$4.5 million being achieved.

Option to acquire a further 5 centres

The Heads of Agreement also gives G8 Education an option to undertake due diligence and transact on a further 5 centres. A decision will be made by 30 November 2010. If this second tranche of centres are acquired shares in G8 Education will be issued in consideration with a value equal to 2 times the forecast centre based EBIT being issued at financial close with further shares issued on 31 January 2012 at \$0.60 per share so that the total value of the shares issued for this part of the acquisition does not exceed 4 times the actual centre EBIT for the 2011 calendar year.

The value of this component is capped at \$2 million, all of which is payable through the issue of shares in G8 Education at \$0.60 each.

G8 Education Limited | ACN 123 828 553

A Suite 27 Pegasus Centre, 42 Bundall Road, Bundall QLD 4217 P PO Box 7092 Gold Coast MC QLD 9726
P 07 5581 5300 F 07 5581 5311 W www.g8education.com E reception@g8education.com



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Chairperson Jenny Hutson said “The 20 centres are anticipated to contribute \$4.5 million in centre based EBIT in the 2011 calendar year to G8 Education. The acquisition of these additional centres will provide G8 Education the opportunity to expand its presence significantly in New South Wales in particular. This transaction will increase the number of places we have to offer the community and continues to leverage the expertise of the head office team in a way that is earnings per share accretive.”

ENDS

Jenny Hutson

Chairperson

P: 07 3009 9800

E: jhutson@wellcap.com.au

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