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## CYPRESS LAKES GROUP LIMITED

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26 November 2009

### **PROPOSED ACQUISITION OF THE HOLIDAY INN ON FLINDERS, MELBOURNE, VICTORIA**

Cypress Lakes Group Limited (the "Company" or the "Group") wishes to announce that the Group, via Cypress Lakes Property Pty Ltd ("CLP"), has entered into the Contract for Purchase of the Holiday Inn on Flinders, Melbourne ("the Contract") with Hanz (Melbourne) Pty Ltd (as trustee of the HANZ (Melbourne) Trust) (the "Seller") on 26 November 2009 for the acquisition of the property, assets and the business carried on there ("the Property, Assets and Business") (subject to the Management Agreement) at 561-585 Flinders Lane, Melbourne, Victoria 3000, Australia (the "Hotel") at a consideration of approximately AUD13.2 million net of the external bank borrowing (the "Proposed Acquisition").

The consideration was arrived at after arms' length negotiation on a willing-buyer willing-seller basis, taking into account the historical and/or forecasted earnings before interest, tax, depreciation and amortization.

The Proposed Acquisition is an organic expansion into the Group's core business in the hospitality and leisure industry by adding 200 hotel rooms to its existing room inventory whilst enabling the Group to diversify into more defined geographically market particularly in Melbourne historically reputed as having achieved the highest room occupancy within Australia. Being a leading tourism, spa and wellness business in Australia, the Proposed Acquisition helps to strengthen as well as enhancing its traditionally strong foothold in conferences and incentive market and create awareness and brand position by leveraging on the premium brand name of "Cypress Lakes Resort" and "The Golden Door" to its existing businesses.

Other salient tangible benefits from the Proposed Acquisition includes inter alia; it maximizes the Group's ability to improve synergies by putting in place a structure with the flexibility to realign capital allocation and management resources within all its operating units, augurs well with the Group business model and is also in line with the Company's growth strategy of investing strategic stakes in related businesses, with a view to enhancing value for shareholders with viable investments going forward.

The Board believes with the consolidation of the Proposed Acquisition, the Group would be able to improve its earnings in the near term.

For further information, please contact:

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OWNERS AND OPERATORS OF CYPRESS LAKES RESORT AND THE GOLDEN DOOR SPAS AND RETREATS