



EUMUNDI GROUP

6 August 2007

ASX ANNOUNCEMENT

Australian Stock Exchange Limited
Companies Announcement Office
Electronic Lodgement System

ACQUISITION OF HONEYCOMBES PROPERTY GROUP

The Board of Eumundi Group Limited (“**Eumundi**”) is pleased to announce an acquisition of a controlling interest in the Honeycombes Property Group to create a dominant Queensland operator in the property investment and development market.

The acquisition will proceed under an Acquisition Implementation Deed pursuant to which Eumundi will make an offer to each of the existing shareholders of Honeycombes Property Group Pty Ltd (**Honeycombes**) and Honeycombes Ownership Pty Ltd (**Honeycombes Ownership**).

The offer by Eumundi will comprise the issue of 287 fully paid ordinary shares in Eumundi for every share held in Honeycombes and will be made by personal offer to the shareholders of Honeycombes and Honeycombes Ownership.

The acquisition is subject to a number of conditions precedent, including the approval of Eumundi, Honeycombes and Honeycombes Ownership shareholders to the transaction.

Upon successful completion of the acquisition, Eumundi will own 97% of the shares of both Honeycombes and Honeycombes Ownership, with the balance being retained by entities associated with Peter Honeycombe, who will be appointed Managing Director of Eumundi. The remaining 3% will be subject to a Put and Call Option (**Put and Call Option Deed**) which will entitle Eumundi to acquire those shares in certain circumstances.

The acquisition will capitalise on the synergies that the Eumundi Board believe exist between Honeycombes Property Group and Eumundi. Honeycombes Property Group has an established residential development business which will complement and enhance the commercial property portfolio that Eumundi has built over recent years. Eumundi is principally a commercial property holding company with assets that have development capability. The acquisition will provide Eumundi with the development capability to capitalise on the development opportunities that it currently holds in its commercial property assets as well as a prominent position within the residential property development market.

Upon completion of the acquisition, Eumundi will be owned 61.5% by existing Eumundi Shareholders and 38.5% by Honeycombes Shareholders.



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The acquisition will combine the significant management and board expertise of the two groups. The Chairman of Eumundi following completion of the acquisition will initially be Eumundi's current Chairman, Mr Joe Ganim, and the Managing Director and Chief Executive Officer will be Honeycombe's current Managing Director, Mr Peter Honeycombe.

In addition to Mr. Ganim and Mr. Honeycombe, following completion of the acquisition, the board of directors of Eumundi will also comprise of one further Eumundi nominated director, Mr Vern Wills and four further Honeycombes nominated directors. It is intended at the Annual General Meeting of Eumundi that Mr Ganim will step down as Chairman and Ms Annabelle Chaplain will assume that role. Mr Ganim will remain on the Board of Eumundi as a non-executive director.

Eumundi, Honeycombes and Honeycombes Ownership have signed an Acquisition Implementation Deed which provides for these companies to facilitate the implementation of the acquisition, restrains each company from soliciting further proposals and provides for a compensating amount of up to \$280,000 to be payable by either party to the other in certain circumstances including if the Acquisition Implementation Deed is terminated as a result of default.

The Deed also sets out certain conditions precedent to the acquisition, namely:

- there being no material adverse change in Eumundi, Honeycombes or Honeycombes Ownership;
- there being no prescribed occurrence in respect of Eumundi, Honeycombes or Honeycombes Ownership;
- all regulatory approvals that may be necessary for the acquisition are granted or obtained;
- there are no prohibitions in respect of the acquisition;
- no party having an ongoing right to subscribe for securities in Honeycombes or Honeycombes Ownership after the acquisition;
- an independent expert's report being obtained that concludes the acquisition is in the best interests of Eumundi Shareholders;
- Eumundi Shareholders approving the acquisition;
- The Eumundi shares to be issued to the Honeycombes Shareholders being granted quotation on ASX, subject to any restriction in accordance with the Listing Rules (it is also noted that voluntary restrictions will be placed on certain Honeycombes Shareholders);
- Eumundi being satisfied that the Eumundi shares can be issued to the Honeycombes Shareholders pursuant to the Corporations Act;
- The parties undertaking due diligence investigations; and
- The Put and Call Option Deed being executed.



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Eumundi intends to convene a meeting of its shareholders to be held in November 2007 in order for the Eumundi Shareholders to consider and vote on the terms of the acquisition, with the appropriate date to be notified to and appropriate meeting materials to be despatched to Eumundi Shareholders in due course.

Yours sincerely

Joseph Ganim
Chairman
Eumundi Group Limited