

ASX Announcement

29 April 2021

Hotel acquisition to diversify Mediland's business

Mediland Pharm Limited (ASX: MPH) ("**Mediland**" or the "**Company**") is pleased to announce the acquisition of the 51-room Heartland Ambassador Hamilton Hotel in New Zealand for \$A2.5 million, following shareholder approval at an Extraordinary General Meeting (EGM) held today, on 29th April 2021.

The Hotel is an established business, which provides Mediland with access to New Zealand domestic tourism and corporate business customers. The property, which was refurbished in 2018-19, has 51 guest rooms, conference space, restaurant, a swimming pool, on-site car parking and laundry facilities situated on approximately 6,000sqm of freehold land within 5 minutes walking distance to Hamilton CBD and FMG Stadium. It has maintained high occupancy rates throughout the pandemic and the forecast for on-going strong occupancy levels is positive. The hotel is operated and managed by Scenic Hotel Group under Scenic Heartland brand. Scenic Hotel Group is New Zealand's largest locally owned and operated hotel group, setting high standards of service, environmental and corporate responsibility, and leadership in the tourism industry.

The acquisition is part of Mediland's strategy to diversify revenue streams in response to the pandemic, which has adversely affected its international inbound Chinese tourism business. The transaction provides an immediate new revenue stream and a tangible asset with development potential, enabling further expansion of the business.

The land and property of Hamilton Hotel were independently valued at A\$5.76 million (NZ\$6.2 million) by CBRE at 27 January 2021. A mortgage exists on the property of A\$2.7 million (NZ\$2.9 million) to the Bank of New Zealand.

Details of the transaction:

Following shareholder approval, Mediland has finalised the Share Sale Purchase agreement and now owns 100% of the shares in Ixora Investments Pty Ltd, which owns the Heartland Ambassador Hamilton Hotel in New Zealand. The material terms of the Share Sale Purchase Agreement were disclosed to the shareholders in Mediland's Notice of Meeting on 26 March 2021 and are detailed in the table below:

Shareholding	- Premier Hospitality Management Pty Limited is the only shareholder of Ixora Investments Limited and holds 164 shares. - The shares comprise of 100% of the issued shares in the Acquiree Company.
Purchase Price	The purchase price for the 164 shares (100% of shares issued) is \$A2,500,000.
Settlement/Repayment details	- A\$100,000 on 29 April 2021 - A\$100,000 per month, commencing from completion date of Agreement (i.e., A\$200,000 repayment in the first month and A\$100,000 per month thereafter) - Repayment can be accelerated or decelerated at the request of the purchaser
Intended source of funds	Intended source of funds will be from Mediland Pharm Limited and its controlled entities which will include operational cash flows from Ixora Investments Pty Ltd. The Company does not intend to raise funds.

With its two remaining retail operations in Sydney and Auckland currently closed, Mediland has been affected by the government sanctions on international travel and the retail inbound Chinese tourist business continues to remain uncertain. Completion of the Hamilton transaction, together with additional options which the transaction may open up, provide shareholders with a positive outlook for the future performance of the Company.

The Chairman, Dr Peter French, commented: *“We are extremely pleased with the completion of this transaction which diversifies Mediland’s revenue streams. Mediland now owns a hotel in New Zealand, which is not reliant on international tourists, and represents a solid revenue source which is not currently adversely affected by the COVID-19 pandemic. We are grateful to our shareholders who have supported us in this initiative.”*

Authorised for release by the Board of Mediland Pharm Limited

ENDS

IR Enquiries

ir@medilandpharm.com.au

Company enquiries

yesh.mudaliar@medilandpharm.com.au

About Mediland Pharm

Mediland Pharm is a leading retailer of cosmetics, jewellery, health, well-being, and wool products, serving the inbound Chinese tourism market in Australia and New Zealand. The Company operates one retail store located in Auckland, New Zealand and one direct flagship shop for its online business in Sydney, Australia. Mediland partners with leading travel agents and wholesale tour operators to generate sales through exclusive customer shopping agreements.