

PROMISIA TO EXPAND NETWORK WITH CROMWELL ACQUISITIONS

Summary:

- Conditional acquisition of two established Cromwell retirement villages for an aggregate price of c.\$33 million, to be completed through two transactions over four years.
- Will be immediately earnings accretive for Promisia, with annualised revenue from the acquisition equal to 45% of Promisia's FY23 revenue.
- Represents a significant growth initiative for Promisia and offers considerable development opportunity.
- Shareholder meeting to consider the transaction will be held in June 2024 in Wellington.

Aged care and retirement village operator, Promisia Healthcare Limited (**Promisia**) (NZX: PHL), is pleased to announce it has entered into a conditional agreement to acquire two retirement villages in Cromwell, Golden View Lifestyle Village and Ripponburn Lifestyle Village, for an aggregate price of approximately \$33 million.

These acquisitions will expand Promisia's network to six facilities, with an additional 106 care beds, including a specialist dementia unit, and 137 independent living villas and apartments. The transaction will be immediately earnings accretive for Promisia, with Golden View and Ripponburn currently generating annualised revenue of approximately \$10.5m, equal to approx. 45% of Promisia's FY23 revenue of \$23.8m.

The two villages are commonly owned and located in very close proximity to each other in Cromwell, Central Otago. Acquiring both sites together gives Promisia considerable development optionality in a high demand market.

Golden View is comprised of a 79-bed care facility that includes a specialist dementia unit and 19 serviced apartments; and 102 independent living units with a communal facilities building and amenities area. Construction of the village was completed in 2021 and the care facility in 2022, and it has very high levels of occupancy across both.

Ripponburn is located across the road from Golden View and comprises 16 independent living villas and a 46-bed care facility. Construction of the villas was completed in 2016, with recent improvements made to the village site and roadways. The care facility building was built in the 1930s and is near the end of its useful life, presenting opportunities for future redevelopment.

Cromwell is the most populous area in Central Otago and has an ageing population, with c.20% aged 65 years plus. In particular, the numbers of New Zealanders living with dementia is expected to increase from around 70,000 today to almost 170,000 by 2050. Many of these people will require specialised residential care and support. Golden View is the only village offering specialised dementia care in Cromwell.

Promisia has identified a considerable opportunity to increase the capacity of the care facility at Golden View, expand the accommodation offer for Ripponburn residents, and further invest in

specialised dementia care. In addition, there is the potential to enhance profitability through operational efficiencies.

Chair of Promisia, Rhonda Sherriff, commented: “These acquisitions are a significant growth initiative for Promisia and consistent with our strategy to grow our network through strategically located value-accretive acquisitions, brownfield and greenfield developments. Over the past few years, we have focused on the fundamentals and creating a strong platform for our business. We are now well positioned to scale up and expand our quality care and retirement living offer into more communities across New Zealand.”

The Transaction

Golden View and Ripponburn are to be acquired together. The acquisitions will be undertaken in two stages, with the initial purchase of the Golden View care facility and Ripponburn village, which is scheduled to settle on 21 June 2024, for approx. \$14 million.

Four years following this initial purchase, Promisia will complete the transaction with the acquisition of the Golden View village for \$19.35 million. Promisia will lease Golden View village in the interim on terms and conditions agreed with the owners. Monthly instalments will be paid to the owners against the purchase price, with the expectation that these will be funded from acquisition earnings. The outstanding balance will be paid on the final completion date together with any unexercised balance of issued convertible notes.

As part of the transaction, Promisia will issue \$5 million of convertible notes to the Vendor. The convertible notes will be interest free and may be converted into Promisia shares at an issue price of \$0.001 per share at any time at the option of the vendor. \$2.5 million of the convertible notes will expire one year following Initial Completion and the balance will expire at Final Completion.

The transaction is conditional on shareholder and other regulatory approvals, finance and other material adverse change conditions. A shareholder meeting will be held in June in Wellington for shareholders to consider the transaction. Further information will be provided in the Notice of Meeting.

ENDS

Authority for this announcement:

Rhonda Sherriff, Chair, Promisia Healthcare Limited

For more information, please contact:

Francisco Rodriguez Ferrere, General Manager – Finance, Promisia Healthcare Limited

Phone: +64 21 245 1801 or email: Francisco.rf@promisia.co.nz

About Promisia Healthcare

Promisia is a New Zealand based aged care and retirement living provider, with a focus on delivering quality personalised care. Our aim is to be the aged care provider of choice in our communities. Our facilities are located in well-established and well serviced towns and metropolitan areas. Our goal is to profitably grow our business in a sustainable manner, delivering quality care to our residents, peace of mind to their families and whanau, and excellent value to our villages, community and shareholders. Promisia is listed on the NZX (NZX: PHL). <http://www.promisia.co.nz>.