



PROMISIA INTEGRATIVE LIMITED

NZX LISTING PROFILE

26 May 2020

Prepared in connection with the proposed acquisition of aged care facilities

Prepared pursuant to Listing Rule 7.3.1

INTRODUCTION

Shareholders are being asked to vote on a number of Resolutions as set out in the Notice of Meeting that accompanies this Profile. Amongst other things, these Resolutions are intended to approve the acquisition by PIL of the business and assets of three retirement village and aged care facilities in the lower North Island and a leasehold interest in a property in the South Island which is intended to commence operating as an aged care facility. This Profile describes the business and assets of PIL should those Resolutions be passed and the acquisitions completed.

The Proposed Transaction

On 19 December 2019 PIL announced that it intended to change the essential nature of its business to become an owner and operator of retirement villages and aged care facilities. To cause this change PIL entered into the Purchase Agreement where it conditionally agreed to purchase the shares in six New Zealand companies that:

- own the land and buildings and operate the following three aged care facilities:
 - Ranfurly Residential Care Centre, located in Feilding;
 - The Nelson Residential Care Centre, located in Feilding; and
 - Eileen Mary Age Care Centre, located in Dannevirke.
- lease the Aldwins Property in central Christchurch which is intended to open as a new aged care facility in mid-2020 and holds the Aldwins Option, which may be exercised to acquire the Aldwins Property for a fixed purchase price.

The vendor under the Purchase Agreement is the Brankin Family Trust, a family trust associated with PIL's director and largest shareholder Mr. Thomas Brankin. The aggregate purchase price payable by PIL to acquire the shares of the Brankin Companies is \$31,385,000 (subject to Completion adjustments). The purchase price was agreed based on valuations conducted by CBRE as at March 2019, the most recent valuations of the aged care facilities at the time negotiations for the Proposed Transaction first commenced.

PIL will satisfy the Purchase Price through a combination of a cash payment and a share issue to the Brankin Family Trust at Completion as follows:

- An issue of \$8 million of New Shares to the Brankin Family Trust at \$0.001 per New Share; and
- A cash payment of \$23,385,000 that will be funded from:
 - the new Bank Facilities to be made available at Completion of approximately \$17.78 million; and

- the proceeds of the Placement, being an issue of up to \$8 million of New Shares to a number of wholesale investors (as defined in relation to an offer of financial products under clause 3, Schedule 1 of Financial Markets Conduct Act 2013) at \$0.001 per New Share.

At the date of this Profile the Proposed Transaction is conditional upon:

- The shareholders of PIL approving the Proposed Transaction as required under the Takeovers Code, Companies Act and the Listing Rules. This condition is due for satisfaction by 12 June 2020;
- PIL and the Brankin Family Trust obtaining any contractually required change of control consents for the Proposed Transaction and the Brankin Family Trust's restructure. This condition is due for satisfaction by 19 June 2020;
- A debt provider making the funds available under the Bank Facilities to allow Completion to occur. At the date of this Profile PIL has agreed a conditional term sheet with a New Zealand registered bank for the required Bank Facilities and is awaiting final credit committee approval. Under the term sheet the interest rate on the term loan portion of the Bank Facilities is 3% plus the three-month bank bill market rate (BKBM). The security to be provided is mortgages over all freehold properties being acquired and general securities over all personal property. The term sheet also includes financial covenants requiring compliance with a debt service cover ratio, interest cover ratio and a 55% loan to value ratio (**LVR**). The details of the Bank Facilities are further described in the Notice of Meeting. This condition is due for satisfaction by 19 June 2020; and
- The Placement raising a minimum of \$6 million. At the date of this Profile PIL has indicative, non-binding interest from a number of wholesale investors to fund \$5.7 million towards this condition. Further details on the Placement and the status of this condition is discussed on page 19 of the Notice of Meeting. This condition is due for satisfaction by 19 June 2020.

PIL will announce progress against these conditions in accordance with its continuous disclosure obligations. As soon as all conditions are satisfied it is intended to undertake Completion as soon as possible but no later than 19 June 2020. If the conditions are not satisfied by their due date (or extended by agreement between PIL and the Brankin Family Trust), the Purchase Agreement may be terminated by the Brankin Family Trust.

At Completion, the Brankin Family Trust will continue to be the largest shareholder in PIL, with a current shareholding of 51.3% and following Completion a maximum potential shareholding of 62.99%.

The Proposed Transaction constitutes a reverse acquisition for the purposes of the Listing Rules. As a result of the reverse acquisition, PIL will undergo a significant change in the nature and scale of its activities and will become a new enterprise with the prospects and risks associated with being an owner and operator of retirement villages and aged care facilities.

The purpose of this Profile is to assist PIL's shareholders to make a decision whether to approve the Proposed Transaction by describing the intended business of PIL as if the Proposed Transaction is approved. Further information regarding the Proposed Transaction is set out in the Notice of Meeting for the Shareholder Meeting and the Independent Report prepared by Simmons Corporate Finance Limited.

About the Facilities

Under the Proposed Transaction, PIL will from Completion operate the Facilities and will also own the land and buildings associated with each of the Facilities with the exception of the Aldwins Property.

The Facilities include:

- **Retirement villages:** independent and assisted living in a self-contained unit where a resident purchases an exclusive right to occupy a unit (i.e. an ORA). Assisted living residents can request varying levels of care to be provided in their self-contained units, which are privately funded.
- **Rest home and hospital care:** residents reside in private rooms, usually with an ensuite, and receive varying levels of care, with hospital care being the highest level of care provided. Each resident pays a fee based on the care required. Fees payable by residents are largely funded by the Government.
- **Dementia care:** accommodation with qualified carers to assist residents who suffer from dementia. Residents reside in private rooms in a secure environment and receive full time care. The fee structure is similar to rest home and hospital care and is funded privately or by the Government.

The North Island Facilities are located in the provincial areas of Feilding and Dannevirke. It is the view of the Directors that provincial areas benefit specifically from lower land cost and benefit generally from lower operating costs than in larger centers. Provincial facilities have strong average occupancy rates given there are fewer competing facilities within the surrounding areas. The Facilities also have development opportunities which could increase their capacity. This is particularly so with the Ranfurly Residential Care Center where development plans and funding arrangements have been agreed with the Brankin Family Trust to add up to 42 additional retirement village units over the next five years.

The Aldwins Facility is located in central Christchurch. Previously used as an aged care facility, the Aldwins Property is currently unoccupied and has recently undergone extensive renovations and strengthening works. A Code Compliance Certificate (CCC) for those works is being sought and is expected in mid-2020 and the Aldwins Facility will then open to new residents as a rest home and hospital care facility for up to 147 residents. PIL will have the Aldwins Option where it may, at its discretion, purchase the land and buildings of the Aldwins Facility for up to \$11 million plus GST at any time before 31 May 2021, with \$4 million of that purchase price payable in Shares at an issue price of \$0.001 per share.

For more information about the Facilities and the business of PIL after Completion of the Proposed Transaction, see Section 1 (*PIL and What it Will Do*).

Key dates

Key dates in relation to the Proposed Transaction are as follows:

PIL Shareholder Meeting	2pm 11 June 2020
Meeting results announced to market, suspension lifted and Shares resume trading on NZX Market	11 June 2020
Shares enter trading halt	5pm 18 June 2020
Completion of the Proposed Transaction (including the issue of all New Shares)	19 June 2020
Trading halt of Shares on NZX lifted	19 June 2020
Release of Interim Result	By 29 August 2020
Share Purchase Plan	September 2020
Share Consolidation and Minimum Holdings Purchase	October 2020

These key dates and references to them throughout this document are indicative only and may change. PIL reserves the right to amend the dates without prior notice, subject to applicable law and the Listing Rules. NZX will continue to apply the suspension of trading in Shares until the shareholders have voted at the PIL Shareholder Meeting.

How pricing of Shares in PIL is fixed

If the Proposed Transaction proceeds, all of the New Shares will be issued for \$0.001 per New Share. As is detailed in the Notice of Meeting, PIL is also seeking shareholder approval to undertake the Share Purchase Plan offer to all Shareholders at \$0.001 per Share. Otherwise the price of Shares will be determined based on the trading in Shares on the NZX market. You should also read Section 2 (*Key Features of PIL's Shares*).

How you can get your money out

PIL intends to quote the New Shares on the NZX market. This means you may be able to sell them on the NZX market if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

Key drivers of return

PIL considers that the current and future aspects of the Proposed Transaction that have, or may have, the most impact on the financial performance of PIL's business and the key strategies and plans for those aspects of the business, can be summarised as follows:

- To ensure continued demand for the Facilities, maintaining a strong reputation for providing a high level of care to residents. This includes management of the Facilities through the Covid-19 pandemic in accordance with the lockdown plan for each Facility to mitigate the risk of an outbreak within a Facility.
- Development of the Facilities to increase resident capacity without having to expend capital to purchase additional land;
- Build a sustainable mix of lower margin recurring revenue (assisted living and specialist care) with higher margin one-off revenue (sale of retirement village ORAs);
- Opening the Aldwins Facility and securing as many residents as possible as soon as possible;
- Offering additional or enhanced services at the Facilities which are paid for privately above Government funding levels to increase revenue per resident; and
- Identify and potentially acquire additional aged care and retirement village facilities, particularly in provincial areas.

The above summary does not cover all key drivers of return affecting the Proposed Transaction. For further information on these and other key drivers affecting the Proposed Transaction, you should also read Section 1 (*PIL and What it Will do – Growth Strategy*).

COVID-19 Risks

COVID-19 and the governmental responses to it across the world will have a material, detrimental impact on the global economy. How long that detrimental impact will last is unknown and investors are cautioned that continued volatility in equity markets may impact negatively on the market price of the Shares. In addition, there is uncertainty on how COVID-19 may effect property values and PIL's material assets will be property assets.

At the date of this Profile there are no known or suspected cases of COVID-19 at any of the Facilities.

COVID-19 – Impact on property values

The valuations for the Facilities that are referred to in this Profile were undertaken prior to COVID-19 being declared a pandemic. Accordingly, any impact that COVID-19 may have on those property values is not considered in the valuations.

The Purchase Price was agreed based on valuations undertaken in March 2019 as those were the most current valuations at the time commercial agreement to enter the Proposed Transaction was reached. Those valuations also represent the carrying values of the Facilities in the FY2020 financial statements for the Brankin Companies. Further valuations were undertaken in February 2020 and are referred to in this Profile given that they are the most current valuations for the Facilities.

The impact that COVID-19 may have on property valuations is currently very uncertain as:

- The ability of valuers and the market to rely upon market transactions which occurred prior to the evolution of COVID-19 into a global pandemic has been materially reduced. The daily shifts in the global market and Government responses are unprecedented in modern times, creating market uncertainty.
- Direct comparisons with previous financial crises cannot be easily drawn on.
- Despite Government announced stimulus, economists advise that COVID-19 will result in a global recession.
- In terms of aged care facilities, key influences on value can be consolidated into four criteria:
 - The age and quality of the asset;
 - Management expertise of the operator;
 - Government regulation and policy; and
 - Investor profile and demand to enter the sector.

The first three criteria above remain unchanged by COVID-19. However, it is too early to gauge any significant change in investor demand. A key factor will be the scale and longevity of the outbreak which remains unknown.

The valuations of the Facilities need to be relied on with caution as they do not take account of the effects of COVID-19 and COVID-19 may ultimately have a material effect on them. PIL is unable to provide any certainty as to the likelihood of the pandemic materially impacting on property values given that the medium-term impact of COVID-19 is uncertain.

If property values do fall, there is a risk for PIL following the Proposed Transaction that the final LVR covenant agreed under the Bank Facilities (currently 55%) is breached which would require PIL to urgently raise additional capital to reduce debt and come back into compliance with that covenant. To raise such capital would require the co-operation of the lender who may otherwise be entitled to call for repayment of all the Bank Facilities for an LVR breach. Non-compliance with bank covenants is therefore a highly material risk.

In addition, there is a risk that property values (for example, the sale price of ORAs) could fall or demand for ORAs could decline which may reduce revenue and growth prospects for PIL.

While acknowledging these uncertainties, the Directors consider that the March 2019 valuations of the Facilities reflect the fair value of the Facilities for inclusion in the financial information in this Profile. This is because:

- They represent the value that was agreed on an arm's length basis to set the Purchase Price.

- Any reduction in ORA sales is mitigated by the aged care operations of PIL which receive Government subsidies as a principal source of income rather than ORA proceeds. Aged care revenue represents approximately 90% of all revenue earned from the Facilities with ORA's comprising the balance.
- COVID-19 is not expected to reduce aged care occupancy (in the absence of a COVID-19 case at the Facilities). Occupancy is driven by age and need for care, not affordability and property values like ORAs.

To recognise the uncertainty of COVID-19, the Directors have not adopted the February 2020 valuations as the fair value of the Facilities, keeping their view of the fair value of the Facilities in line with the slightly lower March 2019 valuation.

COVID-19 - Impact on operations

All retirement villages and aged care services have been classified as an essential service under the New Zealand Government's COVID-19 criteria and will continue to operate throughout the pandemic. The main priority of PIL and the Brankin Family Trust during this time is to ensure the health and safety of staff and residents. PIL and the Brankin Family Trust are committed to providing residents with the best possible care during this emergency, particularly given the vulnerability of the elderly to COVID-19.

The parties are working closely to ensure that infection control is maintained. The Facilities have been operating under a lockdown plan and have restricted visitation for the time being to ensure the health and safety of their residents. The Ministry of Health certification that the Facilities hold requires them to maintain infection control systems, and to ensure that staff are trained to manage outbreaks. PIL considers that each of the Facilities is well-prepared to manage COVID-19, as:

- The lockdown plans were implemented successfully at one of the Facilities twice last year to mitigate the risk of a norovirus outbreak at that facility.
- The Facilities have all been through certification audits under the HDSS Act and have no outstanding issues to address.

Aged care is an integral part of New Zealand's public health system and is well supported by each of the local District Health Boards. The Ministry of Health has assured aged care providers that they will have access to the national stock of infection control materials and pharmaceuticals.

Provided there is no known case of COVID-19 at any of the Facilities, PIL does not consider that COVID-19 will have a material effect on its profitability and that it will have adequate working capital available through the Bank Facilities and the Placement proceeds. Since the Government put New Zealand into alert level 4 for COVID-19 on 25 March 2020, PIL has observed increased occupancy at each of the operational Facilities as hospitals looked to move non-acute elderly patients out of public hospitals and into aged care facilities.

COVID-19 – Impact on financing for the Proposed Transaction

PIL does not consider that COVID-19 will adversely affect financing for the Proposed Transaction but is mindful that COVID-19 does increase default risk and is staying in close communication with its financiers. If there is a financier default, the Proposed Transaction may be terminated on the basis that the conditions for the Proposed Transaction cannot be satisfied.

Key Risks

The most significant risk factors that could affect PIL's financial position, financial performance or stated plans following Completion of the Proposed Transaction are:

- The loss of government funding - The Facilities will receive residential care subsidy funding from the local DHBs which may be subject to change. Any loss in aged care facility funding will have a material adverse effect on financial performance.
- Changes to legislation – Aged care providers need to meet standards set by the HDSS and all facilities that provide independent living also need to comply with the Retirement Villages Act 2003. Significant changes to certification standards and requirements of retirement village operators may create additional obligations and costs on aged care operators. Any such additional obligations and cost may have a material adverse effect on financial performance.
- Labour availability, cost and turnover - Aged care facilities rely on the staffing of care and non-care positions. These positions are paid at the lower end of pay scales, primarily due to underfunding by the DHBs. Labour availability and cost makes attracting staff to the aged care sector difficult.
- The Aldwins Property obtaining a CCC and PIL attracting sufficient residents to reach occupancy rates that will allow PIL to at least cover the cost of operating the Aldwins Facility.

The above summary does not cover all risks affecting PIL if the Proposed Transaction proceeds. For further information on these and other risks affecting PIL, you should also read Section 4 (*Risks to PIL's Business and Plans*).

Where you can find PIL's financial information

The financial position and performance of PIL are essential to an assessment of the Proposed Transaction. You should read *Section 3: PIL's financial information* which includes pro forma, consolidated financial information for the year ended 31 March 2018, 31 March 2019 and 31 March 2020. This financial information is taken from audited annual accounts for PIL, Ranfurly Manor No:1 Limited and Eileen Mary Age Care Property Limited. It is otherwise taken from unaudited accounts for the other Brankin Companies.

PIL's balance date is currently 31 December and the balance date for each of the companies being acquired under the Proposed Transaction is 31 March. Following Completion, it is intended that the companies will initially change their balance dates to 31 December to align with PIL. PIL intends to then meet its periodic reporting requirements for the six months to 30 June 2020 and have those interim accounts audited. After completing that periodic reporting it is intended that PIL will change its balance date to 31 March and report to that balance date on an ongoing basis.

About this Profile

The Proposed Transaction will result in a change in the essential nature of PIL from the manufacturing, sale and marketing of health supplements, to developing and operating aged care facilities. PIL is required to prepare this Profile under the Listing Rules.

This Profile:

- contains important information about the Proposed Transaction, in particular the aged care sector, the Facilities to be acquired and established, their operations, their financial performance and risks associated with their operations; and
- is forward looking and assumes that Completion of the Proposed Transaction has occurred.

Further information about the Proposed Transaction is available in the Notice of Meeting and the Independent Report. These documents and certain other information referred to in this Profile is available on the PIL website at:

https://www.promisia.com/index.php?option=com_docman&view=list&slug=aged-care-transaction-documents&Itemid=159&layout=default.

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Letter from the Chairman

26 May 2020

Dear Shareholder,

I am pleased to present you with this Profile and further information on the aged care facilities that PIL has the opportunity to acquire and operate.

The Proposed Transaction involves the acquisition of three established aged care facilities located in the lower North Island from a reputable vendor, and a lease interest in a recently renovated property located in central Christchurch that PIL intends to open as a new residential care facility. The Directors believe that there are significant opportunities to develop and expand aged care facilities in New Zealand, particularly with New Zealand's aging population.

Demand for aged care in New Zealand is expected to increase significantly over the next 12 years as the number of New Zealanders over the age of 75 years is expected to double. The aged care facilities currently available in New Zealand cannot accommodate the expected increase in demand and new facilities will need to be built.

The aged care facilities that PIL is looking to acquire and establish come with a number of growth opportunities, including development and expansion of the existing facilities by using vacant land within the facilities. PIL does not intend to take on any significant development risk and will only build on existing facilities as demand grows.

If approved, these acquisitions will represent a significant change of direction for PIL but one with significant prospects for growth.

The Proposed Transaction is conditional upon the approval of PIL's shareholders at a special meeting to be held on 11 June 2020 and debt funding being made available under new banking facilities to enable completion of the Proposed Transaction.

This document contains detailed information about PIL, the aged care facilities that PIL is proposing to acquire, develop and establish and the aged care sector (including information about risks affecting PIL in Section 4 (*Risks to PIL's business and plans*)). I encourage you to read it carefully and seek professional advice should you need to.

PIL's directors believe that the Proposed Transaction is an attractive opportunity to create value for PIL's shareholders.

We recommend this proposal to you and look forward to your support.



Stephen Underwood
Chairman

1. PIL AND WHAT IT WILL DO

Overview

PIL's previous business activities involve the manufacturing, sales and marketing of two health supplements, Arthrem and Artevite. PIL has now ceased these business activities. PIL is listed on the NZX market.

The Proposed Transaction will pivot PIL into the retirement village and aged care sector as it becomes a national owner and operator of aged care facilities. The Facilities:

- Are located in both the North Island and the South Island, providing a footprint in both islands.
- Are located in areas with lower operating costs (e.g. provincial towns) or believed to have a lack of supply (Christchurch) and in either case, less competition.
- Offer the full spectrum of aged care and services that includes independent retirement village living, rest home and hospital care and specialised dementia care.
- Comprise of a range of accommodation options including individual units, apartments, studios and private rooms with ensuites.
- Sell ORAs, being an agreement to provide the right to occupy a residential unit in a retirement village. An ORA governs the management of the Village, services to be provided to the resident, the resident's charges and the nature of the right to occupy and deal with the residential unit (discussed further under Sector Overview).
- Offer 269 beds (in aggregate) across this range of accommodation options.
- Include a recently renovated property in a central city location that will offer an additional 147 rest home beds in brand new modern accommodation and amenities;
- Employ 280 employees with this number increasing once the Aldwins Facility opens and begins having residents.
- Are capable of development and expansion to match market demand increases that are expected with an aging population.

The Proposed Transaction

The Proposed Transaction involves PIL acquiring all the shares on issue in the Brankin Companies from the Brankin Family Trust. The operations of the Brankin Companies are as follows:

Entity	Operations
Ranfurly Manor Limited	Operates the rest homes at Ranfurly Residential Care Centre and Nelson Residential Care Centre, both situated in Feilding.
Ranfurly Manor No: 1 Limited	Owns the land and buildings that currently comprise the Ranfurly Residential Care Centre and is the retirement village operator selling ORAs at the Ranfurly Residential Care Centre and also owns certain development land adjoining the Ranfurly Residential Care Centre in Feilding.
Eileen Mary Age Care Limited	Operates the rest homes at Eileen Mary Residential Care Centre in Dannevirke.
Eileen Mary Age Care Property Limited	Owns land and buildings at Eileen Mary Residential Care Centre and is the retirement village operator selling ORAs at the Eileen Mary Residential Care Centre.
Nelson Street Resthome Limited	Owns the land and buildings at the Nelson Residential Care Centre.
Aldwins House Limited	Leases the Aldwins Property and intends to operate it as a rest home from mid-2020. Holds the Aldwins Option.

The Facilities

The Ranfurly Residential Care Centre and the Eileen Mary Residential Care Centre are operating aged care facilities that offer a full range of aged care services for independent and assisted living, including independent living (units and apartments), rest homes (studios) and facilities for accommodating and caring for dementia patients. Nelson Residential Care Centre is a facility providing care for those assessed as requiring rest home level care.

The Health and Disability Services Act 2001 governs the provision of aged care services in New Zealand and the Retirement Villages Act 2003 sets out the standards of aged care providers that also offer independent living in retirement villages. Each of the Ranfurly Residential Care Centre, the Nelson Residential Care Centre and the Eileen Mary Residential Care Centre currently maintain Ministry of Health certifications associated with offering aged care services and independent living. They also receive funding from their local District Health Boards for the provision of aged care services.

The Facilities are owned (except Aldwins House) and operated by the Brankin Companies which are all owned by the Brankin Family Trust. The Brankin Family Trust started operating in the aged care sector in Dannevirke in 1998 by acquiring the Eileen Mary Residential Care Centre. From there, Mr Brankin continued his acquisition and development of aged care facilities, acquiring the Nelson Residential Care Centre and the Ranfurly Residential Care Centre in 2013. The Brankin Family Trust has established a strong relationship and reputation with the local communities they service.

On average 66% of patients are government funded and 34% are privately funded (or a mix of both). All revenues stated include government subsidies as well as revenue from private patients.

Ranfurly Residential Care Centre

The Ranfurly Residential Care Centre operates in Feilding as a 162 bed aged care facility consisting of 74 hospital beds, 63 assisted living beds, 25 dementia beds, and 6 independent living units.

The majority of the facility's care rooms include a private bathroom, giving residents extra and often welcomed privacy. This facility also provides administration and residential facilities including resident lounges, dining and recreational rooms, a kitchen, office and reception, male and female amenities, seven internal courtyards including covered seating, gardens and lawn areas.

The facility provides for and tailors care to the needs of each resident, from independent living units, internal care apartments, hospital level care service, dementia level care service and a secure dementia centre. With a focus on providing professional and friendly care, the facility is also conveniently located only a short distance from the township of Feilding making it convenient for families, visitors and staff.

Currently, the facility employs 168 staff (68 full time and 100 part time or casual) and is, together with the Nelson Residential Care Centre, the largest employer and ratepayer in Feilding and therefore a significant contributor to the community.

The land area is significant and includes approximately 1 hectare of adjoining bare land that is available for development and the terms of the Transactions make provision for such development as is discussed on page 28.

Valuation as at 11 February 2020	Average Occupancy % for March 2020	Beds – Current set up
\$23,150,000 ¹	Dementia: 78.97% Hospital/Rest home: 90.45% Apartments: 68.46%	<ul style="list-style-type: none"> • 25 Dementia Beds • 74 Hospital Beds • 63 ORA Assisted Living Beds • 6 ORA Independent Living Beds

Valuation and Beds Source: The Brankin Facility Trust Portfolio Confirmation of Values (CBRE)

Nelson Residential Care Centre

The Nelson Residential Care Centre operates in Feilding as a 49 bed rest home and provides recreational facilities including resident lounges, dining and recreational rooms, kitchen, office, laundry and reception and two internal courtyards with seating. The Centre is located close to the Ranfurly Residential Care Centre and the two facilities share staffing and administration resources.

¹ Please see discussion of COVID-19 risks associated with valuations at page 6.

The facility was refurbished in 2016 in order to modernise the premises, which included the refitting of the care facility interior together with extensions to the dining room and day room. This has allowed a steady increase in occupancy rates from less than 20% in March 2017 to 85% in December 2019. PIL expects this to grow due to rising demand for aged care services over time (discussed further below at page 26, Market Size). The facility employs 32 staff (5 full time and 27 part time or casual).

According to the 2018 Census, Feilding has a resident population of 15,348. Of the population 10.8% is over the age of 75 which is relatively high compared to the national average at 6.4%². This demographic will provide a continued demand for aged care services. Demand for aged care facilities is expected to grow as the New Zealand population experiences a demographic shift towards a larger elderly population. Pressure on the public health system means DHBs are looking to aged care facilities to help accommodate non-acute elderly patients. Nelson Residential Care Centre often receives these patients (in groups of 5-10) for temporary care. This means the occupancy rate can fluctuate substantially.

Valuation as at 11 February 2020	Average Occupancy % for March 2020	Beds – Current set up
\$3,200,000 ³	58.79%	• 49 Rest Home Beds

Valuation and Beds Source: The Brankin Facility Trust Portfolio Confirmation of Values (CBRE)

Eileen Mary Age Care Centre

The Eileen Mary Age Care Centre operates in Dannevirke as a 58 bed aged care facility, consisting of 21 hospital beds, 18 rest home beds, 19 assisted living beds, and 5 independent living units.

The facility also provides administration and recreational facilities including resident lounges, dining and recreational rooms, a kitchen, office and reception, male and female amenities, an internal courtyard with covered seating, gardens and lawn areas. The facility employs 58 staff (16 full time and 42 part time or casual) and has 700sqm of land available for development.

Dannevirke is the largest town in the Tararua District, and this facility, with its reputation and relationship with the community and local District Health Board, provides key services to a more rural community. Having opened in 1998, the facility is modern and purpose built. It has continually improved, with the most recent improvement being an extension and refurbishment in 2012.

Valuation as at 11 February 2020	Average Occupancy % for March 2020	Beds – Current set up
\$6,370,000 ⁴	83.48%	<ul style="list-style-type: none"> • 18 Rest Home Beds • 21 Hospital Beds • 19 ORA Assisted Living Beds • 5 ORA Independent Living Beds

Valuation and Beds Source: The Brankin Facility Trust Portfolio Confirmation of Values (CBRE)

² Statistics New Zealand Tauranga Aotearoa (2018) *Age and sex of people in New Zealand*, 2018 Census

³ Please see discussion of COVID-19 risks associated with valuations at page 6.

⁴ Please see discussion of COVID-19 risks associated with valuations at page 6.

Aldwins Residential Care Centre

The Aldwins Property is located in central Christchurch and comprises of approximately 8,241 m² of land and 4,050 m² of buildings.

The property was previously a large rest home in Christchurch before it was damaged in the 2011 Canterbury earthquake and eventually closed in 2017. The current landlord, Teltower Limited, purchased the property in 2018 and has since strengthened and thoroughly refurbished the premises. The Christchurch City Council has issued the Aldwins Property with a code compliance certificate for those works dated 15 April 2020.

The newly renovated complex is spread over two storeys and multiple wings, and consists of 147 bedrooms, each with ensuites. The amenities include a reception foyer, open plan entertainment hall with adjoining kitchenette and hair salon/beauty room, dining room serviced by a large commercial grade kitchen, nurses stations, sitting rooms, staffroom, administration offices, sheltered communal outdoor areas situated within two internal courtyards, 75 car parking spaces and two double-width bed sized elevators.

The Aldwins Property is currently being leased to Aldwins House Limited (which will be acquired by PIL as part of the Proposed Transaction) for a period of 15 years from 1 March 2020, the final expiry date being 28 February 2035. Aldwins House Limited has the benefit of a rent-free period of six months from 1 March 2020, during which Aldwins House Limited shall only pay the outgoings due under the Lease.

The lease also provides for some final development work to be undertaken at the Aldwins Property. This work is primarily the construction of commercial kitchen and commercial laundry facilities. These works are currently being undertaken and, despite some delays caused by COVID-19, are expected to be completed in mid-2020. Ministry of Health certification will then be sought so that Aldwins House qualifies for Government funding. Preliminary discussions with the DHB suggest that there is immediate demand for the additional capacity of Aldwins House for the aged care sector in Christchurch.

An annual rental of \$1,060,000 is payable under the lease.

The Explanatory Notes to the Notice of Meeting explain the terms of this arrangement further. The further terms to the lease are typical terms and conditions of an ADLS Deed of Lease.

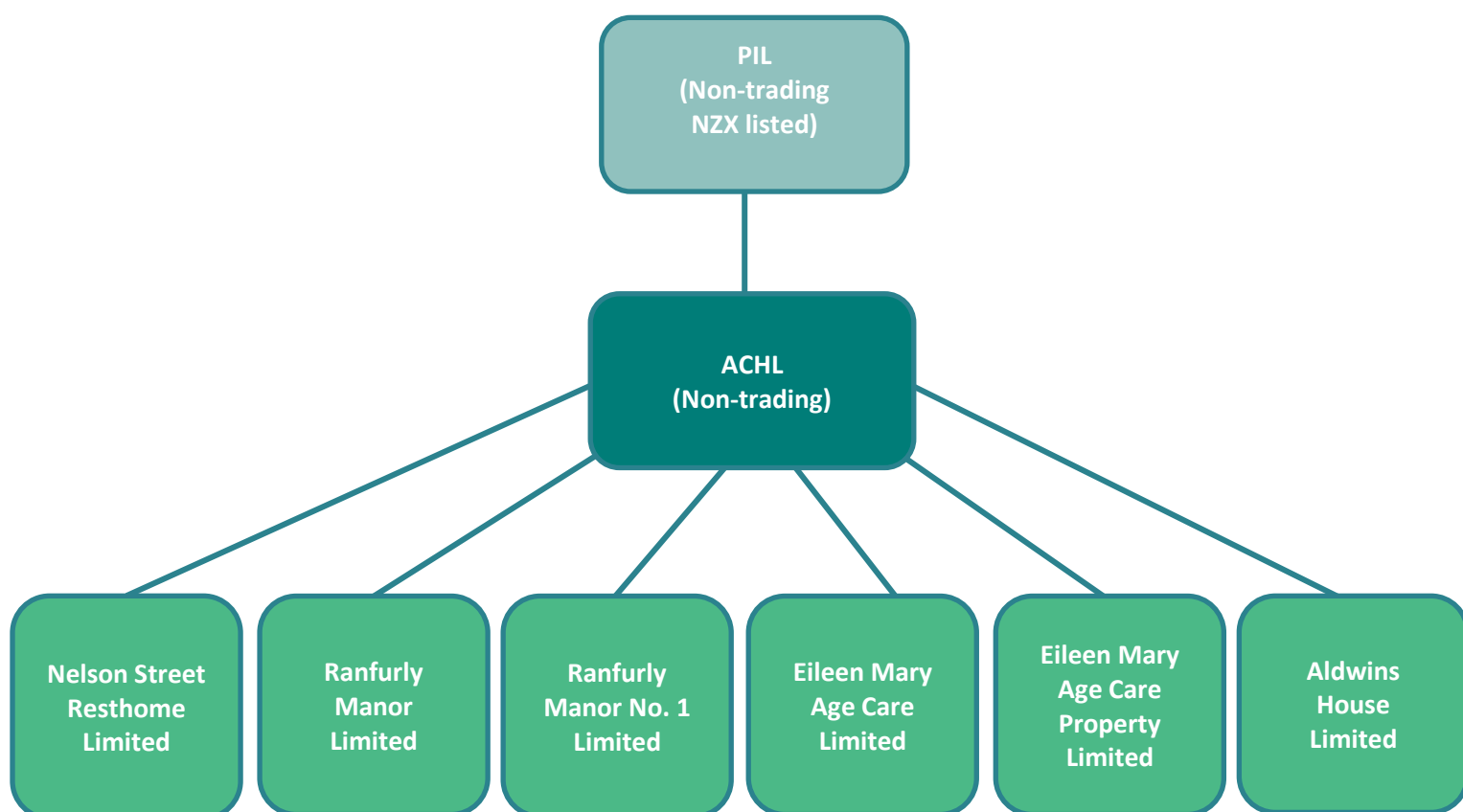
Aldwins House Limited also has an option to purchase the Aldwins Property, the exercise period being the 18 months period commencing on 1 March 2020.

Out of the 147 beds available, 67 beds will be allocated to rest home care and the remaining 80 beds will be used for hospital beds. It is expected that 140 staff will need to be employed to operate the Aldwins Facility at full occupancy and staff will be employed gradually as occupancy grows.

The central location, modern amenities and short distance to retail and social amenities are expected to make the Aldwins Facility attractive compared to other facilities in central Christchurch. PIL's inquiries indicate there is a lack of supply of aged care facilities in this area and anticipates the demand for beds in the Aldwins Facility to be high from commencement of business operations.

PIL's Corporate Structure

PIL has incorporated a new wholly owned subsidiary company, Aged Care Holdings Limited (**ACHL**), to acquire all the shares of the Brankin Companies. After Completion, PIL and ACHL will be non-trading entities, with PIL being the listed holding company of ACHL, which will hold all the shares in the Brankin Companies. Following completion of the Proposed Transaction, the corporate structure of PIL and its significant group companies will be as follows:



Sector Overview

PIL will operate in the retirement village and aged care sector, specifically the operation of aged care facilities that provide a continuum of independent and assisted retirement living for the elderly. The retirement village and aged care sectors are linked closely and generally have the following characteristics:

Market	Accommodation Options	Funding
Retirement Village		
Residential alternatives to a house or apartment. Integrated retirement villages provide care services to support this form of independent living.	Villas, apartments or serviced apartments. Typically fully self-contained but offering meals, support, health services and community facilities.	Residents privately fund the costs of residing in a retirement village. Occupation right agreements (ORAs) are the most common form of occupational right. Typically structured as a licence to occupy, a resident makes an initial lump sum payment to reflect the capital cost of the unit and ongoing costs for the duration of their stay. On the termination of the ORA, the balance of the initial lump sum payment less any deferred management fees is repaid to the resident but generally operators require that a new ORA be entered with a new resident before it repays the previous resident. The majority of any capital gain realized on the re-sale of an ORA are typically retained by the operator
Aged Care		
Caters to older residents by offering a continuum of personal care, nursing and other healthcare services and support.	Rest home, hospital and dementia care based options. Generally consist of a single room with ensuite with the room secured and nursing care provided based on resident needs.	A mixture of government and private funding. Government funding is provided by local DHBs, for those who require financial assistance and are eligible for the residential care subsidy (i.e. subject to income and asset testing), paid directly to operators under nationwide contracts. Funding typically covers accommodation, meals, pharmaceuticals and medical supplies. Residents who do not qualify for government funding privately fund the cost of their accommodation and care.

The aged care sector in New Zealand provides a vital social service. Demand in this sector is principally due to aging population levels, which are expected to increase significantly in the next twelve years (this is discussed further below at page 26, Market Size).

Currently, aged care facilities are provided by a number of corporate, public and not for profit operators. A large number of the operators are corporate (similar to PIL) and only a small proportion of aged care is provided by public health services and hospitals. All private aged care facilities can qualify for government funding allocated by their local DHBs provided they meet the certification requirements under the HDSS.

PIL Services

Aged care and retirement village operators provide different levels of care ranging from independent living to full time assistance and support. The level of care provided is based on the type of living offered by the operator and a resident's need. The type of services received by residents will also determine the government funding payable by the local DHBs

The Facilities provide either the full range or a mixture of care options offered by aged care and retirement village operators. The following table summarises the type of care and services provided by the Facilities:

Type of living	Description	Level of Care	Facilities that provide Service
Independent living	Residents purchase an ORA interest in either a standalone home or an apartment within a retirement village.	No care is provided.	Eileen Mary Residential Care Centre and Ranfurly Residential Care Centre
Assisted living	Residents purchase an ORA interest in either a standalone home or an apartment within a retirement village.	Rest home or hospital care is provided as required.	Eileen Mary Residential Care Centre and Ranfurly Residential Care Centre
Rest home	Residents will reside in a serviced room and receive personalised care.	Varying level of care dependent on a resident's need.	All Facilities, including the Aldwins Facility once operational
Hospital	Residents will reside in a serviced room and receive full time care.	Highest level of care given to residents and includes end of life care, palliative care or respite care.	All Facilities, including the Aldwins Facility once operational,
Dementia	Special care facilities for residents who suffer from Alzheimer's disease or dementia.	Full time assistance and support similar to hospital care but in a secure environment.	Ranfurly Residential Care Centre

The varying types of living and care provided by the Facilities will allow PIL to retain residents as their health needs change. Rest home and hospital rooms are also interchangeable if the room is approved to provide hospital care. The rest home rooms in each of the existing Facilities have all been approved to provide hospital care, which allows PIL to alter the set up as demand changes. Hospital beds receive higher DHB funding and, provided there is demand, PIL can increase hospital beds to receive more funding and generate more revenue. PIL intends to also set up each room in the Aldwins Facility to provide interchangeable rest home and hospital services.

Ownership of Aged Care Facilities

Market ownership of aged care facilities is comprised of three main categories:⁵

- Publicly Listed: 38%
- Major Group (Not for Profits and Private): 41%
- Individual (Not for Profits and Private): 21%

Ownership of aged care facilities in recent years has trended from individual operators towards major group or publicly listed entities⁶.

PIL considers the main reason for this is that smaller, individually operated aged care facilities (being individual privates and not for profits) are generally more susceptible to pressure on their bottom-line profitability or EBITDAR (for example, through increases in compliance costs, wages and other operational costs) leading to closure or sale.

Securing qualified staffing is also a general issue in the industry, with annual turnover of staff in 2017 being 27% (an increase from 21% in 2014)⁷. DHB wage rates tend to be higher than the rates of aged care operators and much higher than rates afforded by individual providers⁸. Smaller facilities which lack economies of scale have their profitability disproportionately by increasing wage rates and fee rates but are increasingly needing to do so in order to secure staff and remain competitive.

Further, from 1 April 2020, the Government has lifted the minimum wage in New Zealand to \$18.90. PIL considers these types of cost pressures may make smaller, privately operated aged care facilities less viable in the future.

Lastly, the ability for corporate aged care owners (being publicly listed and major group entities) to obtain significant investment for the development of new facilities has contributed to the sale and purchase of facilities from individual operators to corporate aged care owners.

⁵ New Zealand Aged Care Association (2018) Aged Residential Care Industry Profile 2017-2018 at page 9.

⁶ Ibid at page 8

⁷ Ibid at page 36

⁸ NZ Herald (2017) 'Wage rises throw up challenges for aged-care sector' April 23

PIL considers these smaller individually operated facilities may provide attractive acquisition and development targets for PIL in the future, if, combined with PIL, the economies of scale can lift EBITDAR at those facilities.

Regulatory Compliance

Aged care facilities in New Zealand are principally regulated under the following key statutes:

- Health and Disability Services (Safety) Act 2001 (**HDSS Act**);
- The Retirement Villages Act 2003 (**Retirement Villages Act**); and
- Food Act 2014 (**Food Act**).

The HDSS Act

The purpose of this Act is to:

- Promote the safe provision of health and disability services;
- Enable consistent and reasonable standards for providing such services;
- Encourage providers to take responsibility for providing such services safely to the public; and
- Encourage the providers of health and disability services to improve continuously the quality of those services.

Under the HDSS Act, all rest home and aged care facilities are required to be certified and audited to ensure that the facilities provide safe and appropriate care for residents and meet the standards set out in the HDSS Act.

The existing Facilities each comply with the statutory requirements and are all certified health providers under the HDSS Act. A current notice of certification is held by the respective Company that operates the relevant facility. To maintain certification, the Facilities each need to pass certification audits that are conducted against the Health and Disability Services Standards under the HDSS Act. Each of the Facilities is audited by The DAA Group Limited who are approved by the Ministry of Health to conduct such audits. Certification audits are carried out every 1 to 4 years, before the expiry of a facility's current notice of certification. Spot audits may also be undertaken from time to time. The length of certification is dependent on the results of the audits and the attainment levels achieved. Aged care providers that achieve higher attainment levels will inherently receive a longer certification period.

The following table summarises the audit results of each of the Facilities:

Facility	Date	Years of Certification	Partial attainments ⁹	End date of current certificate
Ranfurly Residential Care Centre	24 September 2018	Three (3) years	3	2 December 2021
Nelson Residential Care Centre	29 October 2019	Three (3) years	4	27 February 2021
Eileen Mary Age Care Centre	6 June 2018	Four (4) years	1	14 August 2022

The matters causing partial attainments were not considered material and have subsequently been addressed. Ranfurly recently had a spot audit and passed with no partial attainments.

It is critical that the Facilities maintain their certifications given that approximately 65% of revenue comes from the Government and requires these certifications. Currently the Facilities operate to high service standards, each obtaining high attainment levels in their last audits, receiving either a 3 year or 4 year certification period. PIL intends to maintain these standards, particularly by retaining key personnel at each Facility. For example, employee share incentive schemes are intended (and are discussed in detail in the Notice of Meeting).

The Aldwins Facility does not have current certification as business operations have not yet commenced. PIL will operate the Aldwins Facility in compliance with the standards of the HDSS Act and will seek certification following Completion. The certification process will involve making an application for certification under the HDSS Act. As part of the application, Aldwins House Limited will need to select an auditing agency that has been designated by the Director-General of Health to audit the rest home care and hospital services to be provided by the Aldwins Facility. Following the audit, the Ministry of Health will then make an assessment within 20 working days as to whether the rest home and hospital services provided meet the requirements of the HDSS Act, taking into account the application and the audit report.

PIL is confident that the Aldwins Facility will be certified. Preliminary discussions with the DHB have been positive, with the DHB welcoming the additional capacity Aldwins House will bring to the area. PIL intends to draw upon the industry experience and expertise from the members of the board and senior management team (discussed further below at page 31, Directors and Senior Managers) in order to meet the compliance requirements and ensure that the Aldwins Facility meets the highest standard of service practices. In order to ensure that the Aldwins Facility meets the relevant standards and requirements of the HDSS Act, PIL also intends to leverage the policies and standards of the other Facilities to build a foundation for the services and care to be provided by the Aldwins Facility.

⁹ Partial attainments indicate where meeting a relevant standard or criteria has been partially attained. It does not represent a failure against that standard or criteria but represents where a facility requires improvement.

To obtain and maintain certification under the HDSS Act, ongoing audits are required to be carried out on all aged care providers to ensure that they can demonstrate that their service complies with all relevant approved standards.

As a result of the introduction of the HDSS Act, a number of older facilities have been unable to meet the standards to comply with audit requirements and become certified and, as a result, have ceased operations. Many religious and welfare organisations that operate aged care facilities are assumed to be finding it increasingly difficult to operate profitably, particularly where their facilities require significant refurbishment to comply with both certification and market requirements. PIL will test these assumptions in Christchurch once Aldwins House is certified with a view to growing its occupancy in the short term.

The Retirement Villages Act

This Act sets out obligations of retirement village operations, in addition to the HDSS Act, and the rights of residents. To evidence compliance with the requirements of the Retirement Villages Act, all aged care providers that offer independent living in the form of ORAs must be registered on the public Retirement Villages Register. Registration must be accompanied by the specific documents and information required to be disclosed publicly under this Act, including a disclosure document that contains the prescribed information about the retirement village, its policies and residents' rights, and the form of the ORA offered to residents. Any changes to the documents or information must be notified and uploaded to the Register.

Currently, only the Ranfurly Residential Care Centre and the Eileen Mary Residential Care Centre include retirement village operations by offering independent living through ORAs. Both of these facilities are registered on the Retirement Villages Register and up to date information and documents are maintained on the Register.

The Aldwins Facility is not required to comply with the Retirement Villages Act as the facility will not include independent living.

The Food Act

All businesses that trade in food are subject to the requirements of the Food Act and the supplementary Food Regulations 2015. This Act classifies food sections into 3 risk based classes which are each subject to different requirements. Rest homes and hospitals are classified as high level or risk to public health and must operate under a food control plan. A food control plan is a document that sets out what a business needs to do to make safe and suitable food. All food control plans must be registered with the appropriate authority and made available on a public register that is maintained by the Ministry of Primary Industries.

Each of the existing Facilities has registered a current food control plan with the relevant authority – Nelson Residential Care Centre and Ranfurly Residential Care Centre with the Manawatu District Council and the Eileen Mary Residential Care Centre with the Tararua District Council.

The Aldwins Facility will also need to establish and register a food control plan with the relevant authority before the commencement of business operations.

Funding Aged Care

Aged care in New Zealand is subsidised, either fully or partially, by the government with any balance funded privately. The ratio of government to privately funded aged care is approximately 63% and 37% but can vary depending on the level of care, assistance required and the higher standard of accommodation¹⁰. For example, families of residents may cover the cost of more intensive levels of care which they are unable to provide themselves within the resident's home.

Government funding for residential care in New Zealand is provided by local DHBs and is provided to aged care providers that are certified under the HDSS Act. DHBs enter into contracts with aged care providers for the provision of long-term residential care to residents that are eligible for government funding.

Each certified Facility has a contract in place with the relevant DHB and is able to accept residents who are either privately funded or funded by the government through the residential-care subsidy.

Market Size

The information in this section was provided by the Aged Care Association and can be viewed in a report on its website (www.nzaca.org.nz).

The market size for aged care facilities is represented by people in New Zealand who require aged care, in particular those over the age of 75 years. PIL estimates that 12% of people over the age of 75 will require aged care in any one year.

In 2018 there were approximately 303,000 people in New Zealand aged 75 or over¹¹ which indicates that 36,360 of those people required aged residential care. That number is expected to increase significantly due to the aging of the baby boom generation (born between 1946 and 1964) of whom are expected to reach the age of 75 between 2021 and 2039. Statistics New Zealand Tauranga Aotearoa's national population projection provides that by the year 2035, it is estimated that there will be approximately 650,000 people over the age of 75 in New Zealand¹² and this is expected to increase to over 1,200,000 in the year 2068¹³. Assuming that 12% of those people will require aged care, 78,000 aged care beds will be required in 2035 and 144,000 aged care beds will be required in 2068.

¹⁰ Source: EY Aged Residential Care Funding Model Review dated August 2019, section 4.2.2, page 93

¹¹ Statistics New Zealand Tauranga Aotearoa (2018) *Age and sex of people in New Zealand*, 2018 Census

¹² Statistics New Zealand Tauranga Aotearoa (2018) *National population projections, by age and sex*, 2016(base)-2068

¹³ A projection over this amount of time carries inherent risk and a number of factors may arise to alter this projection (for example, COVID-19, which may greatly impact on elderly mortality rates), however the Board is of the opinion that this information projection provides valuable context into the market for aged care facilities.

Currently there are only 38,621 aged care beds available across all aged care providers in New Zealand, including those provided by both the public and private sectors. Between 2018 and 2040 the expected increase in the older population indicates strong demand for aged residential care beds of up to 3,000 additional residents per annum.

The public sector services does not fund the capital cost of aged care facilities but does subsidise residential care costs for some residents. The charitable and private sectors will need to provide the additional aged residential care beds in order to meet demand. The capital expenditure required will be significant and it is likely only the private sector will be able to secure the necessary capital.

PIL's Growth Strategy

PIL has identified a number of opportunities for growth in the aged care sector. With demand for aged care services in New Zealand growing, PIL intends to meet this demand by increasing its capacity to provide aged care services. PIL intends to focus initially on establishing the Aldwins Facility and developing the existing Facilities. PIL will then look to identify other suitable acquisitions or development opportunities in New Zealand, particularly in regional areas. PIL will also consider opportunities in metropolitan areas if they fit with the primary growth goals.

PIL intends to fund any acquisition or development by issuing equity and taking on a limited level of additional debt.

PIL considers that the aspects of its business that drive its financial performance, together with the key strategies and plans to grow the earnings of the business, can be summarised as follows:

- Establishment of the Aldwins Facility;
- Development of the existing Facilities, in particular the Ranfurly Residential Care Centre;
- Acquisition and development of other aged care facilities, in New Zealand; and
- Enhancing the range of services offered in existing facilities to enable higher fee income

Establishment of Aldwins Facility

Following Completion of the Proposed Transaction, PIL will focus on opening the Aldwins Facility to residents. The Aldwins Facility is expected to be operational from mid-2020, subject to the completion of the final works, Code Compliance Certificates being issued and Ministry of Health certification being obtained.

PIL will be required to expend minimal resources and costs in the set-up of the Aldwins Facility as the landlord is funding the establishment costs pursuant to the terms of the Aldwins Lease.

The Aldwins Lease also allows PIL a six-month rent-free period to allow time for the Aldwins Facility to be opened.

The last milestone to commencing operations of the Aldwins Facility will be to obtain Ministry of Health certification (as described above at page 23, Regulatory Compliance) in order to provide rest home and hospital services.

Once certification has been obtained, PIL will then focus on growing occupancy (which will directly grow revenue). PIL's due diligence and market research for Aldwins Facility causes the Board to believe:

- There are a number of older aged care facilities in the area that are less attractive for residents (for example, rooms without ensuites, tired décor, limited facilities, or need for earthquake strengthening);
- Increasing demand in the Christchurch urban area with an aging demographic; and
- DHB needs for more capacity for non-acute care due to high demand on the public health system;

Accordingly, the Board is optimistic that there will be strong demand for a newly refurbished, substantial facility such as Aldwins House and that with focussed sales and marketing efforts, occupancy can be grown in the short term.

Development of existing Facilities

The development and expansion of existing facilities will allow PIL to accommodate more residents and increase revenue. Two out of the three existing Facilities have spare land that will allow PIL to add either to the existing buildings on the land or build entirely new facilities separate from the existing buildings. The development of existing facilities will enable PIL to accommodate additional residents and increase revenue.

Ranfurly Development

PIL's first development project will be the development of the Ranfurly Residential Care Centre in Feilding (**Ranfurly Development**).

The Ranfurly Residential Care Centre is the largest aged care provider in Feilding, the next largest provider in Feilding being an 80 bed facility. PIL intends to maintain this local market position by purchasing a completed development of ORA units on the bare land adjoining the Ranfurly Residential Care Centre. Given the relatively high proportion of elderly population in Feilding in comparison to the national average (10.8% of people being over the age of 75 compared to the national average of 6.4%), the demand for aged care services is expected to grow.

As part of the Purchase Agreement, Mr Brankin's related company, Design Care Limited, has agreed to fund and manage the Ranfurly Development. A separate purchase price of

\$14,180,000 has been agreed for the Ranfurly Development and this price assumes that the development has been completed and was calculated based on the aggregate agreed value for the first ORA sale proceeds of each newly built unit. At Completion PIL will acquire title to the land and the purchase price of \$14,180,000 will be an interest free loan repayable to Brankin Family Trust.

PIL is only liable to repay the loan from the proceeds of the first ORA sold for each new unit. If the arrangement is terminated or not completed in seven years, the purchase price and corresponding loan will be reduced to reflect ORA net proceeds received for completed units. PIL will reimburse Design Care Limited for direct construction costs for partially completed units and for the land value in respect of any units where no construction has commenced. The price of the land for each unit has been agreed as part of the purchase price.

The proceeds of the second and all subsequent ORAs for any unit will be for the benefit of PIL.

The plans for the Ranfurly Development provide for 32 new external units and 10 new internal units to be constructed. One existing unit will be removed to connect the ten new internal units to the existing Ranfurly Residential Care Centre. The Ranfurly Development is intended to be undertaken in three stages: stage 1 consists of ten external units and ten internal units, stage 2 consists of ten external units and stage 3 consists of twelve external units. However, the stages of the Ranfurly Development will be undertaken to meet demand for the units and may be pursued more slowly or more aggressively based on such demand.

Resource and building consents have already been granted for the Ranfurly Development. PIL expects the development to begin in late 2020 and will work towards completing the Ranfurly Development within seven years from Completion. All units will be offered to the market under ORAs. At present, Ranfurly Residential Care Centre has insufficient units available to meet demand for ORAs.

The Ranfurly Development requires no new capital expenditure by PIL – loan repayments to Design Care Limited are only due from ORA sales in all circumstances. Design Care Limited is also assuming the material risks associated with a property development. The Ranfurly Development should provide long-term financial benefits to PIL, being, the benefit of ORA proceeds from each subsequent sale of a new unit and the increased capital value of what is currently bare land.

New Zealand market acquisitions

PIL believes there are further growth opportunities through the acquisition of other aged care facilities, particularly in provincial New Zealand which tend to not be a focus for other corporate operators.

The majority of corporate operators are focusing on developing facilities in metropolitan areas (for example Auckland, Tauranga and Queenstown) and expansion into Australia. Many aged care providers in non-urban areas in New Zealand are smaller individual operators. These operators often lack the scale to afford increasing levels of compliance or access the

capital required to meet market requirements. PIL sees the potential exit of small aged care operators as an opportunity for PIL to construct or acquire new facilities in areas where strong market demand exists.

PIL will pursue these acquisition opportunities based on quality, geographic and cultural fit, demand for services, growth potential and contribution to PIL's profitability. Once the initial growth strategies of the Ranfurly Development and Aldwins House are underway, this strategy will become more of a focal point.

PIL expects additional lending will be required to fund acquisitions and expects that it would be generally able to debt fund at least 50% of the purchase price of new acquisitions. The balance would be funded through any combination of:

- PIL raising new capital;
- PIL equity forming part of the purchase price; and
- PIL's cashflows from its own operations.

Service offering

PIL will keep under review the range of services offered at each Facility and look to transition the mix of beds towards higher levels of care and revenue (hospital and dementia) if there is local demand. For example, only Ranfurly Residential Care Centre offers dementia care and PIL may look to add dementia care services to the other facilities in the future if there is demand.

The provision of additional services can also provide new income streams for existing facilities without the need to incur substantial establishment costs. Certain services are not funded by the Government (for example transport or activities) however there may be a market among residents to privately pay for additional services.

Previous Insolvency, Convictions and Other Proceedings




PIL is currently subject to a prosecution by the Ministry of Health for alleged breaches of the Medicines Act 1981 in relation to the Arthrem dietary supplement. In these charges, the Ministry alleges that PIL has sold an unlicensed medicine and that certain advertising by the company is in breach of the Medicines Act.

The Ministry of Health prosecution is limited to the Arthrem supplement and will not have any material impact on the Proposed Transaction or PIL's operations of the Facilities following Completion. PIL is still waiting for a hearing date in the District Court trial where it will contest charges that it breached the Medicines Act. The maximum fine for these offences is \$100,000 per offence but recent fines have been in the order of \$1,000 per offence.

Directors and Senior Managers

Directors

The current directors of PIL, Stephen Underwood, Thomas Brankin, Duncan Priest and Helen Down, will remain directors. It is intended that following Completion the composition of the Board will be reviewed

Mr Stephen Underwood Independent Chairman and Non-Executive Director BCA LLB (VUW)	
	<p>Stephen Underwood was first appointed a director of PIL in 2005. He holds a number of directorships in private companies.</p> <p>Mr Underwood's background is in business and management consulting and has extensive experience with venture capital investment.</p>
Mr Thomas Brankin Non-Executive Director Dip Agriculture & Dip Farm Management (Lincoln)	
	<p>Thomas Brankin joined PIL as a director in 2018. He is a New Plymouth based businessman with an extensive background in the management, ownership and development of aged care facilities.</p> <p>Thomas has owned and operated the Brankin Facilities since 1998. He brings to the Board not only a wealth of experience in the management of aged care facilities, but also critical knowledge about the operation of the Brankin Facilities.</p>
Mr M.D. Priest Independent Non-Executive Director	
	<p>Duncan Priest is an experienced New Zealand director.</p> <p>Duncan has a long association with the New Zealand capital markets, equity financing and investment banking. He has considerable experience in capital raising in both retail and wholesale markets</p>

Ms H. Down
Independent Non-Executive Director
BCA (VUW) FCIM



Helen Down is a well-known Wellington-based subject matter expert in both marketing and governance.

Helen specialises in supporting the growth of innovative and exciting small and medium sized businesses, especially across the STEMM sectors.

Helen is currently Chief Executive Officer of Hutt Valley Chamber of Commerce.

Senior Management

PIL's senior management team will comprise the following:

Mr Rene de Wit
MSc Chem/MBA (Otago)
Chief Executive Officer

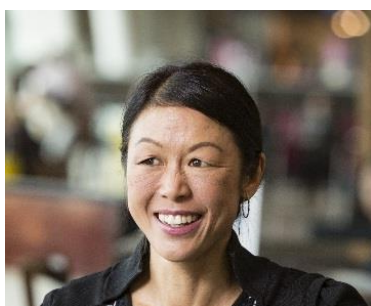


Rene de Wit joined PIL in October 2017.

Rene has 25 years of experience in fast moving consumer goods (FMCG), food manufacturing, printing, packaging, import/export, financial services and logistics.

He has worked extensively in corporate and privately owned businesses, including his own. Mr. de Wit also maintains a very strong science background having worked in the health supplement sector.

Sarah Wah
Finance Manager
BBS, CA



Sarah Wah is a Chartered Accountant with a broad range of financial skills attained across a wide range of public, private and not for profit organisations.

She brings over 20 years of finance experience gained within health, chemicals, corporate travel and consulting sectors.

Virginia Dyall-Kalidas
General Manager
RCpN, BN, MN (Hons)



Virginia Dyall-Kalidas is an experienced manager with over 25 years' experience in the health sector. She has been the General Manager of each of the Brankin Facilities for nearly 5 years and will continue this role with PIL.

Virginia started her career as an enrolled nurse, and become a qualified auditor in mental health, community health, Maori health and aged care services. She has held management positions in the public, corporate and private sectors. She is a very experienced facility manager and held a position as Clinical Quality and Risk Manager for the Lower North Island at MetlifeCare prior to becoming General Manager with the Brankin Facilities.

Substantial Shareholders

Current substantial shareholders

As at 15 May 2020 the following shareholder held a relevant interest in 5% or more of the Shares in PIL.

Name	Legal ownership or other nature of the interest	Number of Shares held	% of Shares held
T.D Brankin & M.J Kirwin Lay	Registered holder and beneficial owner	1,103,804,210	51.3%

Substantial shareholders immediately after Completion

The following persons are likely to have a relevant interest in 5% or more of the Shares in PIL immediately following Completion of the Proposed Transaction.

The date used to determine the particulars set out in the table below is 15 May 2020. The assumptions on which the particulars in the table below are calculated are as follows:

- The number of Shares on issue immediately prior to the issue of the New Shares is 2,151,797,451;
- Following the issue of the New Shares, the total number Shares on issue at Completion shall be 16,151,797,451. This assumes that 6 billion Shares are issued under the private placements in addition to the 8 billion consideration Shares to the Brankin Family Trust; and
- No minority buy-out rights under the Companies Act 1993 are exercised.

Name	Legal ownership or other nature of the interest	Number of Shares held	% of Shares held
Thomas David Brankin and Michael John Kirwin Lay as trustees of the Brankin Family Trust	Registered holder	9,103,804,210	56.36%

Ian Bracken Cassels (or nominee) has signed a subscription agreement for 1.7 billion Shares for an issue price of \$0.001 per Share. Settlement of the subscription agreement is due to occur on 15 July 2020. Mr. Cassels is a director and shareholder of Teltower Limited which owns the Aldwins Property. If PIL exercises the Aldwins Option it may issue 4 billion Shares to Teltower Limited as part of the purchase price. This may cause Mr. Cassels to become a substantial shareholder of PIL in the next 12 months.

Shareholdings held by Directors and Senior Managers

The following Directors and Senior Managers are likely to have a relevant interest in the following Shares in PIL immediately following completion of the Proposed Transaction. The percentages expressed in this table use the same assumptions described above in respect of substantial shareholders.

Interest Holder	Legal ownership or other nature of the interest	Prior to the Proposed Transaction		Immediately after the Proposed Transaction	
		Number of Shares	% of Shares	Number of Shares	% of Shares
Thomas Brankin	Joint registered holder with Michael John Kirwan Lay (as trustees of the Brankin Family Trust).	1,103,804,210	51.29%	9,103,804,210	56.36%
Stephen Underwood	Registered holder and beneficial owner.	72,089,798	3.35%	72,089,798	0.45%
Rene de Wit	Registered holder and beneficial owner.	2,000,000	0.09%	2,000,000	0.01%
Duncan Priest	Registered holder and beneficial owner.	26,836,315	1.25%	26,836,315	0.17%
Helen Down	Registered holder and beneficial owner.	500,000	0.02%	500,000	0.003%
Total		1,207,531,606	56.01%	9,207,531,606	56.99%

The New Shares being issued to the Brankin Family Trust as part of the Proposed Transaction will be subject to restrictions. The Brankin Family Trust has agreed to enter into a restricted security deed on the following terms:

- The restricted security deed will place the restrictions described below on (**Restricted Periods**):
 - 100% of the New Shares within 6 months from Completion;
 - 75% of the New Shares within 12 months from Completion;
 - 50% of the New Shares within 18 months from Completion; and
 - 25% of the New Shares within 24 months from Completion.
- During the Restricted Periods, the Brankin Family Trust is prohibited from:
 - Selling, transferring, assigning or otherwise disposing of, or offer or agree to sell, transfer, assign or otherwise dispose of their right and title to, and beneficial interest in the New Shares otherwise than by way of granting a security interest in favour of any bona fide lender to the Brankin Family Trust; or
 - Do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the New Shares during the Restricted Periods otherwise than pursuant to the enforcement of any loan and/or security interest granted to a bona fide lender to the Brankin Family Trust.

The New Shares being issued under the Proposed Transaction to persons other than the Brankin Family Trust are not subject to any lock-up or escrow arrangements. Therefore, those persons are free to sell or otherwise dispose of the New Shares at any time they wish.

The New Shares being issued to Mr. Stephen Underwood are part of an unpaid share plan further described as the Director Share Scheme in the Notice of Meeting at page 20. The terms of the Director Share Scheme are as follows:

- up to 150,000,000 (150 million) unpaid Shares will be issued to Promisia Trustee Limited on Completion for the issue price of \$0.001 per Share. Promisia Trustee Limited is a wholly owned subsidiary of PIL and will hold the unpaid Shares on trust for Mr Underwood.
- Shares will be vested in Mr Underwood over a two year period from Completion to provide an incentive and retention arrangement that is appropriate in the circumstances. While the unpaid Shares remain unpaid, they will confer no voting rights. PIL holds a lien over the unpaid Shares until they are vested and fully paid.
- Upon the unpaid Shares being fully paid-up, Promisia Trustee Limited will transfer legal title to the relevant fully paid ordinary Shares to Mr Underwood.

In addition, an unpaid employee share plan is intended to be established following completion. It is intended that Senior Managers (but not directors) will participate in that plan. The terms of the Plan are described in the Notice of Meeting and when decisions are made by the Board to allocate shares under the plan, the allocations to Senior Managers will be disclosed to the market.

Interests of the Directors and Senior Management

Directors' remuneration and other benefits

The table below sets out the total of the remuneration and the value of other benefits received by each Director in respect of PIL during FY2019 or any other member of PIL's group during FY2019.

Directors	Directors' fees received for FY2019 (\$)	Other benefit received for FY2019 (\$)
Stephen Underwood	48,000	
Thomas Brankin	14,000	
Duncan Priest	14,000	
Helen Down	15,000	8,875

The fees payable to the Directors during FY2020 by PIL will differ from the above.

At the Shareholder Meeting, PIL's shareholders will be asked to approve an increase in the total pool available for director fees from a maximum aggregate amount of \$100,000 per annum to \$200,000 per annum payable to all directors of PIL taken together. If the shareholders of PIL approve the new pool of director fees, the increased amount will take effect from the first day of the month following the month in which completion of the Proposed Transaction occurs.

The Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with PIL's business.

Mr. Thomas Brankin is currently the sole director of the Brankin Companies and the aggregate director's remuneration received by Mr. Brankin during the Brankin Companies' financial year ended 31 March 2019 was \$120,000.

Employee remuneration and other benefits

The number of employees of PIL (not being directors) who received remuneration and other benefits in FY2019 in their capacity as employees that in value was or exceeded \$100,000 per annum was as follows:

Remuneration	No. of Employees
\$220,000 – \$229,999	1

Two employees employed by the Brankin Companies received remuneration or any other benefits in the Brankin Companies that in value was or exceeded \$100,000 per annum in the most recent financial year ended 31 March 2019.

With effect from Completion of the Proposed Transaction, PIL will acquire a number of new employees and it is expected the number of employees of PIL (not being directors) who will receive remuneration and other benefits, from Completion until the end of FY2020, in their capacity as employees that in value will be or exceed \$100,000 per annum will be as follows:

Remuneration	No. of Employees
\$120,000 – \$129,999	2
\$220,000 – \$229,999	1

Material interests in PIL

Following Completion of the Proposed Transaction, each of the Directors and Rene de Wit will have an interest in Shares in PIL, details of which are set out above under the heading “*Shareholdings Held by Directors and Senior Managers.*”

PIL has granted indemnities, as permitted by the Companies Act, in favour of each of its directors. PIL also maintains insurance for its directors and officers.

Other material governance disclosures

At the Shareholder Meeting, PIL’s shareholders will be asked to approve the adoption of the Proposed Constitution.

Under both PIL’s current constitution and the Proposed Constitution, the Board has the power to appoint additional directors to the Board from time to time. The Board will use this power to appoint new directors if necessary after Completion of the Proposed Transaction. Any director appointed by the Board must retire and seek re-appointment at PIL’s next annual general meeting in accordance with the Listing Rules and the Proposed Constitution.

PIL operates in accordance with the NZX Corporate Governance Code and copies of its policies and deviations from the Code can be revised on its website.

2. KEY FEATURES OF PROMISIA'S SHARES

Shares

From Completion, PIL will have a single class of ordinary shares on issue. Those shares confer equal rights and rank equally in all respects. To the extent a share is paid up, it confers:

- a vote on a poll at a shareholders meeting;
- an equal right to share in any distributions declared from time to time; and
- an equal right to share in the surplus assets of PIL on winding up.

New Shares issued under the Proposed Transaction

All New Shares issued under the Proposed Transaction will be fully paid ordinary shares in PIL which rank equally with each other and all other ordinary shares in PIL on issue.

The principal terms of the New Shares to be issued under the Proposed Transaction are identical to those of the ordinary shares in PIL on issue as at the date of this Profile.

PIL's dividend policy from Completion

The Directors have no plans for PIL to pay dividends for FY2021. Any immediate profits generated by PIL will be applied towards reducing debt or reinvested to fund the growth strategies outlined earlier in this Profile. If this strategy is successful, shareholders may benefit from an increase in the price of the Shares.

The Directors intend to adopt a dividend policy of paying 50% of net profit after tax less repayment of bank debt. Subject to business performance and capital requirements, the Directors current intention is to declare the first dividend for FY2022. The current view of the Board is that debt should be at 50% of asset value before dividends can be considered.

Despite the intentions set out above, PIL can give no guarantees or assurances as to when PIL will be in a position to pay dividends to shareholders, the level or frequency of any dividend (or other distributions, if any) payable, or the level of imputation credits, if any, attached to any dividends.

Any changes to PIL's dividend policy will be announced to shareholders on NZX's website (www.nzx.com).

If a dividend is declared, PIL must comply with the solvency test under the Companies Act. Dividends may also be subject to covenants agreed in the Bank Facilities.

3. PIL'S FINANCIAL INFORMATION

Introduction

The information in this section provides key financial information about PIL. Full financial statements are available on the PIL website at:

https://www.promisia.com/index.php?option=com_docman&view=list&slug=aged-care-transaction-documents&Itemid=159&layout=default.

If you do not understand this financial information, you should seek advice from a financial adviser or an accountant.

No prospective financial information

There is no prospective financial information (PFI) in this Profile. The Board has, following careful consideration and after due enquiry, concluded that the provision of PFI for accounting periods subsequent to 31 March 2020, may be misleading for potential investors with regard to particulars that are material to the Proposed Transaction. The Directors believe that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements.

The Board's reasons for this opinion are as follows:

- The uncertainty of the economic and financial environment associated with the COVID-19 pandemic renders any forecasts unreliable. Please see the risks and key information summary sections of this Profile and specifically the risk in respect of COVID-19.
- PIL's immediate growth strategy includes the establishment of the Aldwins Facility. On the commencement of businesses operations, PIL will start to incur operational expenses as it seeks to attract residents. While PIL considers there will be resident demand for Aldwins House, there is uncertainty (including from COVID-19) as to how soon the facility may be populated;
- PIL's key growth strategy also includes the acquisition and development of other aged care facilities in New Zealand. These acquisitions will not only create transaction costs but will also incorporate the financial positions of newly acquired businesses into the group structure which would substantially alter the PFI.

Given the inability to reliably determine reasonable assumptions for the periods that would be covered by the PFI, the Board is of the view that prospective financial statements may be misleading for potential investors in a material manner because actual operating revenue or expenditure for that period could be materially different from that forecast.

Pro Forma Historical Financial Information

Pro forma historical financial information has been derived from the historical financial information referred to below, reconciled to GAAP and adjusted for structural changes and non-recurring adjustments:

- Historical financial information comprises the aggregation of the financial reporting information for each of the Brankin Companies (or where applicable, their predecessor entities) for the relevant periods prior to acquisition, as if each of those companies were controlled by PIL for all of the relevant historical periods.
- For the purposes of the pro forma historical financial information it is assumed that PIL has no revenue, no earnings and no net assets, consistent with it being a shelf company.
- Adjustments for structural changes in the business include:
 - Removing any business units not included in the Proposed Transaction;
 - Replacing costs associated with the pre-Proposed Transaction operating structure (including net interest expense and amortization) with an estimated public company operating cost structure (including an estimated annual amortization charge reflecting the assumed acquired intangible assets and an estimated interest expense reflecting the assumed debt structure immediately post Completion);
 - Removing any goodwill, brand and customer contract values for each of the Brankin Companies, replacing these with the goodwill, brand value and customer contract value assumed to be recognized on Completion;
 - Removing any external borrowings and cash balances for each of the Brankin Companies, replacing these with the assumed debt structure immediately following Completion; and
 - Excluding one-off consulting, legal and accounting fees as well as gains and losses on disposal of fixed assets incurred by the Brankin Companies.

Further details on these adjustments and GAAP reconciliations are included in the Supplementary Financial Information.

Historical financial information for Eileen Mary Age Care Property Limited and Ranfurly Manor No: 1 Limited for FY2018, FY2019 and FY2020 comprises of the full audited accounts for each year.

Historical financial information for Design Care Group Limited, Eileen Mary Holdings Limited (previously Eileen Mary Age Care Limited) and Ranfurly Manor Holdings Limited (previously Ranfurly Manor Limited) comprises of unaudited accounts for FY2018, FY2019 and FY2020. These companies are the predecessor entities to Ranfurly Manor Limited, Eileen Mary Age

Care Limited and Nelson Street Resthome Limited as they held relevant business assets until they were transferred to the Brankin Companies following signing of the Purchase Agreement under the Restructure.

Historical financial information for Aldwins House Limited comprises of unaudited special purpose financial statements for the period ended 31 March 2020.

Audited accounts are only available for Eileen Mary Age Care Property Limited and Ranfurly Manor No: 1 Limited as they are required to be audited under the Retirement Villages Act 2003 and the other entities had no legal obligation to be audited. The value of the assets held by the two audited entities represents approximately 90% of the value of all of the Brankin Companies.

Ranfurly Manor Limited, Eileen Mary Age Care Limited, Nelson Street Resthome Limited and Aldwins House Limited are newly incorporated entities and do not have any actual trading history. They will acquire their respective businesses (as described on page 13 of this Profile) immediately prior to Completion under the Restructure.

Historical financial information for PIL comprises of audited accounts for FY2018 and FY2019. All historical financial information is available on PIL's website.

The balance date for each of the Brankin Companies is 31 March. Following Completion, the Brankin Companies will change their balance dates to 31 December to align with PIL. PIL will then produce audited, consolidated six-month accounts to 30 June 2020. Following release of those accounts, the group will change its balance date to 31 March.

Business combination

The Proposed Transaction for accounting purposes constitutes a business combination under common control. This is outside the scope of IFRS 3.

Further details are available in the Supplementary Financial Information on PIL's website.

Financial Reporting Standards

Recently there has been several changes in financial reporting standards. The most significant of which is NZ IFRS (Leases) which has replaced NZ IAS 17 (Leases). IFRS 16 applies to financial periods beginning on or after 1 January 2019.

PIL has adopted IFRS 16 and no material adjustments were required to be made in the audited accounts for PIL for the year ended 31 December 2019.

PIL has also reviewed the accounting policies of each of the Brankin Companies. These were consistent with PIL's current accounting policies.

Selected Financial Information

Financial year ended 31 March	Pro forma	Pro forma	Pro forma
NZD\$'000	Year ended 31 March 18 Historical	Year ended 31 March 19 Historical	Year ended 31 March 20 Historical
Revenue	13,242	12,149	13,012
EBITDA	2,845	1,322	1,335
Net Profit (Loss) after tax	1,389	(224)	(238)
Dividends on all securities of PIL	Nil	Nil	Nil
Total assets	48,767	48,139	54,048
Cash and cash equivalents	NM	(799)	(770)
Total liabilities	26,628	25,577	35,686
Total debt	16,820	16,447	11,579
Net cashflow from operating activities	NM	1,087	1,204

*NM means non-material

Notes to table:

- 1 Pro forma historical financial information has been sourced from audited and unaudited financial statements and management reports that are available on PIL's website. Details of consolidation and other pro forma adjustments can be found in the Supplementary Financial Information.
- 2 EBITDA refers to earnings before interest, tax, depreciation and amortisation. EBITDA and pro forma EBITDA are non-GAAP profit measures. PIL considers that pro forma EBITDA, which normalises performance for certain structural changes within the business and removes the impact of a number of non-recurring items, allows for a better comparison of operating performance over the historical period and for comparison with that of other companies. However, caution should be exercised as other companies may calculate EBITDA and pro forma EBITDA differently. Reconciliations between pro forma EBITDA and GAAP profit measures are contained within the Supplementary Financial Information.
- 3 NPAT refers to net profit after tax. Pro forma NPAT is a non-GAAP measure. Reconciliations between pro forma NPAT and GAAP profit measures are contained within the Supplementary Financial Information.
- 4 The dividends declared by the Brankin Companies on a stand-alone basis have been normalised out for the purposes of the pro forma financial information. Refer to Section 2 (Key features of PILs Shares) for further details of the expected dividends following Completion.
- 5 Current and non-current trade and other receivables make up 0.4% (2019: 1.8%) of total assets as at 31 March 2020, while property, plant and equipment make up approximately 99% (2019: 89%) of total assets at 31 March 2020. Intangible assets make up approximately 1.14% (2019: 1.27%) of total assets at 31 March 2020.
- 6 Intangible assets consist of those recognised on the acquisition of the Brankin Companies by PIL. These intangible assets consist of brand names and intellectual

property, customer contracts and relationships such as goodwill. The balances displayed in the table above represent the assumed intangible asset balances, had the acquisition of the Brankin Companies occurred at the beginning of the relevant periods.

- 7 Current and non-current trade and other payables make up approximately 3.96% (2019: 8.14%) of total liabilities at 31 March 2020, while interest bearing debt makes up approximately 33% (2019: 64%) of total liabilities at 31 March 2019.
- 8 The debt position shown at FY2020 reflects the assumed debt position for PIL, had the acquisition of the Brankin Companies occurred at the beginning of the relevant periods.
- 9 Pro forma net cash flows from operating activities is a non-GAAP profit measure. Pro forma net cash flows from operating activities have been calculated as net cash flows from operating activities adjusted for the cash impact of the pro forma adjustments. The Supplementary Financial Information contains reconciliations between pro forma net cash flows from operating activities and GAAP profit measures.

Capitalisation Table

The figures in the table below have been calculated assuming an enterprise value for the Brankin Group of \$31,385 million.

Capitalisation Table	
NZD\$'000	
Implied PIL value (pre-acquisition)	\$2,152
Enterprise value of Brankin Companies	\$31,385
Implied enterprise value of PIL (at Completion)	\$33,536
Less debt:	\$17,700
Plus equity:	\$14,100
Implied equity value of PIL post completion	\$30,336
Number of shares on issue (millions) ¹⁴	16,151,797
Implied value per share	\$0.002

Implied enterprise value is a measure of the total value of the business of PIL, as implied by the price of the shares being offered. Implied enterprise value is the amount that a person would need to pay to acquire all of PIL's equity securities and to settle all of PIL's borrowings. It is a measure of what PIL is proposing the business of PIL as a whole is worth.

¹⁴ This number is the minimum number of shares that will be on issue at Completion. It is equal to the number of Shares currently on issue, the 8 billion New Shares to be issued to the Brankin Family Trust and the 6 billion New Shares to be issued under the Placement.

How the Brankin Companies generate revenue

The Brankin Companies generate revenue by operating and developing aged care and retirement village facilities.

Aged Care:

- **Care fees:** The Brankin Companies receive regulated care fees for occupied beds which are funded either by the Government (via DHBs) or by resident contributions. Care fees are based on the level of care provided (rest home, hospital, or dementia) and are earned per occupied bed per day.
- **Premium accommodation charges:** Additional fees are charged by the Brankin Companies for beds in some rooms with additional premium features (such as an ensuite bathroom, larger size).
- **Other care income:** Additional fees are charged by the Brankin Companies for care services such as meals or laundry provided for some retirement village residents and in relation to ancillary services provided to aged care residents (for example, hair dressing).

Retirement Villages:

- **Weekly service fees:** Weekly fees are charged to retirement village residents. These contribute to the upkeep of the retirement village.
- **Changes in fair value of investment properties:** Fair value movements in the value of investment property (including in relation to development properties under development) are recognized for financial reporting purposes under NZ IAS 40. The fair value movements reflect both realized and unrealized movements associated with the fair value of units. The Brankin Companies obtain an annual valuation of its retirement village portfolio from CBRE, an independent external valuer, as an input to the investment property valuation. CBRE undertakes valuations for all listed New Zealand aged care / retirement village operators (Ryman Healthcare, Oceania, Summerset, Metlifecare and Arvida).
- **Rental income:** The Brankin Companies receive rental income for occupied units that are not subject to an ORA. Rental units are typically units that have been bought back from outgoing residents on a targeted basis to facilitate future development projects.

Overview of Historical Financial Performance

This section provides an overview of the pro forma historical financial performance of the Brankin Companies and should be read in conjunction with the table headed *Selected Financial Information* above.

FY2019PF Financial Performance relative to FY2018PF

Between FY2018 and FY2019 the Brankin Companies pro forma revenue decreased by 8.26% to \$12,148 million which was driven by revenue from rest home, hospital, dementia beds, other fees from ORA occupants and occupancy amortisation. Other income reduced from \$504,000 to \$230,000 and the movement of fair value of the Facilities was \$1,155,000 less than 2018.

Between FY2018 and FY2019 cash revenues all increased but these increases were offset by a negative movement in fair value compared to the previous year.

FY2019PF Financial Performance relative to FY2018PF			
NZD\$'000	Year ended 31 March 18 Historical	Year ended 31 March 19 Historical	% change
Revenue			
Brankin Companies	\$13,242	\$12,148	-8.26%
EBITDA			
Brankin Companies	\$2,843	\$1,937	-31.86%

FY2020PF Financial Performance relative to FY2019PF

Between FY2019 and FY2020 the Brankin Companies pro forma revenue increased by 7.09% to \$13.01 million which was driven by increased revenue from having an increased number of rest home, hospital and dementia beds. There was no material change in other income or in the fair value of the Facilities.

FY2020PF Financial Performance relative to FY2019PF			
NZD\$'000	Year ended 31 March 19 Historical	Year ended 31 March 20 Historical	% change
Revenue			
Brankin Companies	\$12,148	\$13,010	7.09%
EBITDA			
Brankin Companies	\$1,987	\$2,351	18.28%

Supplementary Financial Information

The following additional financial information is available on the PIL website:

Historical financial information for FY2018, FY2019 and FY2020 for:

(a) Promisia Integrative Limited

- Audited financial statements for FY2018 and FY2019

(b) Eileen Mary Age Care Property Limited

- Audited financial statements for FY2018, FY2019 and FY2020.

(c) Ranfurly Manor No:1 Limited

- Audited financial statements for FY2018, FY2019 and FY2020.

(d) Design Care Group Limited

- Unaudited financial statements for FY2018, FY2019 and FY2020.

(e) Eileen Mary Holdings Limited (previously Eileen Mary Age Care Limited)

- Unaudited financial statements for FY2018, FY2019 and FY2020.

(f) Ranfurly Manor Holdings Limited (previously Ranfurly Manor Limited)

- Unaudited financial statements for FY2018, FY2019 and FY2020.

(g) Aldwins House Limited

- Unaudited special purpose financial statements for FY2020.

Supplementary Financial Information has also been prepared in accordance with FRS-42 and is available on the PIL website.

PIL's annual report for FY2019 included a disclaimed audit opinion due to PIL incurring a net loss for the year of \$2.4 million, having negative working capital and equity and being subject to litigation. These factors together meant the auditor could not form an opinion about PIL's ability to continue as a going concern.

Other Items

The principal assumptions on which the pro forma historical information in this Section 3 (*PIL's Financial Information*) have been prepared include reconciliations between:

- Information prepared in accordance with GAAP and the pro forma information presented in the table headed *Selected Financial Information* above; and
- Net profit after tax and EBITDA, the non-GAAP profit measure referred to in the table headed *Selected Financial Information* above.

4. RISKS TO PIL'S BUSINESS AND PLANS

This section sets out a description of the circumstances that the Directors are aware of that exist or are likely to arise that significantly increase the risk to PIL's financial position, financial performance or stated plans.

This section outlines the Directors' assessment of the likelihood, nature and potential magnitude of the impact of the circumstances. These risks are based on the knowledge and assessment of the Directors, as at the date of this Profile and it is possible that other risks may emerge over time.

Material Risk – COVID-19

The spread of COVID-19, its effect on the global economy and actions taken in response by governments may have a material adverse effect on PIL, its financial performance and position. PIL has taken care to ensure that each of the assumptions throughout this Listing Profile remain relevant and current in light of this global crisis.

PIL will continue to address and respond to the challenges that the pandemic presents. As the situation surrounding the pandemic continues to evolve and develop, PIL can provide no certainty as to the severity or likelihood of any unforeseen impacts arising, whether any mitigating action can be taken, or what the consequences of that action might be.

Please ensure that you make an assessment of the risks associated with PIL, including the inherent uncertainties as to the impact of COVID-19. In particular, the impact COVID-19 may have on property values is unknown at the date of this Profile and it may have a material effect on property values. The valuations for the Facilities that are referred to in this Profile pre-date COVID-19 being declared a pandemic and COVID-19 may have materially effect those valuations.

Please consider the specific COVID-19 risks to PIL set out at page 6.

Other Risks

Establishment of Aldwins Facility	
What is it?	The Aldwins Property to be used by PIL to establish the Aldwins Facility has received a CCC and is currently unoccupied. It will open once further certain construction works have been completed and certification under the HDSS Act has been obtained. On the commencement of business operations, PIL will start to incur operational expenses.
Why is it significant?	The commencement of business operations will require PIL to incur operational expenses and if the occupancy rate at the time, which determines revenue generated, is not sufficient to break even or generate a profit, PIL will be operating the Aldwins Facility at a loss. Any losses could significantly impact PIL's total cash flow, particularly if there is low occupancy for a protracted period following opening.
Assessment of the	PIL management is liaising with the local DHB to encourage referrals to the Aldwins Facility once the facility is open. The local DHB has indicated that there is demand for the facility. However uptake cannot be reliably predicted particularly given COVID-19.

likelihood, nature and potential magnitude	<p>There have been heavily reported outbreaks of COVID-19 at a number of aged care facilities in New Zealand. This may have the effect of reducing demand for aged care facilities in circumstances where potential residents have other appropriate care options (e.g. family) available.</p> <p>PIL believes that Aldwins House will be seen as an attractive facility for prospective residents given its central location in Christchurch, that it will be newly refurbished and offers private ensuites.</p>
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Demand and Occupancy Risk	
What is it?	PIL's revenue relies entirely on the occupancy rates of the aged care facilities.
Why is it significant?	<p>The occupancy rate of PIL's aged care facilities determines revenue received from residents that are either privately funded or receive government funding.</p> <p>Any reduction in occupancy and demand for aged care services will directly reduce PIL's profitability. A significant reduction in occupancy rates will have a material adverse effect on PIL's financial performance.</p> <p>The Aldwins Facility currently has no occupants. From Completion, PIL will begin to incur operational expenses at Aldwins House. Until PIL is able to lift occupancy, PIL will operate the Aldwins Facility at a loss. Any losses could significantly impact PIL's cash resources if they occur for an extended period of time.</p>
Assessment of the likelihood, nature and potential magnitude	<p>Available statistics indicate a significant increase in the aging population. A shortage of beds in aged care facilities compared with the expected number of people likely to require aged care, leads PIL to consider that the risk of declining occupation rates is low.</p> <p>PIL is aware that the government has been endorsing home based support services as a means of having elderly stay in their homes for longer and thus relieve the financial burden of aged home care. This policy has led to a slight decline in demand for retirement villages (1.1% in 5 years). However, these residents often end up in specialised care eventually, a service that is provided by each of PIL's facilities. PIL would therefore provide care for these residents at a later stage of life.</p> <p>The range of different accommodation, care and services provided by PIL's facilities also mitigates the risk of declining occupancy rates as it allows PIL to retain residents by relocating residents within its facilities as their health needs change.</p> <p>Furthermore, PIL is aware that as a result of COVID-19, the Facilities have observed a spike in occupancy to ensure that elderly receive the specialised care that they need out of the public hospitals and in a safe, certified facility.</p>

Labour Availability and Cost	
What is it?	PIL relies on skilled and qualified staffing, particularly nurses and caregivers, to care for residents in the aged care facilities. There is a shortage of skilled nurses and caregivers in the aged care sector and PIL may face strong competition in recruiting or retaining such personnel.

<p>Why is it significant?</p>	<p>The availability of skilled personnel in the aged care sector has been a long term issue. The sector is known for high turnover of staff in all areas, the key reason being low levels of remuneration. As a result the sector depends heavily on foreign workers, who can be on short term visas and therefore rely upon immigration requirements and the availability of visas.</p> <p>To attract and retain qualified workers to provide the optimum care for residents, PIL may be required to pay more than it currently does and such increases in labor costs could impact materially on PIL's financial performance as its business operations are labor intensive.</p>
<p>Assessment of the likelihood, nature and potential magnitude</p>	<p>PIL may be adversely affected if it is unable to recruit suitably qualified staff or if it loses its existing employees (who could then be difficult to replace).</p> <p>Labour costs may face upwards pressure as a result of, amongst other factors, a shortage of suitable skilled and qualified staff. A proposal under the Government's coalition deal to increase the minimum wage to \$20 an hour by 2021 will also provide further pressure on labour costs.</p> <p>PIL will attempt to off-set any increase in labour costs against fixed operational cost savings that PIL will benefit from through the expansion and development of its existing facilities. Such expansion would allow PIL to increase profitability for existing facilities and spread fixed costs across a larger scale of operations.</p> <p>Furthermore, PIL considers that the location of the existing facilities and the new facility would mitigate this risk for the reasons as follows:</p> <ol style="list-style-type: none"> 1. the existing facilities are located in provincial areas where there are fewer competitors within close proximity to these facilities and therefore fewer competing jobs available. The lower living costs in provincial areas are attractive for recruiting and retaining staff and, given the lower wage paid across all staff in the aged care sector, it would be difficult for staff to relocate to urban areas where living costs are higher; and 2. the new facility is located in central Christchurch where the supply of staff in residential care facilities is expected to be high due to the number of nearby facilities that need to close to complete earthquake strengthening works and staff from these facilities needing to find new employment. Furthermore, as Christchurch is still in the process of rebuilding after the 2010/2011 earthquakes, the population is expected to increase gradually as rebuild progresses bringing new residents that relocating to or previous residents relocating back to Christchurch. The population growth will provide PIL with recruitment opportunities. <p>There is a degree of reliance on foreign workers and a concern that these workers are on short term visas. However, Immigration New Zealand offers an easy path to residency for registered nurses in the aged care sector, as this occupation is included in the long term skills shortage list. This is a good incentive for qualified foreign employees to relocate and remain in New Zealand, thereby increasing the number of skilled employees available in the aged care sector.</p>

Changes to Key Personnel	
What is it?	PIL operates in a specialised industry and relies on key personnel with knowledge which will be integral to PIL's success in the aged care industry. If PIL is not able to retain one or more of those key personnel, it could adversely affect PIL's operations.
Why is it significant?	<p>PIL's business model depends upon a board and management team with talent and experience to drive performance and integrate and manage the Facilities into PIL's core business operations.</p> <p>PIL also relies on its ability to identify and retain key employees at each of the Facilities and to execute PIL's strategies at a business level under the guidance of PIL's management team.</p> <p>To this end, a number of individuals have been identified as key personnel. Loss of their input may have a substantial adverse impact on the operation of the Facilities, existing commercial relationships and the integration and ongoing operation of PIL. Key personnel includes Mr. Tom Brankin who holds a wealth of industry experience and knowledge, and will be vital to the immediate success of PIL.</p>
Assessment of the likelihood, nature and potential magnitude	<p>As part of the Proposed Transaction, the existing owner of the Facilities will maintain a key directorship role in PIL and will own Shares in PIL to ensure their interests are aligned. Shares being issued to the Brankin Family Trust will be subject to escrow as part of Mr. Brankin's long term investment into the success of PIL (details of the escrow are discussed above at page 35).</p> <p>PIL is confident that it can retain existing key personnel, but will position itself to identify qualified personnel should the need to replace staff arise. At a Board level, PIL is actively looking for potential Board members with retirement sector and/or property experience.</p>

Regulatory Risk	
What is it?	The aged care sector is subject to high regulation and any changes to legislation or a review of requisite standards may impact materially on PIL's operations and the entire aged care sector.
Why is it significant?	<p>In order to continue operating the Facilities, PIL is required to comply with the legislation that regulates the aged care sector. The aged care sector is predominately regulated by the following legislation:</p> <ul style="list-style-type: none"> • The Health and Disability Services (Safety) Act 2001; and • Retirement Villages Act 2003; <p>The legislation currently specifies strict standards and requirements that aged care providers must meet in order to obtain certification and accreditation to continue business operations. The certification and accreditation process involves an audit of each aged care facility to ensure it meets the requisite standard and identifies any issues that need to be remedied.</p>

	<p>Increasing regulation has made it difficult for aged care facilities to operate profitably and any additional regulations that would require PIL to incur additional costs to ensure compliance or implement new procedures or hire more personnel have the potential to diminish PIL's profits.</p> <p>If any of the aged care facilities do not comply with any new standard, it could lose its certification and accreditation, which would disqualify PIL from operating that aged care facility.</p>
Assessment of the likelihood, nature and potential magnitude	<p>Given the uncertainty with any legislative changes and the potential costs involved with complying with any changes, the magnitude of a legislative change for PIL could be severe.</p> <p>Additionally, the risk that PIL faces with legislative changes is further exacerbated by the potential for PIL to lose its government funding in the event it is unable to comply with new regulations.</p> <p>Regulatory risk due to policy changes by the New Zealand Government is inherently unpredictable. PIL intends to manage this risk by maintaining and continually improving its aged care facilities to mitigate any expenditure required to comply with legislative changes that impose higher standards for aged care facilities.</p> <p>Because any legislative changes are a threat to the wider sector, it is likely that the any significant legislative changes would allow a transition period to ensure compliance with the changes, which would give PIL time to implement the changes.</p> <p>PIL could also look to pass on cost increases to its residents incurred in complying with additional regulations. As the entire sector would be facing similar additional costs to comply with any new regulations, it is likely that the entire sector would be required to increase aged care costs which lowers the risk of PIL's occupancy rates declining as a result of competing providers offering lower rates.</p> <p>Lastly, with the recent outbreak of COVID-19, the New Zealand Government has announced its economic response package which includes dedicated cash injections to health care. The Ministry of Health has also assured aged care facilities that they are essential health care services that will receive support throughout the pandemic. It is unlikely that there is any regulatory risk arising out of the pandemic.</p>

Government Funding	
What is it?	Approximately 66% of aged care in New Zealand is government funded by way of a residential care subsidy, which is subject to a means test.
Why is it significant?	<p>Government funding for residential care in New Zealand is provided by local DHBs and allocated by the Ministry of Health.</p> <p>Given the percentage of residents that rely on funding from the government to pay for their care in aged care facilities, a reduction in funding could have a material adverse effect on PIL's revenue.</p>
Assessment of the	PIL considers the likelihood of the government cutting funding across the aged care sector to be relatively low, especially due to the expected increase in an aging population that will require aged care.

likelihood, nature and potential magnitude	<p>The existing funding model was developed in the 1990s and the DHBs and Ministry of Health are looking into ways to improve the funding model. The Ministry has commissioned Ernst and Young to carry out a review of the funding model to improve understanding of the issues with the current model.</p> <p>Given the necessity of government funding for aged care to ensure the wellbeing of New Zealand's aging population, PIL anticipates that any reviewed funding model will amount to an increase in the amount of government funding available for the aged care sector. It is unlikely that any revised model will result in a decrease in the funding available for aged care.</p>
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Sector Competition	
What is it?	Aldwins Facility is considered by the Board to be an attractive aged care facility due to their perceived lack of sector competition in the Christchurch central area.
Why is it significant?	Any new high quality aged care facilities that are established within close proximity to the Aldwins Facility may reduce demand for beds in the Aldwins Facility and cause slower growth in occupancy than anticipated.
Assessment of the likelihood, nature and potential magnitude	<p>PIL does not have exclusivity over the provision of aged care facilities in the Christchurch central area that the Aldwins Facility is located and the entry barriers to establishing a new aged care facility are not considered to be high. There are also bigger scale aged care operators that may be attracted to constructing new aged care facilities within close proximity to the Aldwins Facility.</p> <p>The magnitude of the impact on PIL as result of competing operators can vary depending on PIL's ability to retain and attract new residents within the area.. PIL's investigations indicate there is currently high demand and the area is a prime opportunity to establish its reputation in order to limit the impact of new competitors.</p> <p>PIL may minimise any impact of new competitors on the business by spreading the risk across the other three existing aged care facilities. The other facilities maintain a well-respected reputation in the areas they operate and are less exposed to sector competition given the lower populations of their respective areas.</p> <p>If the Aldwins Facility provides a quality service and PIL continues to improve and maintain Aldwins Facility, it should be difficult for a newly established operators with no history to compete with the Aldwins Facility.</p>

5. TAX

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of holding shares in PIL you should obtain professional advice on those consequences.

6. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to PIL and the Proposed Transaction (including the Proposed Constitution and Financial Reports) is available on PIL's website at:

https://www.promisia.com/index.php?option=com_docman&view=list&slug=aged-care-transaction-documents&Itemid=159&layout=default

On 30 March 2020 PIL released its annual report for the year ending 31 December 2019. The annual report can be viewed at: <https://www.nzx.com/announcements/350874>.

Further information relation to PIL is also available on the public register at the Companies Office managed by the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office at: www.business.govt.nz/companies.

PIL's Notice of Special Meeting in relation to the Proposed Transaction and announcements relating to the Proposed Transaction required by the Listing Rules from time to time can be obtained from NZX's website (www.nzx.com) by searching under PIL's ticker code ("PIL").

7. CONTACT INFORMATION

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8. GLOSSARY

The following terms have the following meanings where used in this Profile unless the context otherwise requires:

“Aldwins Facility” means the new aged care facility to be established by PIL at the Aldwins Property.

“Aldwins Option” means a right to purchase the Aldwins Property for up to \$11,000,000 (plus GST, if any) on the terms described on page 4 of this Profile and further described in the Notice of Meeting.

“Aldwins Property” means the land and buildings at 62 Aldwins Road, Christchurch.

“Bank” means the New Zealand registered bank providing PIL with the Bank Facilities.

“Bank Facilities” means the new banking facilities entered into by PIL with the Bank to part fund the Proposed Transaction and for ongoing capital purposes as further described in the Notice of Meeting.

“Board” means the board of directors of PIL.

“Brankin Family Trust” means Thomas David Brankin and Michael John Kirwin Lay as trustees of the Brankin Family Trust.

“Brankin Companies” means Nelson Street Resthome Limited (company no. 7859466), Eileen Mary Age Care Property Limited (company no. 1258335), Eileen Mary Age Care Limited (company no. 7833236), Ranfurly Manor Limited (company no. 7833156), Ranfurly Manor No: 1 Limited (company no. 3069267) and Aldwins House Limited (company no. 7832936).

“Completion” means the completion of the Purchase Agreement, intended to be no later than 19 June 2020.

“Directors” means the directors of PIL.

“DHB” means the District Health Board.

“EBITDAR” means Earnings before interest, taxes, depreciation, amortisation and restructuring or rent costs. EBITDAR is a non-GAAP financial measure that can be used to assess a company's underlying financial performance.

“Facilities” means Ranfurly Residential Care Centre, Eileen Residential Care Centre, Nelson Residential Care Centre and, where the context permits, the Aldwins Facility

“FY[Year]” means a financial year ended on 31 December where it is a reference to PIL prior to Completion and a financial year ended on 31 March where it is a reference to the Brankin Companies or PIL following Completion.

“HDSS Act” means Health and Disability Services (Safety) Act 2001.

“Independent Report” means the independent report prepared by Simmons Corporate Finance in respect of the Proposed Transaction under the Listing Rules and Takeovers Code.

“Listing Rules” means the NZX Listing Rules dated 1 January 2020 and **“Listing Rule”** means a rule contained in the NZX Listing Rules.

“Minority Buy-out Rights” means a PIL shareholder’s right to require PIL to purchase that shareholder’s shares in accordance with section 110 of the Companies Act, as discussed in Appendix One of the Notice of Meeting

“New Shares” means up to 16 billion new ordinary shares in PIL to be issued at an issue price of \$0.001 per share at Completion under the Proposed Transaction.

“Notice of Meeting” or **“Notice”** means the notice of Shareholder Meeting.

“NZX” means NZX Limited.

“ORA” means Occupation Right Agreement.

“PIL” means Promisia Integrative Limited.

“Placement” means the issue of up to \$8,000,000 of New Shares at an issue price of \$0.001 per share to wholesale investors.

“Profile” means this document, being a profile prepared in accordance with the Listing Rules.

“Proposed Constitution” proposed new constitution for PIL to be put to PIL’s shareholders for approval at the Shareholder Meeting.

“Proposed Transaction” means the acquisition of 100% of the shares on issue in the Brankin Companies that own the Facilities and the funding and share issues associated with that acquisition.

“Purchase Agreement” means the sale and purchase agreement dated 18 December 2019 between the Brankin Family Trust and PIL where PIL is acquiring all of the shares in the Brankin Companies.

“Purchase Price” means the purchase price payable for the shares of the Brankin Companies, being \$31,385,000 subject to working capital adjustments.

“Ranfurly Development” means the development of the vacant land at the Ranfurly Residential Care Centre as described on page 28 of this Profile and further described in the Notice of Meeting.

“Resolutions” means the resolutions set out in the Notice of Meeting.

“Share Purchase Plan” means the proposed share purchase plan offer to be made to shareholders that is described in the Notice of Meeting.

“Shareholder” means a shareholder of PIL.

“Shareholder Meeting” means the special meeting of shareholders of PIL to be held on 11 June 2020 at 2 pm to consider the Proposed Transaction.

“Supplementary Financial Information” means the document entitled “Reconciliation of non-GAAP to GAAP information, and supplementary financial information” which is available on PIL’s Website.

“Shares” means ordinary shares in PIL.

“Takeovers Code” means the Takeovers Regulations 2000.