



## SPECIAL WARRANT HOLDER MEETING AND 2024 ANNUAL SHAREHOLDERS' MEETING SPEECHES

25 September 2024

**Rhonda Sherriff, Chair of Promisia**

### Introductions

Thank you for joining us for Promisia Healthcare Limited's Special Warrant Holders' Meeting and the 2024 Annual Shareholders Meeting here in Wellington today.

As you will be aware from NZX announcements, today we are holding two meetings. We will begin with the Special Warrant Holders' Meeting, which should be fairly short and once that meeting is finished, we will formally open the 2024 ASM.

Before we formally begin, I would like to introduce you to my fellow Board members: Thomas Brankin, Craig Percy and our newest member of the board, independent director, Tony Mortenson.

I also wish to advise that Jill Hatchwell will be stepping down from the Board at the conclusion of the ASM today. On behalf of the board, and personally, I would like to thank Jill for her significant contribution to Promisia and wish her all the very best for the future.

Also joining us today from our executive team is Francisco Rodriguez Ferrere (General Manager Finance).

Finally, I'd like to welcome Richard Dey from William Buck Audit, Promisia's auditor, and Matt Yates, our lawyer at Duncan Cotterill. Duncan Cotterill will conduct the voting in today's meetings.

During today's warrant holder meeting and ASM, any warrant holders and shareholders will be able to ask questions and vote. I encourage you to do so.

## SPECIAL WARRANT HOLDERS' MEETING

**Rhonda Sherriff, Chair of Promisia**

It really does not seem long ago since I chaired the Promisia Special Shareholders' Meeting at the end of July.

Since then, Promisia has pleasingly completed the Cromwell acquisitions and been in operation in Cromwell for almost a month.

As you will recall at the special shareholder's meeting in July, I talked about the success of the capital raise and Promisia's \$3 million placement to Asset Management Limited. Under that agreement with Asset Management Limited, Promisia agreed to, subject to all necessary approvals, vary the exercise price of all Warrants issued by Promisia, from 2 cents per Warrant to 1 cent per Warrant with all other Warrant terms remaining the same.

It is this variation of the warrant exercise price that is the subject of this special warrant holders meeting.

The Board considers the new exercise price to be in the best interests of Promisia and fair to all Warrant Holders and shareholders on the basis that agreeing to make this variation secured Promisia the capital required to complete the Cromwell acquisitions.

In addition, if the Warrants are exercised in the future, further new capital will be introduced to Promisia to apply to its growth strategy.



I do note that the variation to the warrants is also subject to shareholder approval which will be sought in the annual shareholders' meeting later today.

Results of the vote will be announced via the stock exchange.

## ANNUAL SHAREHOLDERS' MEETING

### Rhonda Sherriff, Chair of Promisia

#### Promisia's growing portfolio and our strategy

Promisia currently has six aged care facilities across New Zealand – two in Feilding, one in Dannevirke, one in Christchurch and most recently two in Cromwell.

Cromwell which is comprised by Golden View Lifestyle Village and Ripponburn Home and Hospital is now our biggest facility with 106 beds, 19 apartments, 118 villas and 84 staff. Ranfurly Manor in Feilding is a close second.

As you may have seen in market announcements, we have recently entered into a conditional sale and purchase agreement with the Masonic Trust to sell Eileen Mary, our facility in Dannevirke, with completion aimed for mid-October.

#### Our strategy

Although we will soon be down to 5 facilities, the sale of Eileen Mary and acquisition of Cromwell comes at an exciting time. This move is completely in line with our strategic direction, particularly through our strategic pathway of **network expansion**, in which we are seeking larger scale facilities in regions with growing populations.

In this period of growth, Promisia's focus continues to be on delivering quality, personalised care for senior New Zealanders. There is no doubt however that the landscape for seniors in NZ is changing and we need to adapt and be open to new ideas. Aligned with this changing landscape, I'd like to talk to some of our key achievements over the last year.

#### Key achievements – operational and clinical

Promisia has had an increased focus on **diversifying revenue streams** and broadening the range of services offered at each facility. Earlier this year, Promisia obtained certification to offer 40 beds to young persons with disabilities at Aldwins House which has allowed us to expand our service offering and **maximise occupancy** at our facilities. Since offering YPD, the occupancy rate has increased from 61% in August last year to 89% in August this year.

From an operational and clinical perspective, other achievements include:

- Our recent Health Certification Audit was achieved at Aldwins House with no findings from the audit.
- All villas at Ranfurly Manor have now sold with 100% occupancy.
- Visible and continuous improvement in bed occupancy across the group
- No new Health and Disability Commissioner complaints across the group.

#### Key achievements - People and Management

Evidently, business has gone from strength to strength. A large part of our success over the past year is attributed to 3 key appointments made to our leadership team. The appointment of Francisco as GM of Finance, Blesster



as Clinical and Quality Manager and Mary as Quality Innovation Manager. These three individuals have been fundamental to operational achievements and creating a **stronger business**. I'd like to take this opportunity to thank Francisco, Blesster and Mary for all their hard work since joining us at Promisia.

I'd also like to acknowledge and thank all of Promisia's people, whose resilience, commitment and efforts over the last year has been the driving force behind our achievements.

## **Franciso Rodriquez Ferrere, General Manager of Finance**

### Key achievements - Finance

Having joined Promisia in late October last year, a key area for me going in was to focus on the Group's debt profile and liquidity.

It's been an incredibly busy 11 months, with almost \$34million of financing activity, including the repayment of our second-tier debt secured against the adjacent land next to Aldwins House, as well as repayment of all Senior Trust loans.

Both of these loans, in addition to our financing for the Cromwell acquisition, have been refinanced by BNZ. I believe this really speaks to the strength of our relationship with BNZ and their confidence in the Group's strategic outlook. As a result of all of this, all of our key debt and liquidity metrics have significantly improved over the last year, with:

- our liquidity increasing to over \$1.5million
- our loan to value decreasing to 47.6%
- our weighted average interest rate reducing 120 basis points to 7.6%
- our weighted average debt maturity moving out to 2.5 years

In addition to our debt profile, we also had the successful capital raise in July. Following this meeting today, we will action the 500 to 1 share/warrant consolidation.

### Results to 31 March 2024

Full year results seem like some time ago now and we are now looking to half year so I won't discuss these in detail. However, we were really pleased with our full year results – especially our increase in operating revenues as a result of our growing occupancy, as well as our significant uplift in NTA per share, which grew 37% - this reflected the 13% valuation increase across our facilities.

We look forward to providing a detailed update in November, covering our half year results to September 24. But today, I want to reiterate our outlook for FY25.

### Outlook for year ending March 2025

We remain on track for double digit earnings growth from like for like operations, excluding our recent acquisitions and disposal. This is due to the significant occupancy increase at Aldwins House.

The operational improvements that we have seen at Aldwins House will also naturally lead to a positive impact on valuations, which we will see fully in March.

And finally, with the addition of Cromwell, we can expect our earnings to grow even further and NTA to increase, due to the attractive purchase price.



## Capital raise and share consolidation

Over the past financial year, we have focused on consolidation and investment to prepare for future growth and operation at scale. As already announced to market, we are pleased to report Promisia's Shares and Warrants will be consolidated on 27 September.

Under the consolidations and subject to rounding, every 500 Shares in Promisia will become one Share and every 500 Warrants will become one Warrant. Subject to shareholder and warrant holder approval sought today, the exercise price of the Warrants will also proportionately consolidate from 0.1 cents per Warrant to 50 cents per Warrant.

In the ASM presentation, I have prepared tables showing the impact of the capital raise in July and anticipated share consolidation later this week. The top table details our share capital on issue, and the bottom table shows our newly issued warrants, and the warrants variation proposed today.

## **Craig Percy, Executive Director**

### Stronger business

As announced last week, I've broadened my role at Promisia and over the next couple of months, I'm providing additional executive services to the Group. Today, I will cover my key areas of focus, particularly with respect to our new facilities in Cromwell.

### **Cromwell**

The facilities at Cromwell have historically been run as three separate business units. We will merge these operations together and gain efficiencies using our industry knowledge and experience. This process will commence in the coming weeks.

We are incredibly excited about the addition of these businesses to our portfolio. Demand for both aged care services and ILUs in this region is second to none with very strong wait lists.

Occupancy in the care facilities has gone from 92% when we first negotiating on the purchase to 98% today.

There is additional land attached to and adjacent to these facilities; therefore, we are accessing best use.

### **Aldwins House**

Occupancy has grown from 61% to 89% in the last year. We now need to increase this to 95-97% over the next 6 months. This incremental revenue comes with low marginal cost and therefore mostly falls through to the bottom line.

With larger aged care facilities, it becomes more challenging to provide consistent service delivery, and we constantly challenge our teams to ensure excellent service is delivered.

### **Operational Leadership**

We will ensure that we have the best leaders at our facilities, good people like to work for the best leaders, this is incredibly important when there is a shortage of good quality staff in the marketplace.

With the addition of Cromwell to our portfolio and future acquisition opportunities, we will look to future fit our support office structure. That's having the right positions with the right people in them.