

Media Release

Proposed Acquisition of Hamilton Hotel

- Mediland proposes to acquire a New Zealand hotel, an established business with strong domestic corporate and leisure base customers.
- The proposed acquisition is a strategic decision by the Non-Executive Directors (an Independent Due Diligence Committee was formed) to mitigate the adverse effects of the COVID-19 pandemic on Mediland's core business as it will diversify the Company's revenue streams by giving Mediland access to New Zealand's domestic tourist and corporate business customers.
- The proposed acquisition will further contribute to Mediland's profitability whilst increasing its tangible assets.

The Directors of Mediland Pharm Limited (ASX: MPH) ("**Mediland**" or the "**Company**") are pleased to announce that following an extensive due diligence by the non-executive Directors, those Directors have recommended that Mediland acquire either directly or indirectly, or through a wholly-owned subsidiary, 100% of the shares in Ixora Investments Pty Limited which owns the Heartland Ambassador Hamilton Hotel in New Zealand. The proposed acquisition will be completed subject to Shareholders' approval in a general meeting.

Registered in October 2016, with the sole purpose of holding the Heartland Ambassador Hamilton Hotel in Hamilton, New Zealand, Ixora acquired the free-hold property in 2017. Ixora is currently owned by Premier Hospitality and Mediland's Executive Director Jhon Shen is the beneficial owner of this Company. As the proposed transaction involves acquisition of a substantial asset from a substantial shareholder of the Company who has direct, beneficial interest in the vendor company, under Listing rule 10.1, approval of this transaction requires shareholder consent with majority votes under an ordinary resolution. Mr Shen will be ineligible to vote on the resolution.

This initiative has been prioritised by the Board in response to the COVID-19 pandemic, and the severe impact it has had on international inbound Chinese visitors and the core business of Mediland. The proposed transaction will diversify the business away from reliance on this market segment and provide a tangible asset to expand Mediland's revenue streams. Despite the negative domestic and international environment, the Heartland Ambassador Hamilton Hotel has maintained occupancy rates throughout 2020 and the forecast for on-going occupancy is positive.

As there is a Hotel Management Agreement (HMA) in place with Scenic Hotels Group, Scenic has independently provided forecasts, which assisted the Due Diligence Committee to arrive at its decision to recommend to shareholders that they vote to support the **proposed transaction**.

Subject to certain conditions precedent, and subject to shareholder approval in a general meeting, which will be scheduled as soon as possible, subject to complying with relevant ASIC and ASX requirements, the Directors of Mediland (with the exception of Jhon Shen and Yesh Mudaliar who were excluded from discussions due to their conflict of interest) have recommended that the Company proceed to acquire 100% of shares in the Heartland Ambassador Hamilton Hotel.

The purchase price of the business is \$A2,500,000 (excluding the external debt the Hotel currently has of approx. \$A2m) and given the transaction is with a related party of Mediland, the re-payment structure will be determined in the best interest of Mediland Pharm Limited's shareholders whilst ensuring that it does not adversely affect Mediland's cash position.

Completion of the transaction is anticipated by mid-January 2021, subject to shareholders' approval in a general meeting, and subject to the usual and ordinary conditions of the provisional sale, purchase agreement.

Executive directors Yesh Mudaliar and Jhon Shen have been excluded in the due diligence process undertaken by the Due Diligence Committee and have abstained from any resolutions in approving the **proposed transaction**.

Colliers International have conducted an independent valuation of the Hotel and the Due Diligence Committee is satisfied with the process undertaken to determine the Hotel's fair value which is approximately \$NZD5.8m.

The Chairman, Dr Peter French, commented: *"Upon completion of the transaction, Mediland will own a hotel in New Zealand, which is not reliant on international tourists, and represents a solid revenue source which is not currently adversely affected by the COVID-19 pandemic. However, we do expect that it will also be well received by inbound Chinese customers when international borders re-open. We strongly recommend that our shareholders support this initiative."*

The Team @ Mediland Pharm Limited