

MEDIA RELEASE

Monday 30 October 2006

Principal Aged Care acquires Aged Care operations

Sydney, 30 October 2006 – Principal Aged Care has entered into an agreement to acquire the leases and aged care operations of 39 residential aged care homes in Australia from Moran Health Care Group.

The sale has been agreed on the basis that Moran Health Care Group will receive consideration of \$87.2 million and Principal Aged Care will be responsible for liabilities of \$42.1 million, which comprise liabilities under the Commonwealth Aged Care Act, employee entitlements and amounts owed to Assisted Living Apartment residents.

The 39 homes, which have 3,068 beds in total, are located throughout New South Wales, Queensland, Victoria and Western Australia. All 3,500 staff working at the homes will be offered employment by Principal on effectively the same terms and conditions as their existing terms and conditions with Moran Health Care Group.

Principal Aged Care General Manager, Helen Jones, said: “We are very pleased to have entered into an agreement to acquire leases and aged care operations for the homes from Moran Health Care Group. We offer an integrated approach to aged care, centred on the needs of residents and their families, and all the staff who work with us.”

Moran Health Care Group will continue to provide management support services to the homes under contract for an initial period of two years to ensure minimum disruption to the residents and staff, and to ensure continuity of care. In the longer term, these support services will be provided directly by Principal Aged Care.

Moran Health Care Group Director of Operations, Mr Mark Moran said the transaction strengthened the Group’s financial position for future growth.

“This transaction provides us with the resources to acquire, develop and manage facilities in a sector to which we have been committed to as high quality providers for more than 50 years,” Mr Moran said.

“The Moran Health Care Group remains Australia’s largest manager of aged care beds with over 4000 beds currently under management,” Mr Moran said.

The acquisition of the leases and aged care operations is subject to approval from the Australian Government Department of Health and Ageing. Transfer of ownership is expected to occur at the beginning of February 2007.

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About Principal Aged Care

Principal Aged Care is able to draw upon significant experience in the aged care industry. Affiliates of Principal Aged Care own 42 aged care homes across Australia, including the 39 homes leased to and operated by Moran Health Care Group.

Principal Aged Care is owned by a consortium of institutional funds, of which AMP Capital Investors manages 95.5 per cent.

General Manager, Helen Jones, has extensive experience in the aged care and community service industry. Helen is the former General Manager, Nursing Home Division for TriCare Limited. Aside from industry experience, Helen has qualifications in Health Service Management, Adult Education and Business.

About Moran Health Care Group

Moran Health Care Group is Australia's largest manager of aged care facilities and is a private family owned and operated business which has been involved in the development, provision and management of aged care facilities Australia wide for more than 50 years.

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