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OFM buys Aged Care Advisory Business

Monday 26 September 2005, Melbourne, Australia: Listed financial services company OFM Investment Group (ASX Code: OFM) announces that it has purchased 100% equity in leading specialist aged care financial planning provider Lifetime Planning Pty Ltd. The aged care accommodation bond industry is estimated to be worth \$2.7 billion.

“OFM Investment Group is delighted with this profitable new business that is expected to be EPS positive and to assist in building a long term platform to meet the financial needs of the ageing population” Rick Curtis, CEO of OFM Investment Group said upon signing.

The initial net purchase is \$940,000 with an additional \$250,000 payable over two years under an incentive scheme put in place to grow the business. The principal and founder, Mr Ken Mitchell will remain an employee of the company. The transaction is funded by OFM Investment Group’s internal cash holdings.

Lifetime Planning is a Melbourne based financial planning business established in 1983 by Ken Mitchell, specialising in providing financial advice for seniors seeking to fund aged care accommodation costs. It has a strong referral network of clients from aged care industry participants. The acquisition will broaden OFM’s distribution base for the Group’s home equity release product, the OFM SHERL.

Residential aged care is quickly expanding in line with the increase in retirees with more listed companies operating in the retirement living market. Several years ago, Lifetime Planning commenced marketing its services to the retirement living industry and in Melbourne is acknowledged as a leader in providing specialist financial planning services to that market.

“Lifetime Planning represents a lifetime of professional dedication. The company has built a stable of critical assets that includes a highly regarded name in specialist financial expertise in aged care accommodation, established relationships and years of goodwill” Mr Mitchell said today.

The acquisition is in keeping with the demographic findings of the *Review of Pricing Arrangements in Residential Aged Care* report in 2004 by Professor Warren Hogan commissioned by the Federal Government. The report highlighted that Australia’s population is now ageing rapidly, due to a continuing decline in fertility rates and a continuing extension to life expectancy. This will lead to demand for aged care services increasing substantially over next four decades by as much as three to five times.

“The demand for aged care in this country will continue to increase dramatically over the next ten years. OFM is laying the foundations to be Australia’s leading financial service provider in this space” Rick Curtis said today.

A large part of the funding for the aged care industry is through clients providing accommodation bonds or periodic payments in lieu of, or part payment of accommodation bonds. The Hogan Report estimated that as at June 2003 there were \$2.7 billion in accommodation bonds held by the industry.

The acquisition of Lifetime Planning fits with OFM’s strategic intent to develop expertise and products suitable for emerging seniors markets. It will facilitate OFM to develop a specialist business providing advice to individuals of pension age and to people looking to enter aged care accommodation.

Furthermore changes to the Centrelink asset test rules on 1 July 2005 provided exemption for accommodation bonds. This is expected to mean that for many clients reverse mortgages become the more preferred means to fund accommodation bonds. OFM already provides a range of reverse mortgage products tailored to fund accommodation bonds.

“This acquisition is the next step in our strategy to become the pre-eminent provider of financial solutions to senior Australians” Rick Curtis said.

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Established in 1980, OFM Investment Group Limited is a listed financial services organisation providing a range of financial solutions to Australians to fund lifestyle and living needs. These financial products and services cover a range of investment, insurance, mortgages, and equity release products.