

Aged Care M&A | Navigating growth, consolidation and regulatory change

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A typical case study based on our experience



A community not for profit charity (company limited by guarantee) operates a single-site residential aged care facility.

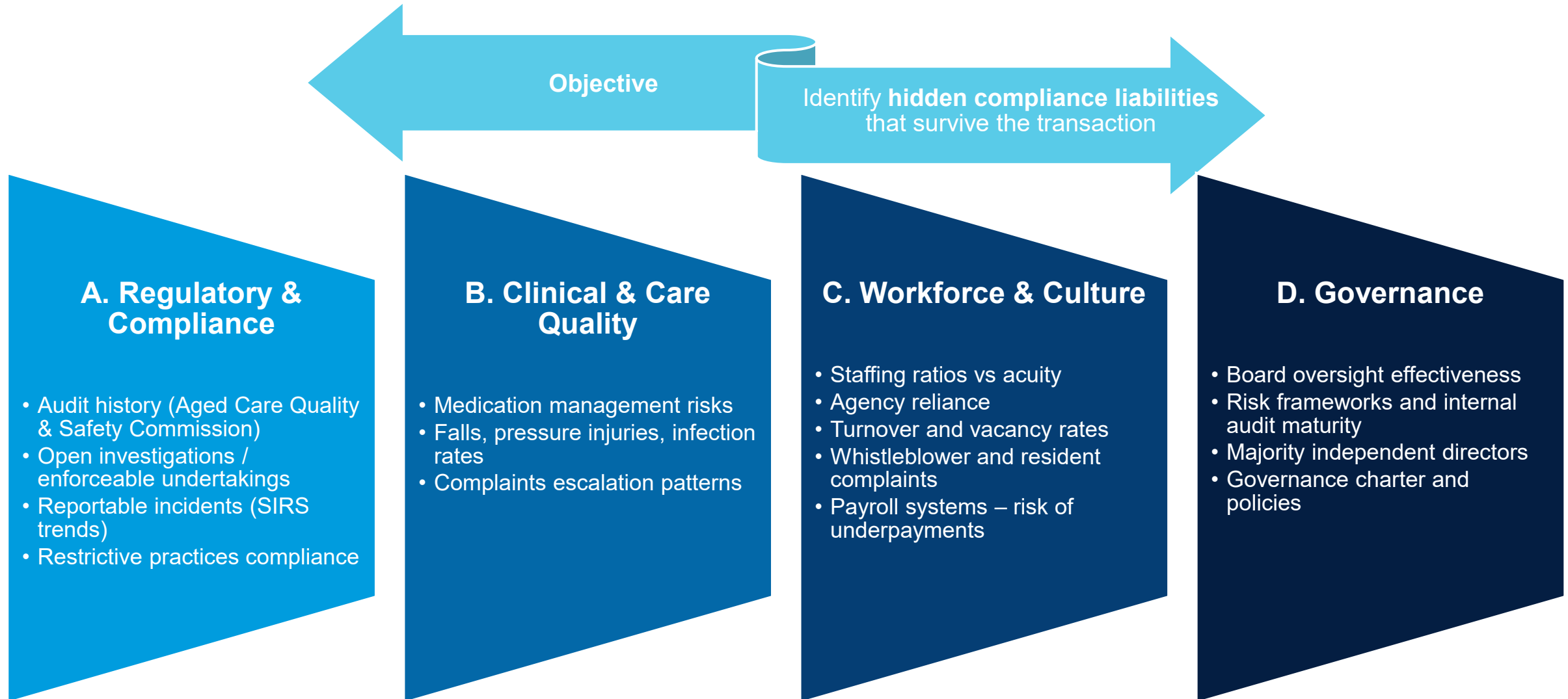
The board (all volunteers) and the CEO are concerned about increasing financial pressures, rising compliance costs and ongoing regulatory challenges, affecting the long-term sustainability of the service.

The board and the CEO have limited experience in mergers and acquisitions and are concerned about how news of the sale will be received by the residents and staff.

Following a strategic review, the board decides to transfer the facility to a large for-profit aged care provider.

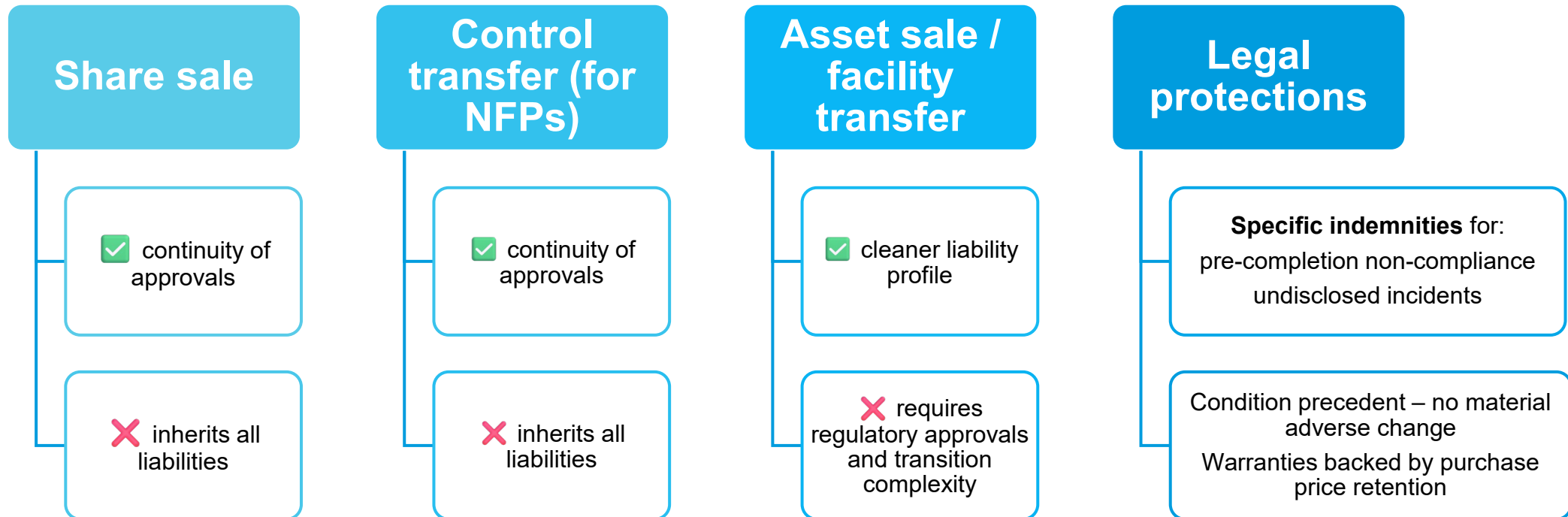
The acquirer is pursuing an active acquisition strategy aimed at expanding its national footprint and achieving operational efficiencies through scale. This will be one in a series of acquisitions already completed.

Due Diligence (Enhanced Regulatory DD)

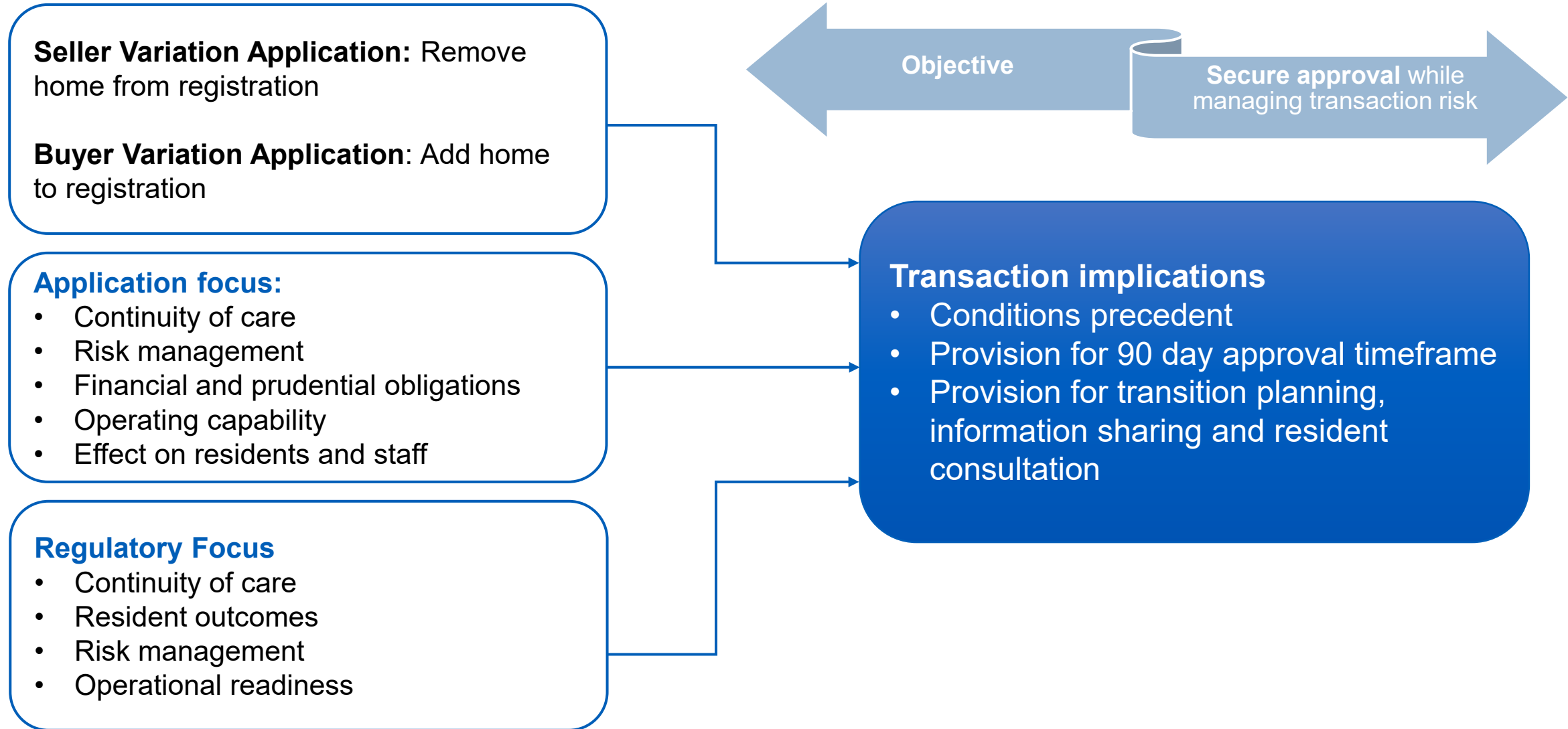




Structure Options



Regulatory Approvals – Aged Care



Regulatory Approvals – Merger clearance

Objective

Secure clearance while maintaining deal timelines

Critical principles

- Engage **early** with the ACCC (pre-notification engagement)
- Ensure **deal timelines and stakeholder communications align** with ACCC approval timelines and requirements

Assess notification requirements

- Notification thresholds based on Australian revenue of the parties, acquisition activity within the past three years, transaction value and/or voting power.
- Consider suitability of waiver or formal notification, or possible exemption
- Section 50 of CCA applies regardless of thresholds

Implications for deal structure

- Requirement for **market analysis**
- **Deal timeframe**
- **Cost** of ACCC notification or waiver
- Publication of transaction and **notification to stakeholders** (residents, employees, community)
- Additional **conditions precedent**
- Termination where deal is not approved or proceeds to Phase 2

Application	Fee	Timeframe
Waiver	\$8,300	25 business days
Phase 1	\$56,800	30 business days
Phase 2: \$50m or less	\$475,000	90 business days
Phase 2: \$50m-\$1bn	\$855,000	
Phase 2: \$1bn or more	\$1,595,000	
Public benefit	\$401,000	50 business days

Regulatory Approvals – Published ACCC determinations

Opal HealthCare - Bethel Aged Care | ACCC

Status: Completed
Type: Notification – ***Business acquisition***
Stage: Approved in Phase 1
Date: 20 May 2026

- Aggregation resulting from this and other Opal transactions within the local area in the last three years is significant.
- Opal likely to face continued competition from alternative suppliers of residential aged care facilities in the relevant local areas.

Opal HealthCare – Greenwich Place residential aged care home | ACCC

Status: Completed
Type: Notification – ***Business acquisition***
Stage: Approved in Phase 1
Date: 19 March 2026

- Aggregation resulting from this and other Opal transactions within the local area in the last three years is **not** significant.
- Opal likely to face continued competition from alternative suppliers of residential aged care facilities in the relevant local area.

Transition planning - Workforce



Mandatory elements of a strong plan

Identify critical staff

- Who holds key organisational knowledge?
- Whose departure would have the greatest impact on key stakeholders?

Review employment arrangements

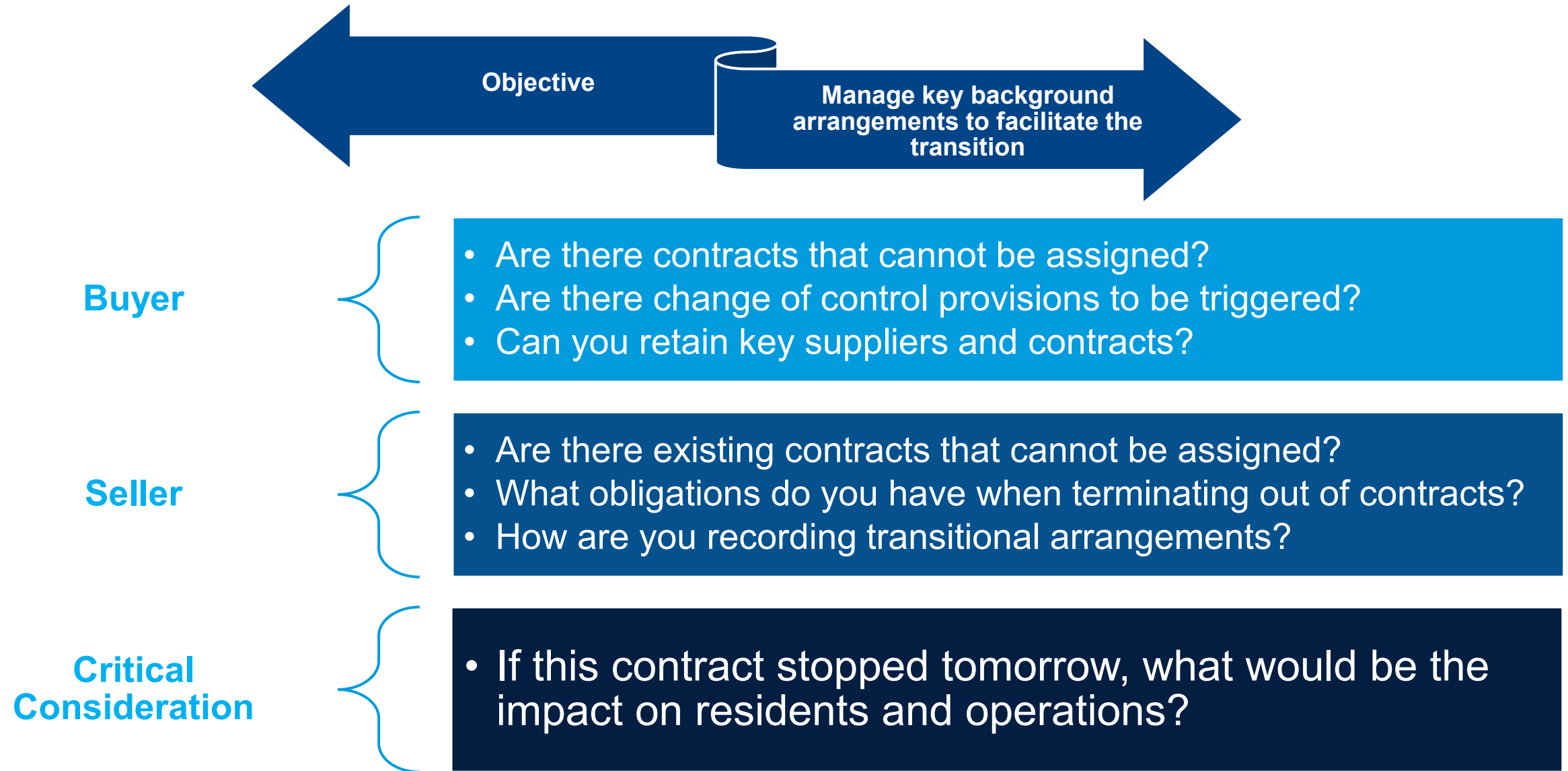
- Can existing employment contracts, policies or enterprise agreements continue to operate?
- Should documents be transitioned to the purchaser's arrangements?

Review retention or incentive arrangements

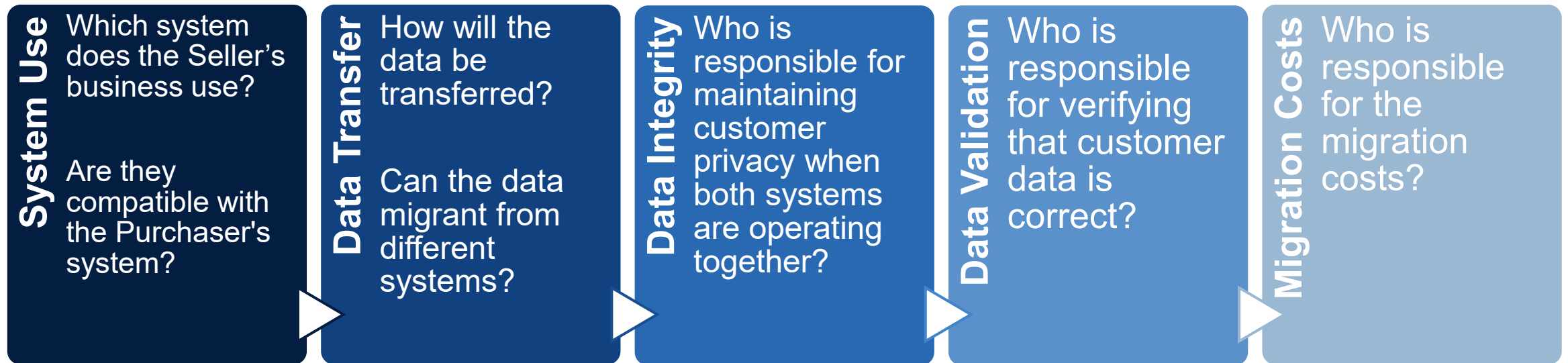
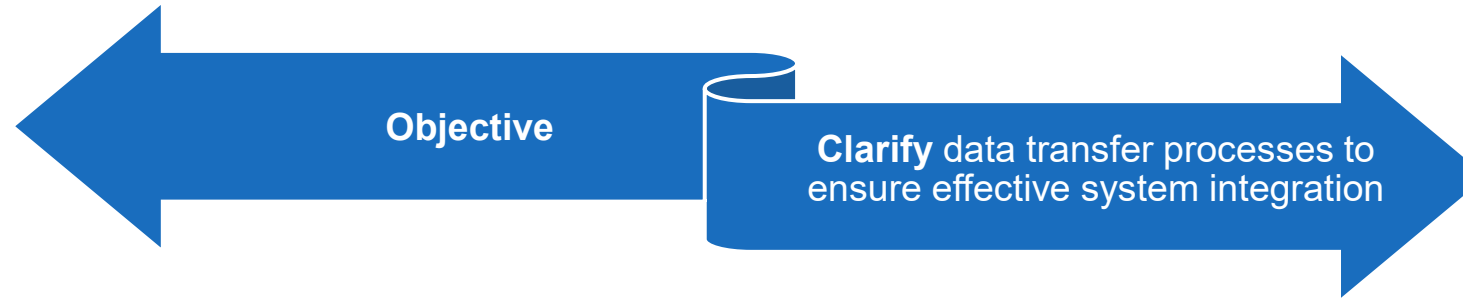
- Which individuals would be critical during the transition period?
- How can you ensure they remain engaged during the transition?

Review governance and delegation frameworks

- Can you preserve the existing status quo post transition?
- Which aspects of the current arrangements need to change?

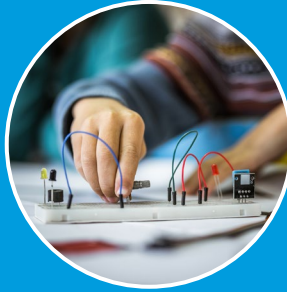


Data Migration and Management



Objective

Identify risks early and create mechanisms to maintain them



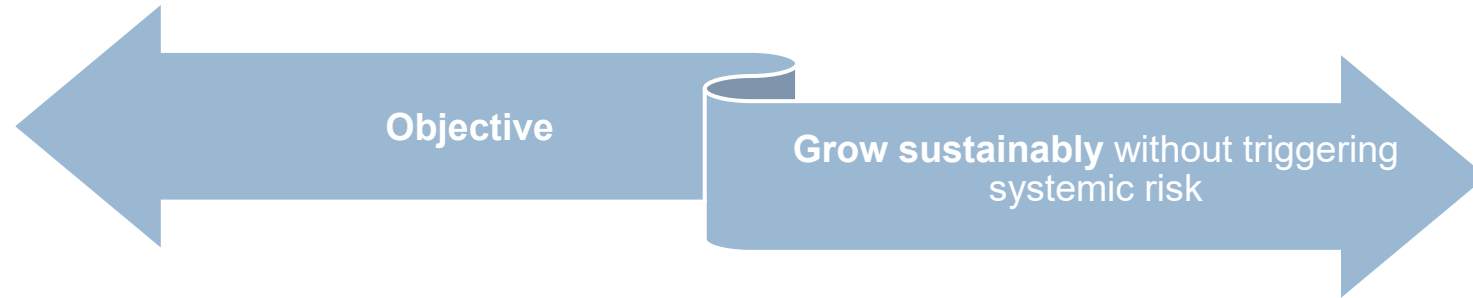
Warranties and Indemnities

- Allocate responsibility for any risks that have been identified.
 - Identify whether liability sits with buyer or seller.
- Warranties and indemnities are only valuable if the claim process is properly managed and there is capacity to pay.



Insurance

- Source of funding
- Identify coverage in place and any gaps
- Run-off cover



Objective: Key considerations

- Integration capability vs growth speed
- Geographic spread (regional complexity)
- Workforce scalability

Strategic insight

- The risk is not the transaction, it's the aggregation of risk across the portfolio



Integrated “Deal Risk Checklist”

Use this before signing:

- ✓ Can we stabilise workforce within 90 days?
- ✓ Do we fully understand incident and complaint history?
- ✓ Is governance capacity proven, not theoretical?
- ✓ Do we have a regulator-ready transition plan?
- ✓ Do we know our top 5 Day-1 risks?
- ✓ Have we priced in compliance remediation costs?

In aged care M&A:

Success $\neq$ deal completion

Success = meeting strategic objectives and managing risk associated with the deal

Questions?



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