

18 November 2004

The Manager
Company Announcement Office
Australian Stock Exchange

Dear Sir,

PRIMELIFE CORPORATION ANNOUNCES \$60 MILLION CAPITAL RAISING

The Board of Directors of Primelife Corporation Limited (ASX: "PLF") is pleased to announce that it will lodge a prospectus for a new fully underwritten \$60 million capital raising to support its acquisition plans.

Managing Director, Jim Hazel, said the \$60 million, which is to be raised through an issue of converting notes and fully underwritten by Tricom Equities, would be used to accelerate Primelife's plans for the consolidation of the seniors living industry.

"Yesterday's announcement of an acquisition offer for Aevum Limited was the first step in what we believe will be a major consolidation in the senior living industry," Mr Hazel said. "Today Primelife is in a strong position, we have recently completed a major restructuring of the Board and executive management and have communicated a clear strategy for the future direction of the Company and the industry.

"The \$60 million of new capital will strengthen our balance sheet as we seek to accelerate our plans and cement our position as the leading national brand in the seniors living sector."

Mr Hazel said the additional funds would give Primelife greater flexibility in the execution of its acquisition plans.

"The seniors living industry has traditionally been State-based, but we believe there is a compelling business case for the development of a strong brand with the scale and capacity to rapidly establish a national footprint," Mr Hazel said.

"The announcement of our takeover offer for Aevum is a clear indication of our appetite and capacity for strategic acquisitions but we have a number of other options for growth. The number of options available to us means that we will be very disciplined in our approach to acquisitions.

Tricom Equities has agreed to underwrite the issue. The underwriting is subject to termination events customary for issues of this type.

The prospectus for the issue is being finalized and is expected to be released in the next few days. A summary of the key terms of issue is attached - further details of the terms of issue will be set out in the prospectus.

Yours faithfully

Primelife Corporation Limited



Jim Hazel
Managing Director

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About Primelife Corporation

<http://www.primelife.com.au>

Primelife is Australia's leading developer, owner and operator of retirement villages and aged care facilities. From initial operations in Victoria, Primelife now owns and/or manages 61 operating facilities and has six projects under construction and 15 more in planning and development across four states. More than 6,000 residents have placed their trust in the Company by living in its facilities, a number that will exceed 11,000 when work in progress is completed.

Primelife Converting Note Issue

Company	Primelife Corporation Limited
Amount Raised	\$60 million
Converting Notes Issued	60 million converting notes
Underwriter	100% underwritten by Tricom Equities
Underwriting Fee	3.5% of the Amount Raised
Face Value	\$1.00 per Converting note
Security	Unsecured, ranking behind secured creditors, pari passu with existing Convertible Notes and ahead of shareholders in the event of winding up
Interest Coupon	<p>Cumulative interest coupon of 9.5% per annum (accruing daily and compounding quarterly in arrears) payable semi-annually in arrears.</p> <p>The interest rate on unpaid interest shall be 12.5% (accruing daily and compounding quarterly in arrears) payable semi-annually in arrears.</p>
Maturity	2 years from the date of issue
Shareholder Approval	Shareholder approval is required for the issue of ordinary shares upon Conversion to the extent that the number of shares exceed 15% of the number of ordinary shares currently on issue in Primelife (under ASX Listing Rule 7.1).
Conversion Price	<p>The Conversion Price will be the higher of:</p> <ul style="list-style-type: none"> ▪ \$1.25 per share or ▪ 10% discount to the VWAP (to a maximum of \$2.00 per Share)
Shares on Conversion	<p>The shares issued as the Shares on Conversion are equal to:</p> <p>(Amount Raised + unpaid interest) / Conversion Price</p>
Maximum Shares	15% x PLF Shares on issue (under ASX Listing Rule 7.1) subject to Shareholder approval
Conversion	<p>The Face Value of the Converting Note & any unpaid interest is converting at the Conversion Price into ordinary shares:</p> <ul style="list-style-type: none"> • at the option of the Noteholder : <ul style="list-style-type: none"> ▪ on 15 days prior notice, at any Interest Coupon payment date; ▪ on the occurrence of an Insolvency Event; ▪ within 30 days of the occurrence of any Trigger Event; or ▪ at the option of the Company on the occurrence of a Trigger Event; ▪ at Maturity - the Company selects the 20 business day period to calculate the VWAP within 60 days of the Maturity Date.

	<p>The Company must convert the Converting Notes into ordinary shares within 15 days. If conversion after a Trigger Event at the election of the Company, conversion occurs within 2 business days.</p> <p>Upon conversion, the shares will immediately rank equally with all other issued ordinary shares, and the Company will seek listing for the shares issued on conversion</p> <p>If Shareholder Approval has not been obtained, Primelife must issue the Maximum Shares and either pay the economic value of the Shares that are not issued (calculated as Shares on Conversion less Maximum Shares) multiplied by the Conversion Price. If permitted by law, Primelife may procure the remaining shares from the market and provide them to the Noteholders.</p>
Trigger Events	<p>Trigger events including:</p> <ul style="list-style-type: none"> • unconditional takeover offer for all Primelife ordinary shares ; • approval of scheme of arrangement; <p>enable Primelife to issue a Conversion Notice.</p>
Listing	The Company will seek listing for the Converting Notes
Voting	To the extent permitted by the ASX Listing Rules
Participation	Prior to conversion, the Converting Notes do not have the right to participate in any issue of securities or capital reconstructions. However the Conversion Price will be adjusted for rights issues, capital returns (including special dividends), bonus issues, capital distributions and reconstructions of ordinary shares but will not be adjusted for ordinary company dividends.
Equity Covenants	<p>If the Company does not pay the Interest Coupon in full, it may not pay any dividends, or return any capital amount, or buy back any equity instrument unless and until:</p> <ul style="list-style-type: none"> • The Company has paid the outstanding Interest Coupon payments (together with interest on outstanding Interest Coupon payments); and • The Company has paid in full the Interest Coupon for two consecutive periods; or • There are no longer any Converting Notes on issue
Events of Default	Same as previous Convertible Notes