



HALF YEAR RESULTS

Estia Health (EHE)
1H FY2015



FINANCIAL HIGHLIGHTS

On track to meet Prospectus Forecast Pro Forma NPAT, EBIT and Revenue for FY2015

**NPAT¹ \$19.9m,
EBIT² \$28.5m,
Revenue \$137.5m**

1H FY2015 Pro Forma

**Strong Cash Flow with
net RADs³ at \$30.7m**

(\$18.1m 1H FY2015 forecast)

45 homes with 3,693 places

Growth strategy sitting above prospectus target with 80 bed acquisition in Metro Adelaide (from May 2015)

Strong revenue growth driven by total occupancy increasing to 94.1% in December 2014 with 91.3% of all residents receiving high care subsidies

High occupancy levels in turn primarily driven by clear consumer preference for single rooms - 92% across Estia's portfolio (see independent research, Appendix A)

Aged Care Funding Instruments (ACFI) subsidies increased to \$170.56 per day in Dec 2014, \$165.75 for 1H FY2015

Average equivalent new RAD of \$327,274 (\$238,000 1H FY2015 forecast) with Accommodation Index⁴ of 0.59

Employee costs 58.7% of revenue lower than FY2015 forecast of 59.1% with Productivity Index⁵ of 0.91

1. Net profit after tax (NPAT) has been prepared consistent with basis set out in the Prospectus lodged 3 December 2014.

2. Earnings before Interest and Tax ('EBIT') has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

3. Refundable Accommodation Deposit (RAD) is a non-statutory, unaudited disclosure.

4. A measure of overall quality of the product in the competitive environment. Calculated by average equivalent lump sum received between July to December 2014 divided by average mean house price (source: RealEstate.com, January 2015) for Estia's portfolio of care facilities.

5. A measure of overall efficiency of operations at facility level. Calculated by total ACFI for the period divided by the total facility staff costs (direct and indirect care costs ie, RNs, kitchen and domestic staff).

FINANCIAL PERFORMANCE

Summary Pro Forma Income Statement	Actual ²	Forecast ¹
\$ million	1H FY2015F	1H FY2015F
Total Revenue ⁶	137.5	137.8
EBITDA ³	33.0	32.8
EBIT ⁴	28.5	28.2
NPAT ⁵	19.9	19.7

Summary Statutory Income Statement	Actual ²	Forecast ¹
\$ million	1H FY2015F	1H FY2015F
Total Revenue ⁶	124.7	125.1
EBITDA ³	(0.2)	(0.9)
EBIT ⁴	(4.1)	(4.9)
NPAT ⁵	(32.8)	(27.5)



1. Pro Forma Historical Financial and Forecast Financial Information is consistent with the information disclosed in the Prospectus lodged 3 December 2014.
2. Pro Forma Actual are non-statutory, unaudited and have been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.
3. Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-statutory disclosure and has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.
4. Earnings before Interest and Tax ("EBIT") is a non-statutory disclosure and has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.
5. Net profit after tax (NPAT) has been prepared consistent with basis set out in the Prospectus lodged 3 December 2014.
6. Total Revenue is a non-statutory disclosure and includes revenue from operations and other income. Note: the Company considers Total Revenue to be an appropriate measure due to industry focus on government and resident funding for delivery of aged care services.

OPERATIONAL HIGHLIGHTS

**43 facilities
successfully
integrated
into 8 Networks**

100%

**Full implementation of
IT systems completed
across group**

- Epicor, MIRUS, Chris 21, Time Target

**Key support functions successfully
centralised in Melbourne**

- Finance & Commercial
- Risk & Quality
- People & Communications
- Strategy & Development

New leadership team in place

- Support function leaders recruited
- Operation leaders; State Based and acquisition focused

**Strong result with 2 measures of
operating efficiency**

- Productivity Index 0.91¹
- EBITDA per resident (including corporate costs) \$22,767²

1. A measure of overall efficiency of operations at facility level. Calculated by total ACFI for the period divided by the total facility staff costs (direct and indirect care costs ie, RNs, kitchen and domestic staff).

2. Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is a non-statutory disclosure and has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

KEY OPERATING METRICS



	Actual ²	Pro Forma Forecast ¹	Forecast ¹
	1H FY2015F	1H FY2015F	FY2015
Number of facilities (end of year)	42	42	44
Operating place days	565,505	568,606	1,212,411
Average occupancy for all facilities	93.4%	93.4%	94.8%
Average revenue per occupied place day	\$260	\$259	\$258
Average ACFI per occupied place day	\$166	\$167	\$170
Proportion of places bonded (penetration)	46.8%	46.9%	48.6%
Staff costs as percentage of revenue	58.7%	59.1%	59.1%
Net RAD receipts (\$ million)	30.7	18.1	32.7

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DRIVERS OF SUSTAINABLE GROWTH

DRIVERS

ATTRIBUTES

MEASURES

Sustainability of earnings

Configuration

Single rooms are the primary driver of consumer demand. See 'Research' in Appendix A

92% single rooms
94.1% occupancy at 31 December 2014

Location

Regulatory funding shift to user-pays favours higher accommodation revenues in metropolitan area

84% metropolitan areas
Accommodation Index¹ of 0.59

Operating efficiency

Agile organisations with lower corporate costs will deliver greater value during periods of reform

Productivity Index² of 0.91
Employee costs 58.7% of revenue
EBITDA per resident (including corporate costs) of \$22,767

Speed of earnings growth

Experience in managing growth

Ability to acquire single sites, multi-site and existing groups coupled with organic development capacity for green and brownfield opportunities

4/5 Prospectus acquisitions executed
1 new acquisition above Prospectus (80) beds

Increased user pay contributions

Capacity to realise additional cash from increased RAD penetration and RAD value

Bond/RAD penetration³ of 46.8%
Average equivalent new RAD of \$327,274
Overall average RAD liability of \$230,841

Capital structure

Ability to fund growth through undrawn debt and increasing accommodation cash

\$150 million of undrawn debt post IPO
Increase in RAD liability of \$364.7m

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2. A measure of the overall efficiency of operations at facility level. Calculated by total ACFI for the period, divided by the total facility staff costs (direct and indirect care costs; i.e. RNs, kitchen and domestic staff).
3. Bond/RAD penetration represents the number of residents who have paid an accommodation bond/RAD divided by the total number of occupied residents.

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- 2.3 Ramping up Occupancy
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SECTION 1

FINANCIAL PERFORMANCE



1.1 PROFORMA INCOME STATEMENT

- Results are in line with Prospectus forecast
- Strong ACFI at \$170.56 in December 2014
- Increased productivity and reduction in staff costs as a percentage of revenue

Pro Forma income statement			
	Actual ²	Forecast ¹	Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
Revenue			
Basic subsidy	87.6	88.5	195.6
Other government income	9.6	8.6	13.7
Resident contributions	38.5	39.0	83.8
Other income	1.8	1.7	3.3
Total revenue	137.5	137.8	296.4
Staff costs	(79.4)	(81.4)	(175.2)
Resident care costs	(7.7)	(7.2)	(15.8)
Other costs	(17.4)	(16.4)	(35.2)
Total operating costs	(104.5)	(105.0)	(226.2)
EBITDA ³	33.0	32.8	70.2
Depreciation and amortisation	(4.5)	(4.6)	(9.6)
EBIT ⁴	28.5	28.2	60.6
Net interest expense	0.0	0.0	0.3
Net profit before tax	28.5	28.2	60.9
Income tax expense	(8.6)	(8.5)	(18.3)
Net profit after tax	19.9	19.7	42.6

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3. Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.
4. Earnings before Interest and Tax ("EBIT") has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

1.1 STATUTORY INCOME STATEMENT

Statutory income statement			
	Actual	Forecast ¹	Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
Revenue			
Basic subsidy	80.5	80.8	187.9
Other government income	8.2	7.9	13.1
Resident contributions	34.9	34.9	79.7
Other income	1.2	1.5	3.2
Total revenue	124.7	125.1	283.9
Staff costs	(74.9)	(74.4)	(168.2)
Resident care costs	(6.3)	(6.6)	(15.3)
Other costs	(43.7)	(45.0)	(64.8)
Total operating costs	(124.9)	(126.0)	(248.3)
EBITDA ²	(0.2)	(0.9)	35.6
Depreciation and amortisation	(3.9)	(4.0)	(9.0)
EBIT ³	(4.1)	(4.9)	26.6
Net interest expense ⁴	(31.0)	(23.0)	(22.7)
Net profit before tax	(35.1)	(27.9)	3.9
Income tax expense	2.3	0.4	(9.6)
Net profit after tax	(32.8)	(27.5)	(5.7)

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3. Earnings before Interest and Tax ("EBIT") has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

4. One-off establishment costs relating to Mezzanine debt and bank debt facility increase on purchase of Padman Group were written off on repayment of both the debt and facility from the initial offering proceeds in December 2014.

1.2 REVENUE GROWTH

Four components of Revenue:

Care subsidies (ACFI), everyday living expenses, daily accommodation payments, extra and additional services

Care revenue

KPI		Pro Forma FY2014 Historical ¹	Pro Forma August 2014 Actual ²	Pro Forma 1H FY2015 Actual ²	Pro Forma 1H FY2015 Forecast ¹	Pro Forma FY2015 Forecast ¹
Mix	High Care residents		87.4%	91.3%		
Price	ACFI per day (including 8.75% cap)	\$154.91	\$154.42	\$165.75	\$166.69	\$170.15
Volume	Occupied beds	89.3%	90.0%	94.1%	94.1%	94.8%

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2. Pro Forma Actual has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

1.3 ACCOMMODATION INCOME

Overall

BOND/RAD	Pro Forma FY2014 Historical ¹	Pro Forma 1H FY2015 Actual ²	Pro Forma 1H FY2015 Forecast ¹	Pro Forma FY2015 Forecast ¹
Value (\$)	267,937,768	364,728,371	342,719,577	374,565,651
Quantity	1,310	1,580	1,593	1,745
Penetration	44.2%	46.8%	46.9%	48.6%
Average Liability (\$)	204,607	230,841	215,102	214,667

Payment Preferences in H1 FY2015

Number of new residents	176	
Payment Preference		
RAD only	116	65.9%
DAP only	3	1.7%
Combination	57	32.4%
Average Accommodation Charge (\$)		
RAD only ³	314,409	
DAP only ⁴	390,000	
Combination ⁵	350,153	
Average Equivalent Lump Sum ⁶ (\$)	327,274	

0.59

Accommodation Index

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3. RAD only: Total Refundable Accommodation Deposit (RAD) paid divided number of residents agreed to pay RAD only
4. DAP only: Total Daily Accommodation Payments agreed divided by number of DAPs
5. Combination: (Value of RAD paid plus Value of DAP agreed) divided by number of residents agreed to pay combination
6. Average Equivalent Lump Sum: (Total RADs paid plus Total DAPs agreed) divided (number of RADs paid plus number of DAP agreed)

1.4 PRO FORMA CASH FLOW STATEMENT

Pro Forma cash flow statement	Pro Forma Actual ²	Pro Forma Forecast ¹	Pro Forma Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
EBITDA	33.0	32.8	70.2
Change in net working capital	13.2	1.2	1.5
Non-cash items in EBITDA	2.3	(2.7)	(5.1)
Net cash flows from operations	48.5	31.3	66.6
Net accommodation bond / RAD related cash flows	30.7	18.1	32.7
Maintenance capital expenditure	(3.3)	(1.6)	(3.4)
Net cash flows from operations, before investment, interest, tax and financing activities	75.9	47.8	95.9
Acquisitions	(71.4)	(71.4)	(87.2)
Developments	(2.5)	(3.9)	(9.0)
Net cash flows before interest, tax and financing activities	2.0	(27.5)	(0.3)
Net interest paid	0.0	0.0	0.3
Income tax paid	(8.6)	(8.5)	(18.3)
Net cash flow before dividends	(6.6)	(36.0)	(18.3)
Dividends	0.0	0.0	0.0
Net cash flows	(6.6)	(36.0)	(18.3)

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1.4 STATUTORY CASH FLOW STATEMENT

Statutory cash flow statement			
	Actual ²	Forecast ¹	Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
EBITDA	(0.2)	(0.9)	35.6
Change in net working capital	13.2	1.4	11.6
Non-cash items in EBITDA	1.0	(2.7)	(5.1)
Net cash flows from operations	14.0	(2.2)	42.1
Net accommodation bond / RAD related cash flows	30.7	18.1	32.7
Maintenance capital expenditure	(3.3)	(1.6)	(3.4)
Net cash flows from operations, before investment, interest, tax and financing activities	41.4	14.3	71.4
Acquisitions	(380.3)	(390.8)	(406.6)
Developments	(2.5)	(3.9)	(9.0)
Net cash flows before interest, tax and financing activities	(341.4)	(380.4)	(344.2)
Net interest paid	(30.9)	(17.3)	(17.3)
Issuance of shares, net of share issue costs and share buy back ³	521.2	505.6	505.6
Net repayment of debt	(115.5)	(101.7)	(101.7)
Net cash flow before dividends	33.1	6.2	42.4
Dividends	0.0	0.0	0.0
Net cash flows	33.1	6.2	42.4

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3. Estia Health bought back 33.4m shares, reducing the total number of shares outstanding to 180.9m

1.5 STATEMENT OF FINANCIAL POSITION

Audited statutory statement of financial position	Statutory Actual ¹
\$ million	1H FY2015F
Current assets	
Cash and cash equivalents	36.7
Trade and other receivables	5.0
Other current assets	4.8
Total current assets	46.5
Property, plant and equipment	341.5
Goodwill	488.9
Other intangible assets	87.3
Other non current assets	7.7
Total non current assets	925.4
Total assets	971.9
Current liabilities	
Trade and other payables	17.4
Accommodation bonds / RADs	364.7
Provisions	17.3
Other current liabilities	15.1
Total current liabilities	414.5
Provisions	3.7
Total non current liabilities	3.7
Total liabilities	418.2
Net Assets	553.7
Shareholders' equity	
Contributed equity	601.0
Retained earnings	(47.3)
Total shareholders' equity	553.7



1. Statutory Actual has been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014

SECTION 2

OPERATING PERFORMANCE



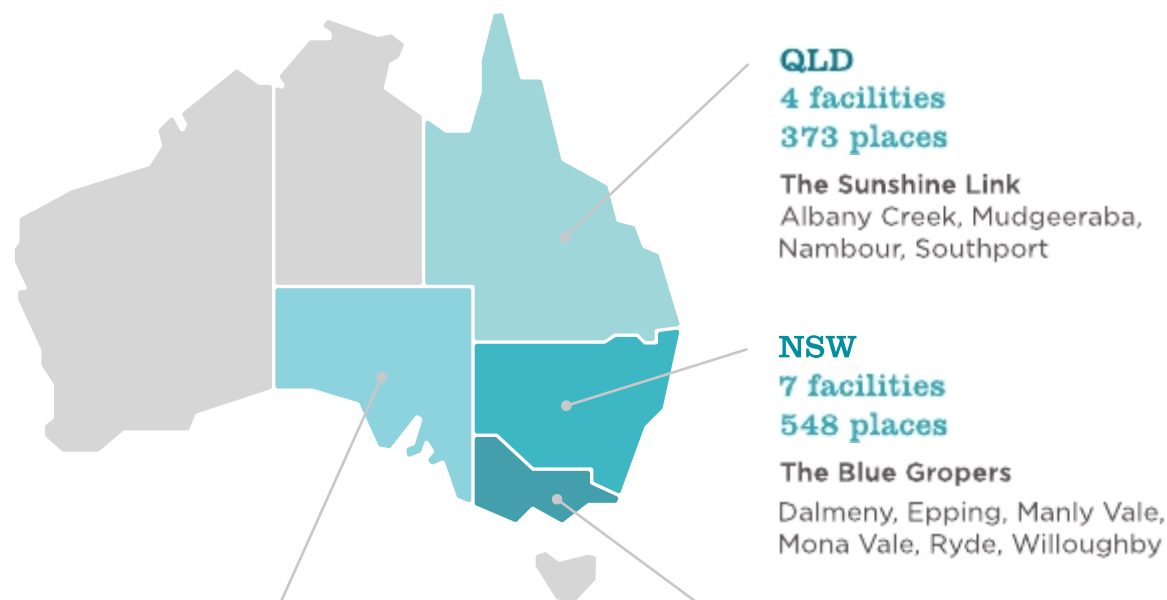
2.1 FACILITY INTEGRATION

45

- number of facilities

3,693

- number of places



Contracted Acquisitions as Prospectus

Prospectus Reference	Status	Location	Total Places
#1	Completed 1 Dec 2014	Salisbury, SA	71
#2	Completed 1 Dec 2014	Wattle Glen, VIC	101
#3	Completed 1 Dec 2014	Prahran, VIC	58
#4	Completed 1 Feb 2015	Grovedale, VIC	120
#5	Expected completion 1 Feb 2015. Option to purchase exercised. Completion delayed to around 1 May 2015. ¹	Metro, VIC	60

1. Delay has positive impact on earnings before interest and tax of \$104,000

2.2 ACQUISITION ABOVE PROSPECTUS

Post IPO Estia has contracted to acquire Bene Domus Operosa in Metro Adelaide

Completion of this 80 single bed facility is scheduled for 1 May 2015 when it will be rebranded Estia Health Burton. The facility neatly fits in the local network of Estia homes and will contribute \$0.1m to FY2015 results

- Purpose built modern aged care facility
- 80 beds consisting of single rooms with private ensuite
- Serene setting built around a lake and opposite wetlands; all rooms with an external view
- Secure dementia environment
- Future opportunity for brownfield development



2.3 RAMPING UP OCCUPANCY



Development type	Location	Total places	New Places	Date of Opening	Occupancy at 31 Aug 2014	Occupancy at 31 Dec 2014	Occupancy at 16 Feb 2015	Occupancy FY 2015 Forecast
Greenfield	Epping NSW	103	103	Dec '13	75.5%	86.8%	97.1%	92.0%
Greenfield	Lockleys SA	86	86	Dec '13	61.2%	87.0%	100.0%	83.2%
Brownfield	Kensington Gardens SA	76	24	July '14	79.9%	93.2%	94.7%	94.6%

2.4 SYSTEMS ROLLOUT

Exceptional performance bringing together the Estia, Padman and Cook Care businesses onto single platforms between August and December 2014

Finance

100% ✓ Complete

Epicor

Management Information

100% ✓ Complete

MIRUS

Human Resources

100% ✓ Complete

Chris 21

Time and Attendance

100% ✓ Complete

Time Target

Clinical Care

On Track ✓ Q2 2015

Health Metrics

2.5 CORPORATE LEADERSHIP



CEO
Paul Gregersen



Finance & Commercial
Joe Genova



Strategy & Development
Nick Yannopoulos

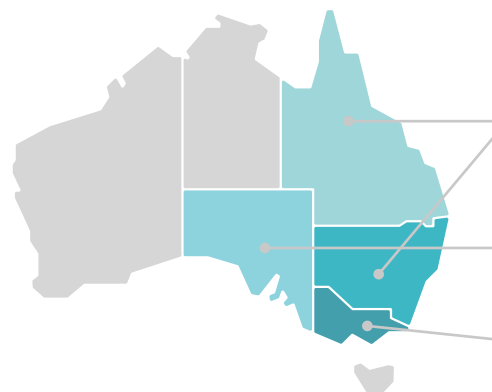
**Corporate Centre
centralized in
Camberwell with
closure of Adelaide
and Sydney
satellite offices**



People & Communications
Kate Sellick



Risk & Quality
Ruvani Desilva



Operations

**Regional Director
NSW & QLD**
Maryann Curry

Regional Director SA
Pru Mounsey

Regional Director VIC
Bradley Williams

**Group Head Of Funding
(all states)**
Sarah Pryor

SECTION 3

SUMMARY



3 SUMMARY

Successfully integrated a high quality portfolio of 43 aged care facilities, strongly weighted in key metropolitan areas

Meeting or exceeding key operating metrics as outlined in the Prospectus

- High occupancy levels of 94.1% in December 2014 with 91.3% of residents receiving high care subsidies
- Strong patient preference for single rooms supported by new market research
 - Estia leading the industry with 92% single rooms across portfolio
- Average equivalent new RAD of \$327,274 to drive future earnings growth
- Compelling industry dynamics with approx. 69,000 additional places required by 2022
- Acquisition strategy sitting above prospectus target – new 80 single bed facility to be completed by May 2015
- On track to meet Prospectus Forecast Pro Forma NPAT, EBIT and Revenue in FY2015

APPENDIX



UNDERSTANDING CONSUMER CHOICE DRIVERS IN AGED CARE



HOUSE OF BRAND: RESEARCH CREDENTIALS HOUSE of BRAND

House of Brand is one of Australia's leading consumer research agencies. They specialise in consumer decision-making when it comes to brand choice and influences.

House of Brand are trusted research partners for the following clients, amongst others:

- Estia Health
- Qantas
- Woolworths
- IAG
- CommSec
- Vodafone
- Nestle
- Freedom Furniture
- AHM health insurance

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- 2 BACKGROUND AND METHODOLOGY
- 3 THE CONJOINT TASK
- 4 THE RESULTS
- 5 DIFFERENT SCENARIOS



OBJECTIVES



FROM THIS RESEARCH WE WANTED TO UNDERSTAND:

The key variables in consumer decision making in residential aged care



Which features have the highest relative value (utility)?



How to optimise future design/communication for residential aged care facilities?



METHODOLOGY



OUR APPROACH: CONJOINT ANALYSIS

Conjoint analysis allows us to understand what **value** consumers place on **different product features** without asking the direct question of 'would you buy this?' or 'how much would you pay for this?' as responses can be unreliable.

Instead we ask consumers their opinion/**preference** on a **range of options** with different features at different price levels.

This allows us to **determine statistically** how much **value** is placed on the different features (e.g. payment options, room configuration).

The end result is a **robust analysis** of **consumer preference** for residential aged care, which takes into account the trade-offs that help project influences on consumer behaviour.

WHO WE SAMPLED:

We surveyed n=514 55+ year olds from around Australia:

- 49% females and 51% males
- All were aged 55yrs+
 - 55-65yrs (58%)
 - 65yrs+ (42%)
- From national capital cities and rural locations around Australia (nationally representative)
- All were told that the survey was about the aged care industry in Australia and they were asked to take their time to consider each answer and respond as honestly as possible.



THE
CONJOINT TASK



THE PRODUCT FEATURES TESTED IN THE MODEL:

Payment options (3 levels)

- Daily payment (non-refundable) of \$65 per day
- Fully refundable deposit of \$355,000
- Fully refundable deposit of \$200,000 plus payment (non-refundable) of \$28 per day

Room configuration (4 levels)

- Single room with ensuite
- Single room with shared ensuite
- Twin room with shared ensuite
- Multiple (3-4 people with shared ensuite)

Location (3 levels)

- Located close to where the resident lives now/their local neighbourhood
- Located outside their local neighbourhood but within the same town or city
- Located in a different town or city that is closer to the resident's family

Environment (3 levels)

- Luxury (4.5 stars)
- Deluxe(3.5)
- Basic (2.5 stars)



EXAMPLE OF HOW SCREEN LOOKED TO RESPONDENTS (EACH WAS SHOWN 8-9 SETS OF COMBINATIONS)




Survey progress: 58%

Scenario 7 out of 8.

The options have now changed. Which will you **most** likely choose, again based on these considerations alone and the financial circumstances at the time?

(Select one.)

(Please click on image to see larger view)

	Option 1 Standard (2.5 stars)	Option 2 Luxury (4.5 stars)	Option 3 Deluxe (3.5 stars)	
Quality of accommodation				
Room type and configuration	Twin room with shared ensuite	Single room with own ensuite	Twin room with shared ensuite	
Location	Located in a different town or city that is closer to the resident's family	Located outside their local neighbourhood but within the same town or city	Located outside their local neighbourhood but within the same town or city	
Payment options	Daily payment (non-refundable) of \$65 per day	Fully refundable deposit of \$200,000 plus payment (non-refundable) of \$28 per day	Fully refundable deposit of \$355,000	None of these
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ANOTHER EXAMPLE

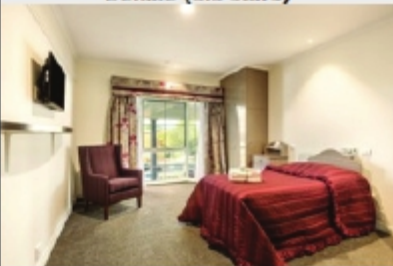


Survey progress: 52%

Scenario 2 out of 8.

The options have now changed. Which will you **most** likely choose, again based on these considerations alone and the financial circumstances at the time?

(Select one.)

(Please click on image to see larger view)

	Option 1 Deluxe (3.5 stars)	Option 2 Luxury (4.5 stars)	Option 3 Standard (2.5 stars)	
Quality of accommodation				
Room type and configuration	Single room with own ensuite	Twin room with shared ensuite	Multiple room (3 or 4 people) with shared ensuite	
Location	Located in a different town or city that is closer to the resident's family	Located outside their local neighbourhood but within the same town or city	Located close to where the resident lives now/their local neighbourhood	
Payment options	Fully refundable deposit of \$200,000 plus payment (non-refundable) of \$28 per day	Daily payment (non-refundable) of \$65 per day	Fully refundable deposit of \$355,000	None of these
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THE
RESULTS

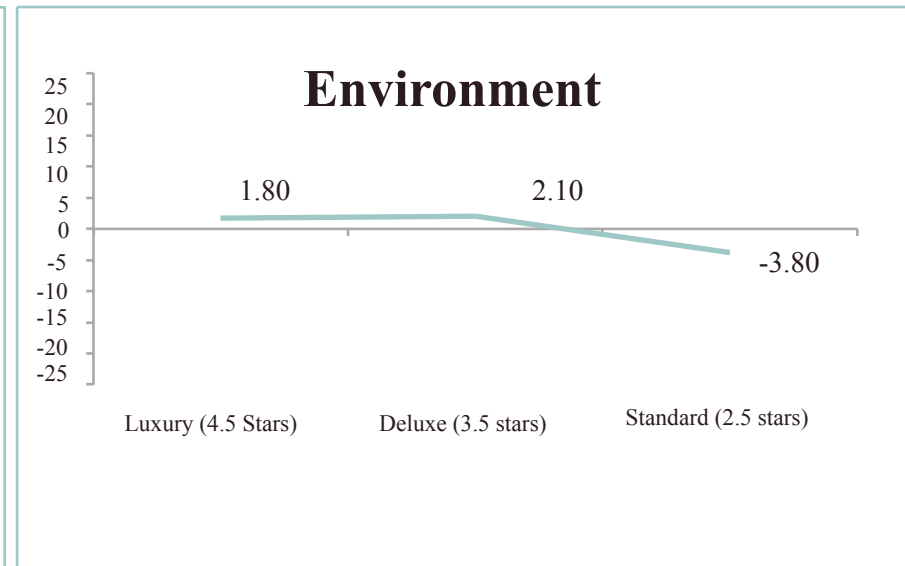
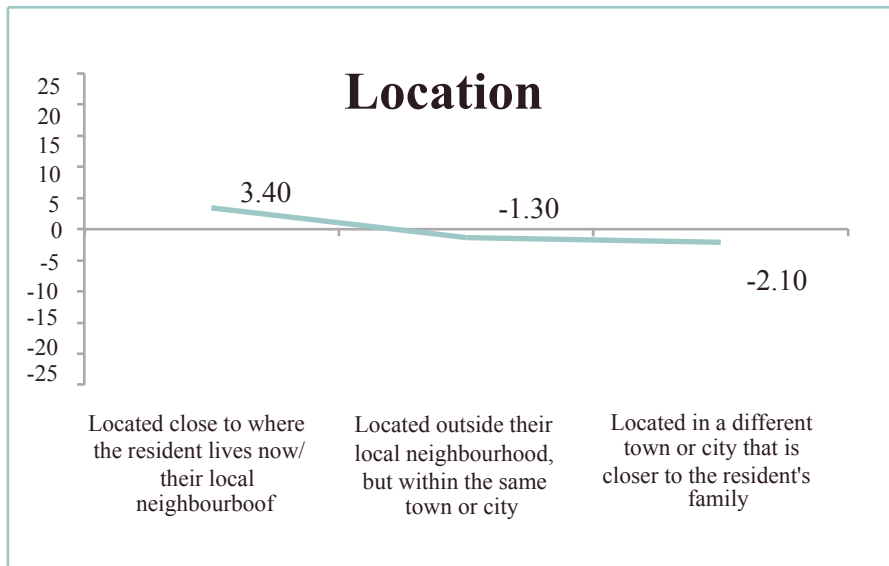
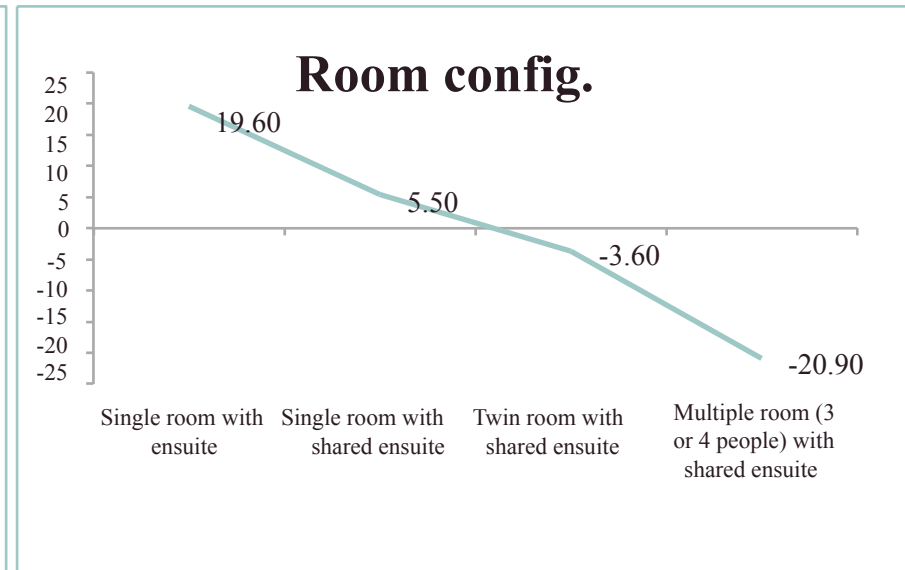
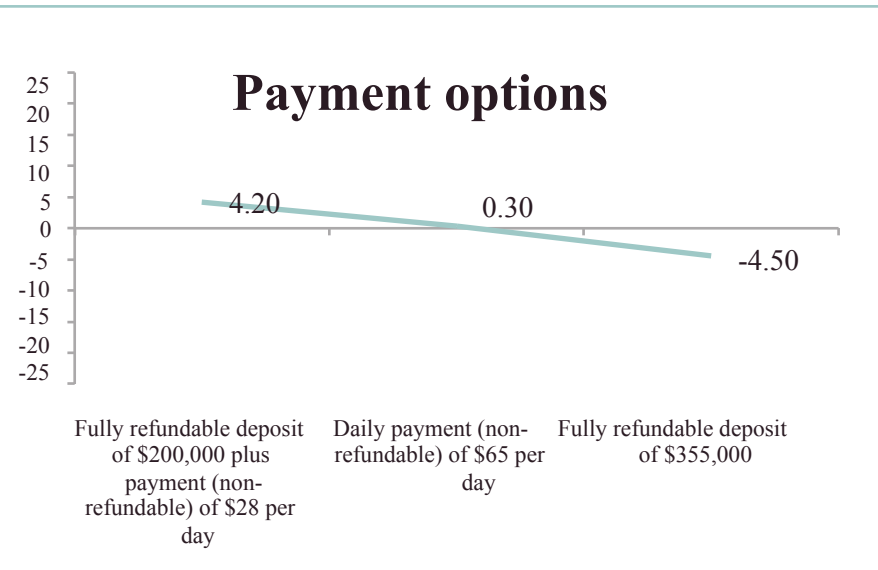
IMPORTANCE OF DRIVING AGED CARE CHOICE:

Which attributes have the highest impact on people's decision?

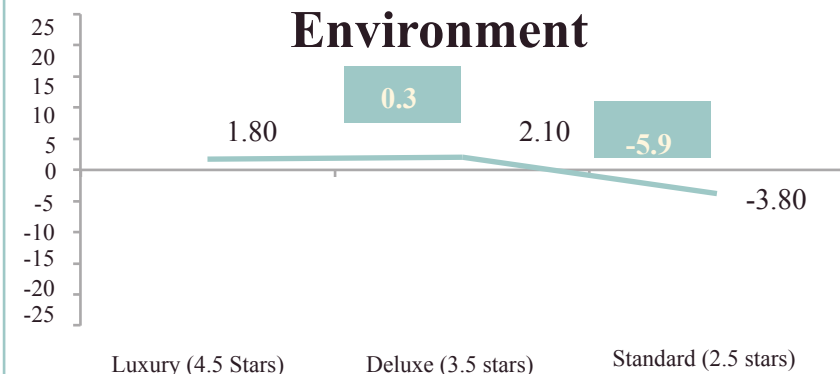
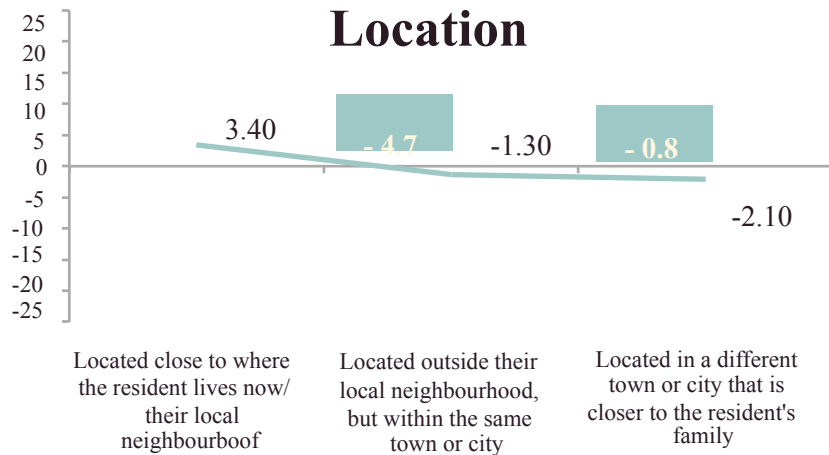
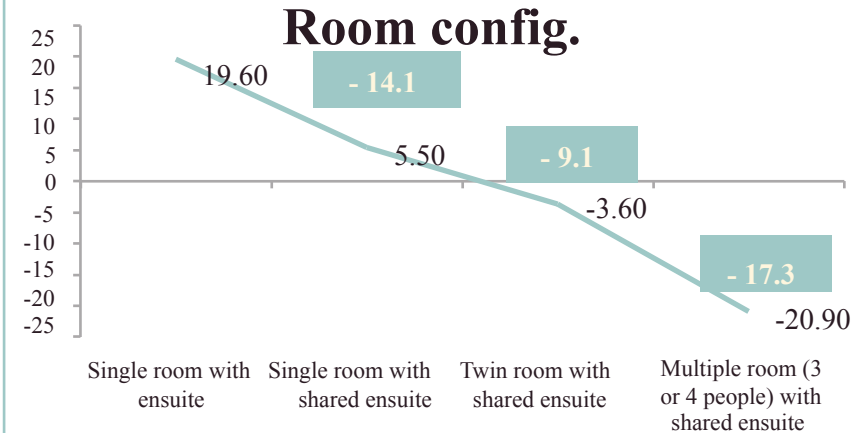
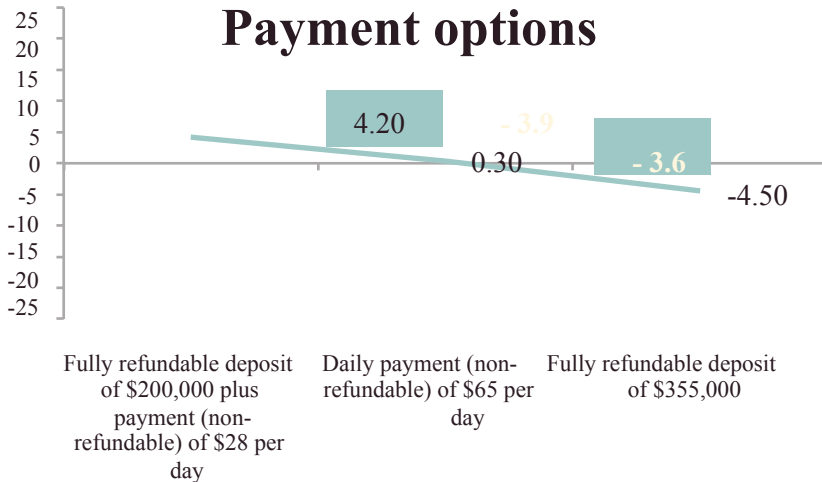


UTILITY SCORES FOR EACH LEVEL:

HOW TO INTERPRET: EACH UTILITY SCORE CAN BE VIEWED AS CHOICE “POINTS” IF THAT LEVEL WAS OFFERED. WHEN YOU ADD UP DIFFERENT LEVELS IN AN OVERALL OFFER, THE ONE WITH THE HIGHEST TOTAL POINTS IS LIKELY TO BE CHOSEN OVERALL.

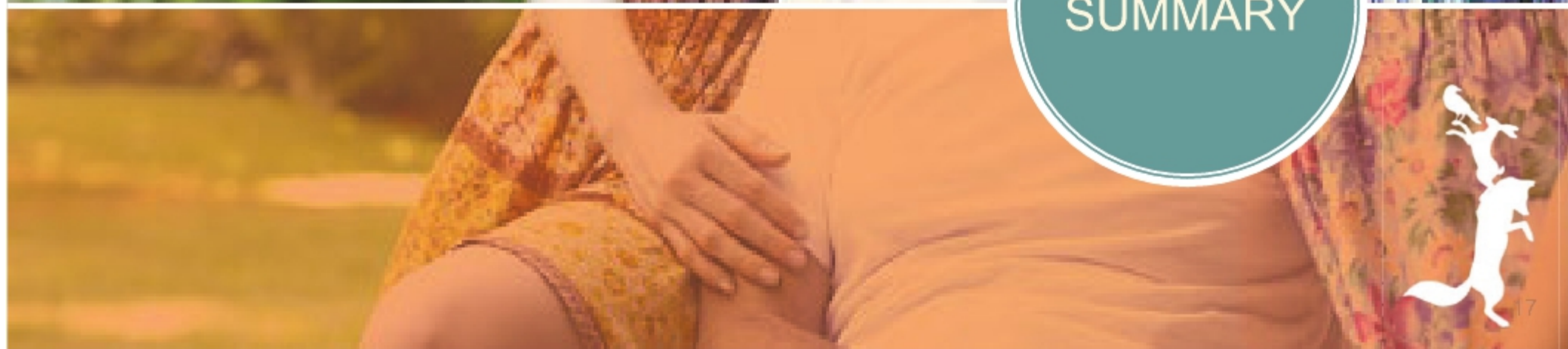


UTILITY SCORES ILLUSTRATING DROP OFF IN POINTS AS OFFERS CHANGE. ROOM CONFIGURATION HAS HIGHEST DROP OFF RATES, HENCE IS MOST IMPORTANT IN DRIVING CHOICE.





SUMMARY



SUMMARY CONCLUSIONS

- Room type is by far the most important driver of consumer choice when it comes to aged care. In particular having facilities with single room with ensuite is a huge source of competitive advantage when it comes to offering what consumers prize above all else.
- Single room with ensuite also ranks far above the quality standard of the room's furnishings and fittings.
- Once a single room with ensuite has been matched between a choice of facilities, then payment options, quality of room and environment come into play.
- Of the payment options, a combined refundable deposit with smaller daily fee was the most preferred

Population aged over 85 years
expected to double by 2032F
and double again by 2046F

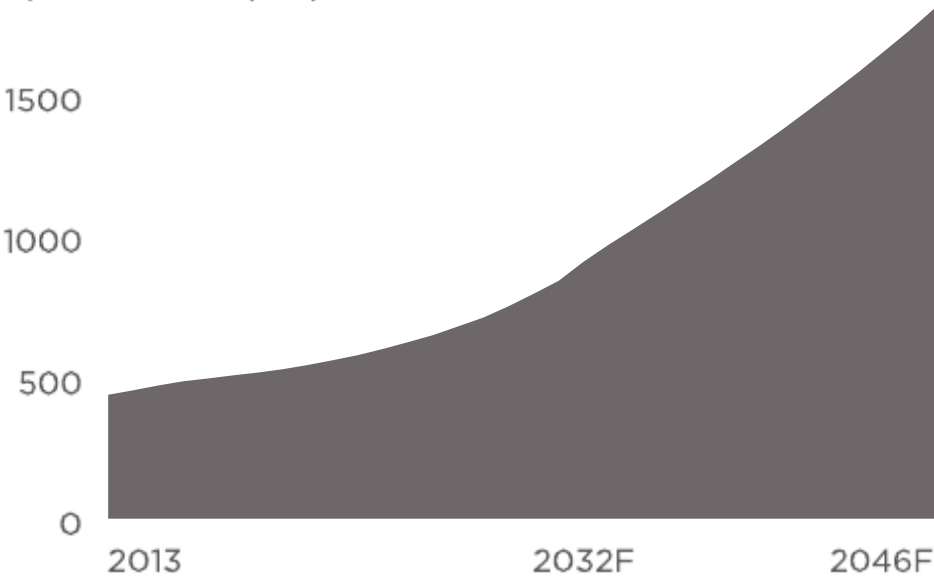
APPENDIX B: INDUSTRY ATTRACTIVENESS

Demographic tailwind

An ageing population with increasing prevalence of chronic conditions is forecast to require a c.37% increase in places between FY13 and FY22. The increasing age of residents (and acuity) will drive care requirements

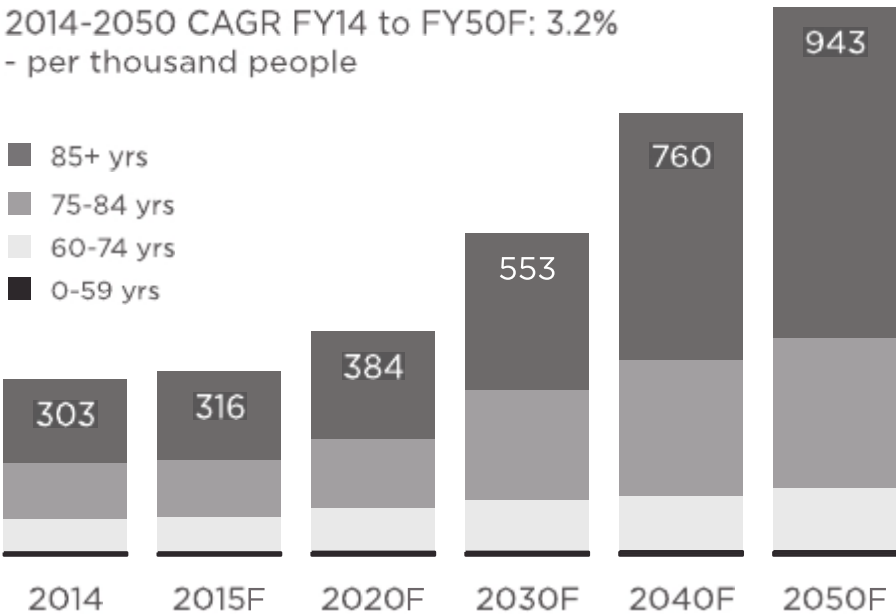
Growth in forecast population aged 85 years and over creating increased demand¹

- per thousand people



Increasing prevalence of chronic illnesses – dementia example²

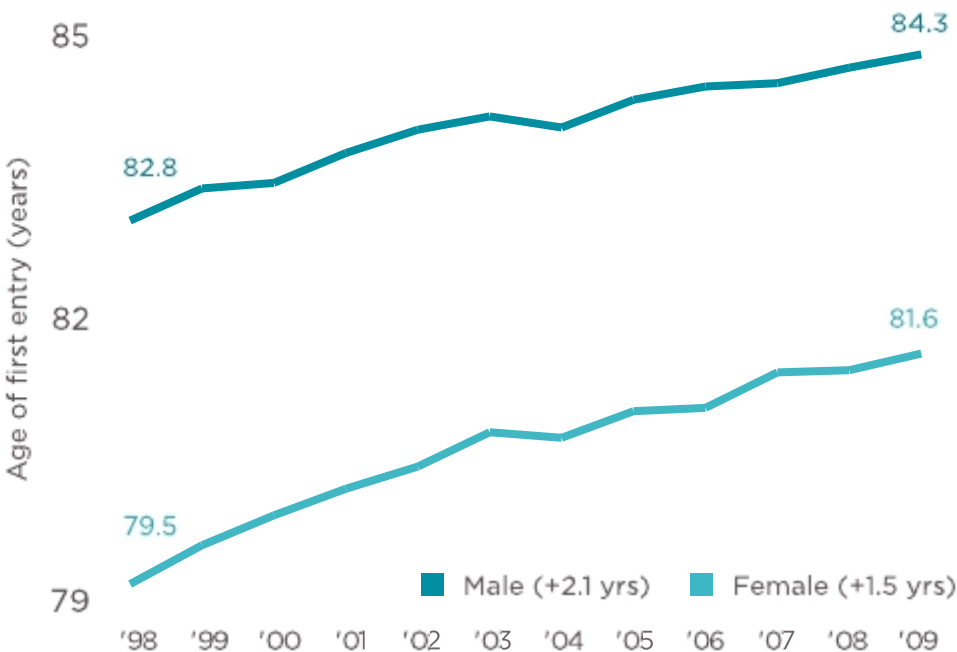
2014-2050 CAGR FY14 to FY50F: 3.2%
- per thousand people



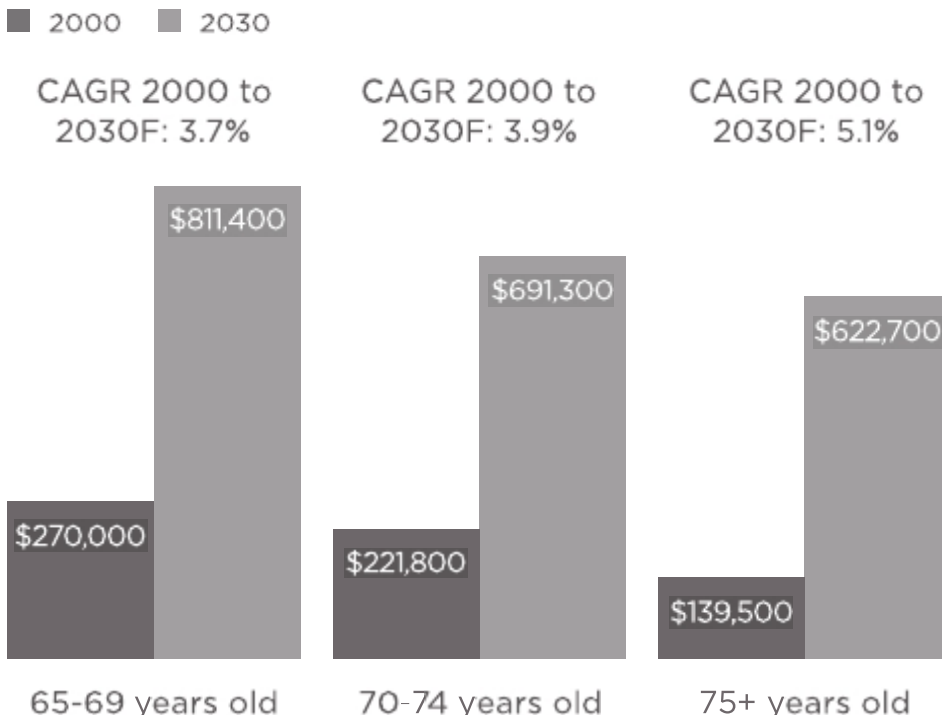
1. "Series 3222.0 Population Projections (Series A)", Australian Bureau of Statistics, accessed 19 June 2014
2. "Dementia Across Australia: 2011-2050", Deloitte Access Economics, 9 September 2011

APPENDIX B: INDUSTRY ATTRACTIVENESS (Continued)

Increasing age of residents resulting in higher care requirements³



Increasing wealth⁴



3. "Technical Paper on the changing dynamics of residential aged care prepared to assist the Productivity Commission Inquiry Caring for Older Australians", Department of Health and Ageing, April 2011
4. "Caring for Older Australians: Productivity Commission Inquiry Report Overview (No. 53)", Australian Government — Productivity Commission, 28 June 2011

APPENDIX B: INDUSTRY ATTRACTIVENESS (Continued)

Demand > Supply

An additional c.69,000 additional places will be required by 2022. The rate of growth in industry places will have to more than double to meet this demand

Overview of the industry

\$12.9 billion of industry operating revenue in FY2013

Approximately 190,000 places as at June 2013

- a further c.69,000 places estimated to be required by FY2022F to meet demand

High barriers to entry for new entrants

- supply of places is highly regulated
- regulatory compliance obligations

Highly fragmented sector

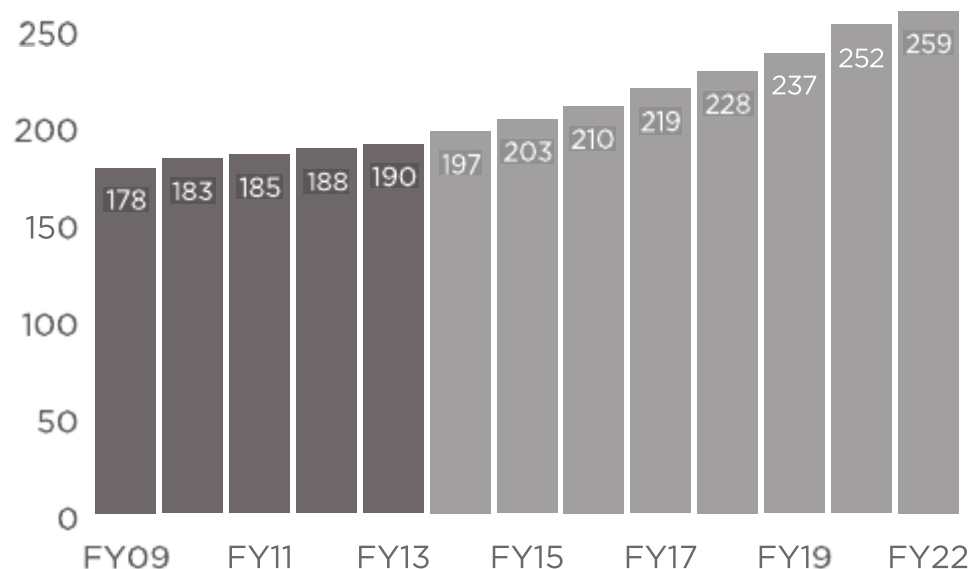
- for-profits represented only 36% of total places in FY2013 (up from 28% in FY2003)
- 63% of providers operated only one facility²

Recent regulatory reform is the catalyst to attract further private sector capital

- LLLB changes came into effect 1 July 2014

Number of places¹

- per thousand places



1. "Report on Government Services Volume F Chapter 13"-Productivity Commission, Table 13A.23 (Historical places for FY2009 – FY2013); "Inaugural Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority, June 2013 (projected places for FY2014 to FY2022)
2. "2014 Report on the Funding and Financing of the Aged Care Industry", Aged Care Financing Authority July 2014

APPENDIX C: STATUTORY TO PROFORMA RECONCILIATIONS

Reconciliation of statutory NPAT to Pro Forma NPAT			
	Actual ²	Forecast ¹	Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
Statutory net profit after tax	(32.8)	(27.5)	(5.7)
July 2014 trading results for Padman	1.8	1.8	1.8
July 2014 trading results for Cook Care	1.3	1.3	1.3
Dementia supplement	(0.1)	(0.2)	(0.2)
Incremental public company costs	(0.2)	(0.4)	(0.4)
Padman and Cook Care transaction costs	2.7	3.7	3.7
Stamp duty on acquisitions of facilities	23.3	23.2	24.1
Offer costs expensed	2.6	3.0	3.0
Change in financing structure, interest expense	31.0	23.0	23.0
Income tax expense differential	(10.8)	(8.9)	(8.7)
Other (e.g. one off) costs	1.1	0.7	0.7
Pro Forma net profit after tax	19.9	19.7	42.6

1. Pro Forma Historical Financial and Forecast Financial Information is consistent with the information disclosed in the Prospectus lodged 3 December 2014.
2. Pro Forma Actual are unaudited and have been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

APPENDIX C: CASH FLOW STATEMENT RECONCILIATION

Reconciliation of statutory cash flows to Pro Forma cash flows			
	Actual ²	Forecast ¹	Forecast ¹
\$ million	1H FY2015F	1H FY2015F	FY2015
Statutory net cash flows	33.1	6.2	42.4
July 2014 trading results for Padman	2.2	2.1	2.1
July 2014 trading results for Cook Care	1.4	1.6	1.6
Proceeds from the initial public offer, net of share issue costs and share buy back	(500.1)	(505.6)	(505.6)
Repayment of net debt	496.6	497.9	497.9
EBITDA adjustments	29.5	29.9	30.9
Other (e.g. one off) costs	(69.3)	(68.1)	(87.6)
Pro forma net cash flows	(6.6)	(36.1)	(18.3)

1. Pro Forma Historical Financial and Forecast Financial Information is consistent with the information disclosed in the Prospectus lodged 3 December 2014.

2. Pro Forma Actual are unaudited and have been prepared consistent with the basis set out in the Prospectus lodged 3 December 2014.

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