

ESTIA HEALTH ACQUIRES KENNEDY HEALTH CARE GROUP

Highlights

- Estia has acquired leading private aged care business Kennedy Health Care Group comprising of 8 facilities and 959 operational places; Estia's total operating places increases to 5,690 by the end of FY2016
- Estia has acquired 1,690 new operating places in FY2016 for a total price of \$399.4 million; funded through a combination of existing debt facilities and the issuance of approx. \$50 million in Estia shares (6,631,300 shares at \$7.54 per share)
- Targeted ROCE of 17%; acquisition expected to be immediately EPS accretive
- Kennedy Chairman, Dr Gary Weiss to join Estia board as non-executive Director; Kennedy Managing Director, Mark Kennedy joins Estia on 5-year contract
- Anticipated Pro Forma NPAT growth for FY2016 updated; increased from more than 20% to now more than 25%

Estia Health Limited (ASX: EHE) ("Estia" or the "Company") is pleased to announce the acquisition of Kennedy Health Care Group ("Kennedy"), one of the largest private aged care providers in Australia. Established in 1969, Kennedy is 100% family-owned and comprises of 8 facilities and 959 operating places located in Metropolitan South and West Sydney and Wollongong.

Along with Estia's other development activity, the acquisition will increase Estia's total number of operating places to 5,690 across 66 facilities by the end of FY2016. Estia has now acquired 1,690 new operating places in FY2016 for a total price of \$399.4 million.

The acquisition also brings a number of exciting brownfield and greenfield development opportunities. Estia will commit approximately \$88.4 million of capital investment over 5 years into the redevelopment of some of Kennedy's original facilities to expand the number of operating places and increase the proportion of single rooms. The Company is targeting a ROCE of 17% once the rebuilt facilities have been fully integrated.

The Chief Executive Officer of Estia Health, Paul Gregersen said: "The acquisition of Kennedy is in line with our stated strategy of acquiring one or more medium-sized groups as we work towards our goal of reaching 10,000 beds by FY2020. Given the longstanding history of Kennedy, some of its existing facilities are now in the natural cycle of requiring significant redevelopment. Mark Kennedy

has drawn-up plans for compelling new builds at Endeavour and The Bay which will deliver high quality choices in these attractive socio-demographic areas.”

Estia will fund the acquisition through a combination of existing debt facilities and the issuance of approximately \$50 million in Estia ordinary shares. Estia will issue 6,631,300 shares at \$7.54 per share to the Kennedy family, based on the 10-day volume weighted average price (VWAP) per Estia share up to and including 4 December 2015. The issued shares, for which Estia is not required to seek shareholder approval, will remain under escrow for 12 months following completion.

The balance of the consideration will be paid in cash utilising existing debt facilities of which 50% will be paid on completion, with the remainder paid in equal instalments on 1st July and 30th September 2016.

Kennedy’s Chairman, Dr Gary Weiss will join the Estia Board as a non-executive Director. Mr Weiss has extensive experience in the investment and wealth management industry. He is currently Chairman of ClearView Wealth and Ridley Corporation and is an Executive Director of Ariadne Australia Limited.

As part of the integration process, Mark Kennedy will remain as Managing Director of Kennedy through to the end of FY2016, reporting to Estia CEO Paul Gregersen. Thereafter he will work alongside Estia Development Director Peter Hamilton in a development role. Mr Kennedy has more than 16 years experience in aged care, specifically in the design and construction of aged care facilities. For the past seven years he has been Managing Director of Kennedy.

Mark Kennedy, Managing Director of Kennedy Health Care Group, commented: “Kennedy has a long heritage of providing high quality care to elderly Australians. We specifically selected Estia Health as our preferred partner because of its vision to provide best-in-class aged care services and its strong family culture. Estia has an extensive industry track record, good staff longevity and a high quality leadership team.”

Estia has also updated its guidance for FY2016, with pro forma NPAT now anticipated to be more than 25% above that of the prior year.

Estia Health CEO, Paul Gregersen and CFO, Joe Genova will be hosting an investor teleconference briefing today, Monday 7th December at 10am AEDT. Details for the teleconference are below.

-ENDS-

7 December 2015

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Investor Teleconference Details

Use the numbers below to join the teleconference briefing. For countries not listed below, the international number can be used. You will also need to quote the conference ID provided.

Synchronised slides are available to be viewed at:

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