Estia O Health

FY21 Half Year Results Presentation 23 February, 2021

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Overview

COVID-19 tested the capacity of the aged care sector particularly in Victoria from July to October during the 2nd phase of community transmission

Resident health safety and well-being: Estia's absolute priority throughout the COVID-19 pandemic has been the health, safety and well-being of our residents and employees. Supported by strong governance, depth of management and the financial capacity to deploy more than \$20m investment in additional staff and workforce costs, Infection Prevention and Control (IPC), Personal Protective Equipment (PPE), cleaning, waste disposal, and staff and family welfare support

Aged Care Royal Commission: Hearings concluded in November 2020. Estia participated in the Financing and Funding hearings during September 2020. Counsel Assisting the Royal Commissioners published 124 recommendations addressing the matters bought before the Royal Commission during the 2 years of hearings

Clinical Care and Quality: Estia continued to strengthen our investment in resourcing and systems to ensure that our service to residents and compliance with regulatory standards reflect the increasing expectations of the community

New developments: Paused due to the uncertain investment outlook and economic circumstances

Financial highlights:

- COVID-19 ~ \$20.1m additional costs
- Occupancy impacted in Victoria
- \$8.5m Government temporary funding support
- Net RAD flows neutral
- Net debt \$86.0m
- \$11.7m Shareholder class action settlement expense



COVID-19

Community outbreak in Victoria significantly impacted operations

- · Residents or employees tested positive to COVID-19 in 11 of the 27 Victorian homes
- Four homes experienced major outbreaks
- 110 residents and 117 Estia employees tested positive to COVID-19; all employees impacted have now returned to work
- Notices to Agree (NTA) issued to two homes addressed during designated periods

Governance

- Oversight by Board COVID-19 sub-committee
- Critical Incident Management Team (CIMT) established. Sean Bilton (COO) was solely dedicated to the COVID-19 response from July to October
- Infectious Diseases Medical Specialist appointed to the Clinical Governance Committee

Outbreak management

- Dedicated communications resources engaged during outbreak periods to support and facilitate communication with residents, staff and families
- Supply chains strengthened to ensure all homes had security of PPE
- Specialist counsellors appointed to outbreak homes to support residents, families and employees
- Staffing supplemented from other Victorian homes and inter-state Estia transfers
- Infection Prevention Control (IPC) leads appointed in all homes prior to the mandatory Government requirements

Future readiness

- IPC resources appointed in all homes
- COVID-19 outbreak simulations continue across all homes to enhance local management skills and preparedness
- Ongoing monitoring of State directives and degree of community transmission will inform future responses



Royal Commission and Reform

- Responses made to sector-wide Royal Commission Requests For Information on Quality of Care (January 2019) and Staffing (January 2020); no further enquiries made by the Commission to the Company in relation to either response or any other operational matters
- CEO Ian Thorley appeared at the Royal Commission Hearings in September 2020 to present the Company's views on the funding, financing and prudential reform required to support the long-term sustainability of the sector
- Counsel Assisting the Royal Commissioners published 124 recommendations in November 2020. The key recommendations considered:
 - Principles of the New Aged Care System
 - Program Design
 - Quality and Safety
 - Aged Care Workforce
 - Provider Governance
 - Funding of the New Aged Care System
 - Prudential Regulation and Financial Oversight
 - Effective Regulation
 - Transition and Implementation
- Several of the key recommendations from Counsel Assisting's initial report focused on addressing the impact that underfunding within the sector can have on service delivery



2. Financial performance

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Financial overview

\$86.0m Net bank debt ¹	Net bank debt \$86.0m at 31 December 2020 (\$120.5m after adjusting for the Government revenue received in advance)	\$20.9m EBITDA Mature homes ^{2,3}	EBITDA – Mature homes excluding COVID- 19 costs of \$20.1m was \$41.0m; 6.7% decline from \$44.0m pcp despite ongoing margin compression
\$240.0m Net liquidity	Net liquidity representing cash and undrawn credit lines	\$5.3m Net loss after tax	\$3.8m profit after tax prior to \$11.7m Shareholder class action settlement and \$0.8m landbank impairment expenses
\$836.1m RAD balance	Net RAD inflows of \$1.2m during the period, reduction in probate of \$15.1m	New homes	Maroochydore (opened August 2019) reached 100% occupancy in February 2021 Blakehurst opened to residents on 22 February 2021
90.6% Average occupancy	Average mature home occupancy of 90.6%, with spot occupancy of 92.7% as of 19 February 2021 93.5% average occupancy outside of Victoria (H1FY21)	\$28.9m Capital investment	Investment in new homes, significant refurbishments, sustainability projects and asset replacement and improvement
\$20.1m Direct COVID-19 costs	\$20.1m of direct incremental costs associated with COVID-19; \$8.5m temporary COVID-19 funding and grants in the period	Nil Interim dividend	Nil interim dividend declaration

1 Net bank debt is defined as bank borrowings and overdrafts less cash and cash equivalents

2 A reconciliation of Operating Profit to EBITDA and EBITDA - Mature homes is provided in Appendix B. Mature homes are homes that have been opened for more than 12 months or if open for less than 12 months have greater than 85% occupancy at the commencement of the financial year. EBITDA is a non-IFRS measure

3 EBITDA – Mature homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation and imputed DAP revenue on RAD/bond balances resulting from the adoption FY21 Half Year Results | 7 of AASB 16

COVID-19: P&L impact

/		H1 FY21 6 months				
		Group	Homes in Victoria	Other Homes		
		\$'000	\$'000	\$'000		
Government revenue - excluding temporary funding a	221,001	72,110	148,891			
Government revenue - temporary funding and grants		8,453	3,989	4,464		
Resident and other revenue ¹		73,068	21,954	51,114		
Total operating revenues		302,522	98,053	204,469		
Employee benefits expenses						
Recurring		215,624	76,721	138,903		
COVID-19 related ²		9,470	6,299	3,171		
Total employee benefits expenses		225,094	83,020	142,074		
Non-wage expenses						
Recurring		45,897	16,731	29,166		
COVID-19 related ²		10,656	6,256	4,400		
Total non-wage expenses		56,553	22,987	33,566		
EBITDA - Mature homes ^{3,4}		20,875	(7,954)	28,829		
Occupancy - Mature homes		90.6%	85.1%	93.5%		
Revenue statistics - Per Occupied Bed Day ("POBD)")					
Government revenue - excluding temporary funding a	ind grants	\$214.5	\$211.8	\$215.8		
Resident revenue		\$70.9	\$64.5	\$74.1		
Cost statistics - Per Operational/Available Bed Day	H1FY20		H1FY21 Homes in	Other		
	Group	Group	Victoria	Homes		
Staff costs - recurring	\$181.8	\$189.5	\$191.9	\$188.3		
Staff costs - COVID-19 related	-	\$8.3	\$15.8	\$4.3		
Total Staff costs	\$181.8	\$197.9	\$207.6	\$192.6		
Non-wage costs - recurring	\$42.9	\$40.3	\$41.8	\$39.5		
Non-wage costs - COVID-19 related	-	\$9.4	\$15.6	\$6.0		
Total Non-wage costs	\$42.9	\$49.7	\$57.5	\$45.5		
Total costs - recurring Total costs - COVID-19 related	\$224.7	\$229.8 \$17.7	\$233.7 \$31.4	\$227.8 \$10.3		
Total costs	- \$224.7	\$ 247.6	\$31.4 \$265.1	\$10.3 \$238.1		
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Key observations

- Performance outside Victorian homes sustained at 14.1% EBITDA to revenue margin across 42 homes
- 11 of the 27 Victorian homes experienced infections, four of which were major outbreaks
- COVID-19 direct costs of ~\$20.1m of which \$12.6m was in Victoria equating to incremental costs per available bed day of \$31.40 in Victorian homes and \$10.30 in the other homes
- Cost levels declining in the second quarter as detailed further in Appendix D but trend higher than pre-COVID-19 levels as a result of higher staff and PPE costs. Future levels will be dependent on outbreaks in local communities and the response at an individual home level
- Temporary funding from Government contributed \$8.5m; including additional PPE provided to the value of \$1.6m
- Grant claims submitted to Government relating to the period are ~\$7.3m: not confirmed or recognised in the H1 FY21 results
- Lost revenue due to occupancy decline in Victoria estimated at ~\$5.8m

1. Resident and other revenue excludes the impact of the imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

2. Reflects Employee and Non-Wage expenses incurred in response to the COVID-19 pandemic

3. EBITDA - Mature homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation and imputed DAP revenue on RAD/Bond balances resulting from the adoption of AASB 16

4. A reconciliation of Operating Profit to EBITDA and EBITDA - Mature homes is provided in Appendix B

Summary P&L account

	H1 FY21	H2 FY20	H1 FY20	H1FY21
	6 months	6 months	6 months	vs
	\$'000	\$'000	\$'000	H1FY20
Government revenue - excluding temporary funding and grants	221,001	210,625	215,563	2.5%
Government revenue - temporary funding and grants	8,453	7,382	-	100.0%
Resident and other revenue ¹	73,068	72,453	73,857	(1.1%)
Total operating revenues	302,522	290,460	289,420	4.5%
Employee benefits expenses	215,624	205,399	198,873	8.4%
Non-wage expenses	45,897	43,693	46,594	(1.5%)
COVID-19 incremental costs	20,126	2,538	-	100.0%
EBITDA - Mature homes ^{2,3}	20,875	38,830	43,953	(52.5%)
Imputed DAP revenue on RAD/bond balances (AASB 16 impact)	(21,575)	(21,462)	(21,945)	 (1.7%) (27.1%) (95.7%) 8.7% (26.0%) (1.7%)
Other income - Asset Disposals	(8,231)	121	(335)	
Royal Commission expenses	51	31	70	
Net loss/(gain) from homes in ramp-up	34	(1,287)	796	
Depreciation and amortisation expenses	20,340	20,410	18,709	
Net finance costs	3,287	4,050	4,441	
RAD/Bond imputed interest	21,575	21,462	21,945	
Operating profit before income tax, class action and impairment expenses	5,394	15,505	20,272	(73.4%)
Income tax expense (pre class action/impairment expenses)	1,619	4,685	5,914	(72.6%)
Profit for the period before class action and impairment	3,775	10,820	14,358	(73.7%)
Class action settlement expenses	11,675	-	-	
Impairment expenses	796	144,555	67	
expenses	(3,408)	(2,515)	(20)	
Profit/(loss) for the period	(5,288)	(131,220)	14,311	(137.0%)
Total Occupied Bed Days - Mature homes ³	1,030,359	1,002,455	1,024,460	0.6%
Occupancy %	90.6%	92.6%	93.7%	

Key observations

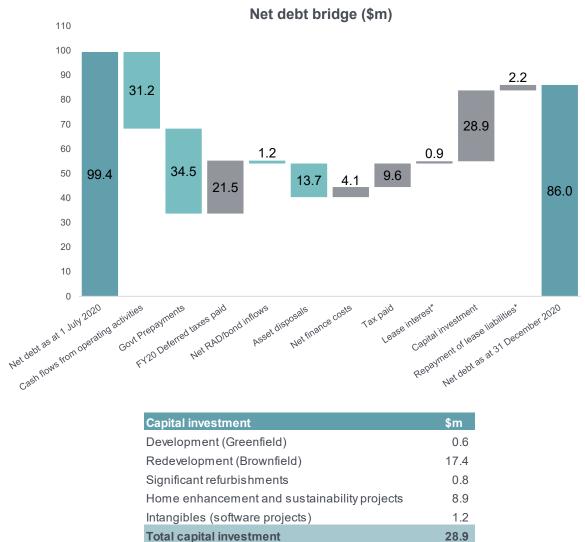
- EBITDA Mature homes adjusted for the impact of incremental COVID-19 costs was down 6.7% on a comparative basis
- EBITDA Mature homes including the impact of incremental COVID-19 costs was \$20.9m compared to \$44.0m in H1FY20 representing a 52.5% decline
- Minimal expenditure relating to the Royal Commission
- Depreciation expenditure in line with H2 FY20
- Property sales generated a pre-tax profit of \$8.2m
- Net finance costs reflect continued low interest rates, low net debt and tight working capital management
- Shareholder class action settlement expense resulted in a net cost of \$11.7m after insurers' contributions: fully provided for in H1 FY21 with settlement expected in H2 FY21

1 Resident and other revenue for FY20 excludes the impact of the imputed DAP revenue on RAD/Bond balances resulting from the adoption of AASB 16

2 A reconciliation of Operating Profit to EBITDA and EBITDA - Mature homes is provided in Appendix B. EBITDA – Mature homes is defined as Earnings before Interest, Tax, Depreciation, and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

3 Mature homes are homes that have been opened for more than 12 months or if open for less than 12 months have greater than 85% occupancy at commencement of the Financial year

Balance sheet, net bank debt and cash flow



Key observations

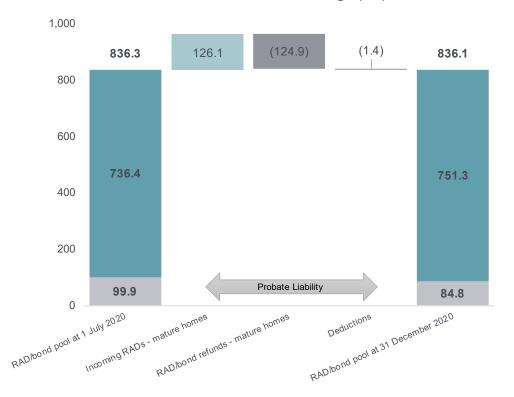
- Net bank debt of \$86.0m at 31 December 2020 or \$120.5m once the Government revenue received in advance is excluded
- Operating cashflows for the period include the repayment of \$21.5m of deferred PAYG and payroll tax liabilities relating to FY20
- At 31 December 2020, approximately \$50.0m of Net Debt was drawn to fund construction work in progress
- Sustained high level of EBITDA-cash conversion
- Overall Net RAD/Bond inflow of \$1.2m
- Mona Vale and Wollongong (NSW) disposal proceeds of \$13.7m received
- \$28.9m of capital investments in the period
- Strong, well-capitalised balance sheet with total assets of ~\$1.89b supported by \$604.1m of shareholders' funds
- \$330m Bank Facilities with undrawn capacity of \$221m at 31 December 2020¹
- Prudential Liquidity Policy maintained at a minimum of 5% of RAD/Bond balances

1. Undrawn capacity under the Bank Facilities is adjusted for bank guarantees and ancillary credit facilities on issue and secured as at 31 December 2020

* Amounts were previously reported as a component of cash flows from operating activities and are now reported separately as a result of the adoption of AASB 16



RADs and bonds



Net RAD/bond bridge (\$m)

Key observations

- The RAD balance including probate liability remained virtually constant at \$836.1m, with the balance associated with current residents increasing to \$751.3m
- Incoming RADs from mature homes were \$126.1m, with an average incoming agreed RAD of \$430k
- RAD refunds from mature homes were \$124.9m, at an average outgoing agreed price of \$386k
- There are currently 268 residents holding pre-July 2014 bonds at an average price of \$202k
- Average incoming agreed RAD prices continue to increase and remain significantly higher than the average outgoing RAD/bond price

Total RAD/bond pool at period end (\$m)	31-Dec-20	30-Jun-20	31-Dec-19
Pre-July 2014 bonds for current residents	54.3	63.0	74.1
Post-July 2014 RADs for current residents	697.0	673.4	649.0
Total relating to current residents	751.3	736.4	723.1
Probate balance (former residents pending refund)	84.8	99.9	103.4
Total RAD/bond pool	836.1	836.3	826.5

RAD/bond	H1 FY21	H2 FY20	H1 FY20
Total number of paid RAD/bonds	2,609	2,683	2,678
Average RAD/bond held	\$320,481	\$311,705	\$308,641
Average agreed incoming RAD	\$430,341	\$429,714	\$436,387
Average outgoing RAD/bond	\$385,687	\$370,888	\$387,519

3. Operational overview

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Occupancy and market share

Occupancy is a key indicator of success in aligning homes and services with local communities

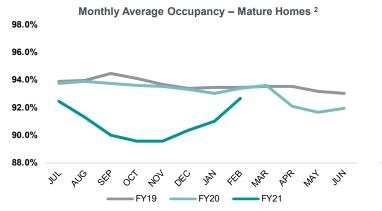
Overall

- Pre COVID-19 average occupancy 93.6%, consistently above sector and peers
- Customer engagement through local marketing and referrer channels continue as a key focus
- · Diversified geographic and demographic portfolio operates in network clusters
- · Single rooms represent 91% of our current operational places
- · 33 homes significantly refurbished in last 3 years

H1 FY21

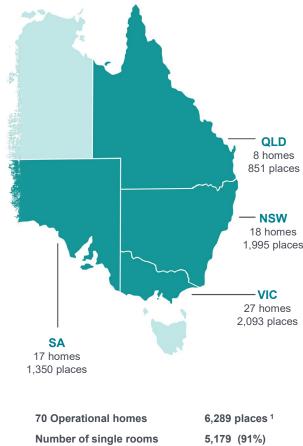
COVID-19 impact largely limited to Victoria:

- 42 Homes outside Victoria performed well with average H1 FY21 occupancy of 93.5% and spot occupancy at 19 February 2021 of 95.3%
- 27 Victoria homes experienced average H1 FY21 occupancy of 85.1%, falling to 82.5% in mid October. Victorian spot occupancy improved to 87.8% at 19 February 2021
- Group H1 FY21 average occupancy of 90.6% continued to improve with spot occupancy at 19 February 2021 of 92.7%









1. Total operational places at 23 February 2021 – includes Blakehurst which opened on 22 February 2021

2. Mature homes are homes that have been opened for more than 12 months or if open for less than 12 months have greater than 85% occupancy at commencement of the financial year



Clinical care and quality

Systems and processes

- New technologies introduced to meet care challenges during COVID-19 second wave. Electronic care management system enabled remote care monitoring
- National infection control group HICMR independently audits infection control practices and systems
- COVID-19 outbreak simulations continue across all homes to enhance local management skills and preparedness

Governance

- Our Critical Incident Management structure enabled multiple COVID-19 issues to be managed over multiple jurisdictions and for extended periods during 2020
- Clinical Governance Committee comprising independent clinical experts reviews clinical performance and outcomes
- Clinical performance outcomes monitored by the Board Risk Committee
- Independent whistleblower hot line available for staff, residents and families

Staffing

· Registered nurses are rostered on all shifts in all homes every day

Outcomes

- · All Estia homes are accredited with no homes under sanction
- 6 homes have unmet outcomes as at 22 February 2020
- NTA issued to two homes during the second Victorian COVID-19 outbreak requirements met within the specified timeframes. A further separate NTA unrelated to COVID-19 currently being addressed
- Continuous improvement at all homes supported by benchmarking performance on three mandatory clinical indicators against 600 other RAC homes
- Internal Consumer Experience Reports ("CER") average 94.3% satisfaction rating¹ from > 3,700 surveys of residents in H1 FY21





Workforce, people and culture

Background

- Resident and care focussed flat operating structure 7,500 employees nationally
- · Strong leadership team with succession depth
- 82% of employees covered by State-based Enterprise Agreements
- Sustained de-casualisation of the workforce to 7.7% below 8% target
- · Health, safety, diversity, inclusion and well-being are key priorities

High quality talent

- Alignment of our Employee Value Proposition to attract and retain quality employees
- Estia *Academy* focused on both clinical development and the development of our current and future leaders. Remote learning facilitated through digital platforms
- Diversity and inclusion integrated into all people processes and priorities

Motivated to care

- Culture plans implemented to further grow our employee engagement
- Performance management program implemented aligning goal setting and performance feedback to strategy and individual development needs
- 18.1% staff turnover favourable to industry averages

Safety and well-being

- Estia *Well* national working group established, focused on identifying and implementing wellness programs to support employee needs
- *Speaking up* hazard reporting program increases our incident reporting and supports our safety-first culture
- Employee Assistance Program (EAP) enhanced; paid quarantine leave continues to support staff and encourage a culture of disclosure of potential COVID-19 exposures

• LTIFR 8.76 12-month average

© Estia Health Environmental, Social and Governance (ESG)

2020-24 Sustainability Framework with focus areas and targets established

Environmental

- Final tranche of energy sustainability projects (Solar and LED) completed – 65 of 69 homes now with at least one renewable energy initiative in place.
- Second stage of climate change resilience review of portfolio complete with vulnerability of 100% of homes assessed. Climate Resilience Tool in development to support analysis.
- Participation in national pilot of NABERS sustainability ratings program for residential aged care buildings
- Sustainability projects estimated to be reducing carbon emissions by up to 8,000 tonnes while delivering savings of up to \$1.8m pa

Social

- Launched new EAP program 'REACH' and employee well-being program Estia *Well* to support resilience in our workforce
- 'Diversity and Inclusion' development program for all leaders launched focus on understanding unconscious biases
- Signed the Aged Care Voluntary Industry Code of Practice
- Voluntary payment of \$0.5m made to employees who were not eligible for the Government Aged Care retention bonus scheme

Governance

- Seven directors: five of whom are independent Non-executive Directors
- Board and Executive team strong gender diversity (47% female)
- Supply chain assessment complete for organisation's first Modern Slavery Statement (March 2021)
- Clinical Governance Committee strengthened with the appointment of an Infectious Diseases Medical Specialist







Investment of \$28.9m H1 FY21 (\$46.3m H1 FY20) enabling future increased capacity while continuing the organisation's refurbishment program focused on enhancing the resident experience.





Investment



Artist's impression - Estia Health Aberglasslyn (NSW)

Artist's impression - Estia Health Mt Barker (SA)

4. Looking forward

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Looking forward

Sector

- Royal Commission should provide catalyst for reform
- · Demographic trends point towards future increasing demand
- Increasingly complex care needs of the ageing population will require more intense and specialised care
- Funding and financing needs were recognised by the Counsel Assisting the Royal Commission
- Financing certainty required to attract the significant investment required in new and existing homes - this would support the wider post COVID-19 economic recovery in Australia
- · Sector consolidation and asset retirements likely to continue and accelerate
- COVID-19 will be present for foreseeable future

Estia

- Quality and geographic diversification of property portfolio
- Historic occupancy performance demonstrates alignment to community needs
- · Leadership and management depth to support future opportunities
- · Development pipeline ready to activate
- · Balance sheet strength supporting operations and developments
- Shareholder class action resolved
- COVID-19 preparedness continually reviewed and tested
- Occupancy and costs recovery encouraging



5. Questions

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6. Appendices

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Appendix A: Statutory Income Statement

	H1 FY21	H1 FY20	H1FY21 vs
	\$'000	\$'000	H1FY20
Revenues ¹	322,500	316,082	2.0%
Other income	9,828	335	
Expenses			
Administrative expenses	8,842	9,600	(7.9%)
Depreciation, amortisation and impairment expenses ²	21,136	18,776	12.6%
Employee benefits expenses	225,119	203,294	10.7%
Occupancy expenses	12,491	12,296	1.6%
Residentexpenses	35,229	25,790	36.6%
Class action settlement	11,675	-	100.0%
Royal Commission expenses	51	70	(27.1%)
Operating profit for the period	17,785	46,591	(61.8%)
Net finance costs ³	24,862	26,386	(5.8%)
Profit/(loss) before income tax	(7,077)	20,205	(135.0%)
Income tax (benefit)/expense	(1,789)	5,894	(130.4%)
Profit/(loss) for the period	(5,288)	14,311	(137.0%)
Earnings per share (cents per share)			
Basic, profit/(loss) for the period attributable to ordinary equity holders of the parent	(2.02)	5.49	(136.8%)
Diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent	(2.02)	5.46	(137.0%)

1 Revenue for H1 FY20 includes \$21.6m of imputed DAP revenue on RAD/bond balances (H1 FY20 \$21.9m) arising as a result of the adoption of AASB 16

2 Depreciation, amortisation and impairment expense for H1 FY21 includes \$2.2m of amortisation on leases (H1 FY20 \$2.3m) as a result of the adoption of AASB 16

3 Net financing costs for 1H FY21 includes \$22.5m of interest expense (H1 FY20 \$23.0m) as a result of the adoption of AASB 16

Appendix B: Non IFRS Reconciliations

Operating revenue to total revenue

	H1 FY21 \$'000	H2 FY20 \$'000	H1 FY20 \$'000	H1FY21 vs H1FY20	H1FY21 vs H2FY20
Government revenue - excluding temporary funding and grants	221,001	210,625	215,563	2.5%	4.9%
Government revenue - temporary funding and grants	8,453	7,382	-	100.0%	14.5%
Resident and other revenue ¹	73,068	72,453	73,857	(1.1%)	0.8%
Total operating revenues	302,522	290,460	289,420	4.5%	4.2%
Imputed DAP revenue on RAD/bond balances (AASB 16 impact)	21,575	21,462	21,945	(1.7%)	0.5%
Operating revenue from new homes in ramp-up	-	8,904	4,717	(100.0%)	(100.0%)
Adjusted for Government Grants (included as part of Other Income)	(1,597)	-	-	100.0%	100.0%
Total Revenue	322,500	320,826	316,082	2.0%	0.5%

Operating profit/(loss) for the year to EBITDA – mature homes

	H1 FY21 \$'000	H2 FY20 \$'000	H1 FY20 \$'000	H1FY21 vs H1FY20	H1FY21 vs H2FY20
EBITDA - Mature homes ^{2,3}	20,875	38,830	43,953	(52.5%)	(46.2%)
Imputed DAP revenue on RAD/bond balances (AASB 16 impact)	(21,575)	(21,462)	(21,945)	1.7%	(0.5%)
Other income - Asset Disposals	(8,231)	121	(335)		
Royal Commission expenses	51	31	70	27.1%	(64.5%)
Net loss/(gain) from homes in ramp-up	34	(1,287)	796	95.7%	102.6%
Depreciation and amortisation expenses	20,340	20,410	18,709	(8.7%)	0.3%
Class action settlement expenses	11,675	-	-	100.0%	100.0%
Impairment expenses	796	144,555	67		
Operating profit/(loss) for the period	17,785	(103,538)	46,591	(61.8%)	(117.2%)

1 Resident and other revenue excludes the impact of imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

2 Mature homes are homes that have been opened for more than 12 months or if open for less than 12 months have greater than 85% occupancy at commencement of the financial year

3 EBITDA – Mature homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

Appendix C: Financial metrics and trends

	H1 FY21	H2 FY20	H1 FY20	H1 FY21	H1 FY21
	6 months	6 months	6 months	VS	vs
	\$'000	\$'000	\$'000	H1 FY20	H2 FY20
Government revenue - excluding temporary funding and grants	221,001	210,625	215,563	2.5%	4.9%
Government revenue - temporary funding and grants	8,453	7,382	-	100.0%	14.5%
Resident and other revenue ¹	73,068	72,453	73,857	(1.1%)	0.8%
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Employee benefits expenses	215,624	205,399	198,873	8.4%	5.0%
Non-wage expenses	45,897	43,693	46,594	(1.5%)	5.0%
COVID-19 incremental expenses ²	20,126	2,538	-	100.0%	693.0%
EBITDA - Mature homes ^{3,4}	20,875	38,830	43,953	(52.5%)	(46.2%)
Operating statistics - Mature homes					
Total Operational/Available Bed Days	1,137,612	1,082,172	1,093,696	4.0%	5.1%
Total Occupied Bed Days	1,030,359	1,002,455	1,024,460	0.6%	2.8%
Occupancy	90.6%	92.6%	93.7%	(3.1%)	(2.0%)
Revenue statistics - Per Occupied Bed Day ("POBD")					
Government revenue - excluding temporary funding and grants	\$214.5	\$210.1	\$210.4	1.9%	2.1%
Government revenue - temporary funding and grants	\$8.2	\$7.4	-	100.0%	10.8%
Resident revenue	\$70.9	\$72.3	\$72.1	(1.7%)	(1.9%)
Total revenue	\$293.6	\$289.8	\$282.5	3.9%	1.3%
Costs statistics - Per Operational/Available Bed Day					
Staff costs	\$189.5	\$189.8	\$181.8	4.2%	(0.2%)
Non-wage costs	\$40.3	\$40.8	\$42.9	(6.1%)	(1.2%)
Total costs	\$229.8	\$230.6	\$224.7	2.3%	(0.3%)
Annual average EBITDA ^{1,2,3,4} Per Occupied Bed - Mature homes	\$7,395	\$14,139	\$15,660	(52.8%)	(47.7%)
Total staff expenses % of revenue ^{1,2,3,4}	71.3%	70.7%	68.7%	2.6%	0.6%
Non-wages expenses % of revenue ^{1,2,3,4}	15.2%	15.2%	16.2%	(1.0%)	0.0%

^{1.} Resident and other revenue excludes the impact of imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

^{2.} Additional Employee and Non-Wage expenses incurred in response to the COVID-19 pandemic

^{3.} A reconciliation of Operating Profit to EBITDA and EBITDA - Mature homes is provided in Appendix B

^{4.} EBITDA – Mature homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

Appendix D: Quarterly financial trends

	Group 6 months	6 months	Other Homes 6 months	Group 3 months				Q1 FY21 Homes in Victoria 3 months	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government revenue - excluding temporary funding and gr	221,001	72,110	148,891	110,021	34,415	75,606	110,980	37,695	73,285
Government revenue - temporary funding and grants	8,453	3,989	4,464	7,670	3,712	3,958	783	277	506
Resident and other revenue ¹	73,068	21,954	51,114	36,693	11,216	25,477	36,375	10,738	25,637
Total operating revenues	302,522	98,053	204,469	154,384	49,343	105,041	148,138	48,710	99,428
Employee benefits expenses									
Recurring	215,624	76,721	138,903	109,923	39,610	70,313	105,701	37,111	68,590
COVID-19 related ²	9,470	6,299	3,171	3,498	1,905	1,593	5,972	4,394	1,578
Total employee benefits expenses	225,094	83,020	142,074	113,421	41,515	71,906	111,673	41,505	70,168
Non-wage expenses									
Recurring	45,897	16,731	29,166	22,789	8,432	14,357	23,108	8,299	14,809
COVID-19 related ²	10,656	6,256	4,400	4,461	2,652	1,809	6,195	3,604	2,591
Total non-wage expenses	56,553	22,987	33,566	27,250	11,084	16,166	29,303	11,903	17,400
EBITDA - Mature homes ^{3,4}	20,875	(7,954)	28,829	13,713	(3,256)	16,969	7,162	(4,698)	11,860
Operating statistics - Mature homes									
Total Operational/Available Bed Days	1,137,612	399,832	737,780	568,868	199,916	368,952	568,744	199,916	368,828
Total Occupied Bed Days	1,030,359	340,438	689,921	511,225	166,854	344,371	519,134	173,584	345,550
Occupancy	90.6%	85.1%	93.5%	89.9%	83.5%	93.3%	91.3%	86.8%	93.7%

1. Resident and other revenue excludes the impact of imputed DAP revenue on RAD/Bond balances resulting from the adoption of AASB 16

2. Reflects Employee and Non-Wage expenses incurred in response to the COVID-19 pandemic

3. EBITDA – Mature homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16

4. A reconciliation of Operating Profit to EBITDA and EBITDA – Mature homes is provided in Appendix B

Appendix D: Quarterly financial metrics

		H1 FY21 Homes in Victoria 6 months \$'000	Other Homes 6 months \$'000	Group 3 months \$'000	Q2 FY21 Homes in Victoria 3 months \$'000	Other Homes 3 months \$'000	Group 3 months \$'000	Q1 FY21 Homes in Victoria 3 months 3 \$'000	Other Homes months \$'000
Revenue statistics - Per Occupied Bed Day ("POBD")									
Government revenue - excluding temporary funding and gr	\$214.5	\$211.8	\$215.8	\$215.2	\$206.3	\$219.5	\$213.8	\$217.2	\$212.1
Resident revenue	\$70.9	\$64.5	\$74.1	\$71.8	\$67.2	\$74.0	\$70.1	\$61.9	\$74.2
Costs statistics - Per Operational/Available Bed Day									
Staff costs									
Recurring	\$189.5	\$191.9	\$188.3	\$193.2	\$198.1	\$190.6	\$185.8	\$185.6	\$186.0
COVID-19 related	\$8.3	\$15.8	\$4.3	\$6.1	\$9.5	\$4.3	\$10.5	\$22.0	\$4.3
Total Staff costs	\$197.9	\$207.6	\$192.6	\$199.4	\$207.7	\$194.9	\$196.4	\$207.6	\$190.2
Non-wage costs									
Recurring	\$40.3	\$41.8	\$39.5	\$40.1	\$42.2	\$38.9	\$40.6	\$41.5	\$40.2
COVID-19 related	\$9.4	\$15.6	\$6.0	\$7.8	\$13.3	\$4.9	\$10.9	\$18.0	\$7.0
Total Non-wage costs	\$49.7	\$57.5	\$45.5	\$47.9	\$55.4	\$43.8	\$51.5	\$59.5	\$47.2
Total costs									
Recurring	\$229.8	\$233.7	\$227.8	\$233.3	\$240.3	\$229.5	\$226.4	\$227.1	\$226.2
COVID-19 related	\$17.7	\$31.4	\$10.3	\$13.9	\$22.8	\$9.2	\$21.4	\$40.0	\$11.3
Total costs	\$247.6	\$265.1	\$238.1	\$247.3	\$263.1	\$238.7	\$247.9	\$267.1	\$237.4

Appendix E: Accounting standard changes – AASB 16

Property Leases / Refundable Accommodation Deposits

- The adoption of AASB 16 Leases on 1 July 2019 has required lessees to account for all leases under a single on-balance sheet model in a similar way to how finance leases were accounted for in accordance with AASB 117
- For arrangements that provide a resident with the right to occupy a room, the Group has performed a detailed assessment of the contractual arrangements and have determined that the adoption of AASB 16 will result in arrangements being generally defined as a lease for accounting purposes. Where residents have opted to pay a Daily Accommodation Payment, adopting AASB 16 is not expected to result in a material change in the accounting treatment. However, for residents that have chosen to pay a Refundable Accommodation Deposit (RAD) or Bond, the application of AASB 16 would regard there to be a non-cash charge for accommodation. The accounting treatment for the non-cash consideration component of this arrangement results in the recognition of an increase in revenue for accommodation and an increase in interest expense on the outstanding RAD liability, with no net impact on the Profit for the Period
- To assist with the understanding of the impact of the of AASB 16, a reconciliation of reported results for H1 FY21 and 20 is shown below

	H1 FY21 Reported \$'000	Impact of Op leases	Impact of RADs/ Bonds	H1 FY21 Pro forma Pre AASB 16	H1 FY20 Reported \$'000	Impact of Op leases	Impact of RADs/ Bonds	H1 FY20 Pro forma Pre AASB 16	H1 FY19 Reported \$'000 ⁵
Revenues ^{1,2}	322,500	-	(21,575)	300,925	316,082	-	(21,945)	294,137	289,650
Expenses									
Employee benefits expenses	225,119	-	-	225,119	203,294	-	-	203,294	191,720
Administrative expenses	8,842	73	-	8,915	9,600	80	-	9,680	9,467
Occupancy expenses	12,491	2,992	-	15,483	12,296	2,930	-	15,226	15,780
Resident expenses	35,229	-	-	35,229	25,790	-	-	25,790	25,833
Royal Commission expenses	51	-	-	51	70	-	-	70	914
EBITDA	40,768	(3,065)	(21,575)	16,128	65,032	(3,010)	(21,945)	40,077	45,936
Depreciation and amortisation expenses ³	20,340	(2,245)	-	18,095	18,709	(2,272)	-	16,437	13,138
Class action settlement expenses	11,675	-	-	11,675	-	-	-	-	-
Impairmentexpenses	796	-	-	796	67	-	-	67	-
Other income	(9,828)	-	-	(9,828)	(335)	-	-	(335)	100
mpre	17,785	(820)	(21,575)	(4,610)	46,591	(738)	(21,945)	23,908	32,698
Net finance costs ⁴	24,862	(914)	(21,575)	2,373	26,386	(1,095)	(21,945)	3,346	3,729
Profit/(loss) before income tax	(7,077)	94	-	(6,983)	20,205	357	-	20,562	28,969
Income tax expense/(benefit)	(1,789)	28	-	(1,761)	5,894	107	-	6,001	7,889
Profit/(loss) for the period	(5,288)	66	-	(5,222)	14,311	250	-	14,561	21,080

1 Revenue for H1 FY21 includes the impact of the temporary funding increases (including additional funding and grants in connection with COVID-19)

2 Revenue for H1 FY21 includes \$21.6m of non-cash imputed DAP revenue on RAD/bond balances (H1 FY20 \$21.9m) arising as a result of the adoption of AASB 16

3 Depreciation and amortisation expense for H1 FY21 includes \$2.2m of amortisation on leases (H1 FY20 \$2.3m) as a result of the adoption of AASB 16

4 Net financing costs for H1 FY21 includes \$22.5m of interest expense on leases (H1 FY20 \$23.0m) as a result of the adoption of AASB 16

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix F: Balance Sheet

	31-Dec-20	30-Jun-20	31-Dec-19
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	19,008	30,600	18,387
Trade and other receivables	31,530	8,129	9,766
Prepayments and other assets	13,285	6,444	12,392
Income tax receivable	1,873	-	-
Assets held for sale	2,988	5,441	2,929
Total current assets	68,684	50,614	43,474
Non-current assets			
Property, plant and equipment	846,403	842,524	838,146
Right of use assets	65,314	67,137	68,850
Investment properties	1,000	1,500	1,620
Goodwill	681,014	681,014	817,074
Other intangible assets	227,370	226,950	226,546
Prepayments	400	585	307
Total non-current assets	1,821,501	1,819,710	1,952,543
Total assets	1,890,185	1,870,324	1,996,017
Current liabilities			
Trade and other payables	40,686	59,528	34,971
Lease liabilities	4,170	4,052	4,034
Income received in advance	34,536	-	34,305
Refundable accommodation deposits and bonds	836,135	836,304	826,539
Other financial liabilities	816	1,193	1,267
Income tax payable	-	6,504	603
Provisions	97,183	52,678	48,648
Total current liabilities	1,013,526	960,259	950,367
Non-current liabilities			
Deferred tax liabilities	95,412	98,404	103,252
Lease liabilities	67,042	68,910	70,356
Loans and borrowings	104,090	128,848	115,000
Provisions	6,055	5,155	3,196
Total non-current liabilities	272,599	301,317	291,804
Total liabilities	1,286,125	1,261,576	1,242,171
Net assets	604,060	608,748	753,846

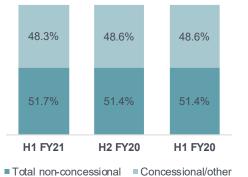
Appendix G: Cashflow

	H1 FY21	H1 FY20
	\$'000	\$'000
Cash flows from operating activities		
Receipts from residents	73,563	73,470
Receipts from government	263,407	248,944
Payments to suppliers and employees	(292,782)	(252,421)
Operational cash flows before interest, income tax, and RADs	44,188	69,993
Interest received	524	27
Income tax paid	(9,581)	(7,970)
Finance costs paid	(4,613)	(3,862)
Interest expenses of lease liability	(914)	(1,095)
Net cash flows from operating activities before RADs, bonds and ILU entry contribution	29,604	57,093
RAD, accommodation bond and ILU entry contribution received	126,102	145,617
RAD, accommodation bond and ILU entry contribution refunded	(124,897)	(123,465)
Net cash flows from operating activities	30,809	79,245
Cash flows from investing activities		
Payments for intangible assets	(1,163)	(4,702)
Proceeds from sale of property, plant and equipment	3	57
Proceeds from sale of assets held for sale	13,658	1,736
Purchase of property, plant and equipment	(27,727)	(41,566)
Net cash flows used in investing activities	(15,229)	(44,475)
Cash flows from financing activities		
Proceeds from bank borrowings	189,500	150,000
Repayment of bank borrowings	(214,500)	(160,000)
Dividends paid ¹	-	(19,099)
Repayment of lease liabilities	(2,172)	(1,915)
Net cash flows from/(used in) financing activities	(27,172)	(31,014)
Net increase/(decrease) in cash and cash equivalents	(11,592)	3,756
Cash and cash equivalents at the beginning of the period	30,600	14,631
Cash and cash equivalents at the end of the period	19,008	18,387

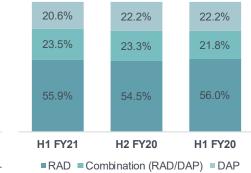
Appendix H: Resident profile

Number of residents	H1 FY21	H2 FY20	H1 FY20
RAD	1,517	1,509	1,559
Combination (RAD/DAP)	637	645	608
DAP	562	613	617
Total non-concessional	2,716	2,767	2,784
Concessional	2,526	2,605	2,616
Other	14	14	14
Total permanent residents	5,256	5,386	5,414
Respite	360	312	279
Total residents	5,616	5,698	5,693
Occupancy	90.6%	92.6%	93.7%
% of permanent residents	H1 FY21	H2 FY20	H1 FY20
RAD	28.9%	28.0%	28.8%
Combination (RAD/DAP)	12.1%	12.0%	11.2%
DAP	10.7%	11.4%	11.4%
Total non-concessional	51.7%	51.4%	51.4%
Concessional	48.1%	48.4%	48.3%
Other	0.2%	0.2%	0.3%
Total permanent residents	100.0%	100.0%	100.0%

Resident mix (permanent residents)



Non-concessional residents payment preference





Appendix H: Resident profile (detail)

Number of residents	31-Dec-19	Incoming	Outgoing	Preference changes	30-Jun-20	Incoming	Outgoing	Preference changes	31-Dec-20
RAD	1,559	173	257	34	1,509	207	227	28	1,517
Combination (RAD/DAP)	608	178	135	(6)	645	159	177	10	637
DAP	617	323	295	(32)	613	283	275	(59)	562
Total non-concessional	2,784	674	687	(4)	2,767	649	679	(21)	2,716
Concessional	2,616	445	482	26	2,605	434	536	23	2,526
Other	14	4	4	-	14	3	-	(3)	14
Total permanent residents	5,414	1,123	1,173	22	5,386	1,086	1,215	(1)	5,256
Respite	279	55	-	(22)	312	47	-	1	360
Total residents	5,693	1,178	1,173	-	5,698	1,133	1,215	-	5,616

% of permanent residents	31-Dec-19	Incoming	Outgoing	30-Jun-20	Incoming	Outgoing	31-Dec-20
RAD	28.8%	15.4%	22.0%	28.0%	19.1%	18.7%	28.9%
Combination (RAD/DAP)	11.2%	15.8%	11.5%	12.0%	14.6%	14.6%	12.1%
DAP	11.4%	28.8%	25.1%	11.4%	26.0%	22.6%	10.7%
Total non-concessional	51.4%	60.0%	58.6%	51.4%	59.7%	55.9%	51.7%
Concessional	48.3%	39.6%	41.1%	48.4%	40.0%	44.1%	48.1%
Other	0.3%	0.4%	0.3%	0.2%	0.3%	0.0%	0.2%
Total permanent residents	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix I: RAD and bond pool

Summary of movements in past periods	H1 FY21	H2 FY20	H1 FY20	FY20	FY19
	\$m	\$m	\$m	\$m	\$m
Opening RAD/bond balance	836.3	826.5	805.0	805.0	791.5
Refunds mature homes	(124.9)	(114.4)	(122.9)	(237.3)	(222.5)
Inflows mature homes	126.1	111.5	133.2	244.7	227.8
Net inflows - mature homes	1.2	(2.9)	10.3	7.4	5.3
Net outflows due to home closure (Mona Vale)	-	-	-	-	(2.8)
Net inflows new homes	-	13.9	11.9	25.8	12.1
Total net inflows	1.2	11.0	22.2	33.2	14.6
Deductions	(1.4)	(1.2)	(0.7)	(1.9)	(1.1)
Closing RAD/bond balance	836.1	836.3	826.5	836.3	805.0
Probate balance	84.8	99.9	103.4	99.9	106.8

Total RAD/bond pool at period end	31-Dec-20		30-Jun-20				31-Dec-19		
	\$m	#	Average	\$m	#	Average	\$m	#	Average
Pre-July 2014 bonds for current residents	54.3	268	\$202,492	63.0	310	\$203,255	74.1	368	\$201,487
Post-July 2014 RADs for current residents	697.0	2,067	\$337,239	673.4	2,040	\$330,095	649.0	1,956	\$331,795
Total relating to current residents	751.3	2,335	\$321,774	736.4	2,350	\$313,363	723.1	2,324	\$311,161
Probate balance (former residents pending refund)	84.8	274	\$309,463	99.9	333	\$300,005	103.4	354	\$292,094
Total RAD/bond pool	836.1	2,609	\$320,481	836.3	2,683	\$311,705	826.5	2,678	\$308,641
Average agreed incoming RAD			\$430,341			\$429,714			\$436,387
Average outgoing RAD/bond			\$385,687			\$370,888			\$387,519

RADs held reconciliation to RAD residents	31-Dec-20	30-Jun-20	31-Dec-19
RAD residents	1,517	1,509	1,559
Plus : combinations (RAD/DAP)	637	645	608
Plus : former residents pending refund	274	333	354
Plus : concessional residents who pay a RAC	205	201	186
Less : unpaid RAD residents	(24)	(5)	(29)
Total number of paid RAD/bonds	2,609	2,683	2,678

Appendix J: Occupancy

Mature homes	H1 FY21	H2 FY20	H1 FY20	H2 FY19
	6 months	6 months	6 months	6 months
Total mature home beds available at period end	6,186	5,946	5,944	5,992
Available beds during period for occupancy calculation				
Jul-20	6,182			
Dec-20	6,186			
Days in period	184	182	184	181
Available bed days during period	1,137,612	1,082,172	1,093,696	1,092,706
Occupied days	1,030,359	1,002,455	1,024,460	1,019,486
Occupancy	90.6%	92.6%	93.7%	93.3%
Total Occupied Bed Days in period				
Mature homes	1,030,359	1,002,455	1,024,460	1,019,486
New homes ¹	-	32,816	17,077	764
Total Occupied Bed Days in period	1,030,359	1,035,271	1,041,537	1,020,250
Beds				
Total available beds at start of period	6,182	6,180	6,102	6,046
New homes/beds opened during the period ¹	4	2	126	110
Homes/beds closed during the period ²	-	-	(48)	(54)
Total available beds at period end	6,186	6,182	6,180	6,102
Beds closed from 1 January 2021	(2)			
New beds opened during February 2021 ³	105			
Total available beds as at 23 February 2021	6,289			
Mature beds from 1 July 2020				
Total mature home beds available at 30 June 2020	5,946			
New home beds reclassified to mature home beds	236			
Total mature home beds available at 1 July 2020	6,182			

Available bed days during the period equals the total available beds multiplied by the number of days in period

1.H1 FY20 increase reflects the opening of Maroochydore (Aug 19) with the H2 FY19 increase resulting from the opening of Southport (May 19)

2. H1 FY20 decrease of 48 beds within mature home portfolio resulting from beds taken offline effective from 1 July 2019 with H2 FY19 as a result of the Mona Vale closure

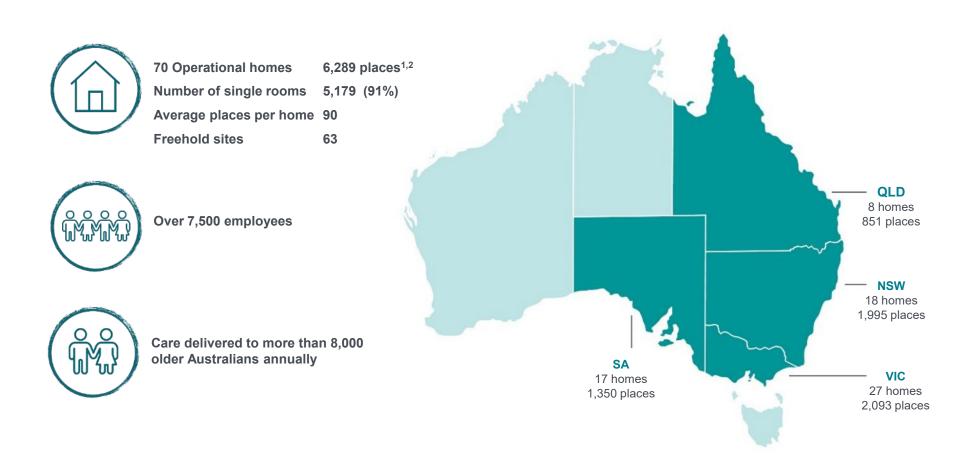
3. Subsequent to 31 December 2020 105 bed licences associated with the Blakehurst location were activated on completion of the redevelopment program

Appendix K: Development pipeline

Development	Nature of Development	Total New Places	Net Additional Places	Land Held	Development Approval	Licenses Secured	Status	Opening
Completed 2010								
Completed 2019 Southport, QLD	Brownfield	110	110	\checkmark	\checkmark	\checkmark	Open	May-19
	Diowinieia	110	110	Ÿ	v	v	Open	1via y- 1 3
Maroochydore, QLD	Greenfield	126	126	\checkmark	\checkmark	\checkmark	Open	Aug-19
Completed 2021								
Blakehurst, NSW	Brownfield	105	105	\checkmark	\checkmark	\checkmark	Open	Feb-21
Total		341	341					
Future/Uncommitted								
St Ives, NSW	Greenfield	118	118	\checkmark	\checkmark	Partial		
Burton, SA	Expansion	24	24	\checkmark	\checkmark	\checkmark		
Mt Barker, SA	Greenfield	116	86	\checkmark	In progress	\checkmark		
Aberglasslyn, NSW	Greenfield	116	116	\checkmark	\checkmark	V		
Toorak Gardens, SA	Brownfield	118	82	\checkmark	Planning Approval	Partial		
Total		492	426					

The development and redevelopment pipeline is being progressed with a number of projects in the DA/advanced planning stage

Appendix L: Operational statistics



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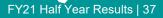
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