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ASX Announcement

23 August 2022

FY22 Investor & Analyst Information Pack

Further to the Company's announcement to the market today on its results for the year ended 30 June 2022, an Investor & Analyst Information Pack is attached.

Investor and Analyst Teleconference Details

Estia Health's CEO Sean Bilton and CFO Steve Lemlin will host an analyst and investor conference call commencing at 9:30am (AEST) today.

Registration details for the conference call are located in the Company's Investor Centre
https://investors.estiahealth.com.au/investor-centre/?page=key-dates

Approved for release by the Board of Estia Health Limited.

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Further Enquiries:

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Estia Health

FY22 Financial Results

23 August 2022

Disclaimer

Reliance on third-party information

This information pack may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. No responsibility, warranty or liability is accepted by the Company, its officers, employees, agents or contractors for any errors, misstatements or omissions from this information pack.

This information pack is a summary only

This information pack contains information in a summary form only and does not purport to be complete. It should be read in conjunction with the Group's Consolidated Interim Financial Report for the half-year ended 31 December 2021 and the Company and the Group's Consolidated Financial Report for the year ended 30 June 2022.

Any information or opinions expressed in this information pack are subject to change without notice and the Company is not under any obligation to update or keep current the information contained within this presentation.

Forward looking statements

This information pack may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those expressed in the statements contained in this information pack. Investors are cautioned that statements are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause future results or financial performance to differ include, but are not limited to: changes in regulation and/or an increase in regulator activity and any attendant litigation; sector reform, in particular, funding reforms including the replacement of ACFI with AN-ACC; the funding of mandated minimum care minutes; the operation of the Independent Hospital and Aged Care Pricing Authority and the Government's response to its recommendations; the abolition of ACAR; the availability of staff and the cost thereof; and the potential for further variants or waves of COVID-19 or any other future pandemic.

Not investment advice

This information pack is not intended and should not be considered to be the giving of investment advice by the Company or any of its shareholders, Directors, officers, agents, employees or advisers. The information provided has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this information pack is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

No offer of securities

Nothing in this information pack should be construed as either an offer to sell or a solicitation of an offer to buy or sell Company securities in any jurisdiction.

No liability

To the maximum extent permitted by law, neither the Company nor its related bodies corporate, Directors, employees or agents, nor any other person, accepts any liability, including without limitation any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this information pack or its contents or otherwise arising in connection with it.

Disclosure of non-IFRS financial information

This information pack contains a number of non-GAAP financial measures. Because they are not defined by GAAP or IFRS, the calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. There are a number of reasons why the Company has chosen to do this including: to maintain a consistency of disclosure across reporting periods; to demonstrate key financial indicators in a comparable way to how the market assesses the performance of the Company; to demonstrate the impact that significant one-off items have had on Company performance. Where Company earnings have been distorted by significant items Management have used their discretion in highlighting these. These items are non-recurring in nature and considered to be outside the normal course of business.

Estia Health Limited
Level 9, 227 Elizabeth Street, Sydney NSW 2000
The release of this information pack has been authorised by the Estia Health Limited Board of Directors

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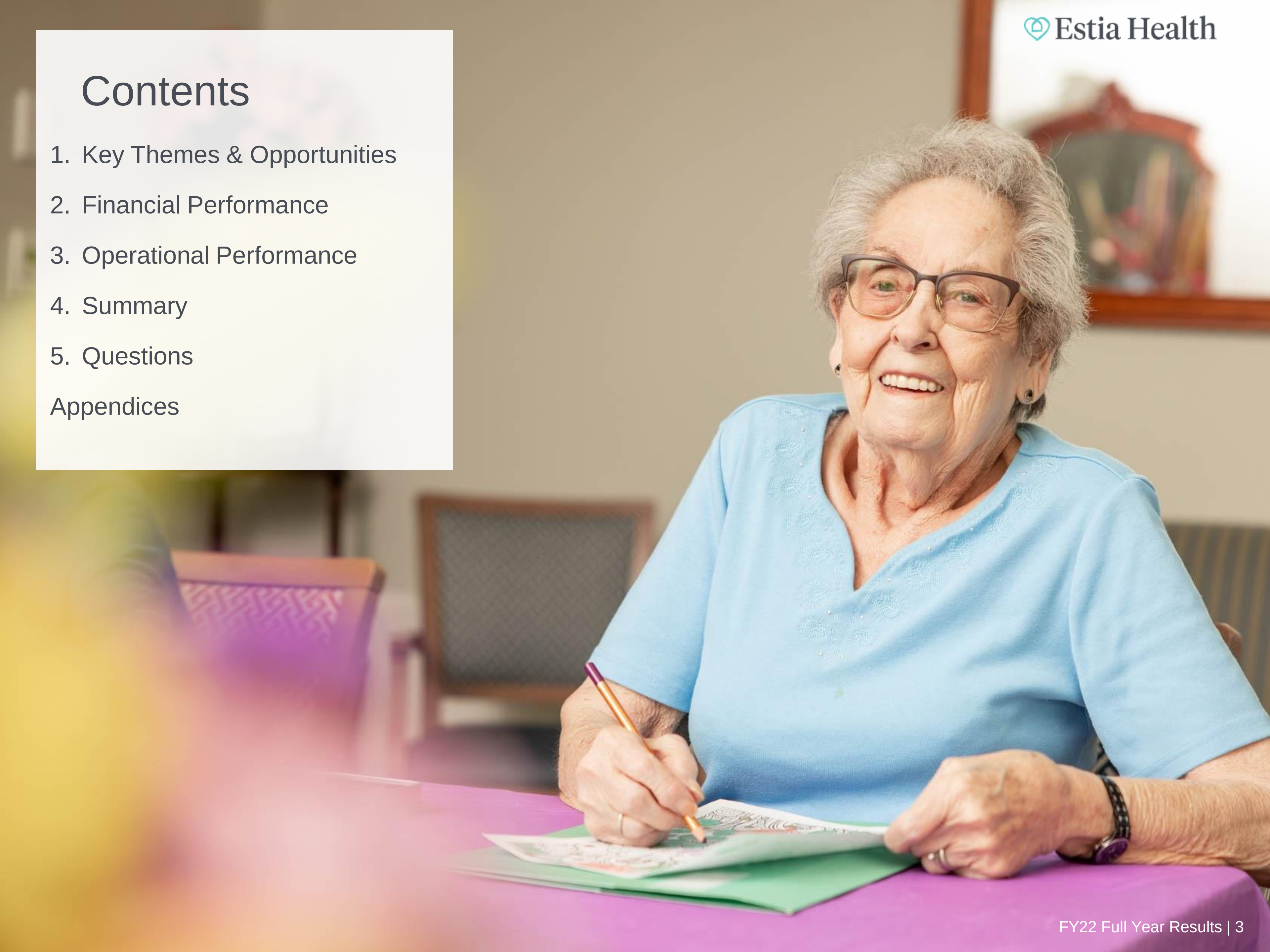

Overview – trends and opportunities

- Clarity on the **regulatory landscape is** expected in the near term, including **independent pricing authority** which creates a framework for sector financial sustainability

- Attractive **demographics, supply deregulation** and a fragmented market create an environment for strong growth potential

- High quality, modern **portfolio** primarily in major metro markets

- Significant investment in the **clinical, quality and safety framework** driving positive resident outcomes

- **Workforce** remains challenging, continues to require significant investment and focus

- **COVID-19** continues to impact the sector, but adverse health outcomes significantly lessened

- **Balance Sheet strength** provides capacity for taking advantage of potential growth opportunities

Financial Outcomes

91.6%
Average occupancy

- Recovery from a low of 90% in February 2022
- Spot occupancy 19 August 2022, 92.0%

$884.1m
RAD Balance

- Net RAD inflows of $22.8m

$37.5m
EBITDA
Mature Homes[1,2]

- Adjusted EBITDA[1,2,5] – Mature Homes $ 79.5m (excluding the impacts of COVID-19)

$453k
Average incoming RAD Price

- Average incoming RADs exceed outgoing RAD/bond by $47k

$50.4m
Incremental COVID-19 costs[6]

- Comprises expenditure for PPE, testing, quarantine and sick leave, additional outbreak pay rates, pandemic leave and higher overtime/agency usage

$79.6m
Net bank debt[3]

- $37.6m represented by land and work in progress for developments underway
- $8.0m of shares acquired under the buyback
- Net undrawn liquidity $249.9m

$29.3m[5]
Grant claims submitted pending confirmation

- $36.6m grant recovery claims submitted
- $7.1m received in the period with $1.4m confirmed post-year-end

$33.5m
Capital Investment

- Investment in significant refurbishments, enhancements, replenishment and progressing three developments with 260 new places

$9.6m
NPATA[4] Loss

- Largely caused by $42.3m unrecovered COVID-19 costs
- No final dividend declared, 2.35 cps Interim paid and remains as full distribution for the year

$52.4m
Statutory Net Loss After Tax

- Net Loss after tax after $42.7m non-cash post-tax bed licence amortisation charge

1 A reconciliation of Operating Profit to EBITDA - Mature Homes is provided in Appendix B. Mature Homes (which excludes homes from the date of closure) 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.
2 EBITDA is defined as Earnings before Interest, Tax, Depreciation, Amortisation, specified non-recurring items and imputed DAP revenue on RAD/bond balances.
3 Net bank debt is defined as bank borrowings and overdrafts less cash and cash equivalents
4 NPATA is defined as Net Profit (or loss) After Tax before Amortisation of bed licences
5 Approval of submitted claims is wholly managed by Government and as such the Group does not control nor can predict the outcome of its claims submissions
6 Incremental COVID-19 costs include $49.8m from the Mature Homes and $0.6m from the Homes in ramp-up

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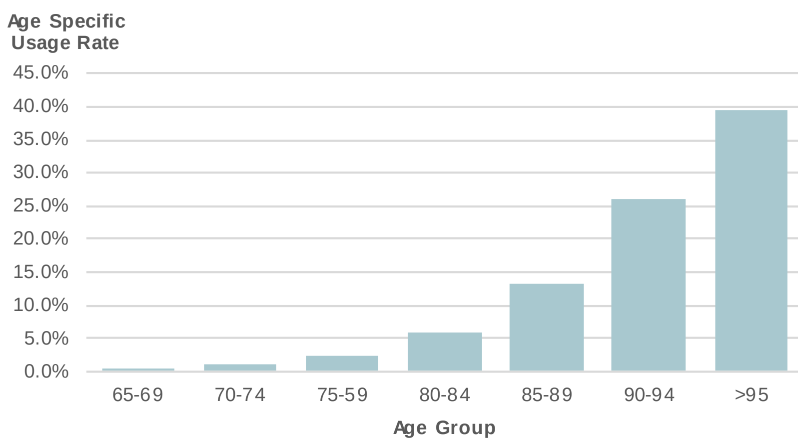
Demographic Trends and Demand

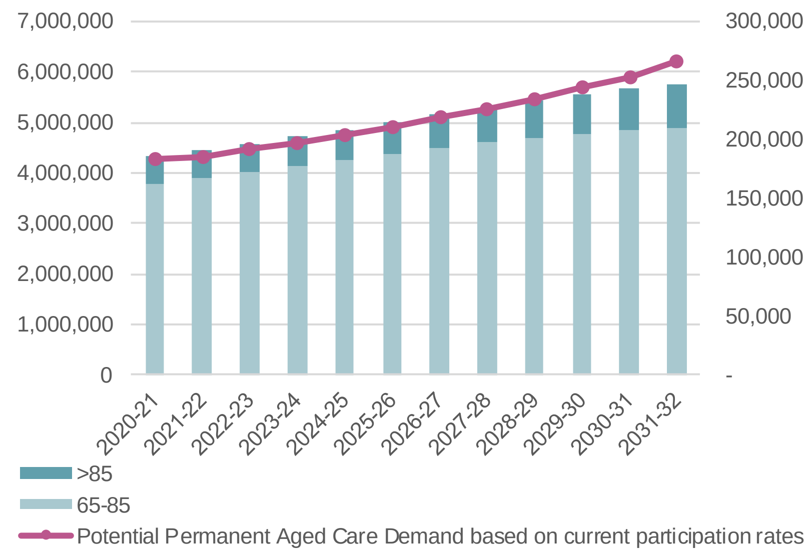
Ageing demographic is expected to increase the number of Australians likely to need aged care, including residential aged care in the coming years

- The ageing of the Australian population and the influence of the "baby boomer" generation is expected to result in a significant increase in Australia's aged population
- If current participation rates are maintained, the potential growth in residents requiring access to permanent aged care could increase from ~188,000 at 30 June 2021 to in excess of 250,000 by 30 June 2032 – an increase of ~33%
- Even with a lower level of utilisation assumed for residential aged care, there is still expected to be significant growth in demand
- ACFA, in its ninth (and final) report in June 2021[3], estimated that up to 25% of the then existing operational places required substantial refurbishment or replacement

Age Specific Usage
Permanent Resident Aged Care – 30 June 2022[1]



Australia Ageing Population 2021-2032[2]



1 Department of Health and Welfare – People using aged care
2 Australia Government – Centre for Population – National Population Projections 2021
3 ACFA - Ninth Report on the Funding and Financing of the Aged Care Industry – July 2021
* Estia Health calculation

Reform

Key Reform areas impacting future financial performance – subject to passing of legislation

1. The **abolition of ACAR** restrictive licensing regime, largely already in effect through transitional arrangements;
2. The replacement of **ACFI with AN-ACC,** a case-mix model with independent assessment of residents in October 2022;
3. Government-published **Star Rating System** for all homes effective December 2022;
4. Expansion of the role of the **Independent Hospital and Aged Care Pricing Authority** to provide pricing recommendations to the Government in relation to aged care services to take effect from July 2023; and
5. **Mandated minimum care minutes** from October 2023:
    - current sector care minutes are estimated to be 12-14% below the proposed mandated minimum of 200 minutes/day (moving to 215 mins in October 2024)[1]
    - IHACPA will need to consider the costs of required care minutes in their pricing recommendations if historic margin erosion is to be negated

Overview

- The Government response to the Royal Commission's 148 recommendations includes the provision of additional funding to the sector via a new model, offset by expectations of higher costs and increased regulatory requirements for operators
- The Group is already compliant with many of the proposed changes to governance, quality, safety and prudential reporting
- Whilst a number of significant elements of the reform package were legislated in July 2022, including the implementation of the AN-ACC funding model and the IHACPA, many aspects remain to be legislated
- Many proposals contain considerable design, development, consultation and implementation risk, all of which will need to be finalised before the full impact to consumers and operators can be known

1 Estimate provided by StewartBrown

COVID-19

The pandemic continues to bring pressure on residents, families and employees and impact financial performance without the ability to recover all incremental costs associated with the prevention and response

Overview of FY22 impacts

H1 FY22

- A small number of outbreaks, mainly within the Victorian homes, were experienced

December 2021- February 2022

- Omicron variant resulted in rapidly rising community infection rates, immense pressure on Australia's health system, supply chain pressures, the breakdown of PCR testing and a nationwide shortage of rapid antigen test kits
- Furloughing of close contact and positive staff led to extreme acute workforce pressure

March 2022 – June 2022

- Positive cases in homes remained consistently elevated consistent with community infection rates
- Homes typically experienced repeated exposures/outbreaks of shorter duration
- Outbreaks caused disruption to the normal operating rhythm of homes, impacting costs and occupancy
- Homes remained open to visitors, subject to appropriate infection prevention and control protocols
- Vaccinations and anti-viral drugs have resulted in significantly lower levels of acute illness and deaths

Present

- The Group continues to adopt a disciplined and carefully managed program of protective and preventative measures as external circumstances continue to change
- All home-based staff without medical exemption are fully vaccinated, and the Group has strongly encouraged and facilitated vaccination for residents
- Community and home levels of infection at present are in decline which, if sustained, may facilitate reduced risk and IPC settings, although there can be no certainty regarding potential future waves and associated impact on homes

2. Financial performance

Summary P&L account

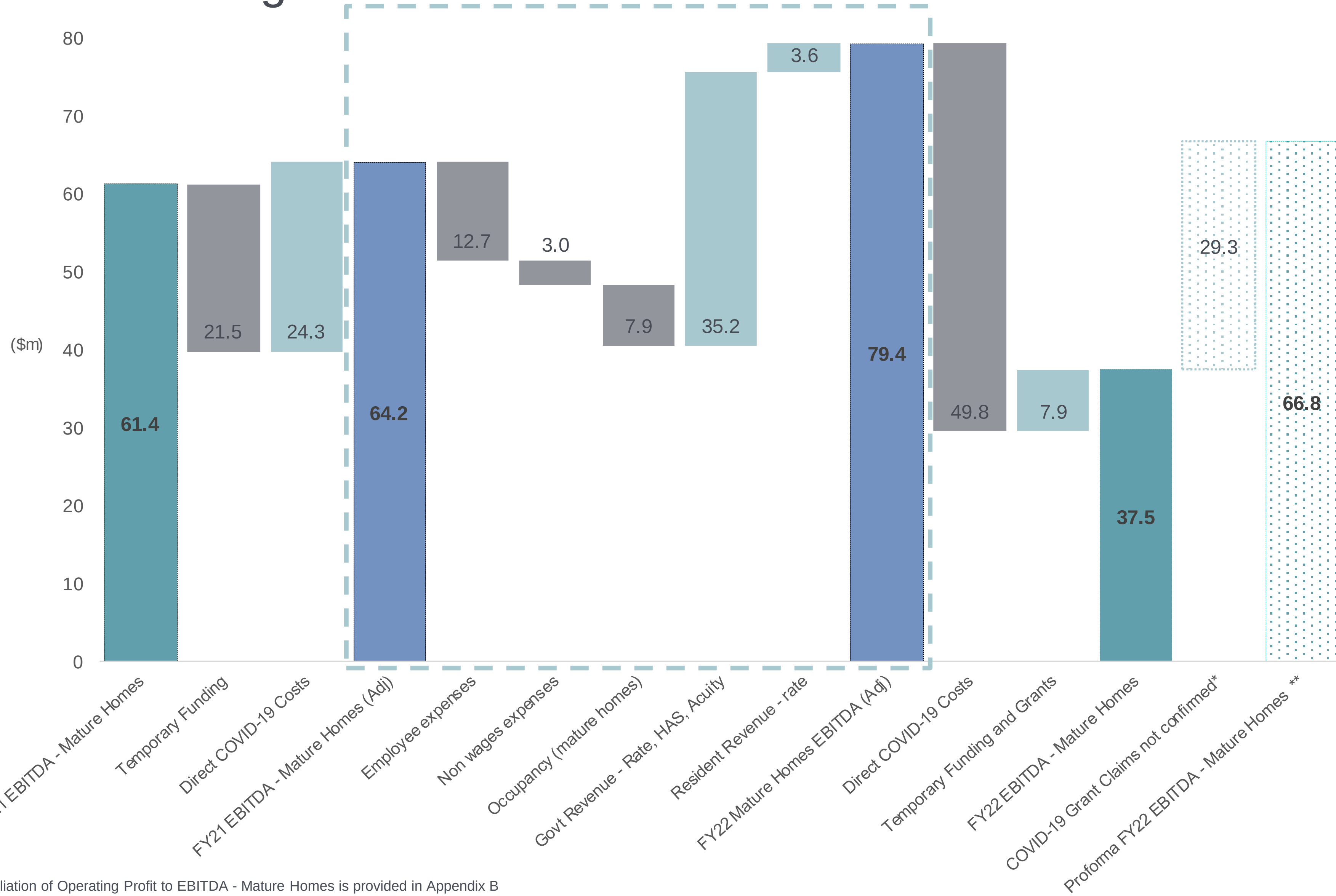
	FY22 12 months $'000	FY21* 12 months $'000	FY20 ** 12 months $'000	FY22 vs FY21 $'000
Government revenue - excluding temporary funding and grants	472,525	443,218	426,188	6.6%
Government revenue - temporary funding and grants	7,888	21,426	7,382	(63.2%)
Resident and other revenue[1]	149,004	147,406	146,310	1.1%
Total operating revenues	**629,417**	**612,050**	**579,880**	**2.8%**
Employee benefits expenses (ex. New Homes ex. COVID)	(444,033)	(431,355)	(404,272)	2.9%
Non-wage expenses (ex.New Homes)	(98,045)	(95,033)	(90,388)	3.2%
COVID-19 incremental costs (Mature Homes)	(49,823)	(24,309)	(2,538)	105.0%
EBITDA - Mature Homes[2,3]	**37,516**	**61,353**	**82,682**	**(38.9%)**
Other income - Asset Disposals	912	9,487	214	(90.4%)
Net loss from home closures	(746)	-	-	(100.0%)
Net gain/(loss) from homes in ramp-up	1,201	(625)	491	(292.2%)
EBITDA (before class action expenses)	**38,883**	**70,215**	**83,387**	**(44.6%)**
Depreciation and amortisation expenses	(45,122)	(42,808)	(39,119)	5.4%
Operating profit/(loss) for the period before class action and bed licence amortisation	**(6,239)**	**27,407**	**44,268**	**(122.8%)**
Net finance costs	- (6,970)	- (6,496)	- (8,491)	7.3%
Operating profit/(loss) before income tax, class action and bed licence amortisation	**(13,209)**	**20,911**	**35,777**	**(163.2%)**
Income tax exp. (pre class action and bed licences	3,586	(6,169)	(10,599)	(158.1%)
Profit/(loss) for the period before income tax, class action and bed licence amortisation (NPATA)	**(9,623)**	**14,742**	**25,178**	**(165.3%)**
Class action settlement expenses	-	(12,409)	-	(100.0%)
Impairment Expense	-	-	(144,622)	0.0%
Bed Licence amortisation	(60,349)	-	-	100.0%
Income tax benefit on class action and bed licence	17,610	3,272	2,535	438.2%
Profit/(loss) for the period	**(52,362)**	**5,605**	**(116,909)**	**(1034.2%)**
Total Occupied Bed Days - Mature homes[3]	**2,030,143**	**2,057,794**	**2,026,915**	**(1.3%)**
Occupancy %	**91.6%**	**91.2%**	**93.2%**	**0.4%**

Key observations

- Timing of the Government grant recovery for COVID-19 costs has had a material impact on FY22 statutory financial results, with only $7.1m recognised out of the $36.6m claimed
- Net unrecovered COVID-19 costs were $42.3m[4], compared to $2.9m in FY21
- Recurring Government funding increase driven by $10/basic daily supplement, ACFI indexation and occupancy
- Staff costs increases (excluding COVID-19) averaged 2.9%, with EBA and other higher costs partly offset by reductions from 2 closed homes
- Non-wage costs increased by 3.2% as a result of increases in a range of regulatory and compliance-related costs including insurance premiums and business support services
- New home at Blakehurst NSW (opened February 2021) was EBITDA positive since August 2021 and 100% occupied at 30 June 2022
- Depreciation and amortisation expenditure increase reflecting the commissioning of Blakehurst and the accelerated depreciation on targeted future brownfield development sites
- Non-cash Bed Licence Amortisation following the announced abolition of ACAR effective June 2024 represents a net charge (after tax) of $42.7m. Abolition should give rise to ~$200m capital loss in FY24 available for offset against future capital gains

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
** FY20 information reported with no adjustment for the IFRIC changes for the accounting for SaaS Arrangements
*** Excludes the income/net interest impact of Inputted RADS
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 A reconciliation of Operating Profit to EBITDA - Mature Homes is provided in Appendix B. EBITDA – Mature Homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation, specified non-recurring items and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16
3 Mature Homes (which excludes homes from the date of closure) 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
4 Includes $0.6m of incremental COVID-19 costs incurred by homes in ramp-up

EBITDA Bridge – Mature Homes[1,2,3,4]



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3. Mature Homes (which excludes homes from the date of closure) 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
4. EBITDA – Mature Homes (Adj) is defined as EBITDA – Mature Homes adjusted for the impact of temporary funding and/or grants and the direct costs associated with COVID-19

* Represents the estimated COVID-19 grant claims submitted but not yet confirmed or funded prior to 30 June 2022 relating to the period

** Proforma FY22 EBIDTA – Mature Homes – adjusted for the impact of COVID-19 grant claims submitted but not yet confirmed or funded prior to 30 June 2022 relating to the period

Underlying Financial Performance and Key Metrics

Amounts are adjusted to exclude the impact of direct COVID-19 incremental costs and associated temporary funding and grants

	FY22 12 months	FY21* 12 months	FY20 ** 12 months	FY22 vs FY21
Adjusted Financial Results				
Adjusted Revenue ($000's)[1]	$621,529	$590,624	$572,498	5.2%
Adjusted EBITDA ($000's)[2,4]	$79,451	$64,236	$77,838	23.7%
Adjusted EBIT ($000's)[2,4]	$36,608	$39,777	$39,638	(8.0%)
Adjusted NPATA ($000's)[4]	$20,370	$23,401	$21,937	(13.0%)
Adjusted EBITDA[2,4] as a % of Revenue[1]	12.8%	10.9%	13.6%	17.5%
Adjusted Revenue statistics - Per Occupied Bed Day ("POBD")				
Government revenue - exc. temporary funding and grants	$232.8	$215.4	$210.3	8.1%
Resident revenue	$73.4	$71.6	$72.2	2.5%
Total revenue - exc. temporary funding and grants	$306.2	$287.0	$282.5	6.7%
Adjusted Costs statistics - Per Operational/Available Bed Day				
Employee benefits expenses	$200.3	$191.1	$185.8	4.8%
Non-wage expenses	$44.2	$42.1	$41.5	5.0%
Total costs (excl. facility rentals)	$244.5	$233.2	$227.3	4.8%
Total staff cost % of revenue	71.4%	73.0%	70.6%	(2.2%)
Non-wages costs (excl. facility rentals) % of revenue	15.8%	16.1%	15.8%	(1.9%)
Adj annualised EBITDA per Occupied Bed - Mature Homes[2]	**$14,285**	**$11,394**	**$14,017**	**25.4%**
Adj annualised EBIT per Occupied Bed - Mature Homes[3]	**$6,500**	**$7,166**	**$7,049**	**(9.3%)**

Incremental costs associated with COVID-19

	H1 FY22 $'000	Q3 FY22 $'000	Q4 FY22 $'000	H2 FY22 $'000	FY22 $'000
Employee benefits expenses	7,668	18,594	10,250	28,844	36,512
Non-wage expenses	4,381	5,757	3,173	8,930	13,311
COVID-19 incremental costs (Mature Homes)	**12,049**	**24,351**	**13,423**	**37,774**	**49,823**
Homes in ramp-up	-	-	560	560	560
COVID-19 increment costs (All Homes)	**12,049**	**24,351**	**13,983**	**38,334**	**50,383**
Average incremental costs /month	2,008	8,117	4,661	6,389	

Key observations – excluding COVID-19 impacts

- Ongoing COVID-19 costs will need to be fully covered by funding rates to ensure correction of historic margin erosion is sustained
- Excluding direct incremental costs associated with COVID-19, the historic margin decline was mitigated as a result of the $10/day daily fee supplement from 1 July 2021, which contributed more than half of the Government revenue rate increase
- Resident revenue POBD increased by 2.5% resulting from higher DAP and Additional Services selection and an increase in non-concessional residents
- Staff costs rose at higher than EBA rates with higher overtime and agency costs due to staffing pressures
- Non-wage costs were higher than CPI mainly as a result of increased clinical and quality and significant insurance cost increases
- Adjusted annualised EBITDA per occupied bed (pre-COVID-19 impacts) increased to $14,285 (12.8% of Revenue)

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
** FY20 information reported with no adjustment for the IFRIC changes for the accounting for SaaS Arrangements
1 Revenue excludes the impacts of COVID-19 grants, temporary funding and 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 - Mature Homes is provided in Appendix B. EBITDA – Mature Homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation, specified non-recurring items and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16. EBITDA excludes direct COVID-19 incremental costs, temporary funding and grants
3 Based on 100% of depreciation/amortisation expenditure (excluding bed licence amortisation) being allocated to Mature Homes
4 EBITDA, EBIT and NPATA exclude (respectively) the pre and post tax impacts of direct COVID-19 incremental costs, temporary funding, grants, asset sales, shareholder class action costs and goodwill impairment

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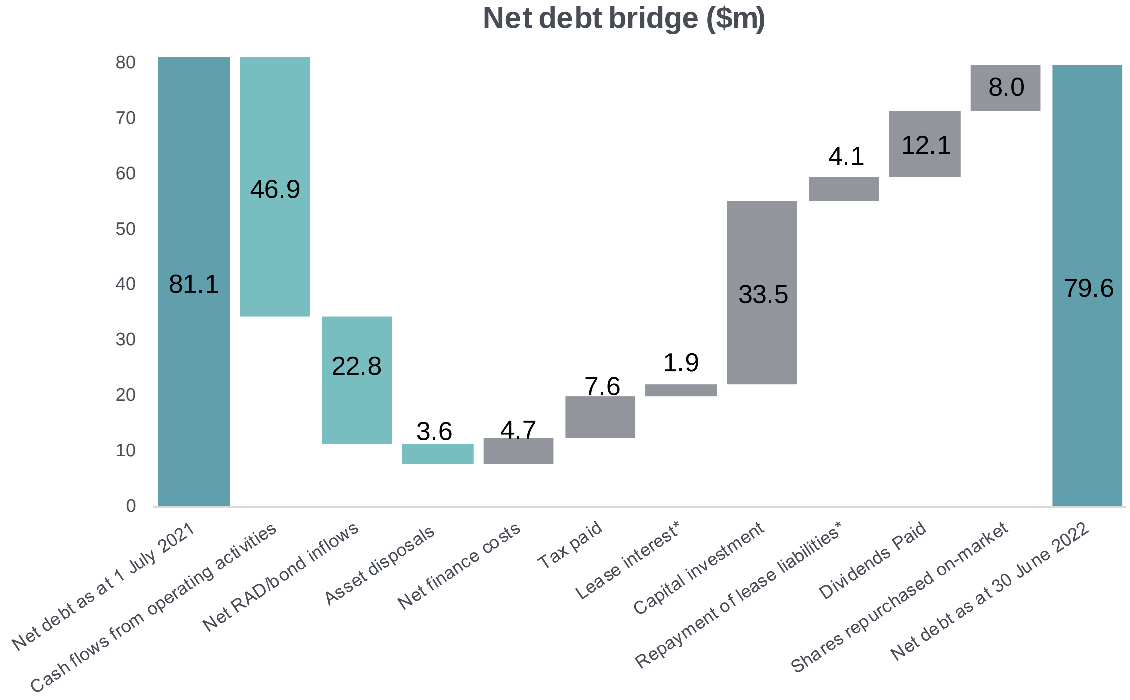
Net Debt and Cash Flow

Sustained balance sheet strength and EBITDA to cash conversation enabling ongoing investment in growth opportunities



Capital investment	$m
Development (Greenfield)	4.9
Redevelopment (Brownfield)	5.0
Refurbishments	2.1
Home enhancement and sustainability projects	19.8
Intangibles (software and other projects)	1.7
Total capital investment	**33.5**

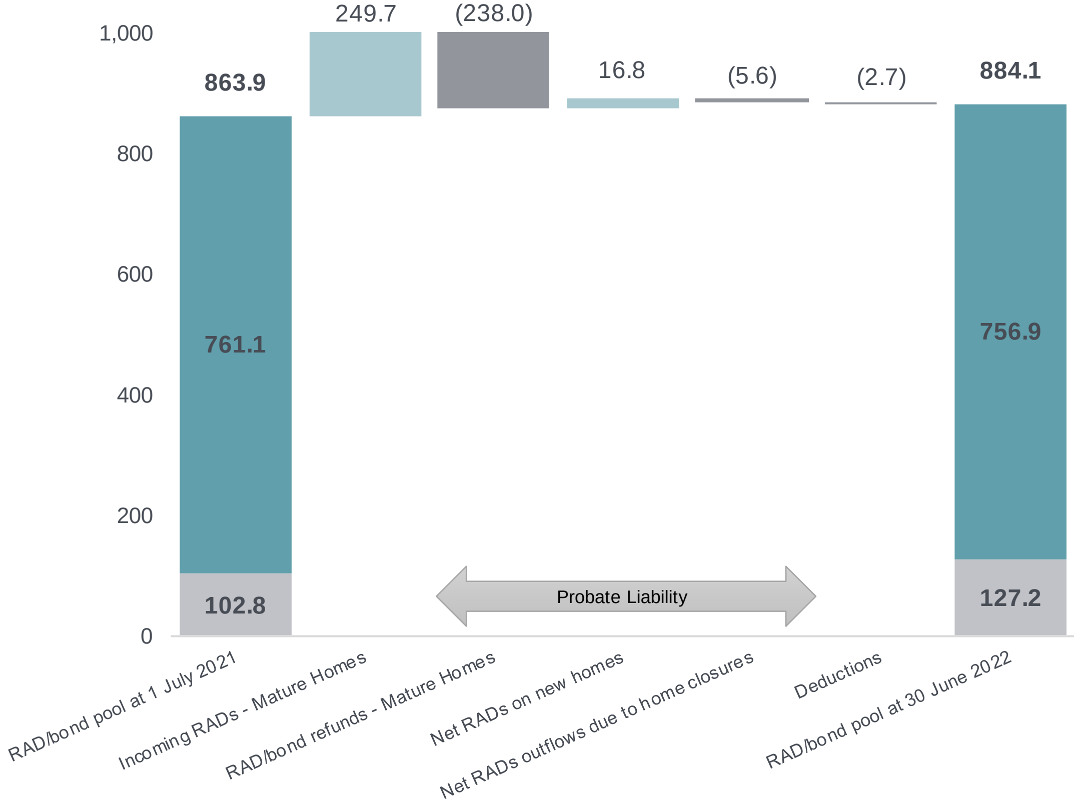
Key observations

- Net debt of $79.6m reflective of disciplined capital management during the last 3 years of COVID-19 and regulatory uncertainty
  - Includes $37.6m relating to developments (land and construction work in progress) for developments due to become operational in FY23 and early FY24
  - Unconfirmed grant applications of $29.3m not reflected
- Strong EBITDA to cash conversion sustained with continuing low working capital need continues
- Well capitalised balance sheet with total assets of ~$1.8b supported by $541.7m in shareholder funds
- Net liquidity[1] of $249.9m
- $330m Syndicated Financing Facility renewed in October incorporating sustainability-linked targets, with an additional $170m accordion available (subject to conditions)
- Independently assessed market value of land holdings ~$365m - exceeds book value by 93%

1. Undrawn capacity under the Bank Facilities adjusted for bank guarantees and ancillary credit facilities on issue secured under the Syndicated Financing Facility plus cash on hand
* Amounts were historically 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 total RAD balance increased to $884.1m
- Net incoming RAD flows of $22.8m with average incoming agreed RAD prices continuing to increase and remain ~$47k higher than the average outgoing RAD/bond value
- H2 FY22 net RAD outflow of $1.1m
- There are currently 141 residents holding pre-July 2014 bonds totalling $26.3m at an average value of $186k
- Non-concessional residents have slightly increased over the period
- RAD preferences have slowly declined during the last 2 years influenced by house price inflation and low interest and MPIR/DAP rates

Resident payment preferences	FY22	FY21	FY20
Concessional	47.4%	48.3%	48.4%
Non-Concessional	52.5%	51.6%	51.4%
Other	0.1%	0.1%	0.2%
RAD's as % of Non-Concessional residents	**51.2%**	**54.1%**	**54.5%**

Total RAD/bond pool at period end ($m)	30-Jun-22	30-Jun-21	30-Jun-20
Pre-July 2014 bonds for current residents	26.3	44.2	63.0
Post-July 2014 RADs for current residents	730.6	716.9	673.4
Total relating to current residents	**756.9**	**761.1**	**736.4**
Probate balance (former residents pending refund)	127.2	102.8	99.9
Total RAD/bond pool	**884.1**	**863.9**	**836.3**

RAD/bond	FY22	FY21	FY20
Total number of paid RAD/bonds	2,601	2,643	2,683
Average RAD/bond held	$339,896	$326,874	$311,705
Average agreed incoming RAD	$452,983	$442,881	$433,442
Average outgoing RAD/bond	$405,621	$406,447	$379,645

COVID-19 Costs and Grant Recovery

Grants Process and Status

- Government grants provide for the recovery of *some* of the increased costs associated with COVID-19 outbreaks in specific homes but not for preventative measures taken outside of outbreak periods. Due to the volume of claims being processed across the sector, the Government's stated targets of confirming grants within 6-8 weeks of submission are not being met
- The Group has determined that under Australian Accounting Standards, a grant claim cannot be recognised as income until a formal confirmation letter is received
- As a result of the delays with the Government's processes, a significant number of grant claims relating to FY22 were not confirmed in writing by Government by 30 June 2022 and as such have not been recognised as income of the period
- Status of grant claims submitted and in progress:

	$'000
Confirmed and received before end of year	7,049
Confirmed but not received before end of year	23
Grant claims recognised as income during the year	**7,072**
Grant claims submitted before end of year	
- Subsequently confirmed which will be recognised as income in subsequent financial years	1,361
- Not yet confirmed at the date of this report	21,362
- Amounts of claims rejected	233
Total Grants submitted during the year	**30,028**
Further grant claims submitted after end of year relating to current year's costs	6,575
Total grant claims submitted relating to current year's costs	**36,603**
Total grant claims relating to current year's costs not recognised as income for the year	**29,298**

- Based on previous experience and the processes adopted prior to submission of claims, including the independent assurance of its submissions of claims exceeding $150,000, the Group believes that its grant claims meet all eligibility criteria. However, approval of submitted claims is wholly managed by Government and as such the Group does not control nor can predict the outcome of its claims submissions
- The grant scheme has been extended on three occasions to date, most recently to provide for cost reimbursement up to 31 December 2022

Estia Health

Sector Financial Sustainability

The Group will continue to advocate for sector reform which will deliver a sustainable and high-quality aged care sector where funding and financing arrangements support the financial viability of efficient providers and provide investment returns sufficient to attract the capital required to meet the increase in expected demand and quality

UTS Discussion Paper "Sustainability of the Aged Care Sector", June 2022

For senior Australians to receive services, there must be viable providers and, to be sustainable, the sector must be viable over the long-term. Efficient providers who deliver quality aged care services should be funded (from taxpayers and consumer contributions) to a level that enables them to be viable and prevent disruptive exits; funding should not be at a level that unnecessarily sustains poorly performing providers.

It is important to recognise that the business models and managerial competence of providers vary widely, as is shown by the differences in financial performance between the top and bottom quartiles of providers.

Independent Hospital and Aged Care Pricing Authority ("IHACPA")

- The role and operation of IHACPA in advising on costs and pricing levels to Government is expected to be a key factor in establishing reasonable margins in future
- Department of Health and Aged Care Fact Sheet "Ensuring AN-ACC funding remains aligned with the cost of delivering residential aged care", July 2022 stated:

The Australian Government will be responsible for setting the aged care price under the AN-ACC funding model. The Independent Health and Aged Care Pricing Authority (IHACPA) will provide an annual AN-ACC price recommendation to the Government, commencing from 1 July 2023.
The IHACPA will provide advice to Government that considers all costs and revenues for items in the Schedule of Specified Care and Services, ensuring that independent analysis of costs and changes in costs in the sector are considered by Government in setting funding levels. The IHACPA will also absorb the functions of the Aged Care Pricing Commissioner, giving it the power to regulate prices for residential aged care accommodation and extra services.


Ageing and Aged Care

Australian Government
Department of Health

Ensuring AN-ACC funding remains aligned with the cost of delivering residential aged care

The Australian National Aged Care Classification (AN-ACC) care funding model will replace the Aged Care Funding Instrument (ACFI) from 1 October 2022. This fact sheet provides information on the way that costs will be monitored and prices set under AN-ACC.

How will prices be determined under the AN-ACC funding model?

The Australian Government will be responsible for setting the aged care price under the AN-ACC funding model. The Independent Health and Aged Care Pricing Authority (IHACPA) will provide an annual AN-ACC price recommendation to the Government, commencing from 1 July 2023.

IHACPA August 2022 Consultation Paper:

https://www.ihacpa.gov.au/sites/default/files/2022-08/ihacpa_-_towards_an_aged_care_pricing_framework_consultation_paper_-_august_2022.pdf

1. Ensuring AN-ACC funding remains aligned with the cost of delivering residential aged care https://www.health.gov.au/resources/publications/ensuring-an-acc-funding-remains-aligned-with-the-cost-of-delivering-residential-aged-care
2. Sustainability of the Aged Care Sector: Discussion Paper https://opus.lib.uts.edu.au/handle/10453/158194

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AN-ACC & Mandated Minimum Care Minutes

It is currently expected that daily care subsidy rates per day will likely increase in FY23 under the new AN-ACC funding model from 1 October 2022, however, there will be incremental costs associated with meeting mandated minimum care minutes from October 2023

AN-ACC

- Resident funding rates under AN-ACC will be set by independent assessors; Providers may request reassessments
- Government estimated that funding under AN-ACC for care services will be approximately $225 per day based on its initial analysis of 'shadow' assessments - may change as further assessments are completed
- This will replace ACFI and $10 Daily Fee Supplement, which together averaged $207 across the sector at 1 July 2022[1]
- AN-ACC also introduces a new one-off admission fee of $1,145 and changes to respite charges which may also increase total funding
- The Group continues to receive shadow assessments for its residents and has begun the process of applying for re-assessments in preparation for 1 October. Although the Group's average funding under AN-ACC for FY23 is expected to be broadly in line with the sector average announced by Government, there remains uncertainty, not least whilst the process of reviewing shadow assessments continues

Mandated Care Minutes

- Government reform proposes mandatory 200 minutes of direct care time per resident per day (including 40 RN minutes) from October 2023 (and 215 minutes from October 2024). The finalisation of legislation and regulation relating to care minutes remains outstanding, including the treatment of vital elements of care that are not currently included within the definition of 'direct care', namely allied health and lifestyle
- The exact number of care minutes required at each home will vary based on the average AN-ACC classification in the home
- StewartBrown estimate sector average daily care minutes delivered in 2021 under the current "direct care" definition was approximately 175 minutes. The cost of funding any uplift across the sector will be considered by IHACPA in their costing and pricing advice to Government from July 2023
- StewartBrown estimate the additional hours would require ~9,000 more full-time equivalent care workers across the sector

Impact

- At this point there is insufficient certainty to estimate the net impact for the Group from the introduction of AN-ACC and mandatory care minutes due to:
  - the ongoing receipt and re-assessment of AN-ACC assessments in the lead-up to (and following) implementation;
  - key legislation and regulation to be passed and finalised, which will determine the operation of the care minute regime, including any transitional arrangements; and
  - the operation of IHACPA , their cost analyses and recommendations to Government which influence funding levels

Timeline

1 July 2022	1 October 2022	1 December 2022	1 July 2023	1 October 2023
• ACFI plus $10/day fee supplement • Care minute reporting to the Govt. commences	• AN-ACC replaces ACFI and $10/day fee supplement	• Star ratings published by Govt. including performance against minimum hours	• IHACPA cost analysis and recommendations commence	• Mandated minimum care minutes planned to commence

1 Source : MIRUS Australia data at 30 June 2022, plus 1.7%, indexation effective 1 July 2022 plus $10 Daily Fee Supplement

3. Operational Performance

Operational assets

Diversified geographic and demographic portfolio operating in network clusters

68 Operational homes	**6,163 places**[1]
Number of single rooms	5,114 (91%)
Average places per home	89
Significant Refurbishments	62 homes, 5,806 operational places
Freehold sites	62

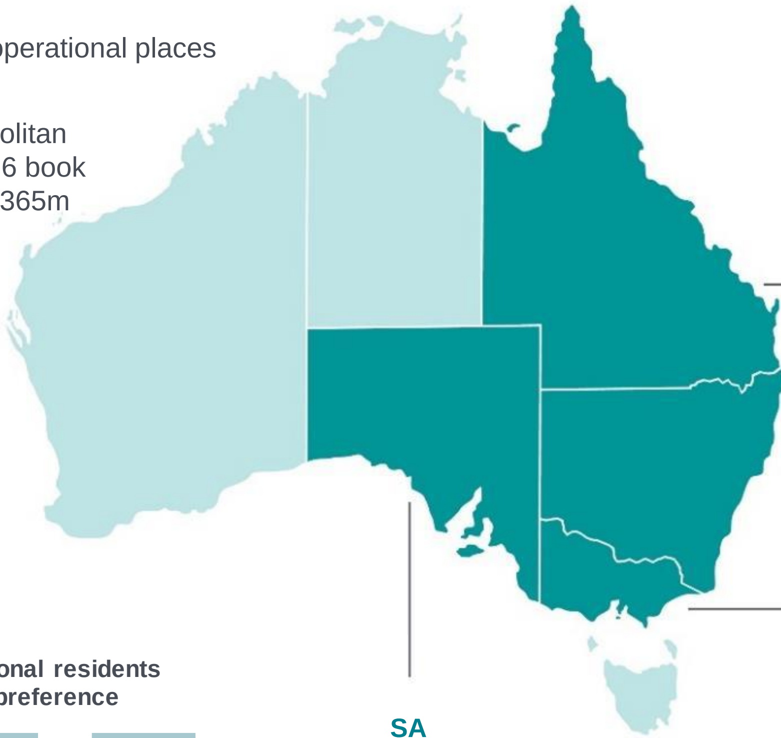
828,102 Sq M freehold land, primarily in metropolitan locations, with ~96% accounted for at a pre-2016 book value of $189.5m and an estimated value of ~$365m

Over 7,500 employees

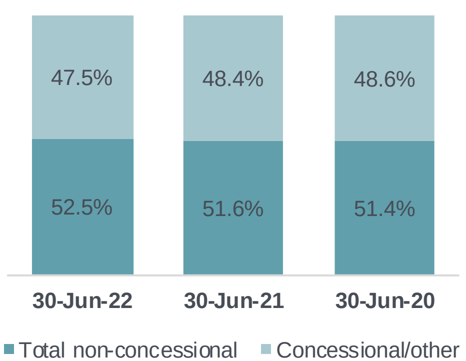
1,479	Nurses
3,775	Personal Care Assistants
169	Chefs/Cooks
195	Lifestyle team members

Caring for > 8,000 residents each year

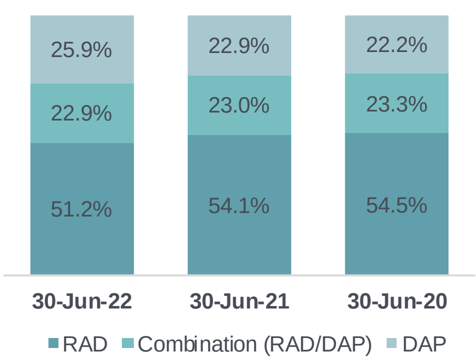
2,030,143 Occupied bed days FY22



Resident mix (permanent residents)



Non-concessional residents payment preference



1. Total operational places at 19 August 2022 of 6,163

Occupancy trends

Continuing to outperform sector average occupancy level

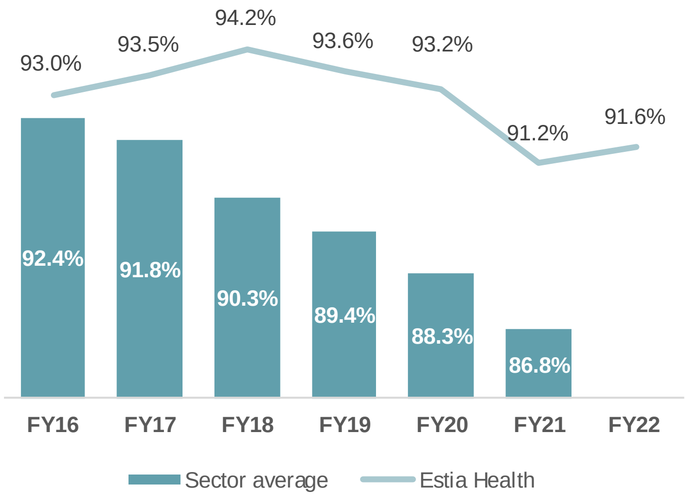
Overall

- Pre-COVID-19 (FY19) average occupancy consistently > 93.5%, above sector averages
- FY22 average occupancy 91.6% (H1FY22 – 92.6%, H2FY22 – 90.6%) which continues to improve

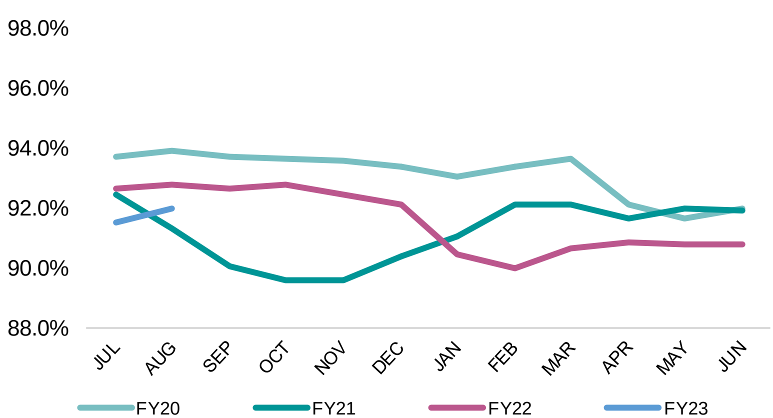
	FY22 Average	19-Aug-22
Victoria	86.4%	86.3%
NSW/SA/QLD	94.1%	94.7%
Group	**91.6%**	**92.0%**

- New Homes opened in the last 3 years consistently operate at or close to 100% occupancy

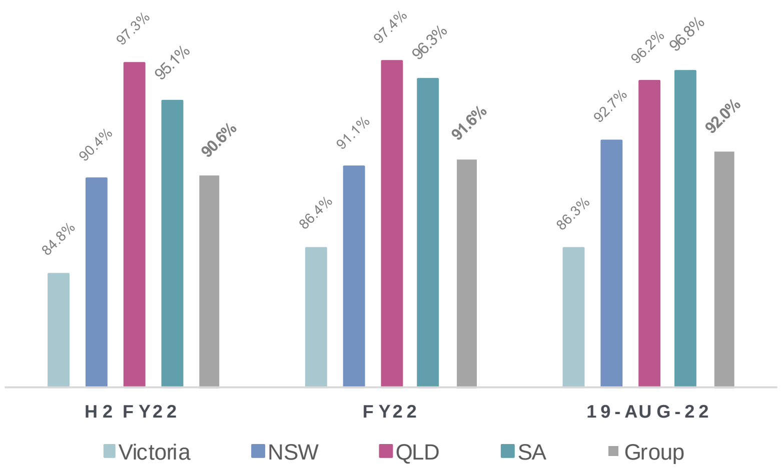
Occupancy Performance [1,2]



Monthly Average Occupancy – Mature Homes [3]



Regional Occupancy



1. Estia Health Operational Data
2. Productivity Commission (2022) Report on Government Services – 2021
3. Mature Homes (which excludes homes from the date of closure) 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

Workforce, people and culture

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Industry Pressures

- Industry wage rates below other health related sectors, especially NDIS
- Reduced migration driving historically low unemployment
- Adverse media and public perception of sector associated with Royal Commission
- COVID-19 outbreaks impacting workforce availability

Consequences

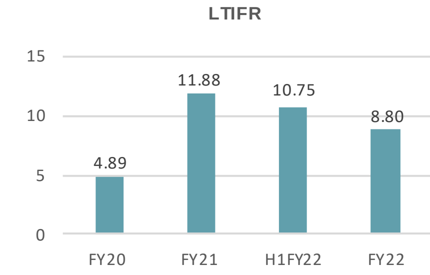
- Average rate per hour increase due to higher agency, overtime and leave
- Increase in experienced personnel departing sector
- CEDA estimated[1]:
  - current shortfall of 35,000 staff
  - Forecast additional 170,000 workers required by 2030
- Fair Work Commission "work value" case supported by Federal Government

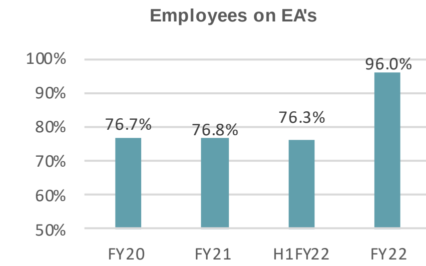
Mitigation and Strategies

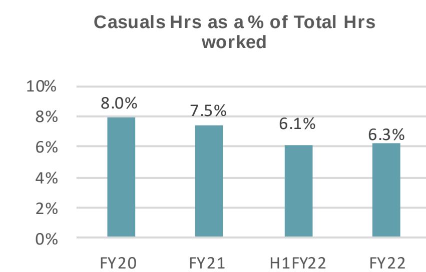
- Investments in recruitment strategies and resources (Centre of Excellence)
- Increased training, development and career pathways, including Graduate Nurse Program
- Quarantine/pandemic leave introduced and paid on top of personal leave at outbreak homes
- Pay supplements provided for staff during significant outbreak periods
- Employee Assistance Program (EAP) expanded including on-site support at outbreak homes
- Psychological first aid training introduced across the Group

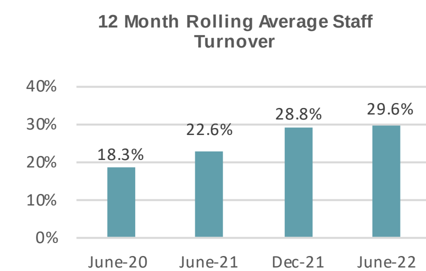
Outcomes

- LTIFR reduced to 8.8
- Permanent staff turnover stabilised at 29.6% - H2 FY22
- 17,764 training hours delivered in clinical development, understanding dementia and behaviour management (~7.6 hrs per person)
- New non-nursing staff EA in SA; renewed all-staff EA in Victoria: average 2-3% increase
- Engagement survey – 69% engagement (October 2021)
- 38% of manager/leader roles recruited internally
- 1,936 student placements during FY22
- 74 Graduate Nurses completed the Aged Care Transition to Practice program









1. Source: "Duty of Care: Meeting the Aged Care Workforce Challenge" Published by CEDA

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Accreditation, Compliance, Clinical Care and Services

Continued investment and focus on sustaining the highest levels of compliance and care performance

Governance Systems and Processes

- Independently-chaired Clinical Governance Committee provides oversight and direction
- Central quality and risk team (22 staff) establishes policies and procedures for national application
- Regional Quality teams (13 staff) manage compliance, training and performance assessment at home level
- Single centralised online database supports access to all policies and procedures across the Group
- Single online resident record management including individual care plans for all residents
- Electronic medication management system pilot underway
- National central recording and monitoring of COVID-19 cases, vaccination status, IPC training and PPE levels

Implemented:

Hiring, Training, Communication

- Each home is led by an Executive Director supported by one or more Clinical Care Directors depending on size of home
- At least one Registered Nurse rostered 24/7 at all homes
- Cert 3 expectations for new care staff
- Clinical leadership program established for new clinical leaders
- Establishment of Aged Care Nursing Community of Practice for all clinical employees: >450 staff currently involved
- Continual central review of best practice including Infection Prevention and Control, supported by revised education and training including every home operating a local Clinical Care Committee

Monitoring:

Audit and Continuous Improvement

- Independent benchmarking of National Quality Indicators undertaken to support continuous improvement
- Data Analytics used to assess performance, provide insights for continuous improvement and identification of potential risks
- Regional Quality teams conduct formal in-home assessment, observation, and training
- Partnerships with universities/hospitals leverage best practice research and provide access to student cohorts
- Central monitoring, assessment and management conduct of complaints
- Next Gen CCTV installed in common areas of all homes
- Independent "See something say something" hotline provides an extra channel for staff or resident / representative concerns

Outcomes

- All homes fully accredited, no homes sanctioned, no Notices to Agree, no Notices of Non-compliance issued in FY22
- Subsequent to year end one home received a Notice of Non-Compliance which is being addressed
- External complaints to ACQSC 28% below industry benchmark for most recently published data

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Resident Services

Aged Care is an essential service but reforms such as licence deregulation will drive competition and provide greater choice to consumers. Providers will increasingly rely on the quality of their services and local reputation in order to thrive

Local Community Engagement

Providers will need to build strong connections in their communities and engage across local health networks

- Consumer marketing using digital channels increasingly important, including social media
- Locally based dedicated customer sales and lifestyle team, nationally led and supported
- All homes participate in local community engagement programs

Food & Lifestyle

Residents and families will be prepared to enter care when they can be active, stimulated & engaged

- Chef-led model producing up to 30,000 freshly cooked, locally sourced meals per day
- Innovative food procurement strategy leveraging scale allows for the procurement of 100% Australian fruit and vegetables, sustainably caught seafood, high-quality Australian meats and a range of speciality products
- Chef Masterclass program conducted over FY22 - menu enhancement, culinary skills and service delivery
- Lifestyle program developed to focus on community connection, cultural and spiritual fulfilment
- Trained lifestyle specialists running programs at each home, built on local resident preference
- Resident wellbeing supported by the integration of targeted therapies such as pet, art and music therapy

Built Environment

Consumers increasingly seeking a modern, homely environment that balances privacy with community

- Older, multi-bed homes likely to struggle in more competitive markets
- The Group has a modern, well-located portfolio with 91% of places in single rooms
- New home designs incorporate smaller more intimate “communities” within an overall larger home
- $21.9m invested in refurbishments, capital replacement and home-based projects in FY22

Outcomes

- Occupancy recovered to pre-Omicron levels, sustained above sector rates
- Ramp-up profile of new homes ahead of plan
- Customer Experience Report scores sustained at 93.2% (FY21, 93.7%) during COVID-19[1]
- Overall resident mix maintained with more than 50% non-concessional resident
- Average incoming RAD prices continue to increase from $443k FY21 to $453k in FY22
- 62 homes refurbished and qualifying for the higher accommodation supplements
- Average resident revenues increased from $71.6 to $73.4 (POBD), despite temporary cessation of Additional Service at various times and lower MPIR

1 Satisfaction defined as percentage of responses that report as experience as “most of the time” or “always

Growth Opportunity and Potential

Removal of ACAR barrier positively impacts existing and new greenfield and brownfield opportunities

Outlook

- Build costs, limited land availability and less available capital may suppress new sector supply growth
- Investment preference may trend towards acquisition growth as reforms drive consolidation/exits and new build costs remain relatively high

Development

- 260 new places under development:
  - Expected Q2 FY23 brownfield expansion completion at Burton, SA (24 new operational places)
  - Under construction with targeted completion Q1 FY24:
    - St Ives, NSW (118 places)
    - Aberglasslyn, NSW (118 places)
- Completed detailed design for 242 places in SA at Toorak Gardens and Mt Barker

Refurbishment

- Significantly refurbishments completed at a further 7 homes – 62 homes now eligible for the Higher Accommodation Supplement
- Continued rolling program of home upgrades and asset life cycle replacements
- Completed next stages of Nurse Call and home IT network system upgrades

Acquisitions

- Exchanged contracts for new site in Woodcroft (SA) to develop a new home with ~120 places
- Continue to review high quality home acquisition opportunities

Revenue Diversification

- Allied health strategy, including reablement under review post AN-ACC
- Home Care challenges see no likely near-term catalyst for investment

For further details on the Group's development program refer to Appendix L-N

Estia Health – Kensington Gardens

Estia Health – South Morang

Estia Health – Albury

Environmental, Social and Governance

Strategy

- 2020-2024 Sustainability Strategy is structured under 3 pillars:
  - **supporting our people;**
  - **enhancing our community;**
  - **respecting our environment;**
- 11 key areas with specific targets (Refer to Appendix K)
- Key areas are mapped against the UN Sustainable Development Goals
- COVID-19 impacts and other external factors have impacted and will continue to impact progress against targets

Sustainability Linked Loan

- New **Sustainability Linked Syndicated Financing Agreement** established in October 2021 with targets focusing on:
  - greenhouse gas emissions;
  - resident satisfaction;
  - improved employee wellbeing; and
  - portfolio building energy efficiency
- Performance against FY22 targets will result in a reduction in the margin by 3bps for FY23

2020-24 Sustainability Framework

Outcomes

- Further progress towards FY24 targets
- LTIFR reduction, expansion of employee wellness and support programs
- Expansion of Modern Slavery activity and compliance into supply chain
- Further reductions in carbon intensity

Governance

- 7 directors on the Board from 1 September 2022, comprising six non-executive independent directors with gender parity
- Substantively compliant already with proposed Aged Care Approved Provider governance and prudential reforms
- Independently chaired Clinical Governance Committee
- No material gender pay gap across non-EA roles

4. Summary

Summary

Strong financial position maintained despite COVID-19 impact on operations and financial performance

Clarity on the regulatory landscape expected in the near term, including independent pricing authority which creates framework for sector financial sustainability

Attractive **demographics, supply deregulation** and a fragmented market create an environment for strong growth potential

High quality, modern **portfolio** primarily in major metro markets

Significant investment in the **clinical, quality and safety framework** delivering high clinical standards and compliance

Workforce remains challenging, continues to require significant investment and focus

COVID-19 continues to impact the sector but adverse resident outcomes significantly lessened; Government response to cost recovery is critical

Balance sheet strength provides security and capacity for growth

Subject to changing circumstances, **Capital Management** objectives remain to:

- distribute dividends of 70-100% of “NPATA”
- maintain a gearing ratio of 1.4 – 1.9 X EBITDA
- deploy capital in a disciplined manner to take advantage of earnings growth opportunities

Outlook - Uncertainties remain which may impact financial performance in the short to medium term until such time as the impact of the pandemic is lessened and the funding, pricing and mandated minimum care minute reforms are fully operational

5. Questions

Appendices

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Appendix A: Statutory Income Statement

	FY22 12 months $'000	FY21* 12 months $'000	FY22 vs FY21
Revenues[1]	**671,067**	**646,305**	**3.8%**
Other income	8,966	19,087	(53.0%)
Expenses			
Employee benefits expenses	(488,773)	(444,108)	10.1%
Administrative expenses	(27,729)	(23,318)	18.9%
Occupancy expenses	(21,087)	(21,054)	0.2%
Resident expenses	(64,233)	(64,381)	(0.2%)
Amortisation of bed licences	(60,349)	-	100.0%
Depreciation, amortisation and impairment expense[2]	(45,122)	(42,808)	5.4%
Class action settlement	-	(12,409)	(100.0%)
Operating profit/(loss) for the period	**(27,260)**	**57,314**	**(147.6%)**
Net finance costs[3]	(46,298)	(48,812)	(5.2%)
Profit/(loss) before income tax	**(73,558)**	**8,502**	**(965.2%)**
Income tax benefit/(expense)	21,196	(2,897)	(831.7%)
Profit/(loss) for the period	**(52,362)**	**5,605**	**(1034.2%)**
Earnings per share (cents per share)			
Basic, profit/(loss) for the period attributable to ordinary equity holders of the parent	(20.10)	2.15	
Diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent	(20.10)	2.12	

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
1 Revenue for FY22 includes $39.3m of imputed DAP revenue on RAD/bond balances (FY21 $42.3m) resulting from the application of AASB 16
2 Depreciation, amortisation and impairment expense for FY22 includes $4.1m of amortisation on leases (FY21 $4.5m) resulting from the application of AASB 16
3 Net financing costs for FY22 includes $1.9m of interest expense (FY21 $1.9m) resulting from the application of AASB 16

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Appendix B: Non IFRS Reconciliations

Operating revenue to total revenue

	FY22 $'000	FY21* $'000	FY20 ** $'000	H2 FY22 $'000	H1 FY22 $'000	FY22 vs FY21
Government revenue - excluding temporary funding and grants	472,525	443,218	426,188	232,398	240,127	6.6%
Government revenue - temporary funding and grants	7,888	21,426	7,382	7,888	-	(63.2%)
Resident and other revenue[1]	149,004	147,406	146,310	72,632	76,372	1.1%
Total operating revenues	**629,417**	**612,050**	**579,880**	**312,918**	**316,499**	**2.8%**
Plus Imputed DAP revenue on RAD/bond balances (AASB 16 impact)	39,328	42,316	43,407	19,040	20,288	(7.1%)
Operating revenue from home closures	395	-	-	-	395	100.0%
Operating revenue from new homes in ramp-up	9,816	1,539	13,621	5,379	4,437	537.8%
Adjusted for Other income (included as part of Other Income)	(1)	-	-	(1)	-	(100.0%)
Adjusted for Government Grants (included as part of Other Income)	(7,888)	(9,600)	-	(7,888)	-	(17.8%)
Total Revenue	**671,067**	**646,305**	**636,908**	**329,448**	**341,619**	**3.8%**

Operating profit/(loss) for the period to EBITDA – Mature Homes

	FY22 $'000	FY21* $'000	FY20 ** $'000	H2 FY22 $'000	H1 FY22 $'000	FY22 vs FY21
EBITDA - Mature Homes[2,3]	**37,516**	**61,353**	**82,682**	**4,013**	**33,503**	**(38.9%)**
Plus Imputed DAP revenue on RAD/bond balances (AASB 16 impact)	39,328	42,316	43,407	19,040	20,288	(7.1%)
Plus Other income - Asset Disposals	912	9,487	214	2	910	(90.4%)
Plus Net (loss)/gain from homes in ramp-up	1,201	(625)	491	661	540	(292.2%)
Less Net loss from home closures	(746)	-	-	(2)	(744)	100.0%
Less Depreciation and amortisation expenses	(45,122)	(42,808)	(39,119)	(23,396)	(21,726)	5.4%
Less Class action settlement expenses	-	(12,409)	-	-	-	(100.0%)
Less Bed licence amortisation[4]	(60,349)	-	-	(40,233)	(20,116)	100.0%
Operating profit/(loss) for the period	**(27,260)**	**57,314**	**(56,947)**	**(39,915)**	**12,655**	**(147.6%)**

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
** FY20 information reported with no adjustment for the IFRIC changes for the accounting for SaaS Arrangements
1 Resident and other revenue excludes the impact of imputed DAP revenue on RAD/bond balances resulting from the application of AASB 16
2 Mature Homes (which excludes homes from the date of closure) 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
3 EBITDA – Mature Homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation, specified non-recurring items and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16
4 Amortisation commenced in the period as a result of the changes to the ACAR regime (see Appendix F for further details)

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Appendix B: Non IFRS Reconciliations

Profit/(loss) for the period to Operating profit/(loss)

	FY22 $'000	FY21* $'000	FY20 ** $'000	H2 FY22 $'000	H1 FY22 $'000	FY22 vs FY21
Operating profit/(loss) before income tax, class action, goodwill impairment and bed licence amortisation	**(13,209)**	**20,911**	**35,777**	**(22,266)**	**9,057**	**(163.2%)**
Associated income tax expense/(benefit)	(3,586)	6,169	10,599	(6,508)	2,922	(158.1%)
Profit/(loss) for the period after income tax before class action, goodwill impairment and bed licence amortisation (NPATA)	**(9,623)**	**14,742**	**25,178**	**(15,758)**	**6,135**	**(165.3%)**
Class action settlement expense	-	12,409	-	-	-	(100.0%)
Bed licence amortisation ***	60,349	-	-	40,233	20,116	100.0%
Goodwill impairment	-	-	144,622	-	-	-
Associated income tax expense/(benefit)	(17,610)	(3,272)	(2,535)	(11,740)	(5,870)	438.2%
Profit/(loss) for the period	**(52,362)**	**5,605**	**(116,909)**	**(44,251)**	**(8,111)**	**(1034.2%)**

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
** FY20 information reported with no adjustment for the IFRIC changes for the accounting for SaaS Arrangements
*** Amortisation commenced in the period as a result of the changes to the ACAR regime (see Appendix F for further details)

Appendix C: Financial metrics and trends

	FY22 12 months $'000	FY21* 12 months $'000	FY20 ** 12 months $'000	H2 FY22 6 months $'000	H1 FY22 6 months $'000	FY22 vs FY21	H2 FY22 vs H1 FY22
Government revenue - excluding temporary funding and grants	472,525	443,218	426,188	232,398	240,127	6.6%	(3.2%)
Government revenue - temporary funding and grants	7,888	21,426	7,382	7,888	-	(63.2%)	100.0%
Resident and other revenue[1]	149,004	147,406	146,310	72,632	76,372	1.1%	(4.9%)
Total operating revenues	**629,417**	**612,050**	**579,880**	**312,918**	**316,499**	**2.8%**	**(1.1%)**
Employee benefits expenses	(444,033)	(431,355)	(404,272)	(221,671)	(222,362)	2.9%	(0.3%)
Non-wage expenses	(98,045)	(95,033)	(90,388)	(49,460)	(48,585)	3.2%	1.8%
COVID-19 incremental expenses[2]	(49,823)	(24,309)	(2,538)	(37,774)	(12,049)	105.0%	213.5%
EBITDA - Mature Homes[3,4]	**37,516**	**61,353**	**82,682**	**4,013**	**33,503**	**(38.9%)**	**(88.0%)**
Operating statistics - Mature Homes							
Total Operational/Available Bed Days	2,216,782	2,256,916	2,175,868	1,096,498	1,120,284	(1.8%)	(2.1%)
Total Occupied Bed Days	2,030,143	2,057,794	2,026,915	993,219	1,036,924	(1.3%)	(4.2%)
Occupancy	91.6%	91.2%	93.2%	90.6%	92.6%	0.4%	(2.1%)
Revenue statistics - Per Occupied Bed Day ("POBD")							
Government revenue - excluding temporary funding and grants	$232.8	$215.4	$210.3	$234.0	$231.6	8.1%	1.0%
Government revenue - temporary funding and grants	$3.9	$10.4	$3.6	$7.9	-	(62.5%)	100.0%
Resident revenue	$73.4	$71.6	$72.2	$73.1	$73.7	2.5%	(0.8%)
Total revenue	$310.1	$297.4	$286.1	$315.0	$305.3	4.3%	3.2%
Costs statistics - Per Operational/Available Bed Day							
Employee benefits expenses - excluding COVID-19 incremental costs	$200.3	$191.1	$185.8	$202.2	$198.5	4.8%	1.9%
Non-wage expenses - excluding COVID-19 incremental costs	$44.2	$42.1	$41.5	$45.1	$43.4	5.0%	3.9%
COVID-19 incremental expenses	$22.5	$10.8	$1.2	$34.4	$10.8	108.3%	218.5%
Total costs	$267.0	$244.0	$228.5	$281.7	$252.7	9.4%	11.5%
Annual average EBITDA[1,2,3,4] Per Occupied Bed - Mature Homes	**$6,746**	**$10,883**	**$14,890**	**$1,475**	**$11,794**	**(38.0%)**	**(87.5%)**
Total staff expenses % of revenue[1,2,3,4]	70.5%	70.5%	69.7%	70.8%	70.3%	0.0%	0.7%
Non-wages expenses % of revenue[1,2,3,4]	15.6%	15.5%	15.6%	15.8%	15.4%	0.6%	2.6%
EBITDA Mature Homes % of revenue[1,2,3,4]	**6.0%**	**10.0%**	**14.3%**	**1.3%**	**10.6%**	**(40.0%)**	**(87.7%)**

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)
** FY20 information reported with no adjustment for the IFRIC changes for the accounting for SaaS Arrangements
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 Additional Employee and Non-Wage expenses incurred in response to the COVID-19 pandemic
3 A reconciliation of Operating Profit to EBITDA - Mature Homes is provided in Appendix B. EBITDA – Mature Homes is defined as Earnings before Interest, Tax, Depreciation, Amortisation, specified non-recurring items and imputed DAP revenue on RAD/bond balances resulting from the adoption of AASB 16
4 Mature Homes (which excludes homes from the date of closure) 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

Appendix D: Balance Sheet

	30-Jun-22 $'000	30-Jun-21* $'000
Current assets		
Cash and cash equivalents	20,411	33,428
Trade and other receivables	10,261	7,125
Prepayments and other assets	9,281	8,820
Assets held for sale	-	2,601
Income tax receivable	11,960	-
Total current assets	**51,913**	**51,974**
Non-current assets		
Property, plant and equipment	840,343	845,465
Investment properties	750	750
Goodwill	681,014	681,014
Other intangible assets	164,209	223,815
Right of use assets	56,367	59,220
Prepayments	377	352
Total non-current assets	**1,743,060**	**1,810,616**
Total assets	**1,794,973**	**1,862,590**
Current liabilities		
Trade and other payables	52,135	39,305
Other financial liabilities	466	508
Provisions	63,126	59,962
Income tax payable	-	1,162
Lease liabilities	3,686	3,897
Refundable accommodation deposits and bonds	884,069	863,929
Total current liabilities	**1,003,482**	**968,763**
Non-current liabilities		
Lease liabilities	58,766	61,225
Provisions	8,542	6,059
Loans and borrowings	98,487	113,833
Deferred tax liabilities	83,959	99,617
Total non-current liabilities	**249,754**	**280,734**
Total liabilities	**1,253,236**	**1,249,497**
Net assets	**541,737**	**613,093**

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)

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Appendix E: Cashflow

Government cash receipts have been reported on an adjusted basis to include the January 2022 funding in H2 FY22	H1 FY22 6 months $'000	H2 FY22 6 months $'000	30-Jun-22 12 months $'000	30-Jun-21* 12 months $'000
Cash flows from operating activities				
Receipts from residents	74,635	70,370	145,005	145,716
Receipts from government **	238,824	239,031	477,855	462,420
Payments to suppliers and employees	(274,106)	(301,877)	(575,983)	(569,768)
Net operating cash flows before interest, income tax, RAD, accommodation bond and ILU contribution	**39,353**	**7,524**	**46,877**	**38,368**
Interest received	-	18	18	520
Income tax paid	(3,949)	(3,635)	(7,584)	(6,065)
Finance costs paid	(2,106)	(2,563)	(4,669)	(6,153)
Interest expense on lease liabilities	(962)	(949)	(1,911)	(1,943)
Net cash flows from operating activities before RADs, bonds and ILU entry contribution	**32,336**	**395**	**32,731**	**24,727**
RAD, accommodation bond and ILU entry contribution received	139,277	129,153	268,430	256,599
RAD, accommodation bond and ILU entry contribution refunded	(115,408)	(130,221)	(245,629)	(226,007)
Net RAD, accommodation bond and ILU entry contribution received/(refunded)	*23,869*	*(1,068)*	*22,801*	*30,592*
Net cash flows from/(used) in operating activities	**56,205**	**(673)**	**55,532**	**55,319**
Cash flows from investing activities				
Payments for intangible assets	(1,031)	(645)	(1,676)	(939)
Proceeds from sale of property, plant and equipment	60	4	64	41
Proceeds from sale of assets held for sale	3,550	-	3,550	15,385
Purchase of property, plant and equipment	(10,973)	(20,807)	(31,780)	(47,098)
Net cash flows used in investing activities	**(8,394)**	**(21,448)**	**(29,842)**	**(32,611)**
Cash flows from financing activities				
Proceeds from repayment of MEP loans	-	1	1	-
Payments for shares repurchased on-market and incremental costs	(1,641)	(6,315)	(7,956)	-
Dividends paid	(6,012)	(6,125)	(12,137)	-
Repayment of lease liabilities	(2,134)	(1,981)	(4,115)	(4,380)
Net cash flows used in financing activities (excluding funding)	**(9,787)**	**(14,420)**	**(24,207)**	**(4,380)**
Net (increase)/decrease in Net Debt	**38,024**	**(36,541)**	**1,483**	**18,328**
Net Debt at the beginning of the period	(81,072)	(43,048)	(81,072)	(99,400)
Net Debt at the end of the period	**(43,048)**	**(79,589)**	**(79,589)**	**(81,072)**

* In adopting the recently announced IFRIC changes for the accounting for SaaS arrangements the Group has re-stated certain previously reported information for consistency purposes (see Appendix F for further details)

** H1 and H2 FY22 cash flows have been adjusted to include the prepaid January 2022 government receipts as a part of the H2 FY22 cashflow

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Appendix F: Accounting Policy and Regulatory Changes

Configuration or customisation costs for Software as a Service (SaaS) arrangements

- During April 2021, the IFRS Interpretations Committee ("IFRIC") published an agenda decision on accounting for the configuration and customisation costs for cloud computing or SaaS arrangements. Under this decision, IFRIC concluded that such arrangements could only be capitalised and recognised as an intangible asset in limited circumstances where an entity can establish control of the underlying software code. Where this could not be established these costs would be regarded as a service contract and the associated configuration and customisation costs would be expensed
- Historically and prior to this decision, the generally accepted view was that these customisations and configuration were controlled by the customers of these SaaS arrangements as they benefited from the configuration/customisation outcomes and had the ability to determine the time horizon over which this benefit would be available/utilised
- As a result, the Group has changed its accounting policy in relation to configuration and customisation costs incurred in the implementation of SaaS arrangements and has identified certain previously capitalised software costs that are no longer eligible for capitalisation as a result of the IFRIC decision. In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* this change in the Group's accounting is required to be accounted for on a retrospective basis
- To assist with the understanding of the impact of this change in accounting policy on the Group's previously reported results the following reconciliations are provided to show the impact:

Profit and Loss	FY21 Reported[1] $'000	SaaS Adj. $'000	FY21 Adjusted $'000	H1 FY21 Reported[1] $'000	SaaS Adj. $'000	H1 FY21 Adjusted $'000
Revenues	**646,305**		**646,305**	**322,500**		**322,500**
Other income	19,087		19,087	9,828		9,828
Expenses						
Employee benefits expenses	(443,421)	(687)	(444,108)	(225,119)	(437)	(225,556)
Administrative expenses	(23,009)	(309)	(23,318)	(10,883)	(204)	(11,087)
Occupancy expenses	(21,054)		(21,054)	(10,501)		(10,501)
Resident expenses	(64,381)		(64,381)	(35,229)		(35,229)
Depreciation, amortisation and impairment expense	(42,263)	435	(41,828)	(21,136)	218	(20,918)
Impairment expense	(980)		(980)	-		-
Class action settlement	(12,409)		(12,409)	(11,675)		(11,675)
Operating profit for the period	**57,875**	**(561)**	**57,314**	**17,785**	**(423)**	**17,362**
Net finance costs	(48,812)		(48,812)	(24,862)		(24,862)
Profit/(loss) before income tax	**9,063**	**(561)**	**8,502**	**(7,077)**	**(423)**	**(7,500)**
Income tax benefit/(expense)	(3,065)	168	(2,897)	1,789	127	1,916
Profit/(loss) for the period	**5,998**	**(393)**	**5,605**	**(5,288)**	**(296)**	**(5,584)**

1 For consistency, certain amounts have been reclassified to conform with the current period presentation

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Appendix F: Accounting Policy and Regulatory Changes (continued)

Balance Sheet	FY21 Reported $'000	SaaS Adj. $'000	FY21 Adjusted $'000	H1 FY21 Reported $'000	SaaS Adj. $'000	H1 FY21 Adjusted $'000
Total current assets	**51,974**		**51,974**	**68,684**		**68,684**
Other intangible assets*	227,584	(3,769)	223,815	227,370	(3,631)	223,739
Other non-current Assets	1,586,801		1,586,801	1,594,131		1,594,131
Total non-current assets	**1,814,385**	**(3,769)**	**1,810,616**	**1,821,501**	**(3,631)**	**1,817,870**
Total assets	**1,866,359**	**(3,769)**	**1,862,590**	**1,890,185**	**(3,631)**	**1,886,554**
Total current liabilities	**968,763**		**968,763**	**1,013,526**		**1,013,526**
Deferred tax liabilities*	100,747	(1,130)	99,617	95,412	(1,089)	94,323
Other non-current liabilities	181,117		181,117	177,187		177,187
Total non-current liabilities	**281,864**	**(1,130)**	**280,734**	**272,599**	**(1,089)**	**271,510**
Total liabilities	**1,250,627**	**(1,130)**	**1,249,497**	**1,286,125**	**(1,089)**	**1,285,036**
Accumulated loses*	(190,356)	(2,639)	(192,995)	(201,642)	(2,542)	(204,184)
Other equity	806,088		806,088	805,702		805,702
Total equity	**615,732**	**(2,639)**	**613,093**	**604,060**	**(2,542)**	**601,518**

Cash flow	FY21 Reported $'000	SaaS Adj. $'000	FY21 Adjusted $'000	H1 FY21 Reported $'000	SaaS Adj. $'000	H1 FY21 Adjusted $'000
Payments to suppliers and employees	(568,772)	(996)	(569,768)	(292,782)	(641)	(293,423)
Other net cash from operating activities	625,087		625,087	323,591		323,591
Net Cash flows from operating activities	**56,315**	**(996)**	**55,319**	**30,809**	**(641)**	**30,168**
Payments for intangible assets	(1,935)	996	(939)	(1,163)	641	(522)
Other net cash from investing activities	(31,672)		(31,672)	(14,066)		(14,066)
Net Cash flows used in investing activities	**(33,607)**	**996**	**(32,611)**	**(15,229)**	**641**	**(14,588)**
Net Cash flows used in financing activities	**(19,880)**		**(19,880)**	**(27,172)**		**(27,172)**
Net Increase/(decrease) in cash and cash equivalents	**2,828**		**2,828**	**(11,592)**		**(11,592)**

* Includes the adjustment to Other intangible assets ($3.2M), Deferred tax liabilities ($962k) and Opening retained earnings ($2.2m) made effective 1 July 2020 for the cumulative impact of the accounting policy change relating to earlier financial reporting periods

Appendix F: Accounting Policy and Regulatory Changes (continued)

Abolition of ACAR and the impact on the valuation of capitalised bed licenses

- In the 2021 Annual Financial Report, the Group provided an update that the Government had announced an intention to abolish the ACAR bed licensing regime and the potential ramifications should that eventuate. In September 2021, the Government confirmed its decision to abolish the ACAR and associated supply restrictions on bed licences, advising that this will take full effect at the end of June 2024
- Th Group supports the removal of the bed licensing regime which is expected to create an environment where senior Australians will benefit from an increase in competition which will positively impact the quality of accommodation and service offerings. Providers will have the opportunity to invest in previously protected markets and to attract residents by providing high-quality care in locations preferred by consumers. This reform could prove to be a major catalyst for sector consolidation and the creation of a stronger, more competitive residential aged care sector driven by consumer choice

Accounting Implications

- The Group’s balance sheet at 30 June 2021 included a value of $221.3 million relating to bed licences and an associated deferred tax liability of $64.6 million. The majority of this was established under fair value accounting rules on the purchase of businesses by the Group from 2014 to 2016, when there existed an open market value for bed licences, varying over time and regions from $25,000 up $100,000 per bed licence
- As a result of the Government’s decision, the secondary market for bed licences has ceased
- Notwithstanding the directors’ view that the fair value less cost to dispose of existing operational bed licences is nil, at the present time the directors have determined that in order to comply with Accounting Standards and the Group’s accounting policy in relation to Goodwill and Intangible Assets, bed licences are now regarded as an Intangible Asset with a finite life and will be amortised on a straight-line basis over the period 1 October 2021 to 30 June 2024. This treatment remains dependent on no future change to Government policy or intended legislation arising
- As a result, the Group expects its future Financial Statements to incorporate the following charges relating to bed licence amortisation:

		Expense $'million	Tax Impact $'million	Net Expense $'million
Year Ended	30 June 2023	80.5	(23.5)	57.0
Year Ended	30 June 2024	80.5	(23.5)	57.0

- This charge is non-covenant impacting and has no impact on the cash flows of the Group
- In light of the fact that the directors consider the bed licences to have a nil fair value, the Group will refer to “NPATA”, being Net Profit After Tax Before Amortisation of bed licences as an appropriate reflection of the financial performance of the Group until such time as the bed licences are fully amortised. NPATA will also be used as the guideline for the assessment of the declaration of dividends instead of NPAT for the same reasons

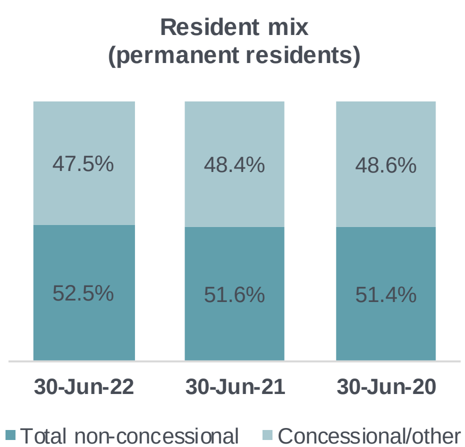
Tax Implications

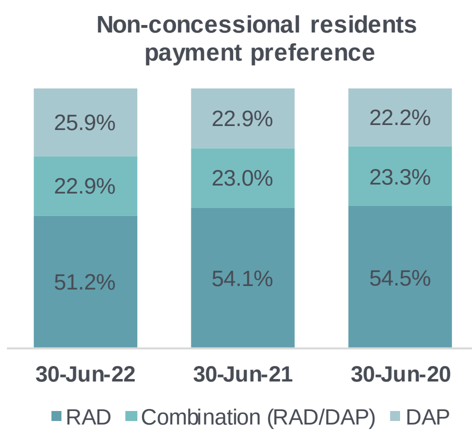
Subject to no change to current tax legislation, it is anticipated that the abolition of bed licences on 30 June 2024, could result in a capital loss of up to $200m to be available to be carried forward against future capital gains of the Group. It is unlikely that the future potential benefit of the capital loss would be recognised in the financial statements until such time as capital profits were realised or known with sufficient certainty as to justify recognition

Appendix G: Resident profile

Number of residents	30-Jun-22	30-Jun-21	30-Jun-20
RAD	1,402	1,498	1,509
Combination (RAD/DAP)	629	638	645
DAP	710	634	613
Total non-concessional	**2,741**	**2,770**	**2,767**
Concessional	2,475	2,583	2,605
Other	7	11	14
Total permanent residents	**5,223**	**5,364**	**5,386**
Respite	429	383	312
Total residents	**5,652**	**5,747**	**5,698**
Occupancy	**91.6%**	**91.2%**	**93.2%**

% of permanent residents	30-Jun-22	30-Jun-21	30-Jun-20
RAD	26.8%	27.9%	28.0%
Combination (RAD/DAP)	12.1%	11.9%	12.0%
DAP	13.6%	11.8%	11.4%
Total non-concessional	**52.5%**	**51.6%**	**51.4%**
Concessional	47.4%	48.3%	48.4%
Other	0.1%	0.1%	0.2%
Total permanent residents	**100.0%**	**100.0%**	**100.0%**





Appendix H: Resident profile (detail)

Number of residents	30-Jun-21	Incoming	Outgoing	Preference changes	31-Dec-21	Incoming	Outgoing	Preference changes	30-Jun-22
RAD	1,498	220	274	17	1,461	216	285	10	1,402
Combination (RAD/DAP)	638	176	146	(9)	659	133	165	2	629
DAP	634	376	334	11	687	362	322	(17)	710
Total non-concessional	**2,770**	**772**	**754**	**19**	**2,807**	**711**	**772**	**(5)**	**2,741**
Concessional	2,583	470	536	(18)	2,499	464	494	6	2,475
Other	11	-	1	(1)	9	2	3	(1)	7
Total permanent residents	**5,364**	**1,242**	**1,291**	**-**	**5,315**	**1,177**	**1,269**	**-**	**5,223**
Respite[1]	383	-	62	-	321	108	-	-	429
Total residents	**5,747**	**1,242**	**1,353**	**-**	**5,636**	**1,285**	**1,269**	**-**	**5,652**

% of permanent residents	30-Jun-21	Incoming	Outgoing	31-Dec-21	Incoming	Outgoing	30-Jun-22
RAD	27.9%	17.7%	21.2%	27.5%	18.4%	22.5%	26.8%
Combination (RAD/DAP)	11.9%	14.2%	11.3%	12.4%	11.2%	13.0%	12.1%
DAP	11.8%	30.3%	25.9%	12.9%	30.8%	25.4%	13.6%
Total non-concessional	**51.6%**	**62.2%**	**58.4%**	**52.8%**	**60.4%**	**60.9%**	**52.5%**
Concessional	48.3%	37.8%	41.5%	47.0%	39.4%	38.9%	47.4%
Other	0.1%	0.0%	0.1%	0.2%	0.2%	0.2%	0.1%
Total permanent residents	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1. Respite residents shown on a net incoming basis only

Appendix I: RAD and bond pool

Summary of movements in past periods	H2 FY22	H1 FY22	H2 FY21	FY22	FY21
	$m	$m	$m	$m	$m
Opening RAD/bond balance	886.2	863.9	836.1	863.9	836.3
Refunds Mature Homes	(127.8)	(110.2)	(100.1)	(238.0)	(225.0)
Inflows Mature Homes	120.1	129.6	123.6	249.7	249.7
Net inflows - Mature Homes	**(7.7)**	**19.4**	**23.5**	**11.7**	**24.7**
Net outflows due to home closures	(1.1)	(4.5)	-	(5.6)	-
Net inflows new homes	7.8	9.0	5.9	16.8	5.9
Total net inflows	**(1.0)**	**23.9**	**29.4**	**22.9**	**30.6**
Deductions	(1.1)	(1.6)	(1.6)	(2.7)	(3.0)
Closing RAD/bond balance	**884.1**	**886.2**	**863.9**	**884.1**	**863.9**
Probate balance	127.2	116.7	102.8	127.2	102.8

Total RAD/bond pool at period end	30-Jun-22			31-Dec-21			30-Jun-21		
	$m	#	Average	$m	#	Average	$m	#	Average
Pre-July 2014 bonds for current residents	26.3	141	$186,216	33.0	176	$187,334	44.2	223	$198,484
Post-July 2014 RADs for current residents	730.6	2,069	$353,136	736.5	2,124	$346,781	716.9	2,097	$341,863
Total relating to current residents	**756.9**	**2,210**	**$342,486**	**769.5**	**2,300**	**$334,580**	**761.1**	**2,320**	**$328,081**
Probate balance (former residents pending refund)	127.2	391	$325,256	116.7	370	$315,390	102.8	323	$318,205
Total RAD/bond pool	**884.1**	**2,601**	**$339,896**	**886.2**	**2,670**	**$331,920**	**863.9**	**2,643**	**$326,874**
Average agreed incoming RAD			$452,983			$446,260			$442,881
Average outgoing RAD/bond			$405,621			$398,046			$406,447

RADs held reconciliation to RAD residents	30-Jun-22	31-Dec-21	30-Jun-21
RAD residents	1,402	1,461	1,498
Plus : combinations (RAD/DAP)	629	659	638
Plus : former residents pending refund	391	370	323
Plus : concessional residents who pay a RAC	192	193	198
Less : unpaid RAD residents	(13)	(13)	(14)
Total number of paid RAD/bonds	**2,601**	**2,670**	**2,643**

Appendix J: Occupancy

Mature Homes	H2 FY22 6 months	H1 FY22 6 months	H2 FY21 6 months	FY22 12 months	FY21 12 months
Total Mature Home beds available at period end	6,058	6,058	6,184	6,058	6,184
Days in period	181	184	181	365	365
Available bed days during period	1,096,498	1,120,284	1,119,304	2,216,782	2,256,916
Occupied days	993,219	1,036,924	1,027,435	2,030,143	2,057,794
Occupancy	**90.6%**	**92.6%**	**91.8%**	**91.6%**	**91.2%**
Total Occupied Bed Days in period					
Mature Homes[1]	993,219	1,036,924	1,027,435	2,030,143	2,057,794
New homes	17,572	14,324	5,164	31,896	5,164
Total Occupied Bed Days in period	1,010,791	1,051,248	1,032,599	2,062,039	2,062,958
Beds					
Total available beds at start of period	6,163	6,289	6,186	6,289	6,182
New homes/beds opened during the period	-	1	105	1	109
Homes/beds closed during the period	-	(127)	(2)	(127)	(2)
Total available beds at period end	**6,163**	**6,163**	**6,289**	**6,163**	**6,289**

Mature beds from 1 July 2022	
Total Mature Home beds available at 30 June 2022	6,058
New home beds reclassified to mature home beds	105
Total Mature Home beds available at 1 July 2022	**6,163**

1 Mature Homes (which excludes homes from the date of closure) 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

Appendix K: ESG Performance

The Group's Sustainability Strategy is aligned with the United Nation's 17 Sustainable Development Goals (SDG)

Foundation	Focus area	Alignment to SDG	Headline 2024 target		FY22 progress	
Supporting our people	Health & safety	8 Decent work and economic growth	Lost Time Injury Frequency Rate (LTIFR)	3.0	8.8	LTIFR reduction from H1Y22 of 10.75 despite COVID-19 impacts
	Wellbeing	3 Good health and well-being	Estia Health employees who have completed psychological first aid training	4.0%	2.16%	151 employees certified by Communicorp as completing psychological first aid training
	Diversity & inclusion	10 Reduced inequalities; 5 Gender equality	Gender pay gap for equivalent roles	Zero	1.68%	Gender pay gap at 1.68% across corporate roles* *corporate roles make up 4% of Estia Health's non-enterprise agreement-covered employees, with the above percentage based on a weighted average.
	Training & development	8 Decent work and economic growth	Recruitment to leadership roles internally	50%	38.00%	38% of leadership roles recruited internally* (HY22:36%) *Leadership roles include central services positions that report to an executive and/or have people leadership responsibility, as well as Executive Directors and Care Directors.
Respecting our environment	Energy & carbon	13 Climate action; 7 Affordable and clean energy	Reduction in operational emissions intensity (Scope 1 and 2)	20%	5.00%	Scope 1 & 2 emissions intensity reduced by 5% between FY21 and FY22 (FY19-FY21: 7%)* *FY21 emissions intensity reduction of 6%, has been recalculated to 7% in FY22 due to improvements in data analysis.
	Climate resilience	11 Sustainable cities and communities	Assets assessed for vulnerability to climate change	100%	100.00%	Climate vulnerability and exposure assessment completed on 100% of assets and future developments with further planning underway for required adaptation/mitigation activity
	Waste	12 Responsible consumption and production	Generated waste diverted from landfill	50%	18.00%	18% of waste was diverted from landfill despite increased PPE usage and disposal (FY21:17.6%)
	Water	6 Clean water and sanitation	Average water consumption intensity reduction	20%	Full impact will be assessed in FY23	Water consumption reduction initiatives continue, with 50 sites completing a microfibre rollout aimed at reducing water consumption and modernising all washing machines to ensure efficiency.
	Supply chain	12 Responsible consumption and production	'high risk' suppliers that have completed an additional screening for modern slavery risk	100%	13 potential high-risk suppliers completed a survey	Identified 'high risk' suppliers screened in the reporting period and progression of Estia Health's Modern Slavery Roadmap underway, including due diligence process
Enhancing our community	Community connection	10 Reduced inequalities	Homes that have an active and bespoke community engagement plan updated annually	100%	100%*	95.6% of homes offered nursing and student vocational placements with 1,936 placements made (HY22: 90%) All our homes have community connections and partnerships* * Community partnerships include health networks and local community groups or organisations and education training relationships
	Social impact		Designed, implemented, and annually report against a Social Impact Framework			134,790 days of short-term respite care provided, supporting unpaid careers in local communities (HY22: 67,900)

Appendix L: Performance of new homes

Proven ability to identify, develop, commission and operate new homes quickly, achieving optimal metrics, taking market share from poor quality stock in competitive markets, without adversely impacting existing Estia Health homes

Southport, QLD (May 2019)

Specifications
- 110 operational places
- 130 staff[1]
- 9,485 Sq M site – 2 level construction
- $28.6m investment (excl land)
- 13 months build to open

Outcomes
- 99.0% FY22 average occupancy
- 100% spot occupancy[2]
- $20.3m RAD Balance[2]
- $22.6k annualised FY22 EBITDA POB PA[3]
- 50.9% concessional resident ratio[2]
- Reached 95% occupancy after 9 months
- ROI – ~30%[5]

Estia Health Southport

Maroochydore, QLD (August 2019)

Specifications
- 126 operational places
- 150 staff[1]
- 10,000 Sq M site – 2 level construction
- $33.2m investment (excl land)
- 14 months build to open

Outcomes
- 98.2% FY22 average occupancy
- 100% spot occupancy[2]
- $21.7m RAD Balance[2]
- $17.5k annualised FY22 EBITDA POB PA[3]
- 40.3% concessional resident ratio[2]
- Reached 95% occupancy after 17 months
- ROI – ~19.1%[5]

Estia Health Maroochydore

Blakehurst, NSW (February 2021)

Specifications
- 105 operational places
- 115 staff[1]
- 4,400 Sq M site – 5 level construction
- $41.2m investment (excl land)
- 22 months build to open

Outcomes
- 92.5% H2 FY22average occupancy
- 98.1% spot occupancy[2]
- $23.9m RAD Balance[2]
- ~$21k annualised FY22 EBITDA POB PA[4]
- 44.7% concessional resident ratio[2]
- Reached 95% occupancy after 15 months
- ROI – ~12.8%[5]

Estia Health Blakehurst

1. Estimated average staff or additional staff complement at full occupancy
2. Spot occupancy, RAD balances, EBITDA and concessional resident ratio as at or for the period ended 30 June 2022
3. Annualised FY22 EBITDA adjusted for incremental COVID-19 operating expenditure
4. Annualised FY22 EBITDA adjusted for incremental COVID-19 operating expenditure and occupancy ramp-up
5. ROI represents the estimated return on the net capital invested (capital invested less RAD's held) vs annualised EBITDA

Estia Health

Appendix M: Current Projects

Burton SA (Estimated Q2, FY23)

Specifications
- 24 Additional Operational places
- 104 Total operation beds on completion
- $7.0m investment
- Nine months build to open

St Ives, NSW (Estimated Q1, FY24)

Specifications
- 118 operational places
- 140 staff[1]
- 7,111 Sq M – 3 lvl construction
- ~$46.2m investment (excl land)[2]
- Various room types Inc. Suites
- ~110 Sq M – Reablement Centre
- ~16 months build to open[2]

Aberglasslyn, NSW (Estimated Q1,FY24)

Specifications
- 118 operational places
- 140 staff[1]
- 8,111 Sq M site – 2 lvl construction
- ~$35.5m investment (excl land)[2]
- Various room types
- ~85 Sq M – Reablement Centre
- ~16 months build to open[2]

Toorak Gdns, SA (Planning & approvals phase)

Provisional Specifications
- 121 operational places
- 140 staff[1]
- 5,019 Sq M site - 4 lvl construction
- ~$50.7m investment (excl land)[3]
- Various room types Inc. Suites
- ~232 Sq M – Reablement Centre
- ~330 Sq M – Retail/Health space
- ~16 months build to open[3]

Estia Health Burton (SA)

Artist's impression
Estia Health Aberglasslyn (NSW)

Artist's impression
Estia Health St Ives (NSW)

Artist's impression
Estia Health Toorak Gardens (SA)

1. Estimated staff compliment at full occupancy
2. Build times and investment amounts may be impacted by a variety of conditions and factors outside of Estia's control
3. Build time and investment amount base on current business case estimate including historic QS pre-tender estimates and is subject to final investment approvals

Appendix N: Development Pipeline

The abolition of ACAR will remove the constraints which prevented the Group from expanding its existing operations into areas which have been assessed to provide attractive operating conditions

As a result, the prioritisation and optimisation of the potential development opportunities within the Group's existing asset base and via acquisition continue to be assessed

Near term capacity and opportunity are shown below for illustrative purposes

Opportunity	Nature of Development	Current Beds	Estimated Additional Beds	Estimated Project Capital ($M)	FY23 and Future Years Capital ($M)	Land for Opportunity Held	Estimated Opening Date
In progress							
Aberglasslyn, NSW	Greenfield	-	118	$35.5	$32.3	✓	Q1 FY24
St Ives, NSW	Greenfield	-	118	$46.2	$39.2	✓	Q1 FY24
Burton, SA	Expansion	80	24	$7.0	$4.1	✓	Q2 FY23
Total			**260**	**$88.7**	**$75.7**		
Planning - Subject to Board Approval [1]							
Toorak Gardens, SA	Brownfield	36	85			✓	
Mt Barker, SA	Greenfield	-	121			✓	
Lockleys, SA	Expansion	90	27			✓	
Bentleigh, Vic	Brownfield	45	63			✓	
Total			**296**				
Total			**~ 556 Beds**				

1. Projects remain under evaluation, remain subject to final investment and Board approval

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