

The Manager  
ASX Announcements Office  
Australian Securities Exchange  
20 Bridge Street,  
Sydney, NSW, 2000

Via ASX online

27 February 2017

Dear Sir or Madam

## **ESTIA HEALTH LIMITED - EHE**

Estia Health Limited ("Estia") wishes to address certain matters raised in an article published today in the Australian Financial Review.

The article gives the impression that Estia's liability in relation to departed residents ("probate liability") has increased substantially from 30 June 2016 to 31 December 2016. It is asserted that this has, as a result, inflated the reported net Residential Accommodation Deposit (RAD) inflows.

This assertion is incorrect.

Estia provides the following information for clarification:

- the probate liability as at 31 December 2016 was \$68.9m
- the probate liability at 30 June 2016 was \$68.3m
- the company meets its probate liabilities in accordance with all resident contractual and legislative obligations
- there were no overdue probate refunds at either 30 June 2016, 31 December 2016, at any time during that period, or at present.

In the ordinary course of Estia's business, a proportion of incoming residents elect to pay a RAD as part of the accommodation payment for their residential care. The resident then has up to six months to make payment. It is Estia's practice that these committed RAD payments are not recorded in the financial statements until such time as payment is received.

Estia notes that at 31 December 2016 this amount totalled \$32.0m. This amount is not included in net RAD inflows in the half year ended 31 December 2016.

**Suzy Watson**  
**Company Secretary**