

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

5 April 2017

Estia Health Limited (“EHE”)

EHE provides the following information in the interests of ensuring the market remains fully informed.

EHE today became aware that Sentinel Portfolio Management Pty Ltd (“Sentinel”) as manager of the Sentinel Health Trust (“Trust”) had provided an update to its investors “on the progress of the Trust’s investments”. In this update, dated 5 April 2017, Sentinel indicated that Sentinel Investment Management Limited as Trustee of the Trust (“Sentinel Investment”) currently holds 13 million shares or 4.988% of the issued shares in EHE.

The Investor update also states that:

“Sentinel is currently exploring strategic options to further enhance the value of this investment by entering into a binding Heads of Agreement with a leading aged care facility operator (Operator) with a view to the Operator acquiring the aged care operations of EHE (Proposed Transaction). The broad terms of the Proposed Transaction would involve:

1. Sentinel Investment acquiring a controlling interest in EHE;
- 2.
2. Sentinel Investment entering into a formal agreement with the Operator requiring the Operator to acquire the operating business of EHE (Operations) for 60 of the 68 sites (Prescribed Sites) for \$300 million plus the assumption of specific liabilities. A potential buyer for the Operations and the real property for the remaining sites has also been identified with the estimated value being \$60 million;
3. the Operator and EHE (procured by Sentinel Investment) entering into and completing a formal agreement for the sale of the Operations to the Operator.

Sentinel is assessing various funding options to enable it to secure a controlling position in EHE and is well advanced in discussions with potential third party financiers.

Completion of the Proposed Transaction along the terms outlined above (and subject to satisfaction of certain conditions precedent including the conditions below) would result in EHE, in respect of the Prescribed Sites:

1. selling its aged care operations; and
2. maintaining its real property holdings on a lease back arrangement, to the Operator. “

The Investor update further states that:

“While these negotiations are advanced and are the subject of a binding Heads of Agreement, the Proposed Transaction is subject to:

1. the parties negotiating and entering into formal transaction documentation;
2. regulatory approval;
3. EHE shareholder approval; and
4. Sentinel Investment being in a position to procure EHE undertake the Proposed Transaction.

For these reasons whilst the Proposed Transaction is an exciting opportunity it is currently incomplete, conditional and therefore speculative.

Sentinel will continue to progress its negotiations and critically assess its investment options in EHE (including any investment funding arrangements) and will update its investors of any material development million shares.”

The Investor update also includes the following statement:

“Investor warning

This information is being provided to investors in order to provide investors with information to consider when making a decision about whether to invest in the Sentinel Health Trust only. Investors should obtain their own independent professional advice in relation to an investment decision in any entity.

Investors should be aware that, whilst indefinite and highly speculative, the information in this update may constitute inside information and as such if you trade in, procure another person to trade in, or disseminate this information to another person for the purposes of trading in EHE, you may be in breach of the insider trading laws which can constitute a criminal offence. “

EHE wishes to note that there has been no contact with Sentinel or any of the other parties mentioned above. No proposal, formal or informal, and no communications have been received from any of these parties concerning the proposed transaction mentioned in the Sentinel Investor update. The board of EHE advises shareholders to take no action as a result of this information at this time. Further announcements will be made as required.

ENDS