

27 October 2017

REGIS HEALTHCARE LIMITED

ABN 11 125 203 045

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Dear Sir/Madam,

Chairman and MD addresses to Annual General Meeting

In accordance with Listing Rule 3.13.3, we attach the Chairman and MD addresses to the Regis Healthcare AGM on 27 October 2017.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "M Bede".

Martin Bede
Company Secretary

Regis Healthcare 2017 AGM – Chairman's Address

It is my pleasure to report, once more, that Regis Healthcare has performed well. Your company continues to make sound progress in achieving its strategic objectives and delivering on its growth strategy.

Through its focus on excellent staff and facilities, Regis is committed to high standards of resident care and services. This has been reflected through the substantial investment in improved residential facilities, the successful delivery of new aged care services and the integration of acquired aged care businesses.

During the reporting period, the Masonic Care Queensland facilities were purchased by Regis. This was the first portfolio acquisition undertaken by the Company since listing. With an investment in June 2016 of \$153.2 million, the 711 additional places increased the size of Regis by 14% (by number of places). This large portfolio was successfully integrated within its first year and – of particular importance – each of the 5 new facilities was also significantly refurbished during that period.

Your management team performed extremely well in overcoming key challenges in the integration process, including the transfer and onboarding of around 750 staff. This required activities such as the review of the roles of key management positions and alignment of these with those in Regis - particularly clinical leadership. It also involved the implementation of the Carer's Connect model, the adoption of the Regis' WHS systems, and rollout of Regis' model of care to all of the new Queensland sites.

The recent acquisition of another portfolio, this time from Presbyterian Care Tasmania, added another three facilities to the Company in August 2017. This expands Regis into Hobart and Launceston and means that we now operate in all States of Australia. We look forward to completing the integration of these Facilities into Regis. The integration and upgrade strategies are the same as those used successfully for Masonic Care.

The 2017 financial year saw Regis continue to invest significantly in its expansion pipeline. During this time, we opened two new Facilities, on our East Malvern and Kingswood sites in Melbourne and Adelaide.

Each of these sites was a part of the Company's strategy to improve resident services and the quality of the portfolio, which has seen 257 places taken offline since listing in advance of redevelopment, of which 172 have now been reopened.

Originally built and operated by the Salvation Army, both East Malvern and Kingswood included multi-bed rooms with shared bathrooms, which was typical of aged care at the time of construction. The Company chose to close these two dated facilities and invest in the complete redesign and redevelopment of each site. They have now each been successfully opened as Club Services facilities offering modern amenities such as single rooms with private ensuites.

East Malvern opened in August 2016. With 148 places over three levels, including 12 apartment style rooms. Mobilisation is progressing well.

More recently, the Kingswood facility in Adelaide opened and it is in the early stages of mobilisation. The design of this facility took advantage of the beautiful heritage building, which was renovated to create the communal spaces which form the central hub of the facility. The 100 place residential aged care facility is one of only a few new facilities completed recently in Adelaide, a city that has seen less investment in development than other capital cities in recent years.

Regis will open three new sites currently under construction in FY18 and a further four sites in FY19. These include:

- Greenfield sites in Chelmer and Lutwyche in Queensland, Woodlands and Port Coogee in Western Australia, and Elmore Vale in NSW; and
- Two brand new facilities on existing sites in South Australia and Western Australia - Linden Park and Nedlands.

This means that Regis' expansion activity currently involves the construction of 1,482 new places.

Our strategy involves a continuing commitment to Regis' Significant Refurbishment program. I am pleased that 33 facilities in the Regis portfolio have now been modernised and approved as significantly refurbished, which means that around 1,800 lower means residents enjoy an enhanced living environment. This program will continue in FY18 with the planned refurbishment of the Presbyterian Care facilities in Tasmania.

Today, Regis Healthcare operates 6,316 places across 57 facilities in all States and Territories except the ACT.

Given Regis' pursuit of improved resident care and services, provided in upgraded and new facilities, we were very disappointed when the Regis Tiwi facility in Darwin was sanctioned by the Department of Health in May 2017. Regis has always strived for the highest standards of care and had never before had a facility sanctioned.

I am pleased to say that our management team acted quickly to implement strategies and actions necessary to remediate the issues identified and the Quality Agency has now decided to fully re-accredit Regis Tiwi for three years.. Ross will elaborate on the company's response in his address.

With approximately 7,255 staff employed by the Company as at the end of the financial reporting period, the development of our people remains a key priority for Regis, and a number of industry leading programs were implemented throughout the year in the area of Staff Recruitment, Development and Culture. Ross will also discuss these in further detail in his address.

Now, let me summarise our financial results for the year.

From a financial reporting perspective, this year, revenue, EBITDA and net profit after tax were all well above the prior corresponding period and our net operating cash flow was also strong.

Directors declared a final dividend of 10.04 cents per share, fully franked, paid to shareholders on 18 September 2017. The full year dividend of 20.34 cents per share is 100% of reported NPAT.

Ross will discuss these results in further detail in his address shortly.

I would now like to provide an update on your Board's activities.

You will see in the Remuneration Report that a new Variable Reward and Retention Plan (VRRP) has been introduced following a review of our executive reward framework. The VRRP combines the existing Short Term Incentive (STI) and Long Term Incentive Plans (LTI) into a simpler single incentive plan. It is the Board's view that the new VRRP provides for greater alignment between our executives and shareholders.

Your Board continues to work well together, particularly in maintaining a strong governance platform for the Company. As I promised at last year's AGM, the Board has given consideration to the mix of board skills that will position the Company for continued success. As a result, the first new appointment to the Board was Graham Hodges, who was appointed as an independent director in August 2017. Mr Hodges brings strong finance, M&A and corporate relations skills to the Board, and is offering himself for election by shareholders today.

Trevor Gerber has indicated his intention to retire from the Board and will do so in November this year. The Board would like to thank Trevor for his excellent contribution to the success of the Company since listing in 2014.

During 2018 we will continue the renewal process, with the planned addition of new Board members enhancing the skills, gender diversity and experience of the Board.

Our CEO and his Executive team have once again performed well during the year. Their strong performance in executing the Company's strategy means Regis Healthcare continues to be a leader in the sector. During the year, the team was enhanced by the creation of a new Chief Operating Officer role to strengthen the executive team and support its operational capacity. Darren Boyd, who I introduced earlier, commenced with the company as COO in July and we welcome Darren to the Regis team.

In closing, I would like to thank my fellow Directors, the Executive team and the many

committed employees who make up Regis Healthcare for their contribution throughout the year.

I would also like to welcome all new employees to the Company who have joined us during that time.

And finally I would like to thank you, our shareholders, for your continuing support.

Regis Healthcare 2017 AGM – Managing Director and CEO's Address

Thank you Mark.

I am pleased to provide shareholders an update on our progress over the past financial year.

Regis Healthcare is a leading, quality aged care provider, dedicated to providing quality care for its residents in modern facilities, delivered by committed staff.

The company has been caring for elderly Australians for around 25 years and is proud of the services we provide. In that time we have grown from a single site in Mildura Victoria to over 57 homes nationally caring for over 6,000 people.

This growth hasn't just occurred by chance. It is the result of sound management, the hard work of dedicated and skilled staff and provision of quality service to our residents and their families and loved ones.

As Mark outlined, we continued to successfully execute our growth strategy over the past year and that has been reflected in our improved financial results and also in the stronger platform we continue to build for future growth.

Overview

The Company's financial highlights for the year included reported net profit after tax of \$61.1 million compared to \$56.8 million in the prior year. EBITDA was \$123.6 million, an increase of 18 per cent on the prior year, with revenue of \$565.5 million compared to \$480.7 million last year.

These results were in line with our expectations and were underpinned by ongoing growth in revenue resulting from growth initiatives. They also included an increased contribution from Regis' significant refurbishment program.

The continuation of this program in FY17 saw around 1,800 eligible residents with access to an enhanced living environment by the end of the financial year, for which the company receives a higher accommodation supplement.

Pleasingly, the financial result included EBITDA contributions from the Masonic Care acquisition, which achieved the anticipated financial run rate during the first half and improved contributions from new places.

As anticipated, staff expenses were in line with the previous year as a percentage of revenue.

We achieved an average occupancy rate of 94.9 per cent across the company.

While our improved financial results demonstrate our progress over the past year, I am also pleased to report that we continue to make good progress on implementing our medium-term growth strategy.

Strategic Progress

That strategy continues to combine organic growth – including greenfield and brownfield development – together with acquisitions, comprising single facilities and portfolios.

We invested \$151.0 million as part of this strategy last financial year.

First, let me give you some details of our *acquisition* strategy.

As Mark outlined, a key highlight was the successful integration of the Masonic Care Queensland business which we made in June 2016.

With 711 operational places and three Retirement Villages, this represented a 14 per cent increase in operational places to our existing business for a net acquisition price of \$153.2 million.

The Masonic portfolio was an excellent opportunity which is consistent with our strategic growth criteria. The facilities are high quality, have solid occupancy rates and a sound compliance track record. The Management team is to be congratulated on a well executed integration process which finished ahead of schedule with the acquired business achieving all financial and non-financial KPIs by the end of the financial year.

More recently, on 1 August, the Company acquired another portfolio, from Presbyterian Care Tasmania for an investment of \$32.5m (on a net basis), funded from our existing debt facilities, which is an average price per place of \$115,000. As Mark explained, this acquisition has expanded the footprint of the Company into Tasmania and means we now operate in all states of Australia.

This acquisition adds a further 3 facilities to our portfolio, with 287 operational places. The quality of the building assets is good, with predominantly single rooms with private ensuites. There was also a small amount of retirement village units, home care packages and surplus land included in the transaction.

At the time of completion, around 30% of residents were paying a RAD and 48% were supported. Occupancy was circa 91%.

We anticipate some potential RAD uplift over time.

We look forward to completing the integration of these facilities into Regis. The integration strategies are the same we used successfully for Masonic Care, including the deployment of a dedicated mobilisation team, who are currently working closely with the former Presbyterian Care employees. It is anticipated that, following the completion of integration activities, the transaction will be EPS accretive in FY19.

Secondly, let me summarise the progress of our *organic* growth strategy.

Our greenfield development program has continued to expand with the highlights being the opening of the East Malvern Facility in Victoria, which has contributed a further 148 new places and the Kingswood Facility in Adelaide, South Australia which has contributed a further 100 new places.

As at 1 September 2017, there were 1,482 new places in our expansion pipeline.

The further expansion of the pipeline was achieved by the purchase of a new development site in Palm Beach, Queensland which will become a 150-place Club Services Aged Care facility. The beach front location will offer opportunities to incorporate the environment into the design, which will enhance our residents' experiences.

At the end of the financial year, seven construction projects were underway, which demonstrates the capability of our property team and represents a significant milestone for the business.

The Company was also successful in gaining 352 provisional allocations as part of the 2016 Aged Care Approvals Round, bringing the number of non-operational places in the portfolio available for development to 2007.

So in a busy year we successfully executed our strategy from both an organic and acquisition perspective and that continues to create a strong platform for the company for future growth.

Retirement Living Strategy

During FY17 we announced our strategy with regard to Retirement Living.

Regis has owned and operated co-located retirement villages (RVs) and aged care Facilities (ACFs) in Melbourne and Perth since 2007. A further three locations were acquired as part of the Masonic Care Queensland transaction. The Company now has 550 Independent Living Units across five locations, that are co-located with Aged Care. Regis' experience shows that co-located RVs and ACFs are complementary.

A number of these locations have surplus land that is currently underdeveloped. It is Regis' intention to develop these sites, commencing with Burwood East, Victoria in

2018, followed by Nedlands in Western Australia. Around 670 new units will be constructed across these two locations.

Care and Services

At Regis we are focused on the quality of life of our residents and the care and accommodation we provide them. Our strategy continues to focus on developing new programs and services that meet the changing needs of our ageing population which can also improve our residents' quality of life and care.

During the year, we continued to develop improved service offerings for residents with the rollout of the Regis Reserve service package at nominated Facilities. These additional services include enhanced food and lifestyle options for residents. The Club Services offering is regularly reviewed and during the reporting period additional features such as Foxtel were added.

The company has also commenced a process of reviewing our models of care and has a range of projects and initiatives in place which will support us in continuously improving our quality of care.

Some examples of these are Project Lift and Café Esprit. Project Lift is looking at our care delivery models to deliver improved care and includes a new IT system to support clinical policies and procedures and a Nurse on Call model.

Café Esprit is a program that provides support to families of residents dealing with confronting events such as moving into aged care or nearing the end of their lives. This is done through small group education and counselling sessions facilitated by qualified social workers held at our facilities as a free service to support family members. Caring for our residents remains fundamental to the way Regis Healthcare operates, and our ongoing commitment to care standards was evidenced in the successful re-accreditation of all 12 of our Aged Care Facilities subject to re-accreditation during the reporting period. Each Facility was audited and judged to meet all 44 accreditation outcomes under the quality of care and quality of life standards set down for the provision of care to residents.

On 27 May this year the Department of Health imposed sanctions on Regis Tiwi Gardens in Darwin. The sanctions related to failure to meet expected outcomes in skincare and human resources management and were imposed having regard to the Department's assessment of risk to residents.

The care outcome that led to the sanctions was very disappointing, particularly as no Regis facility had ever been sanctioned previously. However, Regis made rapid progress in returning the outcomes to the standard required. In June Regis applied

for reconsideration of the sanctions decision by the Department. Pleasingly, we were advised by the Department on 15 September that the sanctions would end immediately, some two months sooner than the original sanction period imposed by the Department of Health.

A re-accreditation review of the Tiwi service was completed by the Quality Agency on 12 September. Last week the Agency advised that the service has been re-accredited for a full three years which again reflects the successful remediation of the issues identified by the Agency.

Importantly, following this incident Regis has reviewed its relevant procedures and quality processes on a 'lessons learnt' basis.

Update – Regulatory Environment

Over the last 18 months, the Federal Government announced several changes to its residential aged care funding which commenced in FY17. For the Company, there was minimal impact resulting from these changes in FY17. The changes will be more significant in FY18 and FY19. A range of strategies have been and continue to be implemented to mitigate the impact of these funding changes.

In April, the Company announced that it had applied to the Federal Court for a declaration as to the interpretation of the Aged Care Act in order to obtain clarity in relation to its Asset Replacement Charge (ARC). Whilst awaiting the Court's decision, the Company continues to exclude the ARC revenue from its results.

In September, the Dept of Health released the Aged Care Legislated Review. Chaired by David Tune and known as the 'Tune Review', the report makes 38 recommendations for Government consideration across residential and home care. While the report and recommendations are welcomed as a positive step towards development of a more sustainable aged care strategy by Government, the report makes recommendations only. Accordingly, it would not be appropriate for us to communicate a view on our opinion of those recommendations and their business impact at this time.

Putting Regis People front and centre

Regis is committed to investing in its people, developing their skills and abilities to ensure they deliver quality care to our residents. Our reputation as one of Australia's leading aged care providers, coupled with continued growth, means Regis is well placed to offer career opportunities and pathways to Regis team members.

We recently launched our new People Central system which centralises and provides an integrated online system to track, manage and onboard new employees. The advantage of the new system is its ability to deliver a consistent, quality recruitment and onboarding experience for all candidates. It also allows our people to register their interest in working across other areas of the business and will inform the Company's professional development program and succession planning.

In addition to a wide range of professional development opportunities driven by programs such as 'Project Flourish', Regis offers a strong reward and recognition program, known as Regis Spirit, which was brought to life this year through the launch of a new website.

We have continued to make satisfactory progress in delivering improved Workplace Health and Safety outcomes and we have implemented additional processes to continuously improve our Health and Safety Management System. This has included investment in additional staff Health and Safety Representatives and the provision of additional training and support to enable practical solutions to workplace hazards.

During FY17 Enterprise Agreements for Western Australian, Northern Territory and Queensland (Support Services) were all successfully renegotiated. Additionally, all former Masonic Care Queensland employees were successfully transferred onto the three Regis Enterprise Agreements (Queensland).

Before closing, I would like to take this opportunity to re-affirm the company's guidance with regard to financial results for the 2018 financial year.

I would also like to acknowledge and thank each and every one of our employees who deliver such high levels of care and support to our residents every day.

Thank you also to our Directors and the executive team for their ongoing commitment in delivering a solid performance and result for Regis in the 2017 financial year.

And finally, thank you to our shareholders for your continued support of the company.