

7 March 2018

## **CAPITAL REFURBISHMENT DEDUCTIONS**

On 2 March 2018, the Federal Court handed down a decision on an application by another ASX listed residential aged care provider finding that the provider's asset replacement charge ("ARC") to residents was not consistent with legislation.

Japara Healthcare Limited ("Japara") has deducted monthly Capital Refurbishment Deductions ("CRDs") from some of its residents and understands they are determined on a different basis to the ARC.

Japara has previously disclosed in the contingencies notes to its 30 June and 31 December 2017 financial statements that it may need to review its position on CRD's in light of the Federal Court findings. It is currently doing so and will provide a further update to the market at the conclusion of this process.

The cumulative amount collected by Japara since the CRDs inception to 28 February 2018 is circa \$4.7 million. It ceased deducting CRD's for new residents from 1 September 2017 and has today decided that it will suspend the monthly deductions for existing residents effective from 1 March 2018 pending the outcome of the review process.

**Bruce Paterson**  
**Company Secretary**