

8 March 2018

STATUS OF CAPITAL REFURBISHMENT DEDUCTION & UPDATED GUIDANCE

In 2015 Japara Healthcare Limited (“Japara”) introduced a Capital Refurbishment Deduction (“CRD”) following clear legal advice from its solicitor and subsequently supported by a senior barrister’s opinion. Based on that advice, Japara concluded that its CRD was supported by relevant legislation and provided a direct benefit to residents.

Since the recent Federal Court finding which ruled that the asset replacement charge implemented by another aged care provider was not consistent with relevant legislation, Japara has reviewed its position on its CRD and decided to refund all CRDs paid by residents, including any accrued interest.

Revenue derived from its CRDs totalled \$1.84 million in the 8 months to 28 February 2018 and totalled \$2.82 million in prior financial years.

After the non-recurring refund of the CRD, Japara anticipates FY18 EBITDA is likely to be 14-19% below FY17.

Bruce Paterson
Company Secretary