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JAPARA ACQUIRES RIVIERA HEALTH RESIDENTIAL AGED CARE PORTFOLIO, EXPANDING NSW FOOTPRINT IN LINE WITH GROWTH STRATEGY

Japara Healthcare Limited (“Japara” or “the Company”) has executed contracts for the acquisition of the Riviera Health (“Riviera”) residential aged care portfolio, building on Japara’s strategy to grow through selective acquisitions that meet its strict investment criteria and identifiable improvement opportunities.

The acquisition includes:

- four aged care facilities (all going concerns on freehold land) at Brighton-Le-Sands, Chatswood, Doonside and Wyong. The Brighton-Le-Sands facility includes a newly built 73 bed home which is expected to open in August 2018. Doonside is also a new facility having completed construction during 2017;
- vacant possession of a closed aged care facility in Toukley on freehold land;
- 4.3 hectares of development land in Wyong; and
- 507 bed licenses, 265 of which are currently operational, attaching to the above.

Japara’s immediate focus will be to complete and commission the Brighton-Le-Sands home and integrate the Riviera portfolio into the Company’s high-quality care and operating model. In the medium term it will seek to develop a new 120 bed home on the Wyong site as a replacement for the existing Wyong aged care facility.

The acquisition is on strategy and builds upon Japara’s expansion into New South Wales where it has a 110 bed greenfield development in Belrose and operates homes in Bayview, Coffs Harbour, South West Rocks and Albury.

The net cash purchase price of Riviera is circa \$39 million and Japara will assume circa \$14.5 million of Refundable Accommodation Deposit (“RAD”) and employee entitlement liabilities.

The cash purchase price will be reduced to circa \$16 million as Japara expects to generate in excess of \$23 million from net RAD inflows from the nearly completed Brighton-Le-Sands home over the next 18 months.

The acquisition will be funded from the Company’s existing debt facility and cash reserves. It is expected to provide an operating EBITDA uplift of between \$3.5 million and \$4.0 million in fiscal 2019 following its integration into Japara’s care model.

Japara’s Chief Executive Officer and Managing Director, Mr Andrew Sudholz, said: “We are pleased we were able to secure this highly value accretive acquisition opportunity when it arose. The bed licences will transfer to Japara on completion when we will proceed to re-accreditation of two homes and be in a position to seamlessly introduce Japara’s high quality care and operating standards across the portfolio. It provides Japara with an expanded footprint in high demand locations in New South Wales and an opportunity to further develop in these areas.

“This acquisition will accelerate Japara’s strategy to build a strong position in the Sydney market including brand new homes at Brighton-Le-Sands, Doonside and Belrose, as well as a new replacement home in Wyong. The acquisition of Riviera is consistent with our integrated value creation strategy which includes growing through selective acquisitions that meet our strict investment criteria and offer identifiable improvement opportunities.”

Completion is subject to a number of conditions, including Government approval of the transfer of bed licences, which are expected to be met. Completion is scheduled to occur on 1 April 2018.

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