



JAPARA HEALTHCARE FY2020 Half year results presentation

28 February 2020

Robina Rise
a JAPARA aged care home
← Visitor Parking

54

JAPARA

Contents

01	Overview	3
02	Strategic initiatives	12
03	Industry and business observations	22
04	Summary and outlook	28
05	Appendices	30

01
Overview

1H FY2020 highlights

Growth in aged care places, combined with portfolio management of real estate assets, mitigated the earnings impact of weaker than expected occupancy



Total revenue

\$212.6m

Up 9.9% on 1H FY2019 due to additional places from developments, portfolio management and funding increases



Care

100%

100% accreditation record maintained with 20 Aged Care Quality and Safety Commission visits over 1H FY2020



Net RAD and ILU inflows

\$33.4m

\$26.4m RAD uplift from developments



EBITDA

\$24.3m

Up 10% on 1H FY2019

Recurring EBITDA of \$21.1m down 11% on 1H FY2019



Occupancy

92.6%

1H FY2020 average underlying occupancy¹ weaker than anticipated

Currently 93.0%³



Developments

200+

209 net new places added including one greenfield and three brownfield developments

\$51.7m net expenditure on land and construction



NPAT²

\$5.4m

Down 28% on 1H FY2019 due to higher depreciation and interest costs



Dividends

2.0cps

2.0cps interim dividend (franked to 50%)



Net debt

\$185.3m

31 December 2019 core net debt of \$31.5m and development debt of \$153.8m

1. Average occupancy adjusts for places ramping up at new developments and places offline for refurbishment

2. Profit attributable to members of the Group

3. As at 27 February 2020

Our vision at Japara is to enrich every life we touch

Resident-centred care delivery

- Japara rosters Registered Nurses in every home 24 hours a day, 7 days a week
- We spend over 100% of care revenue received from the Government and residents on costs associated with the provision of care and operating the business
- Over 4,000 residents are cared for in our 50 homes
- We provide tailored leisure and lifestyle programs across all homes and focus on the reablement of our residents
- Food quality and choice is a focus in the dining experience for our residents with fresh food preparation underpinning our approach
- 100% of our homes are accredited
- We support the introduction of the new Aged Care Quality Standards which commenced on 1 July 2019

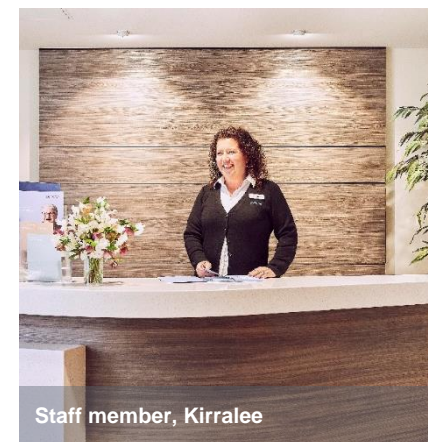
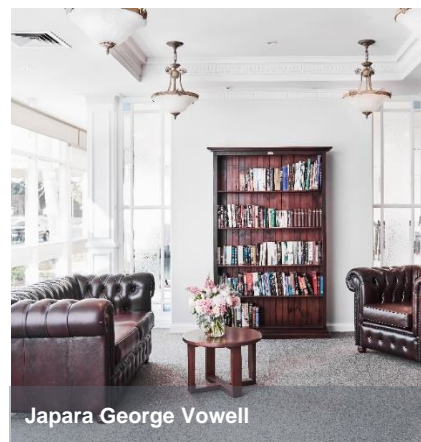
Specialist dementia care

- 52% of aged care residents in Australia are living with dementia and we aim to be a leader in caring for people living with dementia
- Our enhanced home-like environments enable us to provide improved care
- This 'small home' model compliments resident autonomy and quality of life
- Our on-staff Dementia, Lifestyle and Behaviour Consultant supports 'Dementia Champions' in every home



1H FY2020 strategic initiatives

Delivering on our aged care development program, senior living growth strategy and workforce initiatives has been a key focus in 1H FY2020



Greenfield developments

- Completion and opening of our latest greenfield development, Robina Rise (106 places), in July 2019 which currently has 87 residents
- Three greenfield developments currently under construction at Mt Waverley (105 places), Newport (120 places) and Belrose (102 places)
- 723 new places recently completed or soon to complete (requiring ~\$27m in further capital expenditure) expected to deliver further net RAD inflows of \$135-\$145m

Brownfield developments

- Three brownfield extensions completed at Brighton-Le-Sands (25 places), Kingston Gardens (60 places) and Mirboo North (18 places)
- Five significant refurbishment projects currently underway
- 33 homes currently qualifying for the maximum accommodation supplement

Senior living

- Five homes currently have co-located senior living accommodation
- A further three sites are currently in advanced planning for development of senior living accommodation
- Recent appointment of Head of Senior Living to grow this business

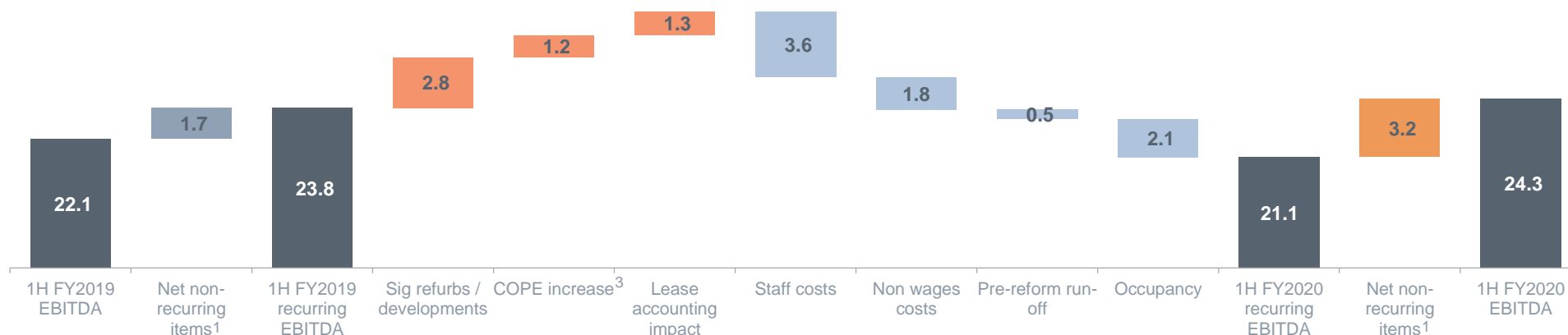
Our people

- Our workforce of 5,800+ dedicated staff provide our 4,000+ residents with personalised care 24 hours a day, 7 days a week
- We are focused on hiring, retaining and training the best people with comprehensive programs of development for Clinicians and Managers and leadership development programs for Home Managers
- Significant recent investment in digital learning platform and human capital management systems

1H FY2020 earnings

EBITDA growth of 10% over 1H FY2019 supported by additional residents in our new and extended homes and from portfolio management of real estate assets

1H FY2020 EBITDA bridge (\$m)



Highlights

- Wage rate increases (of ~2.5%) exceeded Government funding growth via ACFI indexation (of 1.4% for FY2020)
- New developments and homes significantly refurbished contributing as expected underpinned by strong greenfield and brownfield developments' occupancy
- Non-wage cost increases driven by higher utility and insurance costs
- Average 1H FY2020 occupancy of 92.6%² lower than expected on our mature portfolio and below 1H FY2019 average occupancy of 93.6%²
 - Occupied beds increased by 126 in the six months to 31 December 2019
- Aged Care Royal Commission costs higher than expected at \$1.1m
- Lease accounting standard implementation contributed \$1.3m to 1H FY2020 EBITDA (with a \$1.6m offsetting impact to depreciation and finance costs)

1. Refer to Appendices for a reconciliation of net non-recurring items

2. Average occupancy adjusts for places ramping up at new developments and places offline for refurbishment

3. Commonwealth Own Purpose Expense

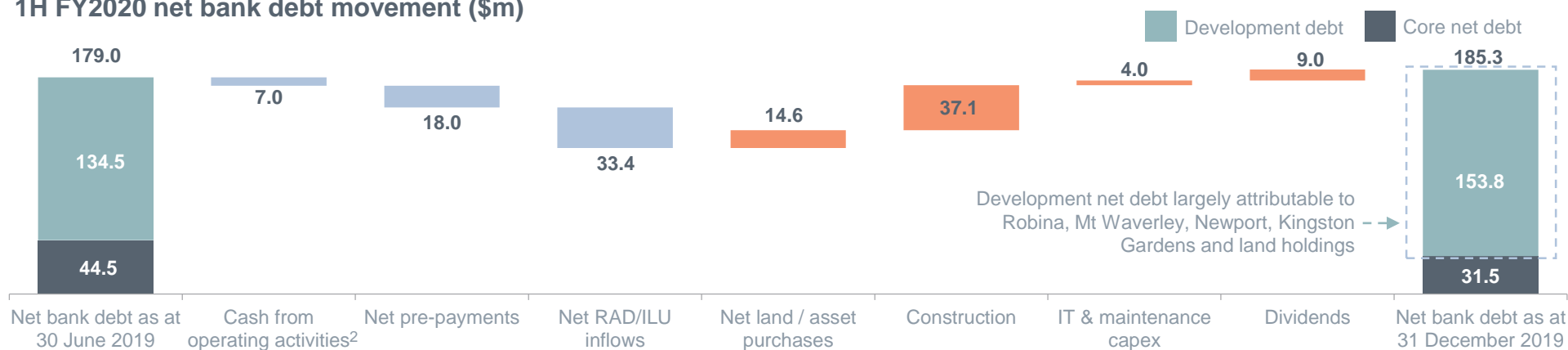
1H FY2020 NPAT¹ and financial position

NPAT impacted by reduced earnings from new homes ramping up whilst still recognising full depreciation and interest costs

Highlights

- 1H FY2020 NPAT¹ of \$5.4m (1H FY2019 of \$7.6m)
- NPAT impacted by development activities which result in full depreciation and interest costs whilst EBITDA is still growing during initial occupation of new and redeveloped homes
- Lease accounting implementation also increased amortisation and net interest expense
- \$51.7m net expenditure on development pipeline comprising land acquisitions and construction costs
- Near term developments expected to provide ~\$135m-145m in RAD inflows for debt reduction and growth funding
- Five year, \$345m syndicated loan facility established in December 2018
 - Core net debt of \$31.5m (0.6x FY2019 EBITDA)
 - Available liquidity of \$160m

1H FY2020 net bank debt movement (\$m)



1. Profit attributable to members of the Group

2. Cash from operating activities includes \$1.3m of rent payments classified as financing cash flows in the cash flow statement

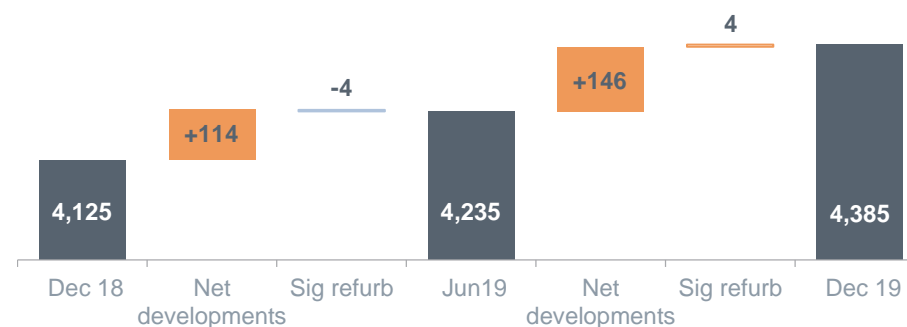
Key operational metrics

Portfolio occupancy remains challenging although new and extended homes are filling quickly and bed contract prices and revenues are proving resilient

Highlights

- Average 1H FY2020 occupancy of 92.6%¹ below 1H FY2019
 - Occupancy at 31 December 2019 was 92.5%¹
- Since 31 December 2019 occupancy has increased beyond operational place increases from new developments and is currently 93.0%⁴
- Government revenue growth underpinned by COPE and increased accommodation supplement income
- Strong net RAD cash inflows supported by increased place numbers

Operational place movement



Operational metrics	1H FY2020	2H FY2019	1H FY2019	2H FY2018
Number of homes	50	49	49	48
Operational places (end of period)	4,385	4,235	4,125	4,069
Average occupancy ¹	92.6%	92.2%	93.6%	94.0%
Average revenue per occupied bed day (\$) ²	284.4	279.6	276.6	276.7
Average Government revenue per occupied bed day (\$) ²	206.3	201.1	201.1	199.8
Staff costs to revenue ²	72.4%	72.6%	69.7%	69.5%
Non-wage costs to revenue ²	17.4%	17.6%	17.3%	16.6%
Average concessional residents ³	38.4%	38.5%	39.3%	38.7%
Average incoming bed contract price (\$'000)	382.7	378.1	355.7	323.9
Net RAD/Bond & ILU loan inflow (\$m)	33.4	15.8	28.9	15.7

1. Occupancy adjusts for places ramping up at new developments and places offline for refurbishment

2. Metrics shown exclude the impact of all non recurring items in all periods and the Government temporary subsidy increase in 2H 2019

3. Calculated as the number of concessional residents / operational places

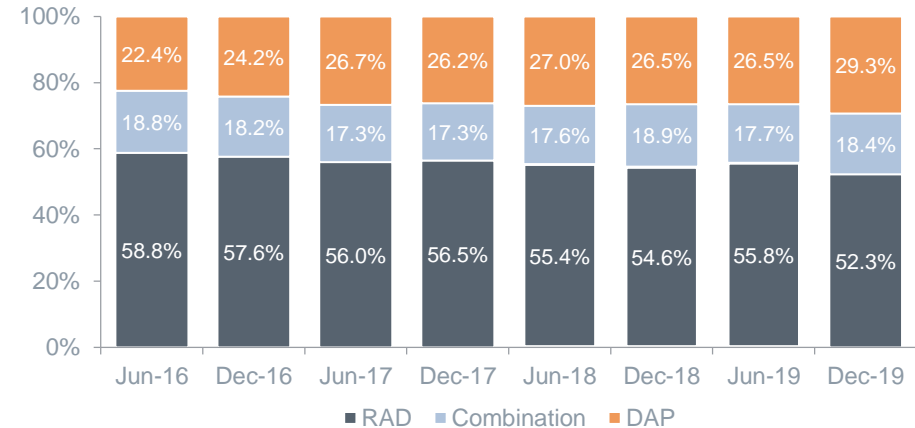
4. As at 27 February 2020

Resident numbers increasing progressively supported by the initial occupation of new and extended homes

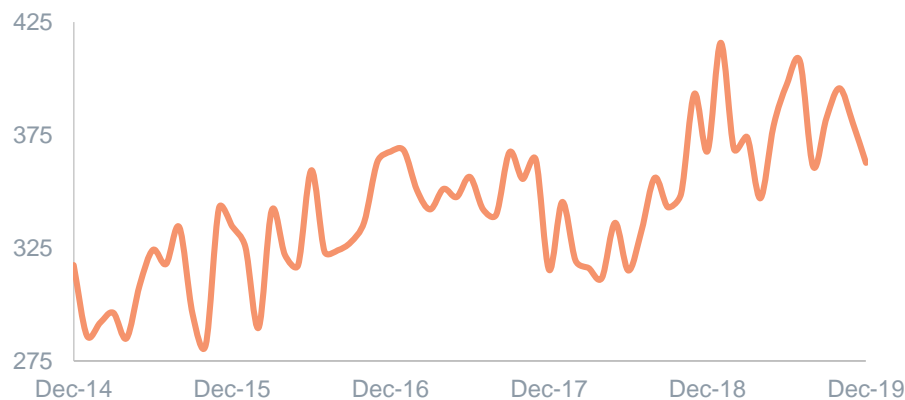
Highlights

- 4,055 residents as at 31 December 2019 with further growth to 4,127 residents as at 27 February 2020
 - Increase in resident numbers of 126 from 30 June 2019 to 31 December 2019
- Average incoming place contract values stable over 1H FY2020
- Slight change in overall resident preference towards DAPs over 1H FY2020
 - Non-concessional portfolio mix on mature portfolio (excluding developments ramping up¹ post development) comprises RAD: 53.3%, Combination RAD/DAP: 18.4% and DAP 28.3%

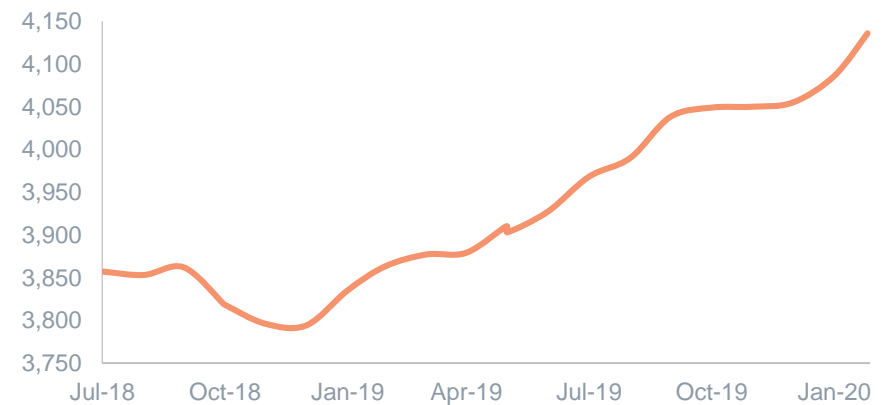
Non-concessional portfolio mix (by number of residents)



Average incoming place contract price (\$'000)



Total Residents

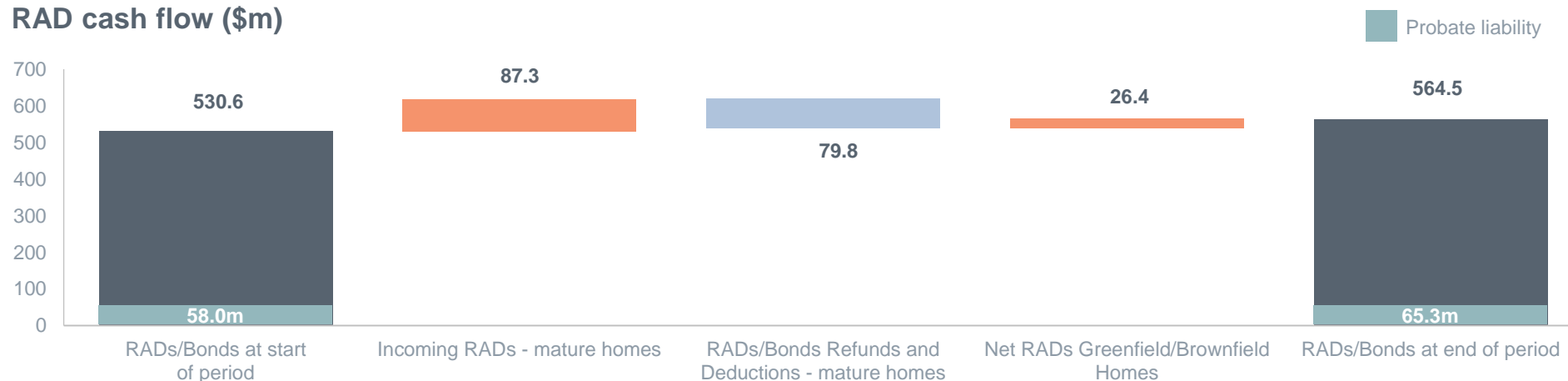


1. Developments ramping up comprise Robina Rise, Kingston Gardens, Rye Sands and Brighton-Le-Sands

1H FY2020 RAD liability movement

Net RAD cash flow in line with expectations and supported by new developments with further uplift expected during 2H FY2020

RAD cash flow (\$m)



Highlights

- Net RAD liability movement of \$33.9m in 1H FY2020 (excludes \$0.5m of net ILU outflows)
 - \$9.3m from mature homes
 - \$26.4m from completed greenfield and brownfield developments
 - \$1.8m fees deducted from RADs
 - Increase in probate liability of \$7.3m
- Further RAD uplift expected for remainder of FY2020 as new homes and extensions ramp up
 - Robina Rise opened in July 2019 and The Regent is expected to open in April 2020
 - Brownfield extensions at Mirboo North, Brighton-Le-Sands and Kingston Gardens also opened recently and are ramping up
 - An immediate focus on the opening of a new home is building occupied beds quickly, sometimes with non-RAD paying residents, and therefore RAD inflow can be more gradual

02

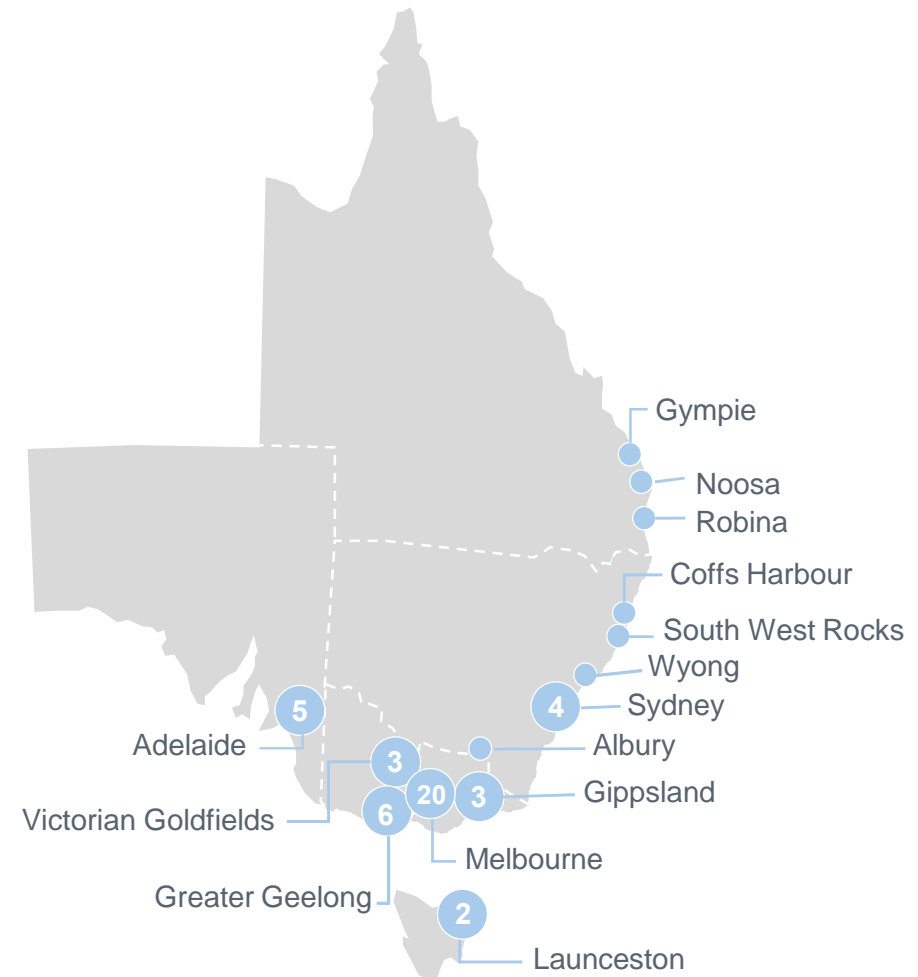
Strategic initiatives

Japara portfolio overview

Japara's portfolio comprises over 5,000 existing or soon to be constructed aged care places with several co-located senior living communities

Portfolio summary

- Japara's aged care portfolio currently comprises 50 homes across five states
 - Three further developments are under construction (Mt Waverley and Newport in Victoria and Belrose in NSW)
 - 47 homes are owned freehold with the remaining three leased
- Japara has a further greenfield development portfolio comprising:
 - Four owned sites expected to complete over the next 3 years; and
 - Two further regions where licenses are held and sites are being sourced
- Japara also has a number of brownfield development opportunities
- Japara's senior living portfolio comprises a total of 180 independent living units and apartments co-located with five of our aged care homes
 - A further three sites are in advanced planning for additional senior living developments



Japara has focused on enhancing its dementia care and technology capabilities within a robust governance overlay

Dementia care model

- 52% of aged care residents in Australia are living with dementia and will experience complex behaviours associated with their dementia
- Japara is implementing 'small home' environments for residents living with dementia
- This model is based on global best practice and compliments resident autonomy and quality of life while reducing complex behaviours and the use of psychotropic medications
- Increased staff training and capacity to respond to complex behaviours associated with dementia, and including 'Dementia Champions' in our homes, provides better outcomes for residents



Japara Lakes Entrance resident and staff member

Information Technology

- Significant investment in server and network technology to reduce risk around power outages, climate and physical security
- Wi-Fi installed in all rooms in Japara homes to provide residents with high speed wireless access '24/7'
- Implementing an enhanced electronic and clinical medication management system that improves resident data management and frees up staff time, enabling this to be spent caring for residents
- Implementation of a workforce management system to improve roster efficiency and continued compliance with EBAs
- Implemented a new core financial platform, Procura, to improve financial reporting, general ledger and resident billing
- Redevelopment and rollout of our 'Japara Cares' app to rapidly train all staff in the new Aged Care Quality Standards
- New infrastructure allows staff to spend more time caring for residents

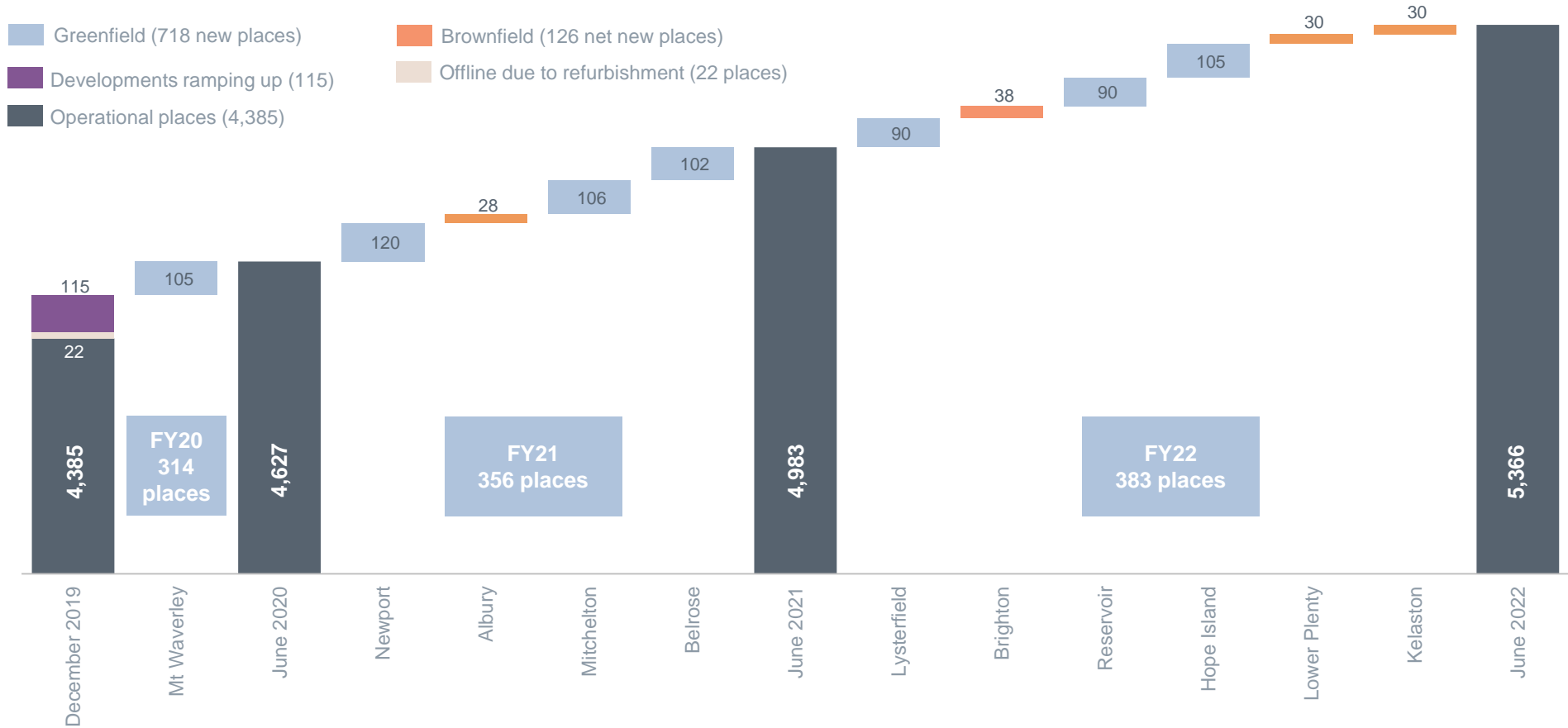
Governance

- Japara's Zero Harm Board Sub-committee provides monitoring, challenge and guidance for management in relation to areas of clinical governance, workplace health and safety and environment
- Zero Harm committee Chaired by Clinical Professor and Board member Leanne Rowe, AM

Development pipeline

Japara's near-term development pipeline comprises 844 net new places

Near-term development pipeline¹ (net new places)



1. Refer Appendix for development pipeline details

Senior living portfolio

Japara has an existing portfolio of 180 senior living units and apartments

Existing portfolio summary

- Balmoral Mews, Geelong
 - 33 units constructed in 2008 and 2014
- Barongarook Gardens, Colac
 - 30 units constructed in 2000
- Cosgrove Cottages, Launceston
 - 68 generally older units with potential for selective redevelopment
- The Homestead Serviced Apartments, Adelaide
 - 41 serviced apartments constructed in 2006
- Sydney Williams Apartments, Doncaster
 - 8 apartments constructed in 2000



Senior living development opportunities

Japara owns several sites where senior living developments are planned, providing opportunities for development profits and the creation of future income streams

Development portfolio summary

- Elanora, Brighton
 - Recent acquisition of ~2,500 sq.m of adjacent land provides opportunity for redevelopment of existing aged care home releasing ~8,000sq.m of surplus land for senior living development of ~80 apartments
- George Vowell, Mt Eliza
 - ~6 ha. site adjacent to existing aged care home in advanced planning for seniors manufactured housing development of 100 units
- Cosgrove Cottages, Launceston
 - Planning approval currently being amended for further seniors manufactured housing development of 50 units



The Regent greenfield development case study

The Regent in Mt Waverley is Japara's latest greenfield development and is due to open in April 2020 offering 105 new premium rooms to the community

The Regent, Mt Waverley (VIC)

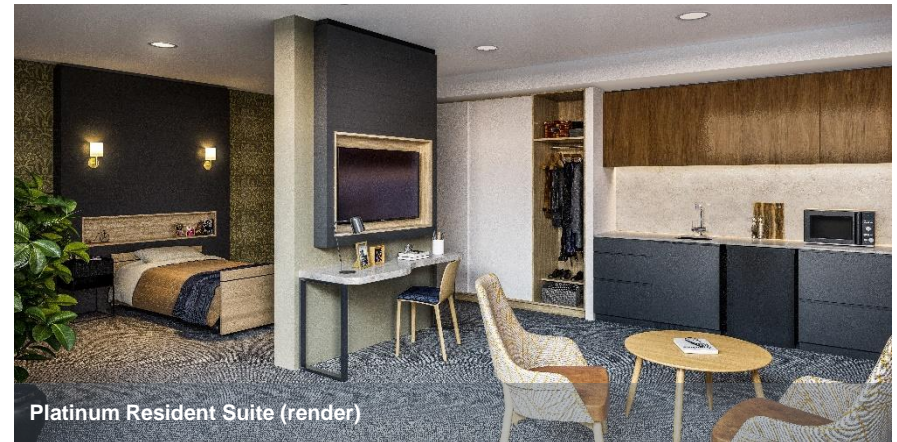
- Located in the eastern Melbourne suburb of Mount Waverley, with a median house price of ~\$1.3m, The Regent is a 105 bed home which includes a specialised dementia small home environment
- Two former residential properties with a total site area of 5,450 sq.m. were purchased in 2015 and 2016 for a total of \$8.2m
- Construction commenced in late 2018 completing in February 2020
- Development costs (excluding land) totalled \$33m
- The light filled home backs onto Valley Reserve with a variety of accommodation types complemented by an in-house café & bar, external terraces, balconies, cinema, beauty and wellbeing hub and gymnasium
- The home will open to residents in April 2020



Regent Street Façade (render)



The Regent Aerial (February 2020)



Platinum Resident Suite (render)

Recent brownfield developments

Japara completed two major brownfield developments during 1H FY2020 at our homes at Brighton-Le-Sands in NSW and Springvale South in Victoria

Brighton-Le-Sands (NSW)

- Located in Brighton-Le-Sands in metropolitan Sydney
- Brownfield development opened in January 2020 adding 25 places to the existing 60 place home (which was opened in September 2018)
- The project comprised a two storey development connecting into the existing building
- Key objectives of the project were adding premium rooms, lounge and dining spaces to a high quality recently built home
- Occupancy ramping up as expected with 65 residents¹
- RAD inflows are projected to exceed the total project cost



Kingston Gardens (VIC)

- Located in Springvale South in metropolitan Melbourne
- Brownfield development opened in November 2019 returning 60 refurbished places to the recently developed 68 place extension (which was opened in September 2018)
- Total project comprised a new foyer, café, cinema, staff room, activity spaces, lounge and dining rooms and additional premium rooms
- Key objectives of the overall project was the refurbishment of the existing home and adding additional premium rooms to the offering
- Occupancy ramping up as expected with 90 residents¹
- RAD inflows are expected to cover the construction cost



1. As at 27 February 2020

Development activity summary

Ramping up homes continue to perform well with strong occupancy. Newport and Belrose greenfield developments are well into construction

Recent development activity update

- Robina Rise, (opened July 2019)
 - New 106 single room home located on Gold Coast
 - Currently has 87 residents¹
- Rye Sands (opened late 2018)
 - New 99 single room home located on the Mornington Peninsula
 - Currently has 93 residents¹
- Mirboo North, Gippsland
 - 18 place extension and significant refurbishment completed and opened October 2019
- Newport, Melbourne
 - New 120 single room home originally proposed as a replacement for existing 60 place Yarra West home and expected to open late 2020
 - Yarra West lease extended by 5 years resulting in net new places from Newport increasing from 60 to 120
- Belrose, Sydney
 - Construction commenced in December 2019 on a 102 bed home
- Highton, Geelong
 - Decision made to discontinue with proposed development
 - Site currently being offered for sale
- Hope Island
 - Purchase of a 9,212 square metre development site at Hope Island on the Gold Coast for a future 105 place home
- A further five significant refurbishment projects underway and expected to complete over the next six months



1. As at 27 February 2020

Strong near term RAD inflows expected from completing and ramping up developments providing funds for significant debt reduction and growth funding

Development funding summary

- Japara continues to invest in greenfield and brownfield developments as they provide an attractive risk adjusted return, underpin future earnings growth and attract strong occupancy
- We are currently ramping up and/or completing 723 net new places with ~\$27m in further capital expenditure required to complete the delivery of these places
- Together these 723 places are projected to generate a further ~\$135m-\$145m in RAD inflows (see table for detail)
- Expected RAD inflows from the above 723 total places assume a 'look through' ~65% RAD preference for non-supported residents and a weighted average RAD to local house price ratio of under 60%
- In addition, Japara has a number of land holdings and licences/approvals supporting medium-term growth

Developments ramping up / completing	Net new places	Expected future RADs (\$m)	Capex remaining (\$m)
Riverside Views (TAS)	88	-	-
Rye Sands (VIC)	99	-	-
The Highbury (VIC)	60	-	-
Brighton-Le-Sands (NSW)	85	-	-
Kingston Gardens (VIC)	60	-	-
Robina Rise (QLD)	106	-	-
The Regent (VIC)	105	-	2.6
Newport (VIC)	120	-	24.6
Total	723	135-145	27.2

Land holdings	Net new places	Book value (\$m)
Mitchelton (QLD)	106	7.2
Belrose (NSW)	102	8.9
Lysterfield (VIC)	90	5.4
Reservoir (VIC)	90	7.7
Hope Island (QLD)	105	4.6
Highton (VIC)	-	4.4
Kingston Way Estate (VIC)	-	6.4
Brighton (VIC)	-	9.5
Oaklands (SA)	-	1.0
Bundaberg (QLD)	-	0.7
Glennings Valley (NSW)	-	1.4
Total	493	57.2

03

Industry and business observations

The aged care industry appears to be on the cusp of significant change

Royal Commission into Aged Care Quality and Safety

- The Commission's Interim Report was delivered on 31 October 2019 with the Commissioners identifying three areas for immediate action:
 - The provision of more Home Care Packages to reduce waiting lists;
 - Responding to over-reliance on chemical restraint in aged care; and
 - Reducing the number of younger people with a disability in aged care
- Japara has provided data requested on the following subjects:
 - January 2019 – Clinical care and incident data
 - January 2020 – Staffing hours per home data
- The Royal Commission has recommenced for 2020, starting with roundtable workshops and hearings in Adelaide
- Additional consultation papers are expected, including on the funding and financing of the aged care system and the regulation of quality and safety
- The Royal Commission will be holding hearings throughout March to May
- Commissioners Pagone and Briggs continue to indicate they believe their recommendations will be well prosecuted throughout the hearing process and they do not anticipate the final report will contain any surprises
- The Commissioners are required to provide a Final Report by 12 November 2020
- Japara incurred direct costs relating to the Royal Commission of \$1.1m for 1H FY2020 in addition to direct costs of \$1.8m in FY2019

Natural disasters

- Japara has recently had several homes impact by both bushfires and floods
- Whilst some staff in particular have been personally impacted, all residents and staff have been safe throughout the events and no evacuations have been required
- The efforts of our staff and the broader emergency services teams are to be commended and we express our sincere thanks to all those involved

2020 Aged Care Allocation Round

- The Federal Government has announced an Aged Care Allocation Round of 10,000 new places opening in March 2020
- Japara is considering applying for places in the 2020 ACAR in line with its brownfield and greenfield development strategy

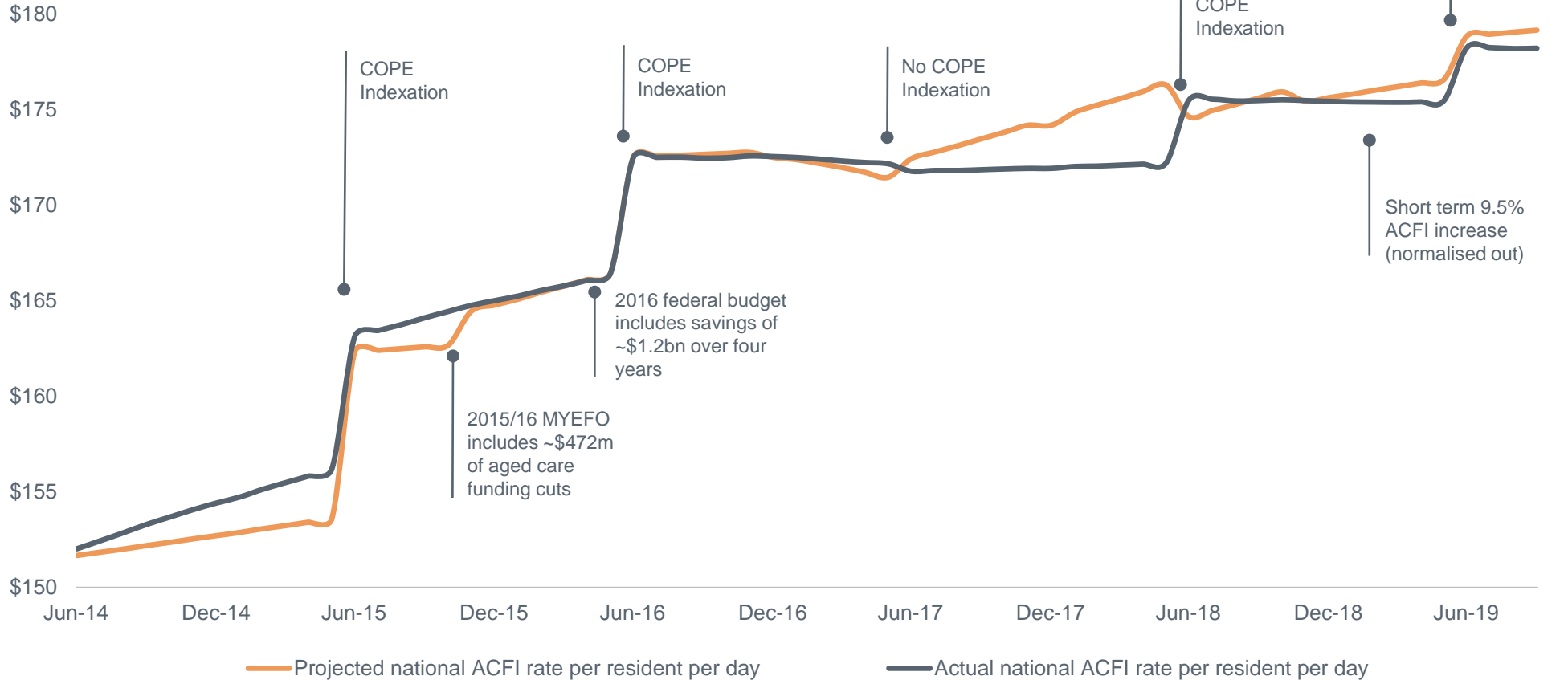
Coronavirus (COVID-19)

- We note the respiratory illness outbreak caused by the novel coronavirus (COVID-19)
- Japara has an Outbreak Preparedness and Response Committee and planning is underway for a situation where our residents or business are impacted by coronavirus
- We are monitoring communications from the Australian Government Department of Health and current Coronavirus Health Alerts

Aged Care Funding Instrument (ACFI)

Industry expectations based on Government funding projections have not been realised as scoring changes impact ACFI determinations

Government projected and actual monthly average ACFI rate¹ per resident per day



Source: ACFI Monitoring Reports, Australian Government, Department of Health
1. Excludes impact of March 2019 9.5% temporary subsidy increase

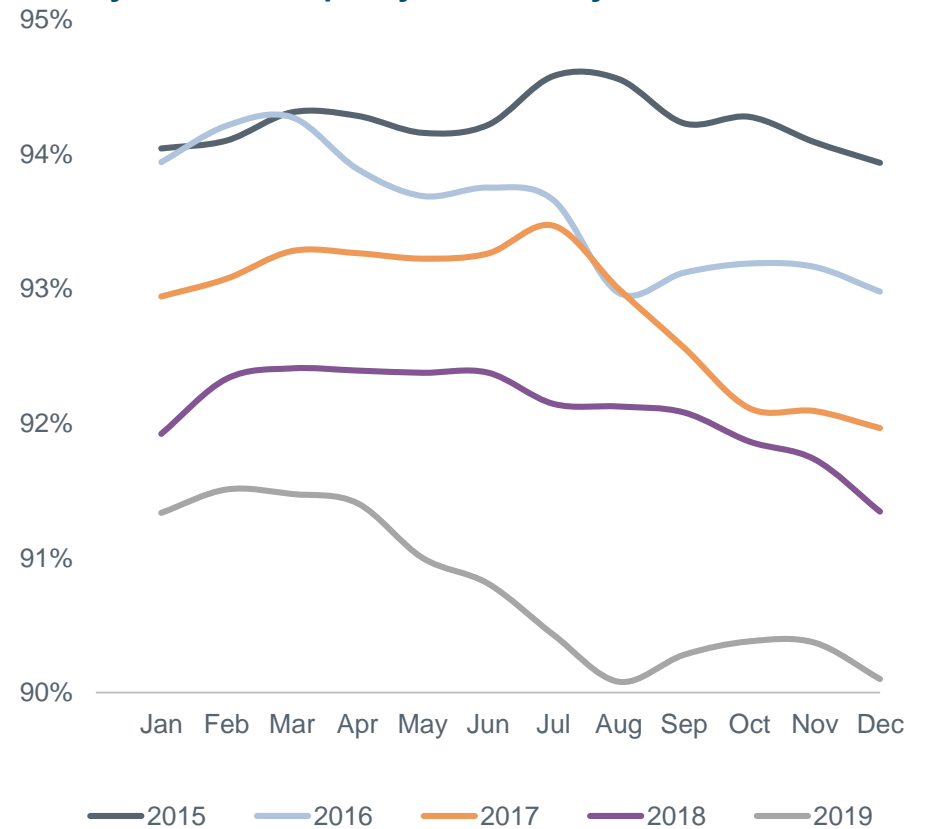
Occupancy

Industry data reflects continuing declines in occupancy, and some seasonality over the last five years, with Japara continuing to track above industry averages

Mirus Australia residential aged care sector survey occupancy vs Japara occupancy



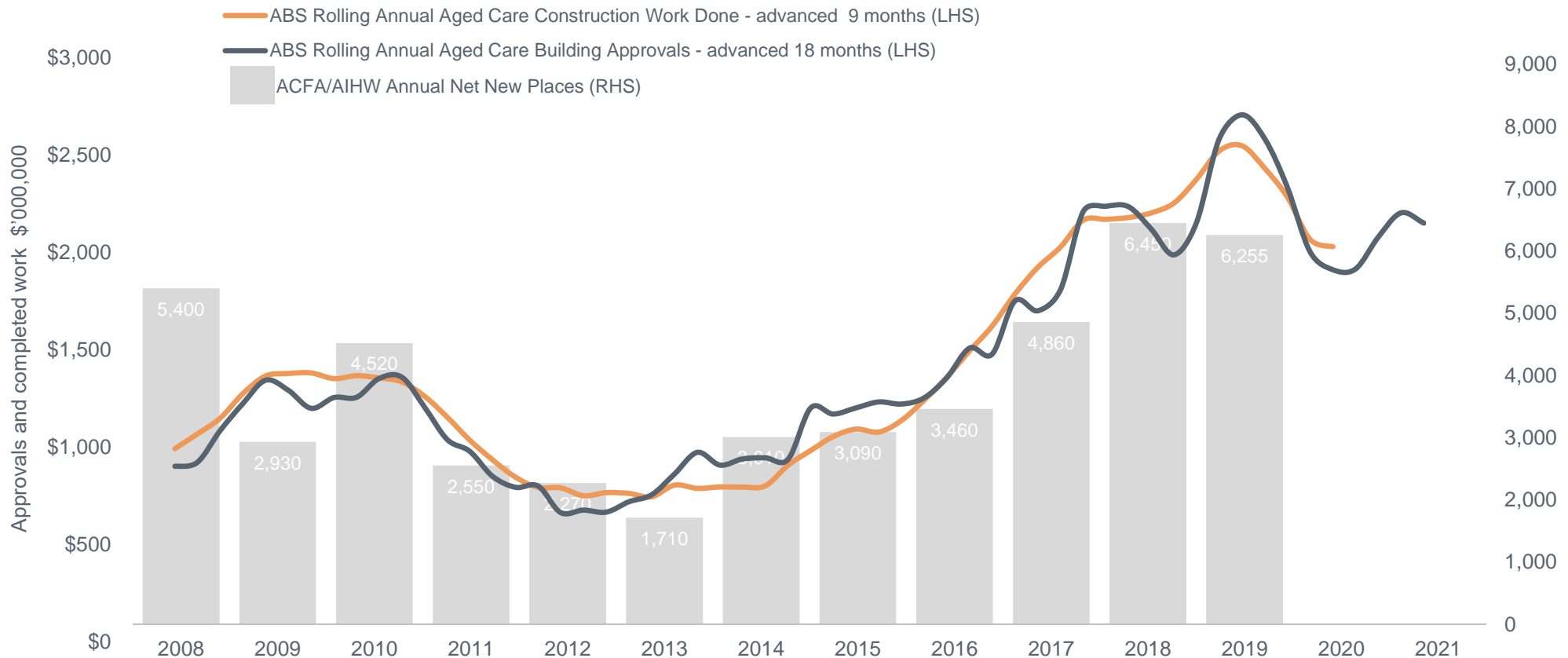
Mirus Australia residential aged care sector survey annual occupancy 'seasonality' trend



Source: Mirus Australia

Aged care building approvals and completed construction work suggest continued strong net place additions (assuming constant closure rates) to meet demand from . . .

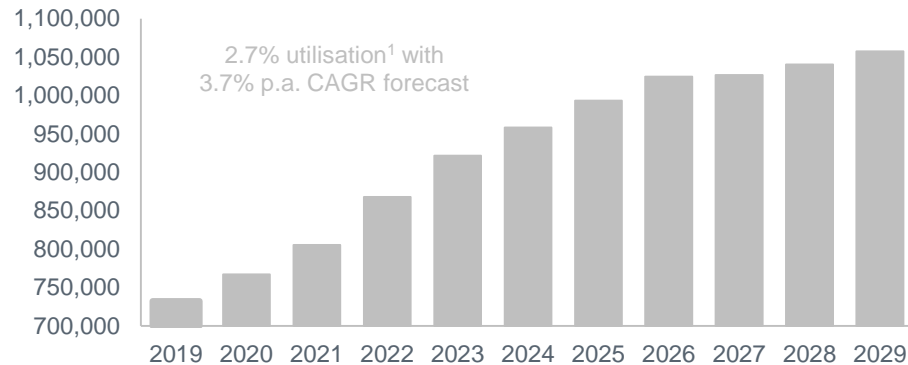
Rolling annual aged care building approvals and construction work done vs net place additions



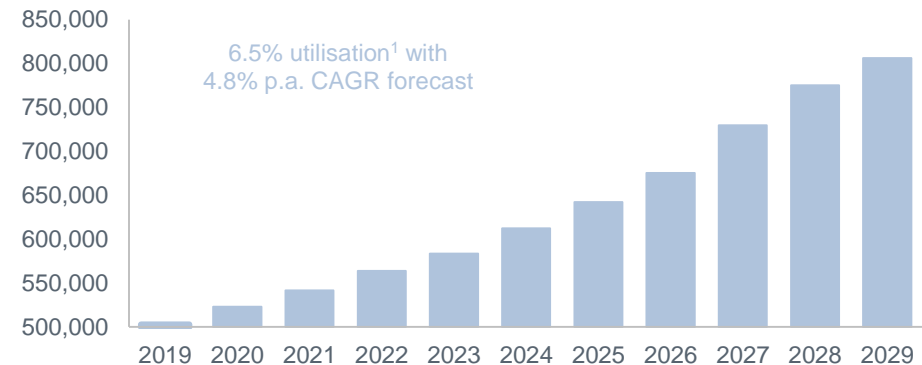
Source: Aged Care Financing Authority & AIHW Residential Place data
 Australian Bureau of Statistics, 8731.0 - Building Approvals, Australia, Dec 2019 - Aged Care Building Approvals
 Australian Bureau of Statistics, 8755.0 - Construction Work Done, Australia - Aged Care Construction

... the ~86% of aged care residents aged 75+ whose population cohorts are projected to show strong growth rates and underpin demand

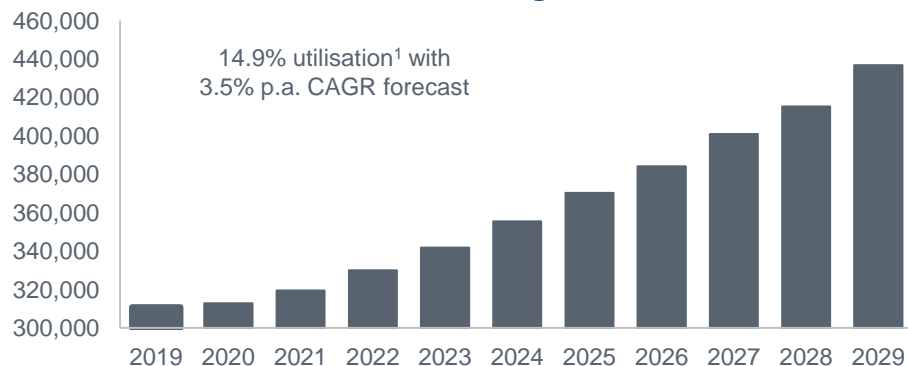
Forecast number of individuals aged 75-79



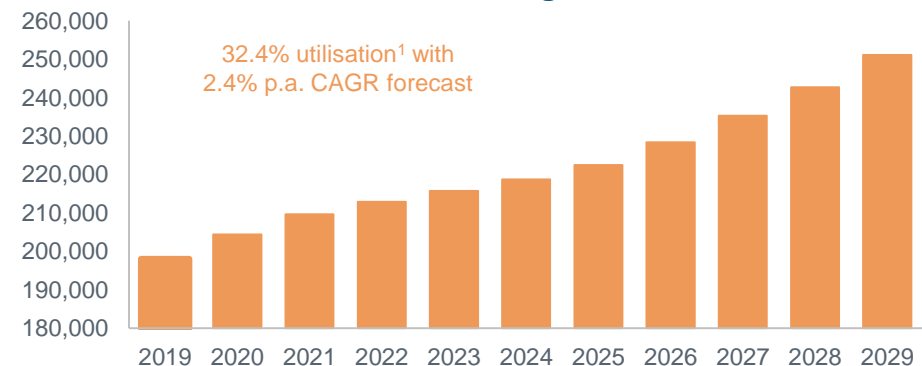
Forecast number of individuals aged 80-84



Forecast number of individuals aged 85-89



Forecast number of individuals aged 90+



Source: Australian Bureau of Statistics, 3222.0 - Population Projections, Australia, 2017 (base) – 2066

1. Utilisation calculated as permanent and respite aged care residents within each age cohort divided by Australian Bureau of Statistics Estimate Resident Population within that age cohort, both as at 30 June 2019

04

Summary and outlook

1H FY2020 summary and FY2020 outlook

Growth in aged care places, combined with portfolio management of real estate assets, mitigated the earnings impact of weaker than expected occupancy

1H FY2020 Summary

- Continued strong earnings contribution from recently completed greenfield and brownfield developments and refurbishments
- EBITDA of \$24.3m up by 10% on 1H FY2019 largely due to portfolio management of real estate assets, with recurring EBITDA impacted by lower occupancy and cost inflation greater than revenue escalation
- Balance sheet strength maintained with net bank debt of \$185.3m at 31 December 2019 and available liquidity of \$160m

FY2020 Outlook

- Japara expects FY2020 EBITDA to be 10% lower than FY2019
 - Subject to no material changes in market or regulatory conditions
- The funding environment continues to present challenges and occupancy remains below historic levels
- Recently completed developments are expected to help mitigate industry headwinds as they increasingly contribute to EBITDA
 - Interest and depreciation costs also expected to increase slightly in 2H FY2020 due to recently completed developments
- Japara continues to focus on the delivery of its developments with over 300 net new places expected to be opened in FY2020



05 Appendices

Appendix 1: Detailed Profit and Loss

	1H FY2020	1H FY2019	Change	
	\$'000	\$'000	%	\$'000
Revenue				
Government care and accommodation funding	150,096	140,652	6.7%	9,444
Resident fees	56,940	52,679	8.1%	4,261
Other income	5,564	153	3,536.6%	5,411
Total revenue & other income	212,600	193,484	9.9%	19,116
Expenses				
Employee benefits expense	(150,792)	(136,160)	10.7%	(14,632)
Resident costs	(18,584)	(17,099)	8.7%	(1,485)
Other costs	(18,901)	(18,120)	4.3%	(781)
Total expenses	(188,277)	(171,379)	9.9%	(16,898)
EBITDA	24,323	22,105	10.0%	2,218
Depreciation and amortisation	(12,711)	(9,080)	40.0%	(3,631)
EBIT	11,612	13,025	(10.8%)	(1,413)
Net finance costs	(3,780)	(2,353)	60.6%	(1,427)
Income tax expense	(2,408)	(3,121)	(22.8%)	713
NPAT¹	5,424	7,551	(28.2%)	(2,127)

1. Profit attributable to members of the Group

Appendix 2: Detailed Statutory Cash Flow Statement 32

	1H FY2020 \$'000	1H FY2019 \$'000
Cash flows from operating activities:		
Receipts from customers	230,575	215,528
Payments to suppliers and employees	(196,363)	(178,465)
Income taxes paid	(4,113)	(3,508)
Interest received	166	225
Finance costs paid	(3,962)	(3,327)
Proceeds from RADs/accommodation bonds & ILU resident loans	120,895	96,510
Repayment of RADs/accommodation bonds & ILU resident loans	(87,491)	(67,565)
Net cash provided by operating activities	59,707	59,398
Cash flows from investing activities:		
Purchase of land & buildings	(16,611)	(7,865)
Proceeds from sale of land & buildings	2,007	578
Purchase of plant and equipment	(4,008)	(5,738)
Capital works in progress	(37,034)	(53,492)
Net cash used in investing activities	(55,646)	(66,517)
Cash flows from financing activities:		
Proceeds from issue of share capital under DRP	-	1,578
Dividends paid	(8,952)	(9,972)
Net proceeds from bank borrowings	25,250	32,000
Repayment of lease liabilities	(1,339)	-
Net cash provided by financing activities	14,959	23,606
Net increase in cash and cash equivalents held	19,020	16,487
Cash and cash equivalents at beginning of the half year	31,472	29,158
Cash and cash equivalents at end of the half year	50,492	45,645

Appendix 3: Balance Sheet

	31-Dec-19 \$'000	30-Jun-19 \$'000
Assets		
Current assets		
Cash	50,492	31,472
Trade and other receivables	17,999	14,640
Current tax receivable	1,762	-
Other assets	11,002	6,216
Total current assets	81,255	52,328
Non-current assets		
Trade and other receivables	2,402	2,347
Non-current assets held for sale	-	2,192
Property, plant and equipment	822,326	787,767
Right-of-use assets	28,421	-
Investment property	49,672	39,200
Intangible assets	494,743	494,801
Total non-current assets	1,397,564	1,326,307
Total assets	1,478,819	1,378,635
Liabilities		
Current liabilities		
Trade and other payables	21,415	27,005
Other deferred income	24,354	-
Other liabilities	5,269	8,568
Borrowings	20,000	40,750
Current tax payable	-	377
Other financial liabilities	588,000	554,649
Employee provisions	38,305	36,645
Lease liability	1,694	-
Total current liabilities	699,037	667,994
Non-current liabilities		
Borrowings	215,750	169,750
Deferred tax liabilities	2,873	2,420
Employee provisions	3,761	3,975
Other financial liabilities	2,917	2,412
Lease liability	26,532	-
Total non-current liabilities	251,833	178,557
Total liabilities	950,870	846,551
Net assets	527,949	532,084
Equity		
Issued capital	524,078	524,695
Hedging reserve	(2,689)	(2,412)
Share based payment	287	-
Retained earnings	6,273	9,801
Total equity	527,949	532,084

Appendix 4: Non-recurring earnings reconciliation

34

	1H FY2020 \$m	1H FY2019 \$m
Non recurring items		
Profit on sale of surplus bed licences	4.6	-
Profit on sale of land	0.7	-
Royal Commission direct costs	(1.1)	-
Greenfield start-up losses	(1.0)	(1.0)
Redundancies / restructuring	-	(0.7)
Total	3.2	(1.7)

Appendix 5: Portfolio Metrics

	As at 31 December 2019		As at 31 December 2018		Change
Resident mix					
Concessional	1,728	43%	1,598	42%	8.1%
RAD	1,116	28%	1,139	30%	(2.0%)
DAP	626	15%	553	15%	13.2%
Combination	392	10%	395	10%	(0.5%)
Pre-reform high-care places	20	0%	26	1%	(23.1%)
Respite	155	4%	66	2%	134.8%
TCP / Other	17	0%	17	0%	-
Total residents	4,055	100%	3,794	100%	6.9%
Staffing					
Number of staff (including part time and casuals)	5,869		5,477		7.2%
Places					
Operational places	4,385		4,125		6.3%
Non-operational places	540		585		(7.5%)
Provisional ACAR allocations	780		747		4.4%
Total places	5,705		5,457		4.5%
Places (metro/major regional, regional split)					
Metro/major regional	4,548	80%	4,216	77%	7.9%
Regional	1,157	20%	1,241	23%	(6.8%)
Total places	5,705	100%	5,457	100%	4.5%
Geographic spread (places)					
VIC	65%		66%		
NSW	14%		15%		
QLD	9%		7%		
SA	7%		8%		
TAS	5%		4%		
Total	100%		100%		
Funded bed days	728,723		699,460		4.2%

Appendix 6: Developments update

Significant greenfield developments program comprising 718 new places

Greenfield developments	Program status	Total new places	Net new places	Estimated resident admission
Mt Waverley (Melbourne)	Construction	105	105	2H FY2020
Newport (Melbourne)	Construction	120	120	1H FY2021
Mitchelton (Brisbane)	Tender	106	106	2H FY2021
Belrose (Sydney)	Construction	102	102	2H FY2021
Lysterfield (Melbourne)	Detailed design	90	90	1H FY2022
Reservoir (Melbourne)	Town planning	90	90	1H FY2022
Hope Island (Gold Coast)	Concept design	105	105	2H FY2022
Total		718	718	

Appendix 6: Developments update (cont.)

Brownfield developments	Program status	Total new places	Net new places	Estimated resident admission
Albury (NSW)	Construction	28	28	1H FY2021
Brighton (SA)	Tender	52	38	2H FY2021
Lower Plenty (VIC)	Town planning	30	30	2H FY2022
Kelaston (VIC)	Detailed design	30	30	2H FY2022
Total		140	126	

Recent completed developments	Total new places	Net new places	Completed
Glen Waverley (Melbourne)	60	60	1H FY2019
Rye (Victoria)	99	99	1H FY2019
Brighton-Le-Sands (Sydney)	60	60	1H FY2019
Kingston Gardens Stage 1 (Springvale)	68	(4)	1H FY2019
Mirridong (Bendigo)	16	16	1H FY2019
Robina (Gold Coast)	106	106	1H FY2020
Mirboo North (Gippsland)	18	18	1H FY2020
Kingston Gardens Stage 2 (Springvale)	60	64	1H FY2020
Brighton-Le-Sands Stage 2 (Sydney)	25	25	1H FY2020
Total	512	444	

This presentation was prepared by Japara Healthcare Limited (ABN 54 168 631 052) (“the Company”) and was authorised for release by the Board of the Company. Information contained in this presentation is current as at 28 February 2020. This presentation is provided for information purposes only and has been prepared without taking account of any particular reader’s financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should, before acting on any information in this presentation, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the extent permitted by law, the reader releases the Company and its affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation.

The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Company. In particular, they speak only as of the date of these materials, they assume the success of Japara Healthcare Limited’s business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place reliance on such forward looking statements. Past performance is not a reliable indicator of future performance.