

Japara Healthcare Limited ("Japara" or "The Company") notes the announcement yesterday by the Federal Government that the Dementia Supplement available to residential aged care providers is ceasing from 31 July 2014. The Dementia Supplement is a \$16 per day per eligible resident payment to assist with the cost of providing care to residents with dementia and other severe behaviour disorders.

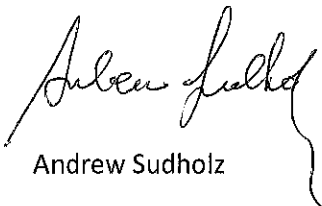
Japara also notes the Government's comments that it will now consult with the aged-care sector on a better option of dealing with severe dementia. We welcome this consultation with industry.

The removal of the dementia supplement will have an impact on our revenue however, we are implementing a number of initiatives within our business to offset this.

Japara remains committed to providing specialist Dementia care to this rapidly growing cohort of our elderly community despite this announcement and looks forward to working closely with Government to find alternate solutions to provide the substantial funding necessary to cater for the needs of dementia residents.

For further information, please contact the undersigned on +61 3 9649 2117.

Yours faithfully,



Andrew Sudholz

Chief Executive Officer

Japara Healthcare Limited