

## Japara Healthcare Continues Growth Strategy

Japara Healthcare is pleased to announce:

- the acquisition of the Whelan Care Portfolio in South Australia and;
  - the completion of three major brownfield developments.
- as part of its ongoing growth strategy.

Japara Healthcare has signed contracts to acquire the Whelan Care Portfolio for a net price of \$39.5million. Settlement is anticipated to occur in October 2014 (except that a new facility under construction in Gawler which is part of the purchase is expected to settle in March 2015).

The acquisition of the four aged care facilities from Whelan Care increases Japara Healthcare's aged care portfolio by 258 beds and 41 serviced apartments. The purchase is being funded by a combination of cash reserves and debt.

Japara Healthcare has also completed three brownfield developments at Millward in Doncaster, Mirridong in Bendigo and the Albury aged care facility resulting in an additional 124 new beds.

The Whelan acquisition and the brownfield developments mean that Japara Healthcare now has circa 3,400 beds in its residential aged care portfolio available for the elderly community.

Japara Healthcare's CEO, Mr Andrew Sudholz, said, "Japara Healthcare is proud to own the Whelan Care Portfolio. Whelan has provided excellent aged care services to the Adelaide community for many years. The business aligns with Japara's focus of providing full spectrum health services to meet the care requirements of our residents and our strategic direction to grow our business nationally and diversify into markets where high demand exists".

Mr Sudholz added, "Both the acquisition of high quality existing aged care facilities within the Whelan Care portfolio and the development of brownfield/greenfield projects are central to Japara Healthcare's strategy to provide long term sustainable growth in business value and shareholder returns".

Favourable sector attributes underpin strong demand for age care services in the medium to long term. Demand in the Australian residential aged care sector is forecast to increase from 186,000 places today to approximately 260,000 places over the next 10 years. Japara Healthcare is well positioned to continue to address this increasing demand profile through the ongoing provision of high quality aged care facilities.

Mr Sudholz concluded, "With the success of our recent IPO, Japara Healthcare has significantly strengthened its balance sheet, and with a strong and stable cash flow, we are well placed to deliver on our growth programme."

## Japara Healthcare Continues Growth Strategy (cont)

Japara Healthcare also welcomes the recent Australian Government announcement on aged care reform, particularly the return of funding allocated to the former Government WorkCover Supplement of \$1.5 billion by way of increased care subsidies, the introduction of the significant refurbishment programme which sees the Maximum Accommodation Supplement increase from \$34 / day to \$52 / day and the introduction of the Refundable Accommodation Deposit regime which will provide circa \$3 billion of capital to the industry.

Mr Sudholz highlighted the importance of these recent announcements and also the Australian Government's commitment to consult with industry to develop a programme which enables better care services to dementia residents and appropriate funding to support this.

Yours faithfully,

John McKenna  
Company Secretary  
Japara Healthcare Limited