regis Healthcare

PROSPECTUS

Initial Public Offering
of Ordinary Shares

Global Co-ordinator, Bookrunner
and Joint Lead Manager

MACQUARIE

Joint Lead Managers

EVANS & PARTNERS

Morgans in alliance with CIMB

IMPORTANT NOTICES

Offer

The offer contained in this Prospectus is an invitation to acquire fully paid ordinary Shares in Regis Healthcare Limited (ABN 11 125 203 054) (the **Company**) (**Offer**). The Offer in Australia is made through this Prospectus and consists of an offer of New Shares for issue by the Company and Existing Shares for sale by SaleCo.

Lodgement and listing

This replacement prospectus is dated 25 September 2014 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on that date. This replacement prospectus replaces a prospectus dated and lodged with ASIC on 18 September 2014 (**Original Prospectus**). For the purposes of this document, this replacement prospectus will be referred to as the "Prospectus". None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company applied to the ASX for listing and quotation of its Shares on the ASX on 18 September 2014.

No securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering this Prospectus, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of Regis, the repayment of capital or the payment of a return on the Shares.

As set out in Section 7, it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis. The Company and SaleCo disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the **US Securities Act**), or any state securities law in the United States and may not be offered, sold, pledged or transferred except: (i) outside the United States in offshore transactions in accordance with Regulation S under the US Securities Act (**Regulation S**); and (ii) in the United States to persons who are reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the US Securities Act (**Rule 144A**) in reliance on an exemption from registration under the US Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another available exemption from or in a transaction not subject to the registration requirements of the US Securities Act. Prospective investors are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A or another available exemption under the US Securities Act. In addition, until 40 days after the commencement of the Offer, an offer or sale of any of the Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another available exemption from registration under the US Securities Act.

See Section 10.5 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside of Australia.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any Broker Firm Offer or Priority Offer Applicant in Australia by calling the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) or +61 1300 859 277 (outside Australia) from 8.30am to 5.30pm (AEST) during the Offer Period. This Prospectus is also available to Broker Firm Offer or Priority Offer Applicants in Australia via the Company's website (www.regis.com.au). This Prospectus is not available to persons in jurisdictions outside Australia (including the United States).

Exposure period

The Corporations Act prohibits the Company from processing applications to subscribe for Shares under this Prospectus (**Applications**) in the seven day period after the date of lodgement of this Prospectus (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, or their respective directors.

This Prospectus contains forward-looking statements, including the Forecast Financial Information in Section 4, which may be identified by words such as "may", "could", "believes", "estimates", "expects", "plans", "intends", "will", "projects", "predicts", "anticipates" and other similar words.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, SaleCo and their respective directors and management.

The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Given this, and the inherent uncertain nature of forecasts, investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information presentation

The basis of the preparation and presentation of the Financial Information in this Prospectus is set out in Section 4. The Financial Information should be read in conjunction with, and is qualified by reference to, the information contained in Section 4 including, in the case of the Forecast Financial Information, the general assumptions and specific assumptions, the sensitivity analysis and the risk factors in Section 5.

Financial amounts

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings that are explained in the Glossary (see Section 12).

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company through the Company's service provider, Link Market Services (ABN 54 083 214 537) (**Share Registry**), which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act and the Corporations Act.

If you do not provide the information requested in an Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website (www.regis.com.au). The privacy policy contains further details regarding access, correction and complaint rights and procedures. To contact the Company regarding privacy matters please email the Privacy Officer at privacy@regis.com.au or call 1300 998 100.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information in writing by contacting the Share Registry as follows:

Email: registrars@linkmarketservices.com.au
Address: Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Questions

If you have any questions about how to apply for Shares, call the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) or +61 1300 859 277 (outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday during the Offer Period.

If you have any questions about whether to invest in the Company you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

CONTENTS

IMPORTANT DATES

Prospectus lodgement date	25 September 2014
Broker Firm Offer and Priority Offer open	26 September 2014
Broker Firm Offer and Priority Offer close	2 October 2014
Commencement of trading on a conditional and deferred settlement basis	7 October 2014
Settlement	9 October 2014
Allotment of Shares under the Offer	10 October 2014
Expected despatch of holding statements	13 October 2014
Commencement of trading of Shares on the ASX on a normal settlement basis	14 October 2014

These dates are indicative only and may change. The Company and the Joint Lead Managers reserve the right to amend any and all of the above dates without notice subject to the ASX Listing Rules and the Corporations Act (including to close the Offer early, to extend the closing date, to accept late Applications or to withdraw the Offer before issue and transfer of Shares under the Offer). If the Offer is withdrawn before the issue and transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

CHAIRMAN'S LETTER

Dear investor,

On behalf of the Directors, I am pleased to offer you the opportunity to become a Shareholder in Regis Healthcare Limited.

Regis was formed in the early 1990s and has grown from its original 104 places into one of the largest and most geographically diversified private residential aged care providers in Australia. Today, Regis operates 45 facilities with 4,719 Operational Places primarily located in metropolitan areas across Australia.

Regis has built a platform that over many years has delivered care to many people in need and has experienced consistent growth. It has a history of strong operating performance characterised by significant earnings growth over the past five years. This growth has been underpinned by offering premium services, optimising entitlements to Government funding, a strong development program, and acquisition activity as well as delivering operational efficiencies as a result of procurement strategies and labour management.

Regis will provide investors with exposure to the high growth residential aged care sector, which is underpinned by an ageing population with increasing care requirements and is significantly Government funded.

In particular, Regis, which is led by a high quality and experienced management team, will provide investors with:

- a large and geographically diversified portfolio of well located, high quality facilities with a history of providing high quality care;
- an established strategy of targeting high value segments of the market through careful selection of facility locations;
- provision of a broad suite of services including Extra Services;
- portfolio optimisation and expansion capability;
- top quartile operating performance[1] augmented by stable cash flows and a conservative capital structure; and
- future growth underpinned by a vertically integrated business model.

Like any business, Regis also faces a number of risks, such as changes in Government policy and regulation, fluctuation in the value of refundable accommodation deposits (RADs), adverse changes in occupancy, failure to comply with industry accreditation requirements, being required to pay a levy under the Government's Guarantee Scheme, reputational damage and availability of nursing labour. These risks, and others, are further discussed in Section 5 of this Prospectus.

The Offer will raise approximately $485.9 million, which will be used primarily to reduce debt, purchase shares sold by the Existing Shareholders and pay for the costs of the Offer. Regis' stable operating cash flows are expected to underpin a target dividend payout ratio of up to 100% of pro forma forecast FY2015 NPAT, resulting in an indicative annual pro forma FY2015 dividend yield of up to 4.4% based on the Offer Price of $3.65.

The Existing Shareholders will hold approximately 167.2 million Shares, representing 55.7% of the Company's issued Share capital on Completion of the Offer. These holdings will be subject to disposal restrictions until release of the Company's FY2015 audited results to the ASX.

This Prospectus contains detailed information about Regis and the Offer. I encourage you to read this document carefully, and in its entirety, before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,

Mark A Birrell

Mark Birrell
Chairman

1. Based on operational EBITDA/Resident and average Resident aged care funding instrument (ACFI) funding per day for residential aged care operators.

KEY OFFER INFORMATION

KEY OFFER STATISTICS

Total number of Shares offered under the Offer[1]	133.1 million
Number of Shares held by Existing Shareholders at Completion of the Offer[2]	167.2 million
Total number of Shares on issue on Completion of the Offer	300.3 million
Offer Price	$3.65
Market capitalisation at the Offer Price[3]	$1,096.3 million
Enterprise value at the Offer Price[4]	$1,056.2 million
Pro forma Net Debt/(Cash)[5]	$(40.1) million
Enterprise value/pro forma consolidated FY2015 forecast EBITDA[6] (times)	12.2x
Market capitalisation/pro forma consolidated FY2015 forecast NPAT[6, 7] (times)	22.8x
Indicative pro forma forecast FY2015 dividend yield at the Offer Price[6, 8]	up to 4.4%

1. Of the total number of Shares offered under the Offer, 112.3 million will be offered by the Company and 20.8 million will be offered by SaleCo. For further information, refer to Section 7.
2. These shares will be subject to voluntary escrow arrangements until Regis' audited full year financial statements for the 12 months to 30 June 2015 are released to the ASX by Regis as described further in Section 10.3.2. The Shares held by Ross Johnston are also subject to the trading restrictions described in Section 6.5.
3. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.
4. Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of $1,096.3 million, less pro forma net cash of $40.1 million as at 30 June 2014, adjusted to reflect the impact of the Offer as set out in Section 4.
5. Net Debt is calculated as current and non-current interest bearing liabilities including finance leases less cash and cash equivalents and excluding RADs and ILU Resident entry contributions.
6. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4, and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved. Certain financial information included in this Prospectus is described as pro forma for the reasons described in Section 4. Forecasts have been included in this document for FY2015.
7. This ratio is commonly referred to as a price to earnings, or PE, ratio. A PE ratio is a company's share price divided by its earnings per share.
8. Indicative dividend yield is calculated as the implied dividend per Share based on the target dividend payout ratio of up to 100% and the statutory forecast FY15 NPAT, divided by the Offer Price. The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. For more information on the Company's dividend policy, see Section 4.11.

KEY PORTFOLIO STATISTICS[1]

Number of residential aged care facilities	45
Total places	5,409[2]
Total Operational Places	4,719
Operational Places with Extra Service status	1,474
Percentage of places in a single room	72%
Average facility size (number of Operational Places)	105
High acuity Residents	91%[3]
Weighted average portfolio occupancy	~95%
Weighted average median house price	~$760,000[4]
Average FY2014 RAD value/RAD paying Resident	~$308,000
Value of RADs as a percentage of weighted average median house price	~40%
Average EBITDA/Resident (excluding corporate costs)	~$24,000[5]
Average Resident ACFI funding per day	~$150[6]
Total FY2014 pro forma revenue	$404.8m
Total FY2014 pro forma Government revenue	$272.9m

1. As at June 2014 unless otherwise specified.
2. As at 29 August 2014. Includes 337 non Operational Places and 352 Provisional Allocations.
3. 91% high acuity care Residents as a result of ageing-in-place.
4. Australian Property Monitors data for the 12 months to April 2014 for catchment areas in which Regis facilities are located, weighted by RADs held.
5. Pro forma FY2014 EBITDA (excluding corporate costs).
6. Average for the month of June 2014.

This page is left blank intentionally

1 Investment Overview

INVESTMENT OVERVIEW

1.1 Introduction

Topic	Summary	For more information
What is Regis Healthcare?	Regis is one of the largest and most geographically diversified private Australian residential aged care providers, operating a large portfolio of high quality aged care facilities. Regis was formed in the early 1990s and has grown places from an initial portfolio of 104 places to 45 facilities with 4,719 Operational Places. Regis' facilities are purpose built and are primarily located in metropolitan areas across Australia. Regis' service offering is targeted at the premium end of the market with a focus on high acuity care.	Section 3.1
What is the Offer?	The Offer is an initial public offering of $409.9 million worth of New Shares for issue by the Company and $76.1 million worth of Existing Shares for sale by SaleCo.	Section 7.1
Why is the Offer being conducted?	The purpose of the Offer is to: • provide the Company with an appropriate capital structure with financial flexibility to pursue future growth opportunities; • achieve Listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for its Shares; • improve the Company's future access to capital markets; and • provide an opportunity for the Existing Shareholders to realise part of their investment. Following Completion of the Offer, the Directors believe Regis will have sufficient working capital to carry out its stated objectives.	Section 7.2

1.2 Key features of the residential aged care sector

Topic	Summary	For more information
What is the residential aged care sector?	The residential aged care sector is a sub sector of the aged care industry, with estimated revenue of approximately $13.9[7] billion per annum. It provides accommodation and care to people who can no longer live independently (either at home or in retirement village accommodation) primarily due to health reasons, but who do not require acute hospital care. The residential aged care sector comprises approximately 190,000 places[8], and it is more than double the size of the hospital sector, which comprises approximately 87,000 beds[9]. The number of residential aged care places is forecast to increase to approximately 260,000 places[10] by 2022, representing a CAGR of 3.5%. Residential aged care in Australia is largely delivered by non-private operators, such as religious, charitable or community-based groups, who represent approximately 58% of the market (based on the total number of places)[8]. State and regional governments represent 6% of the market and private operators represent approximately 36% of the market[8]. Regis' market share accounts for an estimated 2.5%[11]. The residential aged care market is highly fragmented, with approximately 63% of operators operating single facilities, 29% operating between two and six facilities, 6% operating between seven and 19 and 2% operating 20 or more facilities[11]. This dynamic may present a significant opportunity for sophisticated private operators to grow through consolidation.	Section 2.1 Section 2.2 Section 2.2.1

7. "Nursing Homes In Australia", IBISWorld 2013; "Accommodation for the aged in Australia", IBISWorld 2013.
8. "2012-13 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Social Services.
9. "Australian Hospital Statistics 2011/12", Australian Institute of Health & Welfare 2013.
10. "Inaugural Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2013.
11. Regis Healthcare 30 June 2014; "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.

Topic	Summary	For more information
What are the key industry drivers?	The residential aged care sector is subject to a number of trends that influence the current status and future outlook of aged care operators. These include: • **Demographic shift to a larger population of older Australians:** the population aged 85 years and over is projected to experience the highest growth rate of all age groups, with the number of Australians in this cohort anticipated to double by 2032 and double again by 2045[12]. • **Significant supply required to meet projected demand:** the Australian residential aged care industry comprises approximately 190,000 places[13]. A further approximately 70,000 places are required by 2022 to meet forecast demand[14]. • **Strong Government funding and support:** Government contributions typically account for approximately 71%[15] of operating revenues. • **Barriers to entry and ongoing regulatory compliance:** the residential aged care sector is highly regulated by the Government in relation to both the supply of new places and the ongoing operation of facilities, creating natural barriers to entry for incoming market participants. • **Shift towards private ownership and corporatisation of the sector:** private operators hold 58% of allocated non-Operational Places compared to 36% of current Operational Places. Allocated non-Operational Places are generally earmarked for future expansion projects, which suggests the trend of increasing private sector investment and ownership of facilities is likely to continue. • **Growing financial capacity to fund accommodation and care:** increasing wealth supports a trend towards higher standards of accommodation and non-clinical services and increases the capacity of Residents to contribute towards the cost of their residential aged care, including demand for an expanded choice of services.	Section 2.3
What are the key funding sources and key costs to operators?	Aside from traditional capital structuring (equity and debt), funding for aged care operators primarily comprises a mixture of operating revenues derived from Government and Resident contributions as well as Resident funded capital payments known as refundable accommodation deposits (RADs) in respect of accommodation only. An "Approved Provider" of residential aged care services as determined by the Department is eligible to receive funding contributions from the Government. Government funding contributions vary depending on the level of care required by a particular Resident. Operators that offer a high proportion of high acuity care places (as opposed to low acuity care places) are therefore entitled to more Government funding across the operator's portfolio of facilities. Funding is received in the form of subsidies and supplements on a per Resident, per day basis. RADs are guaranteed by the Government in the event of operator default[16]. RADs are refundable to Residents upon their departure from the facility but are often replaced by a RAD from an incoming Resident. Historically, outgoing RADs have typically been replaced by incoming RADs at an equivalent or higher amount. Labour, such as nurses and personal care assistants, is the key operating cost (representing 64% of total revenue) for residential aged care operators. Labour costs are primarily governed by enterprise bargaining agreements, collective bargaining agreements and modern awards. Other operating costs include catering, cleaning, laundry, consumables, repairs and maintenance, energy, utilities and administration and corporate costs.	Section 2.2.3 Section 2.2.4

12. "Population Projections Australia 2012-2101", Australian Bureau of Statistics 2013.
13. "2012-13 Report on the Operation of the Aged Care Act 1997," Australian Government – Department of Health.
14. "Inaugural Report on the Aged Care Sector", Aged Care Financing Authority 2013.
15. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
16. The Government may recover amounts paid out in connection with this guarantee from operators; however, to date this has not yet occurred.

Topic	Summary	For more information
How is the residential aged care sector regulated?	The residential aged care sector is subject to a high degree of regulation by the Government. Residential aged care operators are required to have Approved Provider status, obtain the necessary allocated places to operate and are periodically assessed against 44 standards and expected outcomes. Residents need to be assessed by authorised Aged Care Assessment Teams (ACATs) in order for the relevant aged care operator to be eligible to receive Government funding in respect of the Resident. In addition, all aged care facilities must be certified as compliant with state and territory building regulations.	Section 2.4

1.3 Key features of Regis

Topic	Summary	For more information
What services does Regis offer?	Regis provides residential aged care with a focus on high acuity care and premium services, with 78% of facilities located in high density, urban areas. Regis also offers Extra Services to Residents at a number of its facilities. Extra Services include "hotel type" services such as a higher standard of accommodation, food and services (e.g. entertainment), that are not dependant on the level of care.	Section 3.1
How does Regis expect to fund its activities?	In addition to traditional capital structure mechanisms (equity and debt), Regis receives funding through two main sources: • **operating revenue** – received from Government funding contributions (the amount of funding depends on the level of care each Resident requires and the assessed means of the Resident) and Resident contributions; and • **Resident funded capital payments** – RADs. Regis derived 67% of its revenue from Government contributions in FY2014.	Section 3.4
What are Regis' significant expenses?	Regis' significant expenses relate to staff and labour, which accounted for approximately 63% of total revenue for FY2014. The remaining expenses include catering, cleaning, laundry, consumables, repairs and maintenance, energy, utilities and administration and corporate costs. Regis has fixed term contracts in place with a number of suppliers. These contracts are monitored and managed continuously.	Section 3.5

Topic	Summary	For more information
What is Regis' business model?	Regis aims to provide high quality healthcare to meet the growing needs of Australia's elderly population in a profitable manner. This is achieved through a focus on the following five core areas: 1. **Vertical integration:** The spectrum of activities Regis undertakes includes analysis of each proposed facility's catchment area, site identification, site/facility acquisition, Brownfield/Greenfield development, facility operation and asset renewal. 2. **Strong cash flow generation:** Regis aims to achieve and maintain strong cash flow from operations, which it augments with a focus on the receipt and profitable use of RADs. Regis executes this through its portfolio of high quality facilities and its premium service offerings (for example, Regis' Extra Services offering) and by encouraging ageing in place as well as a focus on high acuity Residents (which enables Regis to maximise entitled Government funding contributions). 3. **High quality portfolio:** Regis facilities are primarily located in metropolitan areas with high median house prices. The facilities are typically modern with a high proportion of single Resident rooms and an emphasis on lifestyle and supported living. 4. **Scalable platform:** Regis has invested in scalable business processes supported by IT systems, and in-house resources to facilitate growth via acquisitions and developments. 5. **Focused and well-resourced risk management:** Regis has robust systems and processes in place to manage the business' operational risks, including those that relate to aged care legislative compliance and health and safety.	Section 3.3
What is Regis' growth strategy?	Following Completion of the Offer, Regis' growth strategy will be to: 1. expand its Greenfields development program to multiple sites per annum; 2. continue making single facility "bolt on" acquisitions as attractive opportunities are identified; 3. expand and reconfigure existing facilities; and 4. assess portfolio acquisition opportunities as they arise. Regis has 689 places that are not expected to be operational during FY15. Regis intends to use these places to drive growth into FY16 and beyond. See Section 3.6 for further detail on Regis' growth strategy.	Section 3.6

Topic	Summary	For more information
What is Regis' freehold facility portfolio?[17]		Section 3.7

Facility	Location	State	Places available	Extra Services	Occu-pancy	Average RAD per RAD held	Median house price[1]
Allora Lodge	Maroochydore	QLD	68	-	100%	$218,347	$472,000
Anchorage House	Salisbury	QLD	136	19	100%	$266,880	$465,000
Boronia Heights	Greenbank	QLD	160	30	87%	$230,810	$355,000
Bulimba	Bulimba	QLD	152	-	96%	$179,885	$825,000
Canning Lodge	Caboolture	QLD	120	-	100%	–	$395,000
Grange Wellington Point	Birkdale	QLD	70	70	98%	$331,158	$465,000
Kuluin	Kuluin	QLD	120	120	98%	$298,511	$468,000
Lakeside	Sippy Downs	QLD	100	30	96%	$214,616	$472,000
Parkland Manor	Ferny Grove	QLD	122	122	91%	$326,376	$535,000
Treetops Manor	The Gap	QLD	134	48	97%	$390,409	$561,000
Valley Views	Gatton	QLD	60	-	94%	$243,608	$298,000
Wynnum	Wynnum	QLD	100	58	60%[2]	$336,350	$525,000
Yeronga	Yeronga	QLD	100	100	88%	$431,163	$637,000
Delphi House	Belmore	NSW	72	-	82%	$140,935	$750,000
Gannon Gardens	Hurstville	NSW	110	24	96%	$291,801	$1,015,000
Hastings Manor	Port Macquarie	NSW	100	15	98%	$281,624	$392,000
Ku-ring-gai Gardens	Hornsby	NSW	70	70	100%	$397,901	$778,000
The Gardens	Corlette	NSW	150	45	97%	$307,981	$500,000
Wentworth Manor	Rose Bay	NSW	66	66	98%	$452,598	$2,065,000
Burnside	Linden Park	SA	167	-	99%	$180,543	$750,000
Playford	Davoren Park	SA	125	-	100%	$131,539	$248,000
Sunset	Kingswood	SA	67	-	96%	$101,673	$713,000
Amaroo	Ringwood	VIC	90	42	89%	$186,453	$566,000
Bayside Gardens	Brighton	VIC	65	65	98%	$448,856	$1,600,000
Heathcliff Manor	Macleod	VIC	84	30	91%	$226,294	$650,000
Inala[3]	Blackburn South	VIC	315	30	94%	$245,671	$700,000
Karingal Manor	Fawkner	VIC	89	30	99%	$182,789	$410,000
Lake Park	Blackburn	VIC	202	172	94%	$413,396	$829,000
McKinley House	Armadale	VIC	83	83	94%	$479,265	$1,325,000
Ontario	Mildura	VIC	70	-	95%	$127,642	$220,000
Seaside Manor	Sandringham	VIC	58	-	96%	$397,253	$1,150,000
Shelton Manor	Frankston	VIC	106	-	100%	$187,274	$380,000
Shenley Manor	Camberwell	VIC	60	60	99%	$412,135	$1,350,000
Sherwood Park	Junction Village	VIC	149	-	95%	$153,065	$395,000
Sunraysia	Mildura	VIC	81	-	90%	$86,506	$220,000
The Grange	Rosebud West	VIC	129	-	99%	$234,272	$506,000
Waverley Gardens	Dandenong North	VIC	171	60	94%	$219,943	$418,000
Como House	Como	WA	68	-	99%	$251,595	$820,000
Cypress Gardens	Greenmount	WA	127	53	96%	$340,901	$520,000
Embleton	Embleton	WA	82	-	100%	$259,553	$560,000
Forrest Gardens	Bunbury	WA	95	32	98%	$199,723	$350,000
Hollywood[4]	Nedlands	WA	226	-	97%	$220,707	$1,549,000

1. Australian Property Monitors data for the 12 months to April 2014 for catchment areas in which Regis facilities are located, weighted by RADs held.
2. A 60 place extension of the Wynnum facility opened in March 2014. Occupancy is expected to continue to increase as new Residents take up available places.
3. Includes Inala Lodge, Allawara Lodge and Milpara Lodge.
4. Includes Park Lodge and Weston Lodge.

17. As at 30 June 2014

Topic	Summary	For more information

What is Regis' historical and forecast financial performance?

Section 4.3

	Pro forma historical			Pro forma forecast	Statutory forecast
(30 June year end, $ in millions)	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**FY2015**
Revenue	326.1	352.7	404.8	427.3	428.3
EBITDA	43.9	64.1	83.7	86.9	84.4
EBIT	24.7	42.8	66.3	68.4	66.0
NPAT				48.0	33.2
Earnings per Share (cents)				16.0	

	Statutory Historical Results			Statutory forecast
(30 June year end, $ in millions)	**FY2012**	**FY2013**	**FY2014**	**FY2015**
Revenue	326.1	352.7	413.4	428.3
EBIT	24.7	41.7	47.2	66.0

Note: The pro forma historical EBIT is reconciled to the statutory historical EBIT in Section 4.3.5. The pro forma forecast NPAT is reconciled to the statutory forecast NPAT in Section 4.3.2.

The Financial Information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with more detailed discussions of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.

What is Regis' dividend policy?

Section 4.11

The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors such as the operating results, cash flows and the financial condition of the Company, and any other factors the Directors may consider relevant.

The Company's dividend payout ratio will be formulated with regard to a range of factors including:

- general business and financial conditions;
- the certainty of the Company's cash flow including consideration of net RAD cash flows;
- capital expenditure requirements;
- taxation considerations;
- working capital requirements; and
- other factors that the Directors consider relevant.

The Directors intend to target a payout ratio of up to 100% of NPAT, however the level of dividend payout ratio is expected to vary between periods depending on the factors noted above. It is intended that future dividends will be franked to the maximum extent possible. No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend.

It is the current intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period and will be franked to the maximum extent possible.

When will the first dividend be paid?

Section 4.11

It is intended that the first dividend paid will be a final dividend in respect of the period from Completion of the Offer to 30 June 2015. No interim dividend will be paid during this period.

1.4 Key strengths and investment highlights

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>A leading market position in Australian residential aged care sector</td><td>Regis owns and operates 45 facilities with 4,719 Operational Places, located in five states in Australia.
As at June 2014, Regis was one of the largest private providers of residential aged care in Australia by number of places.</td><td>Section 3.1</td></tr>
<tr><td>Portfolio of well located, high quality facilities</td><td>Regis operates a high quality portfolio of facilities that is characterised by the following features:
<table>
<tr><th>Facility portfolio</th><th>Benefit</th></tr>
<tr><td>4,719 Operational Places across 45 sites in five states</td><td>Diversification provides full exposure to development and acquisition opportunities</td></tr>
<tr><td>72% of places are single bed configuration</td><td>Modern accommodation that meets current demand expectations that underpin occupancy and accommodation income</td></tr>
<tr><td>35 sites located in high density, urban areas and 10 sites located in regional areas</td><td>Prime location of facilities perpetuates higher demand for aged care services</td></tr>
<tr><td>91% high acuity care</td><td>Maximises revenue, minimal competition from home care</td></tr>
<tr><td>85% of places located in areas with median house prices above $380,000</td><td>Higher median house price facilitates a higher RAD per RAD-paying Resident</td></tr>
<tr><td>1,474 places with Extra Service status, 31% of total places</td><td>Improved Resident experience as well as supporting a higher level of income from Residents</td></tr>
</table></td><td>Section 3.3.3</td></tr>
<tr><td>Significant investment in scalable systems and centralised infrastructure</td><td>Regis business systems are robust and designed to accommodate significant growth beyond current portfolio size.
Regis has made significant investments in scalable business processes supported by sophisticated IT systems, in-house resources to facilitate growth via acquisitions and developments and a highly experienced team of professionals who evaluate each opportunity.
Regis have specialist teams that focus on corporate development, quality assurance and compliance, property, development and acquisitions, human resources, information technology, legal and finance. These teams work with state and facility-based management to deliver a high level of services to Residents, achieve economies of scale and grow the facilities portfolio. This includes the rollout of AutumnCare care management system, one of the most complex implementations of a care management system in an aged care company.</td><td>Section 3.3.4</td></tr>
<tr><td>Unique range of intellectual property</td><td>Over the past five years, Regis has developed a number of proprietary systems and processes, which have been leveraged across its facilities, including:
Resident care management “Mosaic”: Pictorial explanation of a Resident’s care profile displayed at the entrance of each Resident’s room, which enables staff to understand, at a glance, the principal care and lifestyle requirements of individual Residents (e.g. whether mobility assistance is required and any dietary requirements).
Resident agreement tool using “ActiveDocs™”: Develop residential agreements in simplified “plain English” to minimise business risk and ensure prospective Residents’ needs are met.
Regis lifestyle program “PIEC&S”: Lifestyle program incorporating the Physical, Intellectual, Emotional, Cultural and Social needs of Residents.</td><td>Section 3.3.4</td></tr>
</table>

Topic	Summary	For more information
Experience in portfolio expansion	Regis has grown from 104 to 4,719 Operational Places[18]. Since the merger with RCA (2,115 places) in 2007, Regis has grown via: • development of new facilities (657 places); and • acquisition of existing facilities (535 places). Regis has been able to deliver portfolio benchmark EBITDA performance for all acquisitions of existing facilities and has continually achieved a higher than industry average occupancy. This track record reflects Regis' in-house acquisition and development skills. Regis' development team comprises five professionals, primarily with backgrounds in property and construction.	Section 3.2.2
Strong financial track record	In the last five years, pro forma consolidated EBITDA has grown from $14.5 million to $83.7 million (42% CAGR). This growth reflects the attractive nature of the residential aged care industry and the skill of Regis' management and staff in effectively operating and growing the business.	Section 4.3
Long standing accreditation and certification history	Unlike some large private operators, no Regis operated facility has been sanctioned[19] by the Department (or its predecessors). All of Regis' facilities are accredited with the Aged Care Standards and Accreditation Agency and house a mix of aged care offerings. These offerings include accommodation, personalised care and space for recreational activity. Regis has a dedicated team of compliance professionals, comprising nine individuals, who maintain and manage robust policies and procedures, a program of continuous facility review, effective support and training, a structured workplace health and safety management system and with established enterprise bargaining agreements in place.	Section 3.3.5
Conservative capital structure	On Completion of the Offer, Regis will have no drawn debt. Regis has a $40 million undrawn revolving loan note facility. This facility can be used to fund Regis' growth, through acquisitions or capital expenditure. Regis has a $50 million multi-option working capital facility. This facility can be used to fund Regis' working capital and RAD liquidity requirements.	Section 4.6.3
Stable and experienced management team, supported by a skilled workforce	Regis is led by a stable and experienced senior management team that has significant experience in the aged care industry. The senior management team is led by Ross Johnston, Managing Director and Chief Executive Officer, who has held this role since 2008. Ross has led Regis' expansion since this time and has over 30 years of experience in the services and construction industries in Australia and internationally. Regis' Chief Financial Officer, Ian Smith, joined in 2011. Ian is a chartered accountant and has worked in numerous senior roles across finance, property development and information technology, including most recently as the CFO of MAB Corporation. The senior management team also comprises individuals with specific responsibility for operations, mergers and acquisitions, property and quality assurance. It is supported by state-based management teams and management at each of the individual facilities. Founding Shareholders, Ian Roberts and Bryan Dorman, each have over 20 years in the residential aged care industry. They are Non-Executive Directors and will provide a valuable knowledge and experience base for Regis. Regis has a skilled workforce of 5,301 employees. Employees receive extensive and ongoing professional training including leadership training, access to a comprehensive suite of e-learning modules with internally developed content and face to face training. Regis has conducted overseas recruitment of nurses for more than five years. The retention rates of those nurses is approximately 85% after 12 months.	Section 3.9 Section 6.2 Section 6.3

18. During this period Regis has closed or taken a number of facilities offline for redevelopment or refurbishment.
19. A sanction is a penalty imposed by the Department on Approved Providers in cases of serious non-compliance with the Aged Care Act. The Department may impose a range of sanctions, including revocation of Approved Provider status and revocation of allocated places, depending on the severity of the breach, the frequency of the breach and whether the breach threatens the health, welfare or interests of Residents.

1.5 Key risks

Topic	Summary	For more information
The regulatory framework may change	The Australian aged care industry is highly regulated by the Government. On 1 July 2014, previously anticipated changes to the aged care regulatory framework took effect, with further changes made pursuant to the 2014 Federal Budget and ongoing aged care reforms review. Any future regulatory change for the industry may have an adverse impact on the way Regis promotes, manages and operates its facilities, and on its financial performance.	Section 5.1.1
Regis' RADs level may fluctuate	Regis may be exposed to the risks associated with the repayment and future issue of RADs. These risks include specific issues arising in Regis' business that require the repayment of a large number of RADs that cannot be replaced immediately, a reduction in the price achieved for new RADs, Regis' competitors charging lower prices for RADs resulting in Residents choosing an alternative operator, demand for Regis' aged care services changing over time due to general economic and social factors or regulatory changes that limit the ability to issue replacement or new RADs.	Section 5.1.2
Occupancy levels may fall	In the ordinary course of its business, Regis faces the risk that occupancy levels, at any of its individual facilities, may fall below expectations. Reduced occupancy levels may adversely affect Regis' revenue and general financial performance as it would reduce the amount of Government and Resident funding Regis is entitled to and may lead to a reduction in DAPs or RADs.	Section 5.1.3
Facilities may lose their approvals or accreditation	Aged care providers are required to be approved and aged care services accredited having regard to 44 standards including clinical care requirements. Accreditation is subject to periodic review and may be revoked in certain circumstances. Aged care facilities need approvals and accreditations to attract Government funding. If Regis does not comply with regulation and loses or is unable to secure accreditation for the operation of its future aged care facilities, or if any of its existing approvals are adversely amended or revoked, this may breach lending covenants and may also adversely impact on the financial performance and position and future prospects of Regis.	Section 5.1.4
Regis may have to pay a levy under the Government's Guarantee Scheme	If an Approved Provider becomes insolvent and is unable to refund RAD balances that are owing to its care recipients, the Government may repay the outstanding RAD balances to the care recipients affected under the Government's Guarantee Scheme. The Aged Care (Bond Security) Levy Act (Cth) 2006 enables the Government to recover the costs of refunding these RAD balances (along with administrative costs) from Approved Providers via a levy. If a levy is struck in these circumstances, this may adversely affect Regis' cash flows.	Section 5.1.5
Regis' reputation may be damaged	Regis operates in a commercially sensitive industry in which its reputation could be adversely impacted should it, or the aged care industry generally, suffer from any adverse publicity. Any adverse publicity may reduce the number of existing Residents at Regis' facilities or Regis' ability to attract new Residents to its facilities, both of which may adversely impact Regis' profitability.	Section 5.1.6
Industrial relations disputes may lead to business disruptions and increased labour costs	The majority of Regis' employees are represented by the Australian Nursing Federation and Health Services Union and are subject to enterprise bargaining agreements, collective agreements and awards. During periods of negotiation, particularly where the prevailing agreement has expired and a new agreement is not yet agreed, disputes may arise between Regis and its employees and those disputes may lead to strikes or other forms of industrial action that could disrupt Regis' business operations and adversely impact on its financial performance. Regis' labour costs may also increase as a result of industrial disputes and other factors, including a shortage of qualified personnel. An increase in wages as a result of any of these factors could substantially increase Regis' operating costs and reduce its earnings.	Section 5.1.7

Topic	Summary	For more information
The Founding Shareholders will retain significant stakes in the Company following the Offer and their interests may not be aligned with the interests of other Shareholders	On Completion of the Offer, the Founding Shareholders will together hold approximately 54.5% of the Company's issued capital. Should either of the Founding Shareholders sell their respective or collective holdings once they are released from their voluntary escrow restrictions, or if the Founding Shareholders were to act together, this may adversely affect the Share price. There is a risk that the interests of the Founding Shareholders may not be aligned to the interests of other Shareholders.	Section 5.1.8
Dispute with the State Revenue Office Victoria	Regis has instituted 2 proceedings in the Supreme Court of Victoria challenging notices of assessment issued by the SRO in September 2011 and in October 2012 in relation to the acquisition by Regis of the shares in Paragon Group Investments Pty Ltd in July 2007. Regis has paid $14.2 million of the $15.3 million assessed by the SRO. If unsuccessful in the proceedings, Regis may be liable to pay the outstanding $1.1 million under the assessments plus interest and other costs associated with the proceedings. The SRO has also sought information from Regis in relation to its acquisition of RCA, also in July 2007, but has not issued an assessment to Regis in respect of this transaction.	Section 5.1.9

1.6 Directors and senior management

Topic	Name	Position	For more information
Who is on the Board of Regis?	Mark Birrell	Independent Non-Executive Chairman	Section 6.2
	Ross Johnston	Managing Director and Chief Executive Officer	
	Bryan Dorman	Non-Executive Director	
	Sylvia Falzon	Independent Non-Executive Director	
	Trevor Gerber	Independent Non-Executive Director	
	Ian Roberts	Non-Executive Director	
Who are the other senior management executives of Regis?	Ian Smith	Chief Financial Officer	Section 6.3
	Darren Lynch	General Manager Corporate Development and Acquisitions	
	Michael Horwood	General Manager Property	
	Trish Fairman	General Manager Quality Assurance / Compliance	
	Phil Mackney	General Manager Operations	
	Michelle Baker	General Manager Operations	

1.7 Significant interests of key people

Topic	Summary	For more information
Who are the Existing Shareholders and what will be their interest post Completion of the Offer?	The Existing Shareholders are the current Shareholders of the Company, being the Founding Shareholders and Ross Johnston (the Managing Director and Chief Executive Officer). The Founding Shareholders, being entities associated with Bryan Dorman and Ian Roberts, will each hold approximately $299.0 million worth of Shares, which equates to 54.5% of the Company's total issued Share capital on Completion of the Offer. Ross Johnston will hold approximately $12.4 million worth of Shares[20]. All Shares in which the Existing Shareholders will have an interest on Completion of the Offer will be subject to voluntary escrow arrangements.	Section 6.4.5 Section 6.4.6

20. These Shares will be held by Ross Johnston directly and by Ross and Denise Johnston as joint trustees of the Johnston Superannuation Fund.

Topic	Summary	For more information
What significant benefits are payable to Directors and other persons connected with the Offer and what significant interests will they hold?	**Key people**[1] / **Interests or benefits** Bryan Dorman[2]: Shares Ian Roberts[2]: Shares Ross Johnston[2]: Shares and remuneration Non-Executive Directors[3]: Shares and remuneration Senior management: Shares and remuneration 1. Directors and senior management may acquire Shares in the Offer. 2. All Shares held directly or through associated entities on Completion of the Offer will be subject to voluntary escrow arrangements. 3. 42,466 Shares, in aggregate, will be issued pursuant to this Prospectus to Mark Birrell, Sylvia Falzon and Trevor Gerber, for nil consideration, at the Offer Price.	Section 6.4 Section 7.9

1.8 Overview of the Offer

Topic	Summary	For more information
Who are the issuers of this Prospectus?	Regis Healthcare Limited and Regis SaleCo Limited, each incorporated in Victoria, Australia.	Section 10.1
What is the Offer?	The Offer is an initial public offering of $409.9 million worth of New Shares for issue by the Company and $76.1 million worth of Existing Shares for sale by SaleCo.	Section 7.1
What is SaleCo and what role does it play in the Offer?	SaleCo is a special purpose vehicle that has been established to enable the Existing Shareholders to sell all or some of their Existing Shares through the Offer. The Existing Shares that SaleCo acquires from the Existing Shareholders will be transferred to successful Applicants under the Offer at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to successful Applicants under the Offer.	Section 10.2
How is the Offer structured and who is eligible to participate?	The Offer comprises: • **Broker Firm Offer** consisting of an invitation by a Broker to investors in Australia to acquire Shares under this Prospectus; • **Priority Offer** consisting of an invitation to investors in Australia, nominated by Regis, to acquire Shares under this Prospectus; and • **Institutional Offer** which consisted of an offer to Institutional Investors in Australia and certain foreign jurisdictions to acquire Shares under this Prospectus or the International Offering Memorandum.	Section 7.1
What are the conditions to the Offer going ahead?	The Offer is subject to a number of conditions, including the receipt of various third party consents (including regulatory approvals).	Section 7.1

Topic	Summary	For more information
How will the proceeds of the Offer be used?	The proceeds received by the Company for the issue of New Shares will be applied to: • reduce debt; and • pay for the costs of the Offer. The proceeds received by SaleCo for the sale of Existing Shares will be transferred to the Existing Shareholders as consideration for the sale of their Existing Shares. On Completion of the Offer, the Directors believe Regis will have sufficient working capital to meet the business' stated objectives.	Section 7.3
Is the Offer underwritten?	Yes. The Offer is underwritten by the Global Co-ordinator and Bookrunner. The Company, SaleCo and the Joint Lead Managers have entered into an Underwriting Agreement in respect of the management and underwriting of the Offer.	Section 10.3.1
Will the Shares be quoted?	The Company applied to the ASX for its admission to the official list of the ASX and quotation of Shares on the ASX (which is expected to be under the code "REG") on 18 September 2014. Listing is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.11.1
Will any Shares be subject to voluntary escrow arrangements?	Yes. All of the Shares held by the Existing Shareholders at Completion of the Offer will be escrowed until the Company releases its audited financial results for FY2015 to the ASX. Escrowed Shares will account for approximately 55.7% of the Company's issued Shares on Completion of the Offer.	Section 7.9
What is the allocation policy?	The allocation of Shares between the Institutional, Broker Firm and Priority Offers was determined by the Global Co-ordinator and Bookrunner and the Company. The allocation of Shares to Institutional Investors was determined by the Company and Global Co-ordinator and Bookrunner, in consultation with Morgans and Evans and Partners. The allocation of Shares to Broker Firm Offer Applicants will be determined by Brokers who are responsible for allocating Shares to their Australian resident clients. The allocation among Priority Offer Applicants will be determined by the Company in conjunction with the Global Co-ordinator and Bookrunner.	Section 7.5.6 Section 7.6.6 Section 7.7.2
Is there any brokerage, commissions or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.	Section 7.4
What are the tax implications of investing in the Shares?	Summaries of certain Australian tax consequences of participating in the Offer and investing in the Shares are set out in Section 10.6. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest in Shares.	Section 10.6

Topic	Summary	For more information
How can I apply?	Broker Firm Offer Applicants may apply for Shares by completing a Broker Firm Offer Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Offer. Priority Offer Applicants may apply for Shares by completing a Priority Offer Application Form attached to or accompanying this Prospectus and lodging it in accordance with instructions set out on the Application Form. To the extent permitted by law, an Application is irrevocable.	Section 7.5.2 Section 7.6.2
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or around 13 October 2014.	Section 7.11.3
When can I sell my Shares on the ASX?	It is expected that trading of the Shares on the ASX will commence on or about 7 October 2014, initially on a conditional and deferred settlement basis. It is expected that the dispatch of holding statements will occur on or about 13 October 2014 and that Shares will commence trading on the ASX on a normal settlement basis on or about 14 October 2014. It is the responsibility of each person who trades Shares to confirm their holding before trading Shares. Any person who sells Shares before receiving an initial holding statement does so at their own risk.	Section 7.11.3
Can the Offer be withdrawn?	The Company reserves the right to withdraw the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be fully refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.10
Where can I find out more information about this Prospectus or the Offer?	For more information, call the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) or +61 1300 859 277 (outside Australia) from 8:30am to 5:30pm (AEST) Monday to Friday during the Offer Period. If you are unclear about any matter in relation to this Prospectus or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.	Section 7

2 Industry Overview

INDUSTRY OVERVIEW

2.1 Overview of the aged care industry

The Australian aged care industry is a significant industry providing care options for elderly Australians who can no longer live unassisted in their homes. It is a service industry providing nursing and healthcare services and operating on a primarily Government-funded model and can be separated into three main sectors: home and community care, residential aged care and acute hospital care.

Regis operates in the residential aged care sector, which has an estimated revenue of approximately $13.9 billion[21]. It provides accommodation and care to people who can no longer live independently (either at home or in retirement village accommodation) due to health reasons, but who do not require acute hospital care.

Figure 1: Lifetime accommodation spectrum

2.2 Residential aged care sector

The residential aged care sector comprises approximately 190,000 places[22]; it is more than double the size of the hospital sector, with 87,000 beds[23]. This number is forecast to increase to approximately 260,000 places[24] by 2022, representing a CAGR of 3.5%. The allocation of new places is determined by the Department taking into account the projected population aged 70 years and older who are located in specific areas. These places are allocated to Approved Providers on a competitive tender basis periodically. This process is referred to as Aged Care Approvals Round (**ACAR**).

Residential aged care provides Residents with accommodation and support services such as cleaning, laundry, and meals. In addition, assistance with dressing, eating and bathing may also be provided depending on the level of Resident care needs.

Aged care providers may also offer "Extra Services" to some Residents, which include accommodation, catering and lifestyle services. Examples include individually controlled air-conditioning, premium dining options and additional lifestyle activities.

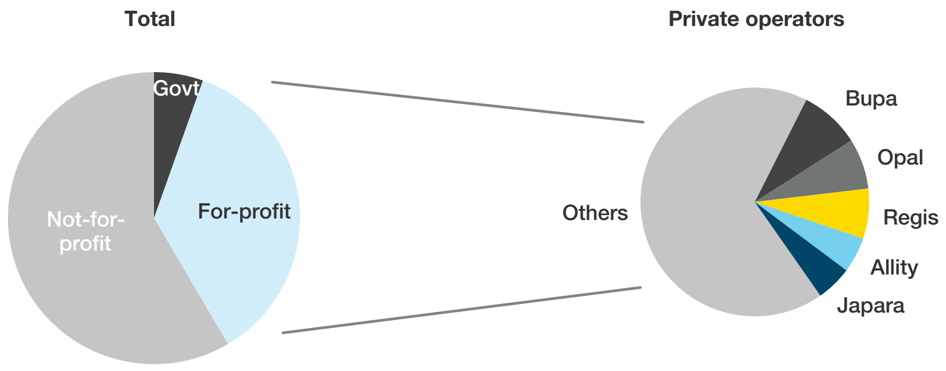
2.2.1 Sector characteristics and structure

At 30 June 2013, there were 2,718 residential aged care facilities operating approximately 190,000 places in Australia[25]. Residential care in Australia is largely delivered by non-private operators, such as religious, charitable or community-based groups, who represent approximately 59% of the market (based on the total number of places)[26].

State and regional governments represent 5% of the market and private operators represent approximately 36% of the market[27] with Regis' market share accounting for an estimated 2.5%[28].

21. "Nursing Homes in Australia," IBISWorld 2013; "Accommodation for the aged in Australia", IBISWorld 2013.
22. "2012-13 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.
23. "Australian Hospital Statistics 2011/12", Australian Institute of Health & Welfare 2013.
24. "Inaugural Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2013.
25. "2012-13 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.
26. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
27. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
28. Regis Healthcare 30 June 2014; "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.

Figure 2: Major aged care operators[29]



Over time there has been a decline in the number of small-scale operators in the sector, as they are often less profitable and either become acquisition targets for larger, more efficient operators or close down altogether. This has arisen as the increasing cost of maintaining compliance and occupancy levels can make smaller operators uneconomical.

Notwithstanding the above, the residential aged care market remains highly fragmented, with approximately 63% of operators operating single facilities, 29% between two and six facilities, 6% operating between seven and 19 and 2% operating 20 or more facilities[20].
This dynamic may present a significant opportunity for sophisticated private operators to grow through consolidation.

2.2.2 Competitive landscape

Each aged care facility has its own character and operates in its own area, colloquially known as a 'catchment area'. Catchment areas are those geographical areas that are within an approximate 5 kilometre radius of a facility and are where the majority of a facility's Residents come from. Aged care facility operators therefore compete to attract Residents in their catchment area. A facility operator's ability to compete effectively with other facility operators in the catchment area is primarily driven by factors such as reputation for care, relationship with intermediaries (including ACATs), medical professionals, acute facilities and placement agents) and the quality of the facility.

2.2.3 Sector funding overview

Aside from traditional capital structuring (equity and debt), funding for aged care operators primarily comprises a mixture of:

- operating revenues derived from Government and Resident contributions (which are made in respect of both the Resident's required level of care and accommodation and accounted for as revenue); and
- capital derived from RADs paid by Residents (which are paid in respect of accommodation and accounted for as capital).

Table 1: Residential aged care funding model

Operational funding	Revenues derived from day-to-day operations and provided by several key sources, including: • Government funding (provided in relation to provision of care and accomodation); • Resident contributions (provided in relation to provision of care); and • Daily Accommodation Payments (DAPs; funding in respect of accommodation for those Residents who do not pay a RAD or choose to pay part RAD, part DAP).
Capital funding – RADs	A capital payment made by an incoming Resident and received by the operator in respect of the Resident's place: • refundable to the Resident or their estate when they depart the aged care facility; and • historically, outgoing RADs have typically been replaced by incoming RADs at an equivalent or higher amount.

29. "Report on Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014, "Accommodation for the aged in Australia," IBISWorld 2013; "Aged Care Services List", 2012.
30. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2013.

Further detail regarding operational funding and RADs is provided in Sections 2.2.3.1 and 2.2.3.2 respectively below.

2.2.3.1 Operational funding

Operating revenues typically comprise:

Government funding	• **Basic residential care subsidy**: a subsidy provided by the Government to aged care operators on a per Resident, per day basis, calculated for each Resident in accordance with the Aged Care Funding Instrument (ACFI). The ACFI is a mechanism by which the Government can determine the level of funding to be allocated to aged care operators and is primarily based on the relevant Resident's required level of care. • **Primary supplements**: supplements payable to aged care operators who provide care to residents on a respite basis or permanent care to a Resident that requires supply of oxygen or administration of enteral (tube) feeding in accordance with the Subsidy Principles. • **Other supplements**: these are provided to aged care operators who supply more than 40% of their residential services to supported or assisted Residents as defined in the Subsidy Principles.
Resident contributions	• **A standard Resident contribution**: contributes to living expenses like meals, laundry, heating/cooling, nursing and personal care. Maximum basic daily fee for all permanent Residents is currently 85% of the annual single basic age pension. • **A means tested care fee**: applies to permanent Residents. Eligibility to pay and the amount of the fee depends upon an individual's income and assets and the level of care. • **Extra Services fees**: includes fees for a higher standard of accommodation, food and services (e.g. entertainment) and does not depend upon the level of care. • **Additional services**: includes telephones, companion carers, outings and hairdressing.
Resident contributions in respect of accommodation	• Lower means Residents may be required to pay a Daily Accommodation Charge (DAC) in respect of accommodation. • Where a Resident is classified as lower means, the DAC may be paid in whole or in part by the Government on behalf of the Resident as an Accommodation Supplement • Other Residents are required to pay a DAP, a RAD or a combination of DAP and RAD in respect of their accommodation and have up to 28 days from entry to elect how payment will be made. • DAPs are charged on a daily basis and are charged in addition to the standard Resident contribution and any means tested care fee. • The amount payable is agreed between the Resident and the aged care operator, subject to a maximum amount set by the Government.

2.2.3.2 Capital funding – RADs[31]

RADs are a key source of capital funding for aged care operators and may be received by the operator from new eligible Residents when they enter an aged care facility. Where a RAD has been paid, the operator is obliged to repay the Resident or their estate the full amount of the RAD when they depart. The operator may then be able to charge a RAD from the new incoming Resident. Historically, outgoing RADs have typically been replaced by incoming RADs at an equivalent or higher amount.

The quantum of RADs chargeable by a residential aged care operator is, at any facility, governed by supply and demand dynamics and subject to a Resident's capacity to pay. In addition, there is a Government mandated cap of $550,000 which can be increased with the appropriate prior Government approval. RAD values are also somewhat linked to the value of residential real estate in the catchment area of the relevant facility, as Residents will often fund the RAD through the sale of their residential home.

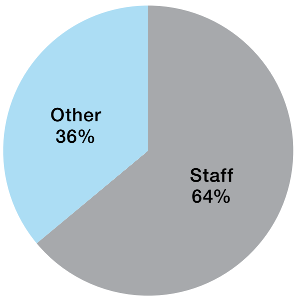
31. Australian Government – Department of Health website, www.health.gov.au, accessed 23 February 2014.

Characteristic	Description
RAD dynamics	• Payable as a lump sum capital contribution within 6 months of entering an aged care facility. • Guaranteed by the Government in the event of operator default[32]. • Operator enjoys benefit of any form of price/capital appreciation through the ability to receive new RADs at a higher amount. • Residents cannot be charged a RAD that would leave the Resident with less than $45,000 in net assets[33]. • Subject to a cap set by the Government, currently $550,000, which may be increased with the appropriate prior Pricing Commissioner approval.
Rationale	• Introduced by the Government to reduce the potential funding burden from an ageing population and incentivise the private sector to bear development risks and returns.
Use of funding	• The Aged Care Act stipulates that RADs must only be utilised for approved purposes, which include capital works, the purchase of additional facilities and retiring debt relating to these expenditures.
Accounting treatment	• Classified as liabilities, but not borrowings, under AIFRS, and not typically considered debt by banks for lending purposes. • Results in high cash returns to equity and appear as cash inflows in the cash flow statement.

2.2.4 Significant expenses

Labour, such as nurses and personal care assistants, is the key operating cost for residential aged care operators. Labour costs are primarily governed by enterprise bargaining agreements, collective bargaining agreements and modern awards.

Figure 3: Residential aged care operating costs[34]



The remaining operating costs are primarily comprised of catering, cleaning, laundry, consumables, repairs and maintenance, energy, utilities and administration and corporate costs.

2.3 Key value drivers

The residential aged care sector is subject to a number of trends that influence the current status and future outlook for aged care operators. These include[35]:

- demographic shift to an increasing population of older Australians;
- supply required to meet projected demand;
- strong Government funding and support;
- barriers to entry and ongoing regulatory compliance;
- shift towards private ownership; and
- growing financial capacity to fund accommodation and care.

32. The Government may recover amounts paid out in connection with this guarantee from operators, however, to date this has not occurred.
33. "Schedule of Resident Fees and Charges from 1 July 2014" Australian Government Department of Health website, www.dss.gov.au, accessed 16 September 2014.
34. "Accommodation for the aged In Australia", IBISWorld 2013.
35. "Nursing Homes in Australia", IBISWorld Industry Report 2014.

2.3.1 Demographic shift

The Australian population is characterised by an increasing number of elderly citizens due to increased life expectancy and the ageing of the "baby boomer" generation. The population aged 85 years and over is projected to experience the highest growth rate of all age groups, with the number of Australians in this age group anticipated to double by 2032 and double again by 2045[36].

The ageing of Australia's population is expected to drive an increased demand for aged care services over the next 40 years, with the Productivity Commission expecting that by 2050 over 3.5 million Australians will use aged care services[37].

Increases in life expectancy rates have also shifted patterns of disease and disability (such as dementia), with disability rates and, more specifically, severe or profound disability rates increasing as the population ages.

In addition, the desire to stay at home longer, by utilising home and community care for example, means that residential aged care is increasingly focused on the provision of care to Residents with the need for a higher level of personal and medical services.

Figure 4: Persons > 85 years old[38]

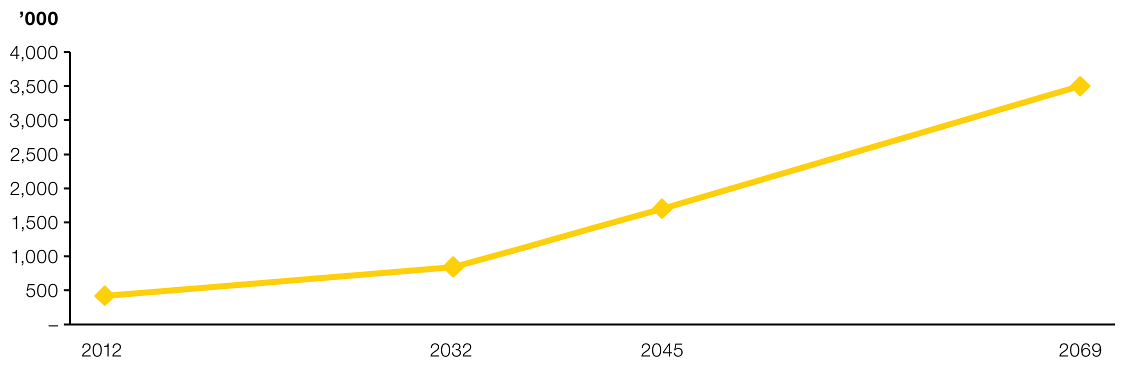
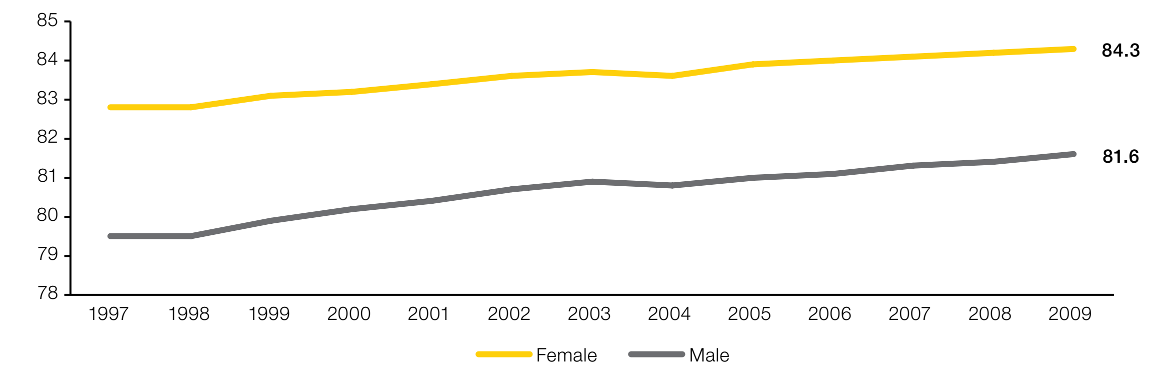


Figure 5: Average age of first entry into residential aged care[39]

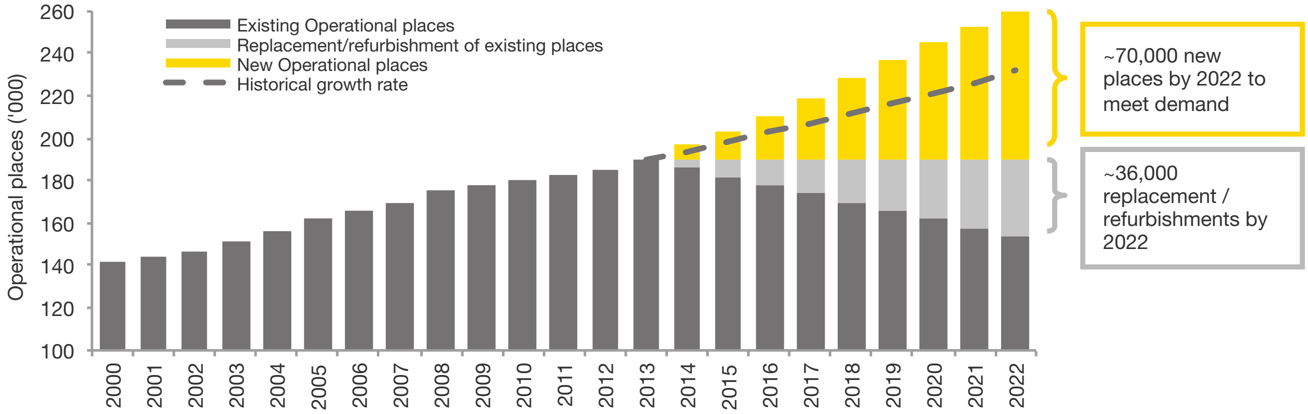


36. "Population Projections Australia 2012-2101", Australian Bureau of Statistics 2013.
37. "Drivers of Future Demand", Australia Government Productivity Commission 2011.
38. "Population Projections Australia 2006 to 2101", Australian Bureau of Statistics 2013.
39. "Technical Paper on the Changing Dynamics of Residential Aged Care", Department of Health 2011.

2.3.2 Supply required to meet projected demand

Given the demographic shift outlined above, the number of residential aged care places will need to grow from 190,000[40] in 2013 to 260,000[41] by 2022 to meet projected demand. This represents a 3.5% CAGR. Furthermore, around 4,000 places need to be refurbished annually to keep up with Resident requirements and maintain these facilities' market competitiveness. As demonstrated in Figure 6, if the allocation of aged care places continues at the same rate as 2000 to 2013 (2.2% CAGR), the allocation of aged care places is unlikely to meet projected demand.

Figure 6: Allocated aged care places in Australia[42]



As the number of baby boomer Residents increases, modern facilities with single ensuited rooms, such as those in the Regis portfolio, are likely to enjoy higher occupancy rates relative to those facilities with shared rooms.

2.3.3 Government funding and support

The Government provides a significant amount (approximately 71%[43]) of total funding to residential aged care operators. This is made up predominantly of funding calculated under the ACFI and additional funding through various supplements. Over the 2012-2013 period, the Government funding for residential care subsidies and supplements paid to aged care operators was $9.2 billion, compared with $8.7 billion over the 2011-2012 period, an increase of 5.2%[44].

Figure 7: Recurrent residential aged care funding[45]

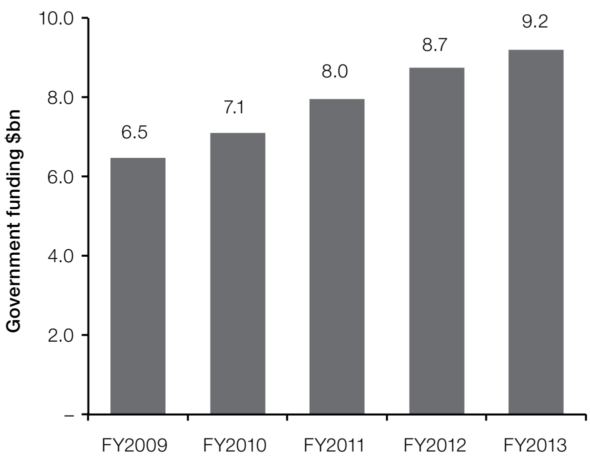
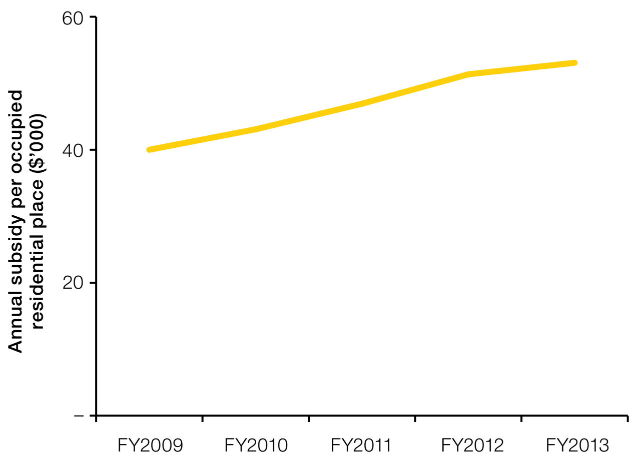


Figure 8: Annual subsidy per occupied residential place[46]



40. "2012-2013 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.
41. "Inaugural Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2013.
42. "Residential Aged care in Australia 2010-11: A Statistical Overview", Australian Institute of Health and Welfare 2012; "ACAR 2012 – An Initial Analysis from Ideal Group", Ideal Group 2013; "2012-13 Report on the Operation of The Aged Care Act 1997", Australian Government – Department of Health 2013.
43. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
44. "2012-2013 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.
45. "2012-2013 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.
46. "2012-2013 Report on the Operation of the Aged Care Act 1997", Australian Government – Department of Health 2013.

2.3.4 Barriers to entry

The residential aged care sector is highly regulated by the Government, creating natural barriers to entry for incoming market participants. These barriers include[47]:

- the Government's policy of controlled release of new aged care places;
- obtaining initial places and high levels of ongoing regulatory compliance;
- initial capital investment requirement for new entrants;
- access to specialist skill set required to operate facilities; and
- an annual competitive process for new places which favours established, reputable and compliant operators.

Department allocation of residential aged care places has been increasing at a modest rate for more than a decade. From 2000 to 2012, residential aged care places have grown at a CAGR of 2.0%[48]. In the most recently published ACAR results, a total of 7,775 residential aged care places were allocated.

Notwithstanding the ACAR, a number of allocated places have not been built, particularly those previously characterised as "high care" as providers have focused on building low care facilities and Extra Service facilities, where they have been able to charge Residents a RAD. The distinction between high care and low care was removed on 1 July 2014, such that providers may now charge a RAD in respect of any place (subject to meeting Supported resident ratio requirements).

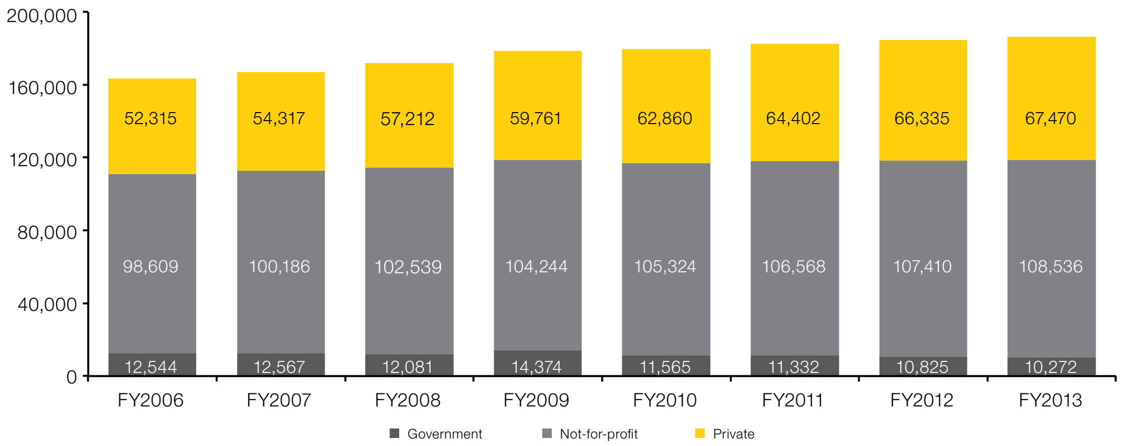
A further 70,000 built places approximately are projected to be required by 2022[49] to meet demand, the majority of which will need to be suitable for higher care and ageing in place.

2.3.5 Shift towards private ownership

Whilst the sector remains dominated by non-private operators, private operators are the fastest growing segment. This has been driven by several factors, including[50]:

- a number of non private providers have changed their strategic direction and are reallocating capital from residential aged care into less capital intensive or more strategically aligned businesses;
- many small community providers are of insufficient scale and find it difficult to conform to the ongoing regulatory and compliance environment;
- private operators' propensity to invest to meet consumer demand is greater (e.g. modern, single bed, ensuited facilities); and
- state and local governments are progressively reducing their involvement in operating facilities.

Figure 9: Number of residential aged care places by operator type[51]



47. "Accommodation for the Aged in Australia: Market Research Report", IBISWorld 2013.
48. "Residential Aged Care in Australia 2008-09: A Statistical Overview", Australian Institute of Health and Welfare – 9 December 2010, "Residential Aged Care in Australia 2010-11: A Statistical Overview", Australian Institute of Health and Welfare – 19 September 2012: "ACAR 2012 – An Initial Analysis From Ideal Group", The Ideal Group, "2012-13 Report on the Operation of the Aged Care Act 1997", Department of Health – 28 November 2013.
49. "The Future of Aged Care Nursing In Australia Nursing Careers Allied Health 2013; "Inaugural Report on the Funding and Financing of the Aged Care Sector" – Australian Care Financing Authority 2013.
50. "Report on Government Services 2013 – Steering Committee Report", Productivity Commission 2013.
51. "Report on Government Services 2013 – Steering Committee Report", Productivity Commission 2013; "2012-13 Report on the Operation of the Aged Care Act 1997", Australian Government Department of Health 2013.

2.3.6 Growing financial capacity to fund accommodation and care

Increasing levels of wealth among elderly or older Australians supports a trend towards higher standards of accommodation and non-clinical services and increases the capacity of Residents to contribute toward the cost of their residential aged care, including demand for an expanded choice of services.

2.4 Regulation[52]

Similar to other healthcare services, the residential aged care sector is highly regulated.

Table 2: Regulation in the aged care sector

Regulation type	Description
Service accreditation	Individual residential care services (facilities) must be periodically accredited by the Australian Aged Care Quality Agency (a Commonwealth body) in order to operate and receive Government funding, and are assessed against 44 standards and expected outcomes. Facilities that are assessed as compliant with the standards receive accreditation for a three year period.
Facility certification	Facilities must be certified as compliant with fire safety, privacy and space requirements in order to be able to charge Residents certain types of fees (including RADs).
Resident classification	ACATs are Government-approved assessors that assist elderly people and their carers to determine the best level of care to meet their needs. ACATs provide information on suitable care options and can assist in arranging access or referral to appropriate residential or community care. The Government engages state and territory governments specifically to operate and manage the ACATs. In order for an aged care operator to receive Government funding for an incoming Resident, that Resident must be approved by an ACAT as requiring residential care.
Price regulation	The Government regulates the minimum level of care and services that must be provided for Residents for a given Aged Care Assessment (ACA). The ACA is based on the level of acuity of a Resident. This determines the level of care required and translates directly into specific Government funding.
Subsidies/supplements	The Government subsidies are based on Resident care needs and provide supplements for specific services (indexed annually).
Place allocations	Operators apply for new allocations (from amongst available new places) through an annual competitive process, known as the Aged Care Approvals Round (ACAR) as described below: 1. The number of places in a state or territory available for allocation is determined for the financial year. 2. The available places are distributed between the appropriate regions of the state or territory. 3. Applications for allocation of available places are invited and assessed on a competitive basis. 4. Available places are allocated to Approved Providers. Allocations are effective immediately, enabling facilities to receive funding. Places can be transferred or relinquished. These allocations do not necessarily result in the creation of new places as operators may retain a degree of discretion as to the timing of any development. In principle approvals can lapse if the places to which they relate are not operating within two years plus any extensions granted by the Government.
Fees for extra and additional optional services	Operators of aged care facilities are permitted to charge for Extra Services and additional services provided to Residents (e.g. leisure and recreational activities such as arts and crafts).
Complaints investigation	The Aged Care Complaints Investigation scheme is available to anyone who has a complaint or concern about a Government subsidised aged care service.

52. "A Literature Review and Description of the Regulatory Framework", Australian Government – Department of Health 2005.

This page is left blank intentionally

3

Company Overview

COMPANY OVERVIEW

3.1 Overview

Regis is one of the largest and most geographically diversified private Australian residential aged care providers, with 4,719 Operational Places across 45 facilities located in Victoria, Queensland, Western Australia, New South Wales and South Australia. Regis' facilities are supported by a highly scalable and vertically integrated business model with industry leading systems and processes and a strong track record of compliance.

Regis offers Residents a range of services at its facilities, including the full range of accommodation and support services described in Sections 2.1 and 2.2. Regis differentiates itself from most operators by:

- locating its facilities in catchment areas that have relatively high median house prices, thereby maximising the potential value of RADs it receives from Residents; and
- targeting its service offering at the premium end of the market and focusing on Extra Services and high acuity care places, thereby maximising entitled Government and Resident operating funding.

In addition, Regis has a reputation for providing high quality care to its Residents.

Key portfolio statistics[53]	
Number of residential aged care facilities	45
Total places	5,409[54]
Total Operational Places	4,719
Operational Places with Extra Service status	1,474
Percentage of single Resident rooms	72%
Average facility size (places)	105
High acuity Residents	91%[55]
Weighted average occupancy	~95%
Weighted average median house price	~$760,000[56]
Average FY2014 RAD value/ RAD paying Resident	~$308,000
Value of RADs as a percentage of weighted average median house price	~40%
Average EBITDA / Resident (excluding corporate costs)	$24,000[57]
Average Resident ACFI funding per day	~$150[58]
Total FY2014 pro forma revenue	$404.8m
Total FY2014 pro forma Government revenue	$272.9m

In addition, Regis operates 346 retirement ILUs which, along with other non-residential aged care operations, are expected to contribute approximately 0.07% of Regis' EBITDA in FY15.

3.2 Regis' history

Regis was formed in the early 1990s by Bryan Dorman and Ian Roberts who foresaw rising demand for quality aged care in Australia. Starting with an initial portfolio comprising 104 places, Regis has grown its business both organically and through acquisitions.

The early 1990s saw the advent of the "build, own and operate" model in aged care which Regis helped pioneer. Regis established a vertically integrated model, leveraging the idea that net bond flows can exceed development costs if design, development and operations are appropriately managed. In its early years, Regis was able to differentiate itself from its competitors by virtue of its long term view and focus on balance sheet and risk management. This strategy not only set it apart from most industry participants, but was the catalyst for the many years of growth since.

53. As at June 2014 unless otherwise specified.
54. As at 29 August 2014. Includes 337 non Operational Places and 352 Provisional Allocations.
55. 91% high acuity care Residents as a result of ageing-in-place.
56. Australian Property Monitors data for the 12 months to April 2014 for catchment areas in which Regis facilities are located, weighted by RADs held.
57. Pro forma FY2014 EBITDA (excluding pre-corporate costs).
58. Average for the month of June 2014.

3.2.1 Merger with RCA

In July 2007, Regis, which was held by Paragon Group Investments Pty Ltd (**Paragon**) and its operating subsidiaries, including Regis Group Proprietary Limited (**RGPL**) merged with Retirement Care Australia Holdings Pty Ltd (**RCA**). Just prior to the merger, Regis consisted of a portfolio of 18 facilities.

RCA was a private company that was then owned by the ASX listed Macquarie Capital Alliance Group (**MCAG**). In 2005, MCAG bought a portfolio of aged care facilities from the Salvation Army and a portfolio of 12 facilities from the Moran Group. MCAG aggregated these two portfolios under RCA and in 2007 MCAG merged its investment in RCA into the existing Regis portfolio and became a 46% owner of the combined portfolio, as a result of that transaction. The portfolios were merged under Regis Aged Care Pty Ltd, which acquired Paragon and RCA.

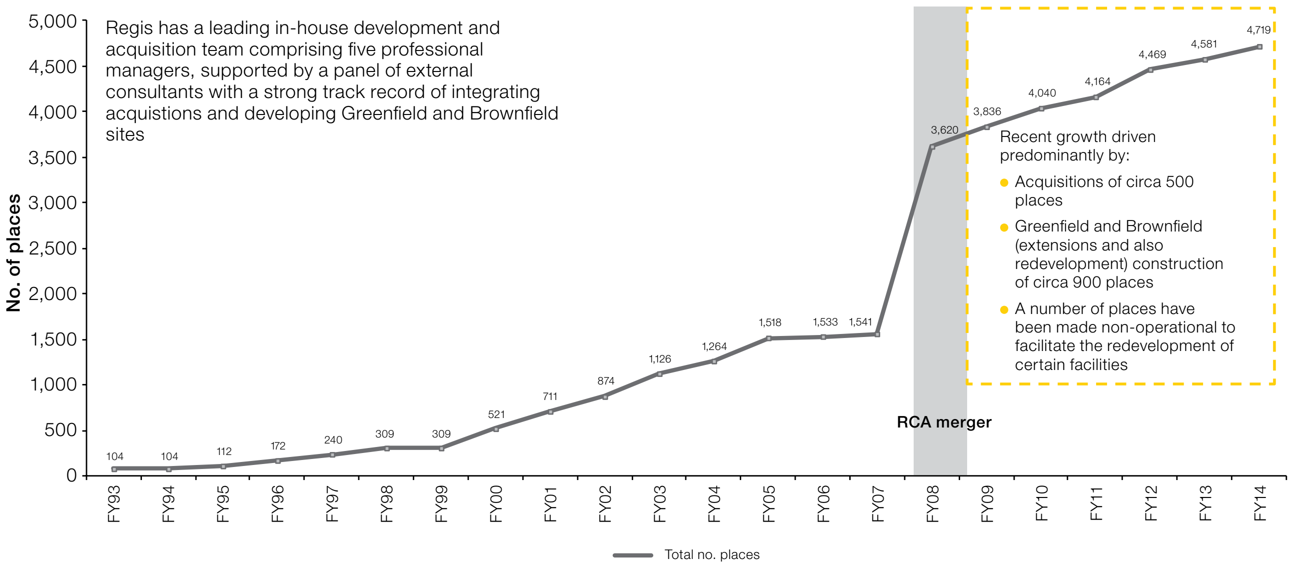
In January 2014 MCAG exited its investment in Regis via a buy-back of its shares by Regis.

Prior to the RCA merger, Regis had a portfolio of 18 facilities and 1,541 places (with an additional four Greenfield locations) in Victoria and Queensland. On completion of the merger, Regis managed over 3,650 places across 41 facilities. The RCA and Regis portfolios were geographically complementary and allowed Regis to create a national footprint by expanding its operations from two states to five states. The merger also provided economies of scale and the opportunity to develop a platform from which to deliver substantial growth.

3.2.2 Post RCA merger

Following the merger with RCA, Regis focused on integrating the RCA and existing Regis businesses. This involved implementing standardised systems and processes to create a scalable business platform that could support significant growth of the portfolio. Regis has acquired a further six facilities since the merger with RCA, and it has constructed, expanded or refurbished another 18 facilities. Several other facilities have also been closed at various times for redevelopment.

Figure 10: Timeline of portfolio

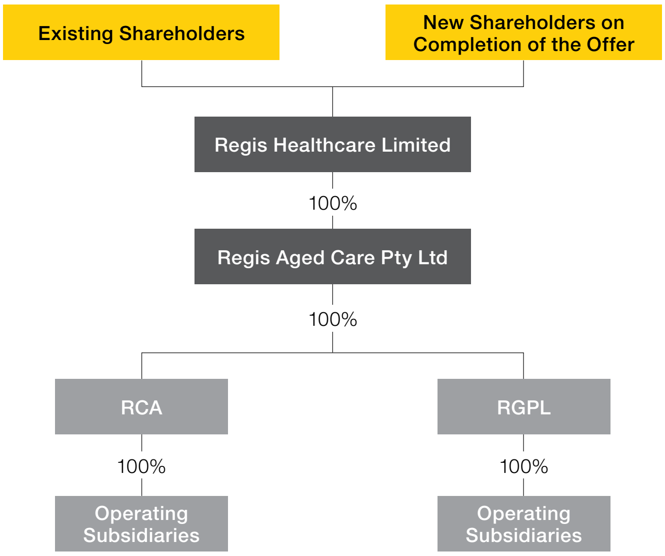


Regis has entered into a contract to purchase a 135 place facility in Darwin. The contract is subject to standard conditions, including Department approval. Settlement of the acquisition is expected to occur on 31 October 2014 and Regis is expected to begin operating the facility on 1 November 2014.

3.2.3 Regis' corporate structure on Completion of the Offer

Figure 11 shows a simplified corporate structure of Regis on Completion of the Offer. Regis owns all of the real property on which its facilities are located. Regis Aged Care Pty Ltd owns Regis' real property located in Victoria, Western Australia, South Australia and New South Wales. It also is the entity that operates the majority of Regis' business (e.g. it employs the majority of Regis' employees and is the Approved Provider of the majority of Regis' facilities). Regis' real property in Queensland is held by RCA and RGPL and their respective operating subsidiaries.

Figure 11: Regis' simplified corporate structure on Completion of the Offer



3.2.4 Living Longer Living Better reforms

On 1 July 2014, the Government's 'Living Longer Living Better' reforms to the aged care regulatory framework took effect. Further regulatory changes were also made pursuant to the 2014 Federal Budget.

The Living Longer Living Better reforms affect aged care operators to varying degrees. This is a summary of the key aspects of the reforms as they relate to Regis.

1. Approved Providers were previously only permitted to charge an Accommodation Bond on 'low care' places and 'high care' places with Extra Service status. Regis may now charge a RAD to all Residents who enter a facility after 1 July 2014, subject to a Resident's ability to pay a RAD and Regis maintaining a prescribed minimum ratio of Supported Residents to total places. Refer to Sections 2.3.4, 4.7 and 4.9.2.1 for further information.
2. Approved Providers were previously only permitted to charge a 'high care' Resident a daily amount in the form of an accommodation charge for places without Extra Service status. Approved Providers may now, in place of an accommodation charge, charge a lump sum as a RAD (or DAP equivalent) for Residents entering a facility after 1 July 2014. Regis must obtain Government approval prior to charging a RAD (or DAP equivalent) that is greater than $550,000. Refer to Sections 4.3.3, 4.9.2.1 and 4.9.3 for further information.
3. Aged care operators were previously permitted to retain a monthly amount out of Accommodation Bonds paid by Residents. Regis can no longer charge such retention amounts to Residents who enter a facility after 1 July 2014. Refer to Sections 4.7 and 4.9.2.1 for further information.
4. Residents now have greater choice in relation to how they pay for accommodation and care – they may now pay a RAD or a DAP or a combination. They also now have a period of up to 28 days to make that choice. Refer to Section 4.7 for further information.
5. The Government now provides additional funding (an accommodation supplement) for low means Residents where the Approved Provider meets certain criteria, which are primarily related to minimum capital expenditure thresholds. Refer to Section 3.6 for further information in relation to Regis' proposed capital expenditure on significant refurbishments.
6. Prior to 1 July 2014, the Government imposed an Extra Service "clawback" on Approved Providers equal to 25% of Extra Service fees charged to Residents occupying places with Extra Service status. This clawback no longer applies to Residents who enter a facility after 1 July 2014. See Section 4.3.3 for further information.

In light of the Living Longer Living Better reforms, Regis has also amended its pro forma Resident agreements. Please refer to Section 10.3.3 for further information.

3.3 Regis' business model

Regis aims to provide high quality healthcare to meet the growing needs of Australia's elderly population in a profitable manner. This is achieved by a focus on the following five core areas:

- **Vertical integration:** The spectrum of activities Regis undertakes includes analysis of each proposed facility's catchment area, site identification, site/facility acquisition, Brownfield/Greenfield development, facility operation and asset renewal.
- **Strong cash flow generation:** Regis aims to achieve and maintain strong cash flow from operations, which it augments with its focus on receipt and profitable use of RADs. Regis executes this through its portfolio of high quality facilities and its premium service offerings (for example, Regis' Extra Services offering) and by encouraging ageing in place as well as a focus on high acuity care Residents (which enables Regis to maximise entitled Government funding contributions).
- **High quality portfolio:** Regis facilities are primarily located in metropolitan areas with high median house prices. The facilities are typically modern with a high proportion of single Resident rooms and an emphasis on lifestyle and supported living.
- **Scalable platform:** Regis has invested in scalable business processes supported by IT systems, and in-house resources to facilitate growth via acquisitions and developments.
- **Focused and well-resourced risk management:** Regis has robust systems and processes in place to manage the business' operational risks, including those that relate to aged care legislative compliance and health and safety.

Since its inception, Regis has applied this business model in order to achieve and maintain a strong record of consistent growth. With a well capitalised post Listing balance sheet, the Directors consider that Regis will be well placed to accelerate this growth.

3.3.1 Vertical integration

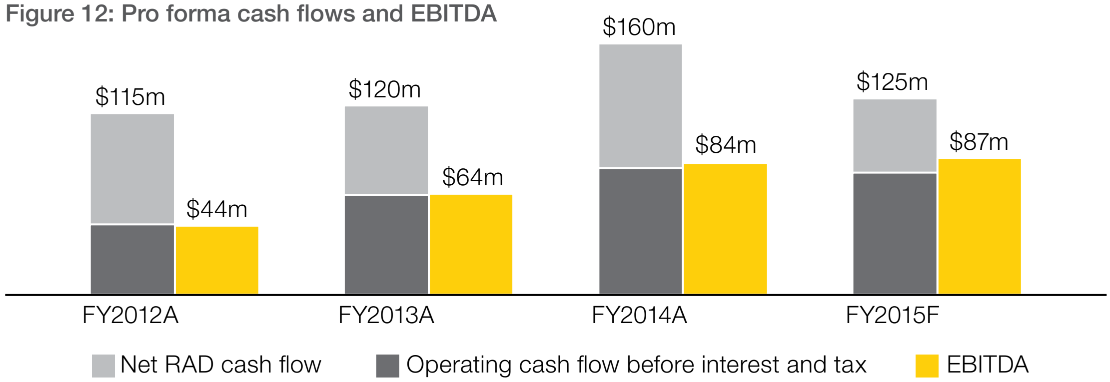
The spectrum of vertically integrated activities undertaken by Regis is outlined below:

Site Identification	• Market research and competitor analysis (e.g. location, public transport proximity, demographics, supply assessment, socio-economic assessment) • Full feasibility study prepared (town planning, concepts, cost estimates, financial feasibility) • Age and bed configuration of facility (acquisitions)
Site and Facility Acquisition	• Procure places (where required) • Design and approval – Panel of consultants (architects) – Standardised facility design formats
Development – Greenfield/ Brownfield	• Construction tendered (where required) • Architects report directly to Regis development managers • Completion of construction
Mobilisation / Integration	• Implement mobilisation / integration plan • Managing relationships with market channels (GPs, hospital nurses, direct marketing) to maximise ramp-up speed • Manage EBITDA at start up for new operational beds by admitting Supported Residents on opening to enable an efficient roster
Operation	• Provision of care and hotel services • Compliance with legislation • Facility maintenance
Asset Renewal	• Utilising Regis development capability to undertake refurbishment and re-development – Refurbishment – e.g.: common area upgrade, room reconfiguration – Re-development – e.g.: partial or complete shutdown and redevelopment

3.3.2 Strong cashflow generation

Regis has a track record of delivering strong cash flow from operations. The net RAD cash flow (total RAD receipts less total RAD refunds) and operating cash flow before interest and tax has consistently exceeded EBITDA.

Figure 12: Pro forma cash flows and EBITDA

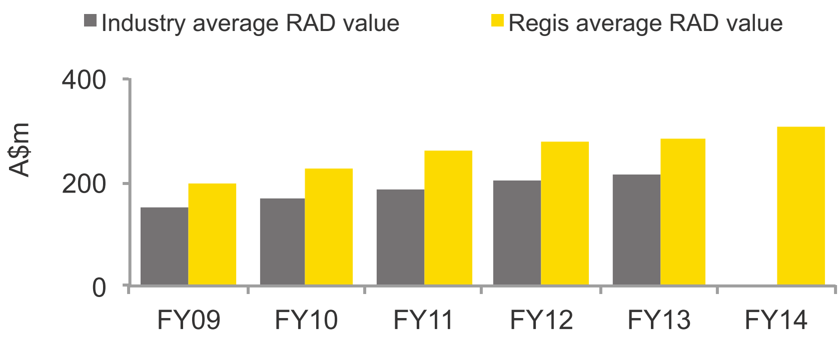


Regis has achieved above industry average operating metrics including:

- an average occupancy level of approximately 95[59], which is above the FY2013 industry average of approximately 92.7%[60];
- an EBITDA per Resident of approximately $24,000[61] pre-corporate costs, which was above the industry average, of approximately $19,800, for top quartile operators and total industry average of approximately $8,700[62]; and
- Average ACFI funding per Resident per day for June 2014 of $150, for FY2014 of $147 and for FY 2013 of $134, each in excess of the industry average for FY 2013 of $125[63] per day.

In addition, Regis has augmented these cash-flows with a RAD strategy that focuses on maximising RAD receipts and optimising RAD utilisation without compromising occupancy as evidenced below.

Figure 13: Above average bond value[64]



3.3.3 High quality portfolio

Regis operates a high quality portfolio of facilities that is characterised by the following features:

Facility portfolio feature	Benefit
• 4,719 Operational Places across 45 sites in five States	• Diversification provides maximum exposure to development and acquisition opportunities
• 72% of places single bed configuration	• Modern accommodation that meets current demand expectations that underpins occupancy and accommodation payments
• 35 sites located in high density, urban areas and 10 sites located in regional areas	• Prime location of facilities perpetuates higher demand for aged care services
• 91% high acuity care	• Maximises revenue, minimal competition from non residential aged care
• 85% of places located in areas with median house prices above $380,000	• Higher median house price facilitates a higher RAD per RAD-paying Resident
• 1,474 places with Extra Service status, 31% of total places	• Improve Resident experience as well as supporting a higher level of Resident payments

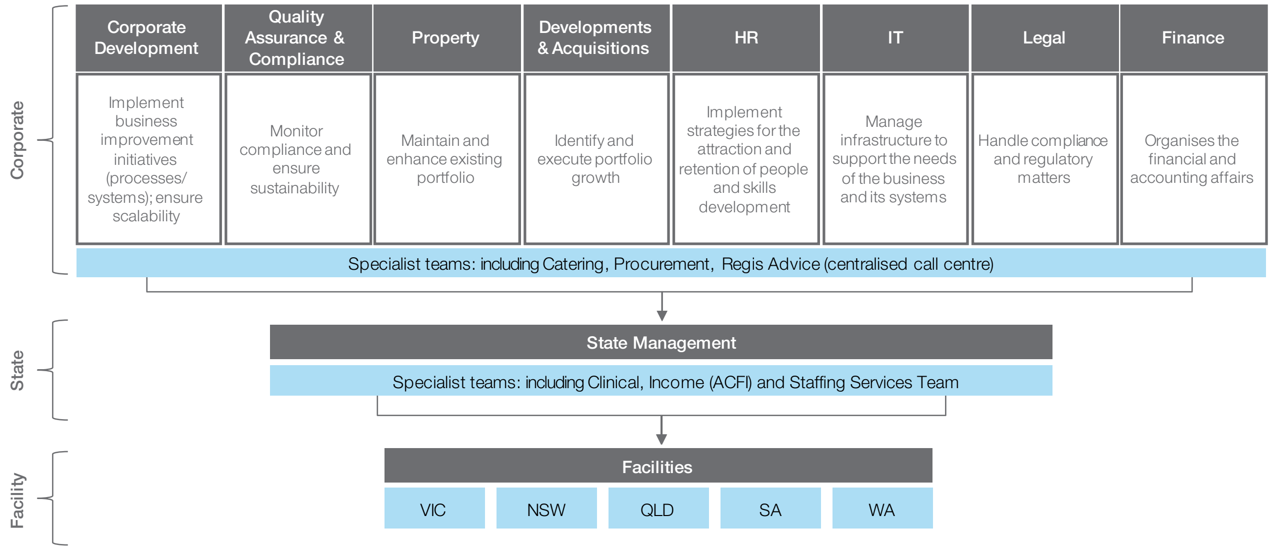
3.3.4 Scalable platform

Regis has made significant investments in scalable business processes supported by IT systems, and in-house resources to facilitate growth via acquisitions and developments. Regis is one of the only operators to have demonstrated above industry performance through consistent application of its business model.

Regis' management team comprises specialist teams focused on corporate development, quality assurance and compliance, property, development and acquisitions, human resources, information technology, legal and finance. These teams work with state and facility-based management to deliver a high level of services to Residents, achieve economies of scale and grow the facilities portfolio. This includes the rollout of AutumnCare care management system, one of the most complex implementations of a care management system in an aged care business.

59. As at June 2014.
60. "2012-13 Report on the Operation of the Aged Care Act 1997", Department of Health – 28 November 2013.
61. Pro forma FY2014 EBITDA (pre-corporate overheads).
62. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
63 "ACFI Annual Report 2012 – 2013," Department of Health.
64. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014, "Report on the residential aged care sector", KPMG, July 2013.

Scalable business platform



This structure is complemented by a range of scalable business processes supporting IT systems as follows:

Scalable business processes and systems

Area	Business process/system	Description
Resident Care	**Mosaic**	Pictorial explanation of a Resident's care profile displayed at the entrance of each Resident's room, which enables staff to understand, at a glance, the principal care and lifestyle requirements of individual Residents (e.g. whether mobility assistance is required and any dietary requirements)
	PIEC&S	Lifestyle program incorporating the **P**hysical, **I**ntellectual, **E**motional, **C**ultural and **S**ocial needs of Residents
	Clinical management system – AutumnCare	Secure database which records all Resident information and care requirements
	Resident agreement tool using ActiveDocs™	Software to tailor a standardised plain English Resident agreement that complies with Regis policies and pricing
	Clinical support	Dedicated assessment team whose objective is to accurately identify Resident care needs
	Compliance review	See section 3.3.5
Occupancy management	**Resident income (ACFI)**	Epicor senior living system (Resident information and billing system) AutumnCare clinical management system
	Sales and marketing	New Residents are primarily attracted to Regis facilities via word of mouth. The reputation of individual facilities is central to Regis' sales and marketing, which is further bolstered by: • Regis Advice help desk; • Regis' website; • sales and marketing team and supporting applications; • facility staff; and • strength of Regis' relationship with intermediaries such as ACATs, medical professionals and acute facilities placement agents that place Residents in facilities.
Expense management	**Procurement**	Automated procurement system (e.g. reorder medical supplies when a certain minimum level is reached)
	Centralised rostering	Timetarget, a leading time and attendance system and central team capable of undertaking the rostering for all facilities

3.3.5 Focused and well resourced risk management

Regis has a strong risk management, compliance culture and track record. No Regis operated facility has ever been sanctioned[65] by the Department (or its predecessors). This has been achieved through robust and responsive systems and processes including the following:

Compliance system/procedure	Benefit
Dedicated team of compliance professionals	Compliance team reports directly to CEO nine full time employees
Robust policies and procedure	Quality business systems
Continuous facility review	Gap analysis program across all facilities annually
Effective support and training	Structured e-learning program for mandatory training modules
Health and safety	Structured WH&S management system
Employee relations	Enterprise bargaining agreements in place

3.4 Funding sources

Regis derives funding from two main sources, being operating funding (Government contributions and Resident contributions) and RADs.

Operating funding – Government and Resident contributions

Regis is an Approved Provider of residential aged care services as determined by the Department. As a result, each of Regis' facilities is eligible to receive funding from the Government. Funding is received in the form of subsidies (such as ACFI) and supplements (such as concessional, respite and oxygen) on a per Resident per day basis. Regis derived 67% of its revenue from Government funding contributions in FY2014.

Regis also receives Resident contributions for accommodation (including a DAP, if a Resident chooses not to pay a RAD) and care (including the provision of additional services, Extra Services and a means tested care fee). Resident contributions made up 28% of Regis' FY2014 revenue.

Capital funding – RADs

RADs account for a significant component of Regis' capital funding. The average value of Regis' RADs as at 30 June 2014 was around $308,000[66], compared to the industry average of $214,374[67] per RAD for each RAD paying Resident. The above average RAD value is a function of Regis' facilities being located predominantly in metropolitan areas. The weighted average median house price for areas in which Regis currently operates is around $760,000[68].

In FY2015, Regis plans to use funding received from RADs for the following purposes:

- financing capital expenditure such as redevelopments, expansions and Greenfield sites (as described in Section 3.6);
- financing the acquisition of aged care facilities; and
- repaying debt (principal and interest) in relation to the above.

Debt facilities

As at the date of this Prospectus, binding commitment letters have been received by the Company in relation to two new debt facilities:

- $40 million revolving loan note facility which can be drawn to fund acquisitions, development capital expenditure and maintenance capital expenditure
- $50 million multi-option working capital facility which can be used to fund working capital requirements and RAD liquidity requirements.

Detailed descriptions of these facilities are provided in Section 4.6.3.

65. A sanction is a penalty imposed by the Department on Approved Providers in cases of serious non-compliance with the Aged Care Act. The Department may impose a range of sanctions, including revocation of Approved Provider status and revocation of allocated places, depending on the severity of the breach, the frequency of the breach and whether the breach threatens the health, welfare or interests of Residents.
66. 30 June 2014.
67. "Report on the Funding and Financing of the Aged Care Sector", Aged Care Financing Authority 2014.
68. Catchment areas for existing Regis facilities weighted by RADs held. APM data for last 12 months to April 2014.

3.5 Significant expenses and supplier arrangements

Regis' significant expenses are those that relate to labour and staff, which accounted for approximately 63% of total revenue for FY2014. The remaining expenses are those that relate to administration and corporate expenses, cleaning, catering, allied health, utilities and rates, repairs and maintenance, medical supplies and consumables.

Regis has fixed term contracts in place with a number of suppliers that provide the cleaning, catering and other services (referred to above) that Regis requires in order to operate its facilities. These supplier contracts are negotiated and entered into on a centralised basis, thereby creating more economies of scale for Regis. Regis continually monitors its supplier contracts and initiates contract renegotiation well in advance of contract expiry dates to ensure a seamless supply of essential services.

3.6 Growth strategy

Following Completion of the Offer, Regis' growth strategy will be to:

- expand the Greenfield development program to multiple sites per annum;
- continue making single facility "bolt on" acquisitions as attractive opportunities are identified;
- expand and reconfigure existing sites; and
- assess portfolio acquisition opportunities as they arise.

To assist in the execution of Regis' growth strategy, it currently holds a total of 689 places that are not expected to be operational over the Prospectus forecast period. These comprise:

- 337 offline places (previously Operational Places which have typically been taken offline when older facilities have closed pending redevelopment); and
- 352 Provisional Allocations (places allocated through ACAR that are yet to be made operational).

Of the 689 places, 440 will be used to operate the expansion pipeline below. Another 201 relate to identified potential future Greenfield developments and expansion of existing sites. The remaining 48 places are available for currently unidentified future Greenfield site developments.

In addition to Regis' existing Operational Places with Extra Service status, it has a further 1,134 places with Extra Service status that can be used across several of the developments identified below and also existing Operational Places.

Known expansion pipeline – capex in FY15	Detail
Acquisitions of new facilities	
Regis Tiwi Gardens[69] – 135 places	Settlement under the purchase contract expected to occur on 31 October 2014
Expansions of existing facilities[70]	
Regis Ontario – 38 additional places[71]	Construction expected to commence in October 2014, ramp up early FY2016
Regis Canning Lodge – 60 additional places[72]	Construction expected to commence January 2015, ramp up FY2016
Redevelopments of existing facilities[73]	
Regis North Fremantle – 109 places (95 are places with Extra Services status)	Construction commenced in August 2014
Regis Malvern East – 148 places (136 are places with Extra Services status)	Construction expected to commence in December 2014
Greenfields[74]	
Brisbane – 100-120 places[75]	Settlement expected to occur in November 2014 Construction expected to commence 2H FY2015
Significant refurbishments[76]	
Approximately 700 eligible places[76] (13 facilities)	Total capex (FY2015) $10m Projects completed and approved FY2016

69. Regis has entered into a contract of purchase for a facility in Darwin. The contract of purchase is subject to standard conditions, including Department approval. Settlement of the acquisition is expected to occur on 31 October 2014. Regis will operate the facility from 1 November 2014.
70. An expansion includes construction of an additional wing to an existing facility.
71. 30 Provisional Allocations exist, an additional 8 places are required and will be applied for in future ACAR.
72. 56 Provisional Allocations exist, an additional 4 places are required and will be applied for in future ACAR.
73. Regis Malvern East was closed in FY2011 and Regis North Fremantle was closed in June 2014. The existing buildings at these facilities have been demolished (except for the heritage listed building on the North Fremantle site) as a part of the redevelopment.
74. A new development of an aged care facility on a site that has not previously been used by Regis for operating an aged care facility.
75. Regis' indicative offer for the site has been accepted by the vendor. The acquisition is subject to final documentation.
76. Capex associated with significant refurbishment under the Living Longer Living Better reforms.
77. Additional Significant Refurbishment funding only applies to Residents who are eligible for funding uplift ("low means" care recipients). It is estimated that approximately 700 places will be eligible.

Regis has been successful in ACAR applications where one of the key criteria is the applicant's proven track record of ensuring that places granted are made operational. Over the last three allocation rounds Regis has been granted 452 places and been successful in Extra Service applications relating to 1,079 places. The Extra Service applications related partly to new places granted and also previously granted places that did not have Extra Service status.

Regis plans to execute this growth strategy in accordance with its business model (see Section 3.3).

3.7 Facilities portfolio

3.7.1 Facilities summary

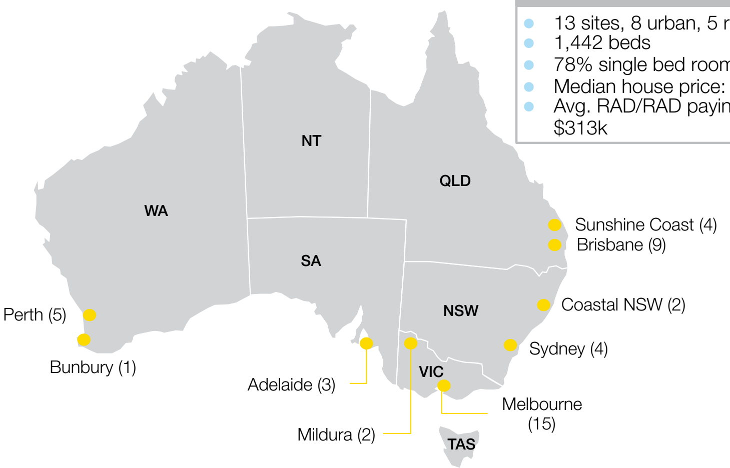
Regis operates a well-established, diverse facility portfolio comprising 45 freehold aged care facilities located across Australia. The facilities are located in Victoria (17 facilities), New South Wales (6 facilities), Queensland (13 facilities), Western Australia (6 facilities) and South Australia (3 facilities).

QLD

- 13 sites, 8 urban, 5 regional
- 1,442 beds
- 78% single bed rooms
- Median house price: $514k
- Avg. RAD/RAD paying Resident: $313k

WA

- 6 sites, 5 urban, 1 regional
- 598 places
- 65% single bed rooms
- Median house price: $894k
- Avg. RAD/RAD paying Resident: $248k



SA

- 3 sites, 3 urban
- 359 places
- 82% single bed rooms
- Median house price: $687k
- Avg. RAD/RAD paying Resident $159k

VIC

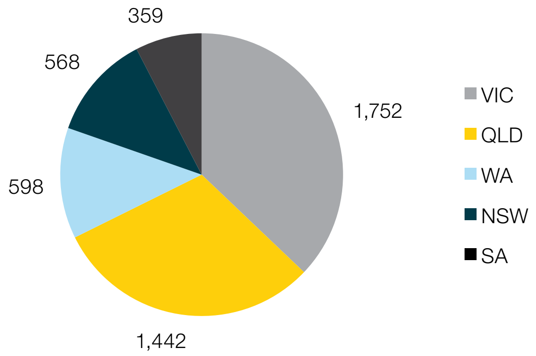
- 17 sites, 15 urban, 2 regional
- 1,752 beds
- 68% single bed rooms
- Median house price: $849k
- Avg. RAD/RAD paying Resident: $320k

NSW

- 6 sites, 4 urban, 2 regional
- 568 beds
- 73% single bed rooms
- Median house price: $947k
- Avg. RAD/ RAD paying Resident: $357k

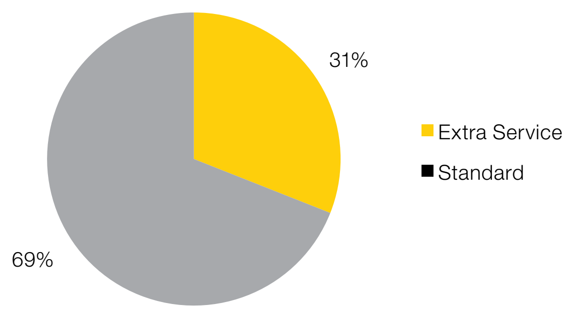
All of Regis' facilities are accredited with the Aged Care Standards and Accreditation Agency and house a mix of aged care offerings. These offerings include accommodation, personalised care and recreational activity spaces.

Figure 14: Geographic diversity (number of places)



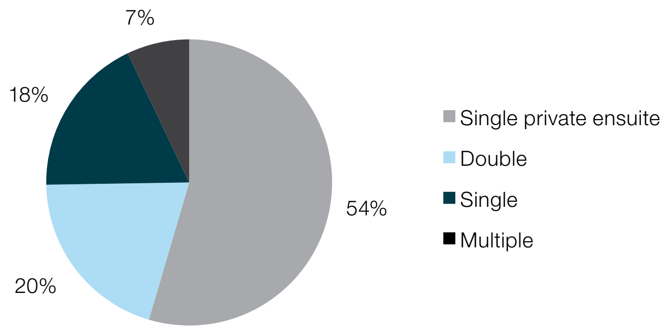
Source: Regis

Figure 15: Extra Services



Source: Regis

Figure 16: Resident occupancy type[78]



Source: Regis

78. 30 June 2014.

Table 3: Key aged care portfolio metrics[1]

No.	Facility name	Suburb	Est. (extended)	Median house price[2]	Operational Places
Queensland					
1	Allora Lodge	Maroochydore	1997	$472,000	68
2	Anchorage House	Salisbury	2002 (2008)	$465,000	136
3	Boronia Heights	Greenbank	1990 (2012)	$355,000	160
4	Bulimba	Bulimba	1981-1987	$825,000	152
5	Canning Lodge	Caboolture	2002 (2005)	$395,000	120
6	Grange Wellington Point	Birkdale	2000	$465,000	70
7	Kuluin	Kuluin	2012	$468,000	120
8	Lakeside	Sippy Downs	2000 (2003)	$472,000	100
9	Parkland Manor	Ferny Grove	2010	$535,000	122
10	Treetops Manor	The Gap	2004 (2007)	$561,000	134
11	Valley Views	Gatton	2001	$298,000	60
12	Wynnum	Wynnum	2000 (2014)	$525,000	100
13	Yeronga	Yeronga	2012	$637,000	100
Sub total				**$514,827**	**1,442**
New South Wales					
14	Delphi House	Belmore	c. 1950	$750,000	72
15	Gannon Gardens	Hurstville	1982 (2005)	$1,015,000	110
16	Hastings Manor	Port Macquarie	2004	$392,000	100
17	Ku-ring-gai Gardens	Hornsby	1984 (2009[5])	$778,000	70
18	The Gardens	Corlette	2004 (2011)	$500,000	150
19	Wentworth Manor	Rose Bay	1997	$2,065,000	66
Sub total				**$946,677**	**568**
South Australia					
20	Burnside	Linden Park	1960	$750,000	167
21	Playford	Davoren Park	2004 (2010)	$248,000	125
22	Sunset	Kingswood	c. 1960	$713,000	67
Sub total				**$686,587**	**359**
Victoria					
23	Amaroo	Ringwood	1979 (2005)	$566,000	90
24	Bayside Gardens	Brighton	2004	$1,600,000	65
25	Heathcliff Manor	Macleod	1988 (2009)	$650,000	84
26-28	Inala[3]	Blackburn South	1976-1997	$700,000	315
29	Karingal Manor	Fawkner	2010[5]	$410,000	89
30	Lake Park	Blackburn	2010	$829,000	202
31	McKinley House	Armadale	2011	$1,325,000	83
32	Ontario	Mildura	2000	$220,000	70
33	Seaside Manor	Sandringham	1989 (2009)	$1,150,000	58
34	Shelton Manor	Frankston	2005	$380,000	106
35	Shenley Manor	Camberwell	2010	$1,350,000	60
36	Sherwood Park	Junction Village	1995 (2005)	$395,000	149
38	Sunraysia	Mildura	1983 (2005)	$220,000	81
39	The Grange	Rosebud West	1996 (2003)	$506,000	129
40	Waverley Gardens	Dandenong North	2001 (2010)	$418,000	171
Sub Total				**$848,646**	**1,752**
Western Australia					
41	Como House	Como	1990	$820,000	68
41	Cypress Gardens	Greenmount	1970 (2013)	$520,000	127
42	Embleton	Embleton	2000 (2003)	$560,000	82
43	Forrest Gardens	Bunbury	2001 (2009)	$350,000	95
44-45	Hollywood[4]	Nedlands	1972 - 1988	$1,549,000	226
Sub total				**$894,278**	**598**
Total				**$760,006**	**4,719**

1. As at June 2014 unless otherwise specified.
2. Australian Property Monitors data for the 12 months to April 2014 for catchment areas in which Regis facilities are located, weighted by RADs held.
3. Includes Inala Lodge, Allawara Lodge and Milpara Lodge.
4. Includes Park Lodge and Weston Lodge.
5. Redeveloped/major refurbishment.
6. A 60 place extension of the Wynnum facility opened in March 2014. Occupancy is expected to continue to increase as new Residents take up available places.

Extra Services	Single room	Occupancy	RADs held	Average RAD value per RAD held	Average RAD to median house price[2]	ACFI per place day
–	68	100%	22	$218,347	46%	$159
19	94	100%	67	$266,880	57%	$155
30	86	87%	44	$230,810	65%	$162
–	144	96%	24	$179,885	22%	$147
–	54	100%	–	–	–	$168
70	70	98%	48	$331,158	71%	$170
120	108	98%	66	$298,511	64%	$159
30	80	96%	43	$214,616	45%	$153
122	104	91%	95	$326,376	61%	$158
48	104	97%	88	$390,409	70%	$151
–	40	94%	20	$243,608	82%	$138
58	88	60%[6]	38	$336,350	64%	$156
100	82	88%	75	$431,163	68%	$154
597	**1,122**	**93%**	**630**	**$313,231**	**61%**	**$156**
–	12	82%	2	$140,935	19%	$166
24	31	96%	28	$291,801	29%	$148
15	100	98%	24	$281,624	72%	$155
70	70	100%	75	$397,901	51%	$157
45	150	97%	98	$307,981	62%	$151
66	54	98%	61	$452,598	22%	$157
220	**417**	**96%**	**288**	**$357,099**	**38%**	**$154**
–	131	99%	43	$180,543	24%	$133
–	125	100%	7	$131,539	53%	$161
–	37	96%	13	$101,673	14%	$142
0	**293**	**99%**	**63**	**$158,824**	**23%**	**$145**
42	16	89%	23	$186,453	33%	$178
65	65	98%	66	$448,856	28%	$159
30	34	91%	29	$226,294	35%	$166
30	233	94%	136	$245,671	35%	$138
30	15	99%	12	$182,789	45%	$165
172	164	94%	133	$413,396	50%	$150
83	59	94%	63	$479,265	36%	$158
–	24	95%	8	$127,642	58%	$164
–	56	96%	47	$397,253	35%	$66
–	106	100%	29	$187,274	49%	$153
60	60	99%	54	$412,135	31%	$165
–	101	95%	34	$153,065	39%	$144
–	22	90%	1	$86,506	39%	$161
–	121	99%	52	$234,272	46%	$139
60	123	94%	65	$219,943	53%	$147
572	**1,199**	**95%**	**752**	**$319,685**	**38%**	**$148**
–	34	99%	26	$251,595	31%	$156
53	90	96%	65	$340,901	66%	$145
–	36	100%	24	$259,553	46%	$150
32	89	98%	62	$199,723	57%	$140
–	141	97%	108	$220,707	14%	$116
85	**390**	**98%**	**288**	**$248,139**	**28%**	**$135**
1,474	**3,421**	**95%**	**2,021**	**$307,795**	**40%**	**$150**

3.8 Reporting

Regis will operate on a 30 June financial year end basis for tax and financial reporting purposes.

Formal financial reporting will be provided to Shareholders as at 31 December (interim) and as at 30 June (full year) each year. These reports will detail (amongst other things) the following:

- an income statement, statement of financial position and statement of cash flows for the period;
- the amount and tax treatment of dividends for the period; and
- significant activities undertaken for the period.

In addition to the investor reports, an annual report will be provided in accordance with the Corporations Act. The financial statements contained in the annual report will be audited and the financial statements contained in the half year financial statements will be subject to review by Regis' auditors.

3.9 Employees and community

3.9.1 Employees

Regis has more than 5,300 full time equivalent employees across its 45 facilities. This large workforce is managed by a number of key personnel who have extensive experience in the aged care industry, particularly in the areas of management, operations, investment, corporate governance, development and capital management.

Regis employees receive extensive and ongoing professional training including leadership training, access to a comprehensive suite of e-learning modules with internally developed content and face to face training. The majority of Regis' employees are represented by the Australian Nursing Federation and Health Services Union and are subject to an enterprise bargaining agreement, collective agreements and awards.

Regis' workforce by occupation:

Employee category / workstream	Total
Registered nurses	478
Enrolled nurses	204
Head office	135
Clinical management and administration	122
Other facility staff[79]	4,362
Total	5,301

3.9.2 Recruitment

Regis has a robust recruitment and selection process to effectively evaluate and assess all applicants to ensure successful recruitment of the right candidate. These include a capability assessment and psychological testing for clinicians and senior management. Regis has conducted overseas recruitment of nurses for more than five years. The retention rates for such nurses are approximately 85% after 12 months.

3.9.3 Workplace Health and Safety

Regis has an extensive risk assessment and safe work procedure policy. The Regis Workplace Health and Safety Management System (WHSMS) includes emergency response, injury management and management review components, and is supported by a number of online e-learning modules and practical competencies.

The Regis WHSMS has a continuous improvement focus. An annual plan is set each June for the following financial year which establishes objectives and targets. The FY2015 plan includes an audit programme, extension to the risk management process, senior management participation in facility WHS committees and lead KPI measures.

3.9.4 Insurance program

Regis has a comprehensive insurance program under which it is insured for risks including public and products liability and medical malpractice. Each policy is reviewed and market tested periodically. Regis' insurance program is appropriate for the industry it operates in.

79. Personal care attendants, food service attendants, chefs, laundry, maintenance, allied health

4 Financial Information

FINANCIAL INFORMATION

4.1 Introduction

The financial information contained in Section 4 has been prepared by the Company on a consolidated basis, including all of its subsidiaries, in connection with the Offer. The financial information for the Company contained in Section 4 includes:

- Statutory historical financial information for the Company, being the:
  - condensed statutory historical income statements for FY2012, FY2013 and FY2014;
  - condensed statutory historical cash flows for FY2012, FY2013 and FY2014; and
  - statutory historical statement of financial position as at 30 June 2014.

  (**Statutory Historical Financial Information**); and

- Pro forma historical financial information for the Company, being the:
  - condensed pro forma historical results for FY2012, FY2013 and FY2014 (**Pro forma Historical Results**);
  - condensed pro forma historical cash flows for FY2012, FY2013 and FY2014; and
  - pro forma historical statement of financial position as at 30 June 2014.

  (**Pro forma Historical Financial Information**);

  (together the **Historical Financial Information**); and

- Forecast financial information for the Company, being the:
  - condensed statutory forecast income statement for FY2015; and
  - condensed statutory forecast cash flows for FY2015.

  (**Statutory Forecast Financial Information**);

- Pro forma forecast financial information for the Company, being the:
  - condensed pro forma forecast income statement for FY2015; and
  - condensed pro forma forecast cash flows for FY2015.

  (**Pro forma Forecast Financial Information**);

  (together the **Forecast Financial Information**).

The Historical Financial Information and the Forecast Financial Information together form the Financial Information. The Statutory Historical Financial Information and Statutory Forecast Financial Information together represent the Statutory Financial Information. The Pro forma Historical Financial Information and the Pro forma Forecast Financial Information together represent the Pro forma Financial Information.

Table 4.1 Overview of Financial Information

The information in this Section 4 should also be read in conjunction with the risks set out in Section 5 and other information contained in this Prospectus. All amounts disclosed in Section 4 are presented in Australian dollars unless otherwise noted and are rounded to the nearest 100,000 dollars.

In reading Sections 4 and 11, you should note that:

- RAD refers to both:
  - RAD as defined and regulated by the Department as part of regulatory changes which came into effect as of 1 July 2014; and
  - Accommodation Bonds which are also regulated by the Department and which are equivalent in concept to RADs but relate to residents entering aged care prior to 1 July 2014.
- DAP refers to both:
  - DAP as defined and regulated by the Department as part of regulatory changes which came into effect as of 1 July 2014; and
  - Periodic payments and accommodation charges which are also regulated by the Department and relate to certain residents entering aged care prior to 1 July 2014.

4.2 Basis of preparation and presentation of the Financial Information

The Statutory Financial Information included in this Section 4 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board (**AASB**) which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (**IASB**).

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the recognition of certain items in periods different from the applicable period under AAS (ii) the exclusion of certain transactions that occurred in the relevant periods, and (iii) the impact of certain transactions as if they occurred on or before 30 June 2014 in the Historical Financial Information or on or after 1 July 2014 in the Forecast Financial Information.

The Financial Information is presented in an abbreviated form and does not include all the presentation, disclosures, statements or comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Significant accounting policies of the Company relevant to the Financial Information are noted in Section 11 and are also disclosed in Note 2 of the financial statements in the 30 June 2014 general purpose financial report of Fairway Investment Holdings Pty Limited, which was lodged with ASIC prior to the date of this Prospectus. The accounting policies of the Company have been consistently applied throughout the periods presented.

The Financial Information included in this Section 4 is intended to present potential investors with information to assist them in understanding the financial performance, cash flows and the financial position adjusted to reflect Completion of the Offer as if it occurred on 30 June 2014.

The Financial Information presented in the Prospectus has been reviewed by Ernst & Young Transaction Advisory Services Limited whose Independent Limited Assurance Report is contained in Section 8. Investors should note the scope and limitations of the report.

4.2.1 Non IFRS measures

Investors should be aware that certain of the financial measures included in this Prospectus may be considered "non-IFRS financial measures".

EBITDA and EBIT are non-IFRS key financial performance measures used by the Company, the investment community and the Company's Australian peers with similar business portfolios. The Company also uses EBITDA and EBIT for its internal management reporting as it better reflects what the Company considers to be its underlying performance. EBITDA and EBIT are calculated by excluding some items which are included within the statutory net profit attributable to equity holders. They are not statutory financial measures and are not presented in accordance with AAS nor audited in accordance with Australian Auditing Standards.

EBITDA is reported before the following:

- interest revenue or expenses (excluding interest revenue/settlement expenses relating to RAD cash flow and finance costs);
- depreciation and amortisation; and
- income taxation expense.

Net working capital is also a non-IFRS measure used by the Company and is the sum of current trade and other receivables, inventory and prepayments, less the sum of trade and other payables, current provisions and other current creditors.

The Company has prepared financial data showing the impact on the Financial Information of the discontinuation of the Dementia Supplement provided by the Commonwealth Government in order to illustrate the historical and forecast performance of the ongoing businesses excluding the revenue arising from this change in government funding.

Costs associated with litigation, corporate restructuring and certain executive remuneration costs have been excluded from the Statutory Historical Financial Information in deriving Pro Forma Historical Financial Information as they are considered by the Directors not to be reflective of the ongoing operations.

4.2.2 Preparation of Historical Financial Information

The Historical Financial Information is presented on both a statutory and pro forma basis.

The Statutory Historical Financial Information for the Company has been derived from the FY2012, FY2013 and FY2014 audited general purpose financial reports of Fairway Investment Holdings Pty Limited. The FY2012, FY2013 and FY2014 general purpose financial reports of Fairway Investment Holdings Pty Limited have been audited by Ernst & Young, who have issued unqualified audit opinions in respect of these periods.

The Pro Forma Historical Results in Section 4.3 have been presented before net interest expense and income tax because Regis' corporate and capital structure following the Offer will be materially different from that in place during the period prior to the Offer. Accordingly, the Historical statutory interest expense and income tax expense are not a meaningful representation of Regis' future earnings profile. Similarly the pro forma historical cash flows in Section 4.4 have been presented to net cash inflow before interest, tax and financing activities.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company and adjusted as set out below in Section 4.3.5.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis.

The Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions, and on a number of best estimate general and specific assumptions regarding future events and actions, as set out in Sections 4.9.1 and 4.9.2. This information is designed to assist investors in assessing the reasonableness of the assumptions and the likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Company believes the best estimate assumptions, when taken as a whole, are reasonable as at the date of this Prospectus, however, there can be no guarantee that the assumptions will occur and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative impact on the Company's actual financial performance, cash flows or financial position. Accordingly, neither the Company, nor any other person, can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Statutory Forecast Financial Information has been presented on a basis consistent with the Statutory Historical Financial Information in that it has been prepared in accordance with the recognition and measurement principles of AAS, issued by the AASB.

The Pro forma Forecast Financial Information assumes the post Offer capital structure is in place from 1 July 2014 and adjusts for certain items considered by the Directors not to be reflective of the ongoing operations. Refer to Section 4.3.2 and 4.4.2 for reconciliation between the Pro forma Forecast Financial Information and the Statutory Forecast Financial Information.

The Company has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or the ASX continuous disclosure obligations.

The information in Section 4 should be read in conjunction with the general assumptions as set out in Section 4.9.1, the specific assumptions as set out in Section 4.9.2, the sensitivities as set out in Section 4.10, the key accounting policies as set out in Section 11, the risk factors as set out in Section 5 and other information contained in this Prospectus.

4.3 Condensed historical and forecast income statements

4.3.1 Condensed pro forma historical results, condensed pro forma forecast and statutory forecast income statements

The condensed pro forma historical results for FY2012, FY2013 and FY2014 and the condensed pro forma and statutory forecast income statements for FY2015 are presented in Table 4.2 below.

Table 4.2 Condensed pro forma historical results, condensed pro forma forecast and statutory forecast income statements

		Pro forma historical			Pro forma forecast	Statutory forecast
(30 June year end, $ in millions)	**Notes**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**FY2015**
Revenue						
Government revenue		218.9	237.3	272.9	292.1	293.1
Resident revenue		91.2	102.7	114.4	121.6	121.6
Other income		15.9	12.7	17.6	13.6	13.6
Total revenue		326.1	352.7	404.8	427.3	428.3
Operating expenses						
Staff expenses		(222.6)	(230.6)	(257.0)	(272.0)	(272.0)
Resident care expenses		(23.4)	(27.0)	(29.6)	(31.8)	(31.8)
Administrative expenses	1	(23.2)	(21.1)	(21.0)	(23.5)	(26.9)
Occupancy expenses		(13.0)	(9.9)	(13.5)	(13.2)	(13.2)
Total operating expenses		(282.2)	(288.6)	(321.2)	(340.5)	(343.9)
EBITDA		**43.9**	**64.1**	**83.7**	**86.9**	**84.4**
Depreciation and amortisation		(19.2)	(21.3)	(17.3)	(18.5)	(18.5)
EBIT	2	**24.7**	**42.8**	**66.3**	**68.4**	**66.0**
Net interest income/(expense)					0.1	(14.2)
Net profit before tax					**68.5**	**51.8**
Income tax expense					(20.6)	(18.6)
Net profit after tax (NPAT)	3				**48.0**	**33.2**

1. Administrative expenses in the FY2015 Statutory Forecast Results includes IPO transaction costs expensed of $3.6 million (refer to Section 4.3.2).
2. A reconciliation of pro forma historical EBIT to statutory historical EBIT is set out in Section 4.3.5.
3. A reconciliation of pro forma forecast NPAT to statutory forecast NPAT for FY2015 is set out in Section 4.3.2.

4.3.2 Pro forma adjustments to the condensed forecast consolidated income statements

Table 4.3 sets out the reconciliation of the adjustments made to statutory forecast NPAT in order to present the pro forma forecast NPAT.

Table 4.3 Reconciliation of pro forma forecast FY2015 NPAT to statutory forecast FY2015 NPAT

(30 June year end, $ in millions)	Notes	FY2015
Statutory forecast NPAT		**33.2**
Dementia supplement	1	(1.0)
Full year incremental listed company costs	2	(0.2)
Interest expense	3	14.3
IPO transaction costs expensed	4	3.6
Income tax effect	5	(2.0)
Pro forma forecast NPAT		**48.0**

Notes:

1. **Dementia supplement –** Regis received dementia supplements in the first month of FY2015. Under funding changes announced by the Federal Government on 26 June 2014, Regis will no longer receive the dementia supplement post 31 July 2014. Investors should note that the Statutory Financial Information includes Dementia supplements for the period of September 2013 to July 2014, after which this income ceases. The impact of these changes has been adjusted in arriving at the FY2015 Pro Forma forecast NPAT.
2. **Adjustment for full year incremental listed company cost** – Statutory forecast FY2015 NPAT includes $2.2 million of incremental cost relating to operating as a listed company for the portion of the year following Completion of the Offer. Pro forma forecast FY2015 NPAT includes a total of $2.4 million (an additional $0.2 million) of incremental cost relating to operating as a listed company which represents a full year cost.
3. **Interest expense –** Regis will incur interest expenses for the portion of FY2015 prior to the Offer, which is reflected in the Statutory forecast NPAT. Regis' capital structure will significantly change following the repayment of its borrowings from proceeds of the Offer. The pro forma forecast FY2015 interest expense and NPAT reflects the post Offer capital structure had it been in place for the full year.
4. **IPO transaction costs expensed** – total expenses of the Offer are estimated at $24.1 million, of which $3.6 million ($2.5 million net of tax) is expensed in the Statutory Forecast Results for FY2015. The remaining $20.5 million ($14.4 million, net of tax) is directly attributable to the issue of Shares under the Offer and hence will be offset against equity raised upon the the Completion of the Offer.
5. **Income tax effect –** The expected income tax rate applicable to Regis is 30%. The tax impact of the above adjustments has been reflected as part of this adjustment based on the pro forma net profit before tax with an adjustment to reflect non-deductible amounts in the interest expense adjustment.

4.3.3 Description of certain line items

Government revenue

Government revenue reflects the Company's entitlement to revenue from the Department based upon the specific care and accommodation needs of the individual Residents. Government revenue comprises ACFI income, funding for short term "respite" Residents, accommodation supplements and other government incomes. It is reduced by an Extra Service "clawback" which equates to 25% of Extra Service fees charged to Extra Service Residents that entered a facility prior to 1 July 2014.

Resident revenue

Resident revenue represents fees charged to Residents in respect of care and accommodation services provided by the Company and includes Resident daily care fees, Extra Service revenue and accommodation income.

The quantum of Resident daily care fees is regulated by the Department and typically increases in March and September each year.

Extra Service fees are charged by the Company at some facilities for services provided in addition to those prescribed by the Department.

Accommodation income comprises accommodation charges as well as DAP income in respect of places that were previously not paying a RAD prior to 1 July 2014.

Other income

Other income includes capital income which comprises RAD retentions revenue and interest on outstanding RADs as well as DAP income in respect of places that were previously not paying a RAD prior to 1 July 2014. It also includes gains on bargain purchase, net gains and losses on sale of surplus land and other sundry income.

Staff expenses

Staff expenses include salaries and wages, leave entitlements and on-costs. Both permanent and casual employees and agency staff are reflected in staff expenses.

The costs of executive and employee remuneration relating to short term and long term incentives are reflected in staff expenses.

Resident care expenses

Resident care expenses represents costs incurred that relate directly to the provision of care to Residents (other than staff expenses) such as medical expenses, catering, cleaning and laundry.

Administrative expenses

Key items comprising administrative expenses include repairs and maintenance, audit, legal and other professional services costs.

Occupancy expenses

Occupancy expenses primarily relate to rent, rates, utilities, insurance and impairment of Bed Licences and impairment of goodwill.

Refer to Sections 4.5.1, 11.1.4 and 11.1.11 for Regis' policies in relation to Bed Licences and impairment.

Depreciation and amortisation

Depreciation and amortisation include the depreciation of the Company's buildings, plant and equipment.

During FY2014, management undertook an assessment of the remaining useful life of fixed assets which on average, resullted in lengthening the remaining useful lives of the assets. For FY2014 and FY2015 fixed assets are depreciated based on the estimated remaining useful life. No pro forma adjustment has been presented for FY2012 and FY2013. Refer to Section 11.1.10 for Regis' policy in relation to depreciation and amortisation.

Net interest expense

Net interest expense includes interest on drawn facilities, line fees on undrawn facilities, other borrowing costs and interest income on operating cash balances.

4.3.4 Condensed statutory historical income statements

Table 4.4 sets out the condensed statutory historical income statements for FY2012, FY2013 and FY2014.

Table 4.4 Condensed Statutory historical income statement

(30 June year end, $ in millions)	Notes	FY2012	FY2013	FY2014
Revenue				
Government revenue		218.9	237.3	281.4
Resident revenue		91.2	102.7	114.4
Other income		15.9	12.7	17.6
Total revenue		326.1	352.7	413.4
Operating expenses				
Staff expenses		(222.6)	(230.6)	(260.5)
Resident care expenses		(23.4)	(27.0)	(29.6)
Administrative expenses		(23.2)	(22.2)	(45.1)
Occupancy expenses		(13.0)	(9.9)	(13.5)
Total operating expenses		(282.2)	(289.7)	(348.8)
EBITDA		**43.9**	**63.0**	**64.6**
Depreciation and amortisation		(19.2)	(21.3)	(17.3)
EBIT	1	**24.7**	**41.7**	**47.2**
Net interest expense		(20.1)	(17.5)	(21.6)
Net profit before tax		**4.6**	**24.2**	**25.6**
Income tax expense		(3.0)	(7.2)	(24.6)
NPAT		**1.6**	**17.1**	**1.0**

Notes:
1. A reconciliation of pro forma historical EBIT to statutory equivalent EBIT is set out in Section 4.3.5.

4.3.5 Pro forma adjustments to historical EBIT

A reconciliation of the adjustments made to the statutory historical EBIT in order to present pro forma historical EBIT is set out in Table 4.5.

Table 4.5 Reconciliation of pro forma historical EBIT to statutory historical EBIT

(June year end, $ in millions)	Notes	FY2012	FY2013	FY2014
Statutory historical EBIT		**24.7**	**41.7**	**47.2**
Dementia supplement	1	–	–	(8.5)
Executive remuneration adjustment	2	–	–	3.6
Litigation and settlement costs	3	–	1.1	21.3
Corporate restructuring	4	–	–	2.8
Pro forma historical EBIT		**24.7**	**42.8**	**66.3**

Notes:
1. **Dementia supplement –** Regis received dementia supplements in FY2014. Under funding changes announced by the Federal Government on 26 June 2014, Regis stopped receiving dementia supplements from 31 July 2014. Investors should note that the Statutory Financial Information includes Dementia supplements for the period of September 2013 to July 2014, after which this income ceases. The impact of these changes has been adjusted in arriving at the FY14 Pro forma historical EBIT.
2. **Executive remuneration adjustment –** Relates to the assessed value of employee share scheme for senior executives.
3. **Litigation expenses and provisions –** Expenses in relation to ongoing State Revenue Office proceedings (see Section 5.1.9 for further details) and former proceedings in relation to a previous tenancy. Of the expenses provisioned, approximately $1.1 million remains unpaid.
4. **Corporate restructuring –** Non-recurring costs including $2.4 million of stamp duty and $0.4 million of other expenses associated with the buyback of shares formerly held by MCAG (see Section 3.2.1 for further details).

4.4 Condensed historical and forecast cash flows

4.4.1 Condensed pro forma historical and pro forma and statutory forecast cash flows

Table 4.6 presents the condensed pro forma historical cash flows for FY2012, FY2013 and FY2014 as well as the condensed pro forma and statutory forecast cash flows for FY2015.

The forecast cash flows for FY2015 have been presented on both a pro forma and statutory basis. The statutory forecast cash flows for FY2015 are the best estimate of the cash flows that the Directors expect to report in the Company's audited general purpose financial report for FY2015.

Refer to Section 4.4.2 and 4.4.5 for a reconciliation of the statutory and pro forma forecast cash flows.

Table 4.6 Pro forma historical and pro forma and statutory forecast cash flows

		Pro forma historical			Pro forma forecast	Statutory forecast
(30 June year end, $ in millions)	**Notes**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**FY2015**
EBITDA		**43.9**	**64.1**	**83.7**	**86.9**	**84.4**
Change in net working capital		6.9	8.1	7.5	(1.1)	(1.1)
Non-cash items in EBITDA	1	(6.1)	(8.7)	(10.9)	(8.2)	(8.2)
Net receipts from RADs		70.7	56.7	79.3	47.0	47.0
Net cash flow before investment, interest, tax and financing activities		**115.4**	**120.1**	**159.6**	**124.5**	**122.1**
Land and buildings capital expenditure		(4.4)	(2.3)	–	(14.9)	(14.9)
Development, plant and equipment capital expenditure		(33.2)	(35.7)	(28.2)	(68.3)	(68.3)
Business acquisition capital expenditure		(7.2)	(18.1)	–	(9.9)	(9.9)
Asset sale proceeds		–	–	10.7	3.3	3.3
Cash flow used in investing activities		**(44.9)**	**(56.1)**	**(17.5)**	**(89.8)**	**(89.8)**
Net cash flow before interest, tax and financing activities	2	**70.5**	**64.1**	**142.1**	**34.7**	**32.3**
Net interest paid					0.2	(5.0)
Income tax paid					(18.7)	(18.1)
Proceeds from the Offer					–	409.9
IPO transaction costs (capitalised to equity)					–	(20.5)
Net debt drawdown / (repayment)					–	(393.5)
Net cash flow before dividends	3				**16.3**	**5.1**

Notes:
1. Non-cash items in EBITDA primarily comprise retention revenue (charged monthly to RAD paying Residents on RADs received prior to 1 July 2014, gain on bargain purchase, impairment losses and net gain/loss on sale of surplus land.
2. A reconciliation of pro forma historical net cash flow before interest, tax and financing activities to statutory equivalent net cash flow before interest, tax and financing activities is set out in Section 4.4.5.
3. A reconciliation of pro forma forecast net cash flow before dividends and statutory forecast net cash flow before dividends for FY2015 is set out in Section 4.4.2.

The forecast income tax paid for FY2015 reflects all cash payments during FY2015, including a final tax payment with respect to FY2014 as well as initial instalments paid in relation to the FY2015 income tax liability.

4.4.2 Pro forma adjustments to condensed forecast cash flows

Table 4.7 sets out the reconciliation of the adjustments made to the statutory forecast cash flows in order to present the pro forma forecast cash flows.

Table 4.7 Reconciliation of condensed pro forma forecast net cash flow before dividends to condensed statutory forecast net cash flow before dividends

(June year end, $ in millions)	Notes	FY2015
Statutory forecast net cash flow before dividends		5.1
Proceeds from the Offer	1	(409.9)
IPO transaction costs	2	24.1
Net debt repayment	3	393.5
Dementia supplement	4	(1.0)
Adjustment for full year of listed company costs	5	(0.2)
Interest paid	6	5.2
Tax paid	7	(0.6)
Pro forma net cash flow before dividends		**16.3**

Notes:
1. **Proceeds from the Offer –** comprises $409.9 million of gross proceeds from the Offer
2. **IPO transaction costs** – total expenses of the Offer are estimated at $24.1 million, of which $3.6 million is expensed in the Statutory Forecast Results for FY2015 and $20.5 million is directly offset against issued capital.
3. **Net debt repayment –** comprises repayment of $333.0 million existing core bank debt facilities, $12.2 million special shares classified as borrowings at 30 June 2014 plus an additional $7.8 million for the subsequent revaluation of special shares, $35.9 million related party loans (see section 6.7) and $4.6 million closing out of an interest rate swap as part of the repayment of the associated bank debt.
4. **Dementia supplement –** Regis received dementia supplements in the first month of FY2015. Under funding changes announced by the Federal Government on 26 June 2014, Regis stopped receiving dementia supplements from 31 July 2014. Investors should note that the Statutory Financial Information includes Dementia supplements for the period of September 2013 to July 2014, after which this income ceases. The impact of these changes has been adjusted in arriving at the FY2015 Pro forma net cash flow before interest, tax and financing activities.
5. **Adjustment for full year of listed company cost –** Statutory forecast FY2015 net cash flow includes $2.2 million of incremental cost relating to operating as a listed company for the portion of the year following completion of the Offer. Pro forma forecast FY2015 net cash flow includes a total of $2.4 million (an additional $0.2 million) of incremental cost relating to being a listed company which represents a full year.
6. **Interest paid –** Regis will pay interest for the portion of FY2015 prior to the Offer, which is reflected in the statutory forecast. Regis's capital structure will significantly change following the repayment of its Borrowings from proceeds of the Offer. The pro forma forecast FY2015 interest paid and net cash flow reflects the post Offer capital structure had it been in place for the full year.
7. **Tax paid –** The expected income tax rate applicable to Regis is 30%. The tax impact of the pro forma adjustments to the forecast statement of profit and loss has been reflected as part of this adjustment.

4.4.3 Description of certain line items

Net working capital

The sum of current trade and other receivables, inventory and prepayments, less the sum of trade and other payables, current provisions and other current creditors.

Net receipt from RADs

Net receipts from RADs representing RAD cash inflows from Residents entering Regis facilities less RAD cash outflows to Residents departing Regis facilities as well as net entry contributions from Residents relating to retirement accommodation.

Land and buildings capital expenditure

Expenditures incurred in relation to the purchase of land including any ancillary buildings, portfolio improvements and upgrades.

Development, plant and equipment capital expenditure

Expenditures incurred in relation to the development of new aged care facilities (Greenfields development), the expansion or renovation of existing aged care facilities (Brownfields development) or the purchase of capital items and equipment.

Business acquisition capital expenditure

Expenditure incurred in relation to the purchase of going concern aged care facilities or portfolios.

4.4.4 Condensed statutory historical cash flows

The condensed statutory historical cash flows are set out in Table 4.8 below.

Table 4.8 Condensed statutory historical cash flows

		Statutory Historical		
(June year end, $ in millions)	**Notes**	**FY2012**	**FY2013**	**FY2014**
EBITDA		**43.9**	**63.0**	**64.6**
Change in net working capital		(7.4)	8.1	7.5
Non-cash items in EBITDA	1	(6.1)	(8.7)	8.9
Net receipts from RADs	2	70.7	56.7	79.3
Net cash flow before investment, interest, tax and financing activities		**101.2**	**119.1**	**160.3**
Land and building capital expenditure		(4.4)	(2.3)	–
Development, plant and equipment capital expenditure		(33.2)	(35.7)	(28.2)
Business acquisition capital expenditure		(7.2)	(18.1)	–
Asset sale proceeds		–	–	10.7
Cash flow used in investing activities		**(44.9)**	**(56.1)**	**(17.5)**
Net cash flow before interest, tax and financing activities	3	**56.3**	**63.0**	**142.8**
Net interest paid		(18.6)	(17.1)	(21.6)
Income tax paid		(0.6)	(0.6)	(3.9)
Capital return and proceeds from employee share loans		–	(139.9)	(144.2)
Net debt drawdown / (repayment)		(69.9)	138.9	15.7
Net cash flow before dividends		**(32.7)**	**44.3**	**(11.2)**
Dividends		–	(6.6)	-
Net cash flow		**(32.7)**	**37.7**	**(11.2)**

Notes:
1. Non-cash items in EBITDA primarily comprise retention revenue, gain on bargain purchase, net gain/loss on sale of surplus land and asset impairment.
2. Net receipts from RAD are classified as a cash flow from operating activities as outlined within the Company's accounting policies as seen at Section 11.1.17.
3. A reconciliation of pro forma historical net cash flow before interest, tax and financing activities to statutory equivalent net cash flow before interest, tax and financing activities is set out in Section 4.4.5.

4.4.5 Pro forma adjustments to the historical cash flows

Table 4.9 sets out the reconciliation of the adjustments made to the statutory historical cash flows in order to present the pro forma historical cash flows.

Table 4.9 Reconciliation of condensed pro forma historical net cash flow before interest, tax and financing activities to condensed statutory historical net cash flow before interest, tax and financing activities.

(June year end, $ in millions)	Notes	FY2012	FY2013	FY2014
Statutory net cash flow before interest, tax and financing activities		**56.3**	**63.0**	**142.8**
Dementia supplement	1	–	–	(8.5)
Litigation and settlement	2	14.2	1.1	5.0
Corporate restructuring	3	–	–	2.8
Pro forma net cash flow before interest, tax and financing activities		**70.5**	**64.1**	**142.1**

Notes:
1. **Dementia supplement –** Regis received dementia supplements in FY2014. Under funding changes announced by the Federal Government on 26 June 2014, Regis stopped receiving dementia supplements from 31 July 2014. Investors should note that the Statutory Financial Information includes Dementia supplements for the period of September 2013 to July 2014, after which this income ceases. The impact of these changes has been adjusted in arriving at the FY14 Pro forma historical net cash flow before interest, tax and financing activities.
2. **Litigation and settlement –** Legal fees and settlements in relation to ongoing SRO proceedings and former proceedings in relation to a previous tenancy.
3. **Corporate restructuring –** Non-recurring expenditure including $2.4 million of stamp duty and $0.4 million of other expenditure associated with the buyback of shares formerly held by MCAG associated with a share buyback.

4.5 Statutory historical and pro forma historical statement of financial position

Table 4.10 sets out the adjustments that have been made to the statutory statement of financial position of the Company as at 30 June 2014 to present the pro forma statement of financial position of the Company. The pro forma adjustments include the impact of the operating and capital structure that will be in place immediately following Completion of the Offer as if it had occurred as at 30 June 2014.

The pro forma historical statement of financial position is therefore provided for illustrative purposes only and is not necessarily indicative of the Company's view on its future financial position.

At 30 June 2014, Regis had both a statutory net asset deficiency of $224.3 million and a statutory net current asset deficiency of $661.5 million. The statutory net current asset deficiency position arose as RADs are recorded as a current liability in accordance with AAS. As described in section 11.1.8 only a limited amount of the RADs are likely to be required to be paid in the next 12 months and outgoings are replaced by new RADs or entry contribution inflows usually of a higher amount. Although there is net asset deficiency, as discussed in Section 4.6, the Directors believe that Regis generates sufficient operating cash flows to finance its ongoing operations, including meeting future interest payments on its borrowings. Following the Offer, Regis expects a pro forma 30 June 2014 net asset surplus of $167.6 million. The Financial Information has been prepared on a going concern basis.

Table 4.10 Statutory and pro forma historical statement of financial position as at 30 June 2014

(As at 30 June 2014, $ in millions)	Notes	Statutory historical	Equity raised (net of transaction costs)	Repayment of debt	Pro forma historical
Current assets					
Cash and cash equivalents		40.3	385.7	(385.9)	40.1
Trade and other receivables		3.8	–	–	3.8
Other current assets	3	3.2	–	(1.3)	2.0
Total current assets		**47.4**	**385.7**	**(387.2)**	**45.9**
Non-current assets					
Land and buildings		511.4	–	–	511.4
Plant and equipment		67.7	–	–	67.7
Intangibles		237.2	–	–	237.2
Deferred tax assets	4	17.4	7.2	(1.4)	23.1
Total non-current assets		**833.7**	**7.2**	**(1.4)**	**839.5**
Total assets		**881.1**	**392.9**	**(388.6)**	**885.4**
Current liabilities					
Trade and other payables		32.6	–	–	32.6
RADs and ILU Resident entry contributions		630.7	–	–	630.7
Current employee entitlements		30.5	–	–	30.5
Income tax payable	4	10.5	–	(1.9)	8.6
Derivative financial instruments	2	4.6	–	(4.6)	–
Total current liabilities		**708.9**	**–**	**(6.5)**	**702.4**
Non-current liabilities					
Borrowings	2	345.2	–	(345.2)	–
Deferred tax liabilities		11.2	–	–	11.2
Non-current employee entitlements		4.1	–	–	4.1
Loans – director-related parties	2	35.9	–	(35.9)	–
Total non-current liabilities		**396.4**	**–**	**(381.1)**	**15.3**
Total liabilities		**1,105.4**	**–**	**(387.6)**	**717.7**
Net assets		**(224.3)**	**392.9**	**(1.0)**	**167.6**
Equity					
Issued capital	1	(124.1)	395.4	–	271.3
Other reserves		(67.9)	–	–	(67.9)
Retained earnings	3, 5	(32.3)	(2.5)	(1.0)	(35.8)
Total equity		**(224.3)**	**392.9**	**(1.0)**	**167.6**

Notes:

1. **Equity raised (net of capitalised transaction costs) –** issued capital increases by $395.4 million as a result of the portion of the proceeds of the Offer which is received by Regis Healthcare Limited through the issue of Shares of $409.9 million, offset by the IPO transaction costs related to the issue applied against equity of $20.5 million ($14.4 million post tax).
2. **Repayment of debt –** $385.7 million from the Offer proceeds and surplus cash will be used to repay the existing core bank debt facilities ($333.0 million), special shares classified as borrowings ($12.2 million), related party loans ($35.9 million) (see section 6.7) and $4.6 million closing out of an interest rate swap as part of the repayment of the associated bank debt.
3. **Capitalised of borrowing costs –** $1.5 million of capitalised debt costs relating to existing financing arrangements will be expensed pursuant to the repayment of the relevant facilities with proceeds from the Offer and $0.2 million of upfront establishment fees resulting from the New Facilities (as described in Section 4.6.3) will be capitalised.
4. **Deferred tax asset and income tax payable –** A deferred tax asset of $7.2 million is expected to arise as a result of the Offer. A net reduction in the deferred tax asset of $1.4 million and net reduction in income tax payable of $1.9 million is expected to result from the adjustments to capitalised borrowing costs referred to above and the costs associated with closing out the interest rate swap.
5. **Retained earnings** – reduction in retained earnings of $2.5 million as a result of equity raised reflects the proportion of total expenses of the Offer expensed in FY2015 Statutory Forecast Results of $3.6 million ($2.5 million post tax).

The pro forma statement of financial position presented above does not reflect trading since 30 June 2014.

4.5.1 Description of certain line items

Intangible assets

The Company had $237.2 million of intangible assets with an indefinite useful life as at 30 June 2014. These assets relate primarily to goodwill ($79.3 million) and Bed Licences ($157.9 million). Intangible assets with an indefinite useful life are tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired. Impairment is determined for intangible assets with an indefinite useful life by assessing the carrying value against the recoverable amount of each cash generating unit (**CGU**) or group of CGUs to which the asset relates. Each facility is assessed as an individual CGU.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current assessments of value and risk. If the recoverable amount is lower than the carrying value of the assets, an impairment loss is recorded.

The fair value of a CGU is the estimated amount for which the CGU would be exchanged between a willing buyer and willing seller in an arm's length transaction. The value in use is calculated as the present value of future cash flows of the CGU.

Significant judgments and estimates are applied in estimating the future cash flows including the key assumptions adopted. The key estimates and assumptions used to determine the value in use of an asset or CGU are based on the Company's current expectations and are considered to be reasonably achievable.

The key estimates and assumptions are:

- Growth rates used to extrapolate cash flows beyond the forecast period - The recoverable amount and any resulting impairment of the assets attributable to the CGU will be impacted by the Company's ability to achieve growth in line with its assumptions. Cash flows beyond the one year period are grown as a result of increases in Resident numbers and acuity as well as price growth. The long term growth rate assumed is 1.86%.
- Discount rates - Discount rates represent the current market assessment of the risk specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets. The post-tax risk adjusted discount rate applied to these cash flow projections is 10.0%.

RADs and ILU Resident entry contributions

RADs are repayable within 14 days' notice that a Resident is leaving a facility or the day a Resident leaves, whichever is later, or within 14 days following the receipt of grant of probate of a Resident's will by the Approved Provider and as such are reflected as a current liability in the statement of financial position under AAS. On average each Resident has historically occupied a place for approximately 43 months.

ILU Resident entry contributions are refundable to the Resident upon departure, less any management fees payable by the Resident to the operator.

Total Equity

The Company had a total equity position of (224.3) million as at 30 June 2014. This equity position primarily relates to three key transactions which have occurred in the Company's history, comprising:

- Reverse acquisition performed in July 2007 amounting to $105 million;
- Capital reduction performed in November 2012 amounting to $145.7 million; and
- Share buy-back performed in January 2014 amounting to $143.7 million.

The amount of the above past transactions resulted in the Company being in a net asset deficiency position as at 30 June 2014.

4.6 Liquidity and capital resources

4.6.1 General

The Company's principal sources of funds are cash flows from operations, RADs and borrowings under its credit facilities. The Company expects that it will finance its ongoing operations with a combination of operating cash flows and bank borrowings. Section 4.6.3 provides an overview of the Company's intended financing facilities on Completion of the Offer.

The Company's cash position as outlined in the pro forma consolidated statement of financial position (refer to Table 4.10) and anticipated cash flows from operations are expected to provide sufficient liquidity to meet the Company's currently anticipated cash requirements. The Company's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

Over time, the Company may seek additional debt funding from a range of sources to diversify its funding base to reduce reliance on the bank finance market and to manage its exposure to interest rate risk on long-term borrowings. Quantitative and qualitative disclosures about market risk sensitive instruments are included in Section 4.6.6.

The Company's working capital requirements are generally consistent throughout the course of the year and there are no significant variations.

The Company maintains a disciplined approach to capital expenditure, with all key capital projects subject to strict approval protocols. Capital expenditure comprises expenditure on asset enhancement and replacement programmes as well as general maintenance projects (maintenance capital expenditure funded from operational cash flows) as well as growth capital expenditure comprising Brownfield development projects and acquisition of aged care facilities (funded via a combination of RAD flows and bank debt).

4.6.2 Capitalisation and indebtedness

Table 4.11 sets out the capitalisation and indebtedness of Regis as at 30 June 2014 as reported in its statutory accounts and for the Company as adjusted after giving pro forma effect to the impact of the Offer as if the transactions had occurred on 30 June 2014.

Table 4.11 Capitalisation and indebtedness

(As at 30 June 2014, $ in millions)	Notes	Statutory (pre Completion of the Offer)	Pro forma (post Completion of the Offer)
Cash and cash equivalents		40.3	40.1
RADs and ILU Resident Entry Contributors	1	(630.7)	(630.7)
Borrowings	2	(345.2)	–
Loans – director related parties		(35.9)	–
Derivative financial instruments	3	(4.6)	–
Net Debt		**(976.1)**	**(590.6)**
Total equity		**(224.3)**	**167.6**
Capital employed		**751.8**	**758.2**

1. While RADs and ILU Resident loans are accounted for as current debt for accounting and therefore a component of total capital employed by the Company, when valuing aged care businesses on an enterprise value basis market practice is to exclude these liabilities. This is due to the fact that when the Company repays a RAD on departure of a Resident it is replaced soon after by a new RAD/Resident loan, typically at an equal or greater value.
2. Borrowings – comprises bank debt and special shares.
3. Derivative financial instruments – relates to an interest rate swap that will be closed out as part of the repayment of the associated bank debt.

4.6.3 Financing facilities

Regis' existing debt facilities (**Existing Facilities**) will be repaid using proceeds from the Offer.

As at the date of this Prospectus, binding commitment letters have been received by the Company from the Australia and New Zealand Banking Group (**Financier**) to provide new bank debt facilities (**New Facilities**), pursuant to which the Financier and the Company have agreed to enter into formal agreements to provide the New Facilities. As part of the commitment letters, the Company and the Financier have agreed a term sheet in respect of the New Facilities and the Financier has obtained credit committee approval of the terms.

The New Facilities will comprise:

- $40 million revolving loan note facility (**Facility A**)
- $50 million multi-option working capital facility (**Facility B**)

The availability of funding of the New Facilities is subject to confirmation of:

- completion of the Offer;
- finalisation of Facility and Security Documentation;
- other conditions precedent and conditions subsequent which are within the control of the Company and typical of facilities of this nature.

The New Facilities will expire in January 2018. The key terms of the New Facilities are set out below:

Facility A

Facility A is a revolving loan note facility with an initial limit of $40 million which can be drawn to fund acquisitions, development capital expenditure and maintenance capital expenditure.

Facility B

Facility B is a multi-option working capital facility with an initial limit of $50 million which can be used to fund working capital requirements and RAD liquidity requirements. The facility includes cash advance and bank guarantee options.

Security

The Company and its subsidiaries will grant cross guarantees and first ranking security over all of their assets to a security trustee, who will hold that security for the benefit of the Financiers.

Financial Covenants

The New Facilities contain financial covenants typical for facilities of this nature and will be tested at each half year date. Financial covenants are as follows:

- interest cover ratio (ICR), being EBITDA to interest expense for the 12 month period ending on the half year date, is greater than 3.0 times at all times. Interest expense incurred prior to the date of the completion of this Offer will not be included in the ICR covenant calculation;
- leverage ratio, being net interest bearing debt to EBITDA as at the half year date, is less than 3.5 times at all times; and
- loan to value ratio, being net debt to the valuation of Secured Property (as defined under the New Facilities), is less than 60% at all times.

For the purpose of determining compliance with the Financial Covenants, EBITDA is to reflect the consolidated group EBITDA as per financial reports. The Company expects to remain in compliance with the Financial Covenants of the New Facilities.

Pricing

The New Facilities will be subject to an Establishment Fee and a Commitment Fee on undrawn facilities. The New Facilities both have a variable interest rate, based on the bank bill swap bid rate (**BBSY**) plus a margin as determined with reference to a pricing grid. The pricing grid is based on the Company's most recently reported Leverage Ratio as defined in the Financial Covenants.

Representations, warranties, undertakings and events of default

The Debt Facilities will contain representations, warranties, undertakings and events of default typical for facilities of this nature and the industry in which the Company operates, including information undertakings, negative pledge, restrictions on disposals, acquisitions, distributions and provision of financial accommodation.

Any breach of the representations, warranties or undertakings, or the occurrence of an event of default may lead to the funds becoming due and the facilities being cancelled. The Company expects to remain in compliance with the terms and conditions of the New Facilities.

In addition, the New Facilities include a review event which will occur if any person acquires control, whether direct or indirect, of more than 50% of the issued share capital of the Company or otherwise gains control within the meaning of the Corporations Act, in each case without the consent of the Financiers.

4.6.4 Borrowing policy

On Completion of the Offer, Regis is forecast to have a nil debt balance other than RADs. Regis has arranged the New Facilities and may arrange additional facilities in the future as required which will allow the Company to borrow money from time to time in order to finance acquisitions, development capital expenditure, maintenance capital expenditure, working capital requirements and RAD liquidity requirements. Regis expects to use the New Facilities in order to finance Brownfield projects and acquisitions currently scheduled for FY2015 which are detailed in Section 4.9.2.3 and 4.9.2.4 and included in the statutory and pro forma forecast cash flows for FY2015 presented in Tables 4.6 and 4.8. Associated RAD inflows from Brownfield projects, Greenfield projects or acquisitions may be applied to the reduction of borrowings. Regis intends to maintain its gearing within prudent levels.

It is intended that all borrowings will be denominated in Australian dollars.

4.6.5 Contractual commitments and contingent liabilities

Table 4.12 below summarises the Company's contractual obligations and commitments as at 30 June 2014.

Table 4.12 Contractual obligations and commitments as at 30 June 2014

		Payments due by period		
($ in million)	**Total**	**<1 year**	**1-5 year(s)**	**>5 years**
Capital expenditure obligations	0.1	0.1	–	–
Operating lease commitments	5.5	0.7	2.7	2.1
Total	**5.6**	**0.8**	**2.7**	**2.1**

Capital expenditure obligations relate to minor construction works and operating lease obligations primarily relate to head office and state office leases.

From time to time, the Company may incur contingent liabilities arising out of its operations that may result in claims against the Company. At the date of this Prospectus, the Company is not a party to any legal proceedings that are expected, individually or in aggregate, to have a material adverse effect on its business, financial conditions or operating results in the current or prior years.

Refer to Section 11.1.7 for Regis' policy in relation to leases.

Regis is subject to a dispute with the SRO in relation to the acquisition by Regis of Paragon. Regis has instituted proceedings in the Supreme Court of Victoria in relation to the dispute which remain on foot. Refer to Section 5.1.9 for further detail in relation to this dispute.

4.6.6 Quantitative and qualitative disclosures about market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and prices. Financial instruments affected by market risk include cash, loans and borrowings, RADs and derivative financial instruments. Market risk is managed and monitored by using sensitivity analysis, and minimised through ensuring that all operational activities are undertaken in accordance with established internal and external guidelines, financing and investment strategies of the Company. This section describes information about the Company's exposure to these risks as well as the objectives, policies and processes for measuring and managing the risks.

Primary responsibility to review, oversee and report to the Board on the Company's risk management systems and strategies rests with the Audit, Risk & Compliance Committee operating within an approved policy under the authority of the Board. The Company uses various methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk, existing market positions and assessments of market forecasts for interest rate levels. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The Company's exposure to interest rate risk primarily relates to the Company's bank debt when drawn. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company reviews its bank borrowings on a monthly basis and monitors its position in respect of fixing interest rates, leaving them as floating rates or a combination of both.

The Company constantly monitors and analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing options and the mix of fixed and variable interest rates.

The Company seeks to manage its finance costs by assessing and where appropriate utilising a mix of fixed and variable rate debt. Borrowings at fixed rates are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Company's attempt to manage its cash flow volatility arising from interest rate changes.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through monitoring forecast cash flows and ensuring adequate access to financial instruments that are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Also, as part of the Company's compliance with the User Rights Principles 1997, the Company maintains a liquidity management strategy to ensure that it has sufficient liquidity to enable it to refund RAD balances that are expected to fall due within at least the next 12 months.

Financial liabilities of the Company comprise trade and other payables, dividends payable, deferred tax liabilities, RADs and ILU Resident entry contributions. Trade and other payables have no contractual maturities but are typically settled within 30 days or within the terms negotiated. Dividends payable have no maturity date as such and are settled upon the dividend payment date. RADs are repayable within 14 days of notice that a Resident is leaving a facility or the day a Resident leaves, whichever is later, or within 14 days following the receipt of grant of probate of a Resident's will by the Approved Provider and therefore classified under "current liabilities" in the statement of financial position. On average, each Resident has historically occupied a place for approximately 43 months, resulting in approximately 28% of RADs being replaced in any 12 month period. In addition, any RAD is typically replaced by an equivalent or higher RAD receivable from a new incoming Resident. ILU Resident entry contributions are repayable within 14 days after an ILU Resident departs, and are therefore classified under "current liabilities" in the statement of financial position. It is also unlikely in practice that all ILU Resident entry contributions would be refundable within a 12 month period.

Price risk

The Company's exposure to price risk primarily relates to the risk that the Government, through the Department, alters the rate of funding provided to Approved Providers of residential aged care services. As Government funding represents approximately 67% of the Company's revenue, a fluctuation in the rate of Government funding may have a direct material impact on the revenue of the Company. In addition, the Department also regulates the pricing of Resident contributions. While the Company is not able to influence Government policy directly it, and members of its senior management team participate in aged care industry public awareness discussions and in aged care industry dialogue with the Government about its proposals for changes to funding for the aged care industry.

Foreign exchange risk

The Company has no operations overseas and sources exclusively from local suppliers. As such, the Company does not have a direct exposure to foreign currency.

4.7 General factors affecting the operating and financial performance of Regis

Set out below is a discussion of the general factors which affected the Company's operations and relative financial performance in FY2012, FY2013 and FY2014 and which the Directors expect may continue to affect the Company in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected the Company's historical operating and financial performance, nor everything which may affect the Company's operations and financial performance in the future.

Occupancy

Demand for residential aged care has been driven by the ongoing demographic trend towards an ageing population and increased life expectancy which has also shifted patterns of disease and disability.

High industry occupancy rates have been supported by increasing demand for residential aged care services coupled with regulated supply.

Supply constraints have been driven by a number of factors resulting from the high degree of Government regulation (including the policy of controlled release of new aged care places, initial licensing requirements, the annual competitive process for new Bed Licences and high levels of ongoing regulatory compliance), historical Government funding policies and the initial capital investment requirement for new entrants. These factors create natural barriers to entry for incoming participants.

Regis attributes its higher than industry average occupancy to a strong track record of care, quality management, the location and quality of facilities and facility configuration with management observing higher occupancy of single Resident rooms.

Operational Place growth

Operational Place growth has been a significant factor in Regis' revenue growth and profitability. Regis has historically driven Operational Place growth through Greenfield developments, "bolt-on" acquisitions and expansion of existing sites.

Regis' growth strategy has benefited from a significant investment in scalable business processes and strong cash flows from receipt of RADs from new Residents following the construction of new places.

Resident mix

Resident mix refers to the types (by level of care, specific disabilities and payment type) and needs of Residents at facilities. The primary drivers of Resident mix are the services offered and location of facilities. Regis' facilities are largely located in metropolitan areas with high median house prices, which has facilitated higher than industry average RAD pricing and attracted a high proportion of Residents with capacity to pay for Extra Service. Regis facilities are equipped to cater for the full spectrum of Resident acuity including Residents with high acuity needs which attract higher Government subsidies. Management has observed a trend of increasing acuity in new Residents entering facilities, which is consistent with industry trends.

RAD cash flows and DAP revenues

Residents typically make payments in respect of their accommodation either via a RAD or a DAP. RADs are capital contributions which impact cash inflows, are reflected on the balance sheet as current liabilities and can be deployed toward capital works, purchase of facilities and retirement of debt relating to these expenditures. DAPs are ongoing accommodation payments made by a Resident in lieu of a lump sum RAD and are accounted for as revenue. As such, if a Resident makes accommodation payments via a RAD, Regis' cash inflows and liabilities will be significantly higher but revenues will be lower than if the Resident elected to make payments via a DAP.

Historically the majority of non-Supported Residents eligible to pay either a RAD or a DAP have paid RADs. Net RAD cash inflows have represented a significant operating cash flow for Regis over the historical period driven by an increase in RAD paying Residents and increasing value of RADs per Resident over time. DAP income (and its equivalent pre 1 July 2014) has only represented a small portion of Regis's revenue historically.

From 1 July 2014, a number of changes to the regulation of RADs and DAPs have been made:

- Regis can now charge RADs and DAPs in relation to all operating places provided Supported ratios are maintained. Prior to 1 July 2014 Regis could only charge RADs to Residents entering "low care" or places with Extra Service status.
- Aged care providers can not charge RAD retentions revenue to new Residents from 1 July 2014.
- Residents have greater choice and are given a period of up to 28 days to decide whether they will elect to pay a RAD or DAP.

Government subsidies and supplements and regulated prices

Approximately 67% of Regis' revenue was derived from Government subsidies and supplements in FY2014.

ACFI is the main Government subsidy received by Regis and is paid on a per day basis with rates varying based on the acuity of a Resident and their care needs. Additional supplements are received for specific service requirements for some Residents that require oxygen and enteral feeding.

The Department also regulates the pricing of Resident contributions.

Government subsidy and supplements and regulated prices have generally been indexed annually.

Regis has achieved ACFI per Resident growth in excess of indexed growth over the historic period as a result of increased Resident acuity and ongoing improvements in management of Resident ACFI applications.

Extra Services

Aged care operators may charge Residents Extra Service fees. Changes to the pricing of Extra Services is regulated by the Department. Subject to market competitiveness, prices can increase by 20% plus CPI per annum with the approval of the pricing commissioner. Regis has focused on increasing its places with Extra Service status over the historic period with the construction of new facilities offering places with Extra Service status as well as the conversion of existing standard places to Extra Service status.

Labour costs

Labour costs account for approximately 80% of Regis' total costs (or 63% of total revenue for FY2014). Labour costs are driven by staff numbers, dependency on agency staffing and wage rates. Wage costs are primarily governed by enterprise bargaining agreements, collective bargaining agreements and modern awards which specify annual increases. Regis management has implemented a number of initiatives to more effectively staff facilities and reduce reliance on short-term agency staffing. This includes development of a centralised roster management system as well as effective staff recruitment and retention processes.

Outsourced services

Regis has fixed term contracts in place with a number of suppliers for major Resident care expenses such as cleaning, food and physiotherapy which are reviewed regularly.

4.8 Management's discussion and analysis of the Pro forma Historical Financial Information

The following section explains the year on year movements in Pro Forma Historical Financial Information, together with some key operating metric information to support the analysis. FY2012 is compared to FY2013 in Section 4.8.1 and FY2013 is compared to FY2014 in Section 4.8.2.

Table 4.13 Selected operating metrics and cash flow items: FY2012, FY2013 and FY2014

(June year end, $ in millions)	FY2012 Pro forma	FY2013 Pro forma	FY2014 Pro forma	FY2012-13 % change	FY2013-14 % change
Total revenue	**326.1**	**352.7**	**404.8**	**8.2%**	**14.8%**
Government revenue	218.9	237.3	272.9	8.4%	15.0%
Resident revenue	91.2	102.7	114.4	12.6%	11.3%
Total operating expenses	**(282.2)**	**(288.6)**	**(321.2)**	**2.3%**	**11.3%**
Staff expenses	(222.6)	(230.6)	(257.0)	3.6%	11.4%
Resident care expenses	(23.4)	(27.0)	(29.6)	15.3%	9.7%
EBITDA	**43.9**	**64.1**	**83.7**	**46.0%**	**30.6%**
Closing available places	4,469	4,581	4,719	2.5%	3.0%
Average occupancy (%)	91.1%	92.9%	93.2%		
Revenue per Occupied Place Day ($/place day)	222	231	250	3.8%	8.5%
Weighted average ACFI ($/place day)	129	134	147	3.9%	9.6%
Staff costs (% of revenue)	68.3%	65.4%	63.5%		
Net receipts from RADs	70.7	56.7	79.3	(19.9%)	40.0%
Net cash flow used in investing activities	(44.9)	(56.1)	(17.5)	24.9%	(68.8%)

4.8.1 Pro forma comparison of FY2012 to FY2013

The following section compares FY2012 and FY2013 Pro Forma Historical Financial Information.

Occupancy and places

There was an overall increase in Occupied Place Days of 4.2% between FY2012 and FY2013. Average occupancy increased from 91.1% in FY2012 to 92.9% in FY2013 which was largely due to a lower proportion of facilities in ramp up phase.

Closing places increased by 2.5% from 4,469 at the end of FY2012 to 4,581 at the end of FY2013. The increase is attributable to:

- the acquisition of an 82 place facility in Embleton (Perth) in Western Australia in the second half of FY2013; and
- the opening of a 30 bed high care extension of Boronia Heights in Queensland in the first half of FY2013.

Total revenue

Total revenue increased by $26.6 million from $326.1 million in FY2012 to $352.7 million in FY2013. The increase was partly driven by the increase in Occupied Place Days of 4.2%. There was also an increase in revenue per Occupied Place Day from $222 in FY2012 to $231 in FY2013.

The key components of revenue are described below.

Government revenue increased by 8.4% from $218.9 million in FY2012 to $237.3 million in FY2013. In addition to the increase in average occupied beds, the majority of the increase was attributable to a 3.9% increase in average ACFI to $134 per Occupied Place Day for permanent Residents, which was primarily driven by continued focus by Regis on increasing ACFI levels coupled with management's observation that new Residents entering care typically have higher care needs.

Resident revenue grew by 12.6% from $91.2 million in FY2012 to $102.7 million in FY2013. Key drivers contributing to this uplift include:

- a 10.1% increase in Resident daily care fees to $65.0 million in FY2013 primarily due to increased Occupied Place Days and indexation of 3.1%; and
- a 36.7% increase in Extra Service revenue to $15.2 million in FY2013 with an underlying increase of 16.6% in average Extra Service beds to 1,202 in FY2013. This resulted from the full year impact of Kuluin and Yeronga developments which were in ramp up from the first half of FY2012 and are both 100% Extra Service facilities as well as the implementation of Extra Service rate increases and initiatives across other existing facilities.

Staff expenses

Staff expenses increased by $8.0 million (or 3.6%) to $230.6 million in FY2013 compared with FY2012 ($222.6 million), which was primarily driven by annual wage rate increases and additional staffing requirements relating to the increase in Occupied Place Days at a facility level partially offset by head office staff expense reductions.

Staff expenses as a percentage of revenue decreased from 68.3% in FY2012 to 65.4% in FY2013, driven predominantly by the increase in Government and Resident revenue whilst maintaining stable staff expenses per Occupied Place Day and reducing overhead staff expenses.

Resident care expenses

Resident care expenses increased by $3.6 million (or 15.3%) from $23.4 million in FY2012 to $27.0 million in FY2013. The increase was predominantly driven by outsourcing of the majority of the cleaning function as well as an increase in catering and other Resident care expenses due to increased Resident places from developments and increased occupancy generally. In addition there was increased expenditure in relation to lifestyle activities associated with the PIEC&S program (see Section 3.3.4).

EBITDA

EBITDA was $64.1 million in FY2013, an increase of 46.0% compared with $43.9 million in FY2012. This was driven by the 4.2% increase in Occupied Place Days and net margin expansion due to the revenue and staff expense factors outlined above.

Net receipts from RADs

There were net RAD inflows of $56.7 million in pro forma FY2013 compared to net RAD inflows of $70.7 million in FY2012. This 19.9% reduction reflected a slowdown in the growth rate of additional RAD paying residents compared to FY2012 when a significant number of new places became operational.

Cash flow used in investing activities

FY2013 outflow of $56.1 million increased compared with FY2012 outflow of $44.9 million. This was due to an increase in acquisition expenditure in relation to the acquisitions of Playford and Embleton during FY2013.

4.8.2 Pro forma comparison of FY2013 to FY2014

The following section compares FY2013 and FY2014 Pro Forma Historical Financial Information.

Occupancy and places

There was an overall increase in Occupied Place Days of 5.8% between FY2013 and FY2014. Average occupancy increased from 92.9% in FY2013 to 93.2% in FY2014. In addition, closing places increased by 3.0% from 4,581 at the end of FY2013 to 4,719 at the end of FY2014. The increase is attributable to:

- the acquisition of a 125 place facility in Adelaide in South Australia in the first half of FY2014;
- the opening of a 30 place extension of Cypress Gardens in Western Australia in the first half of FY2014;
- the opening of a 60 place Extra Service extension of Wynumm in Queensland in the second half of FY2014;
- the activation of an extra two Bed Licences at Bulimba in the second half of FY2014; and
- the closure of 79 places at the site known as Hillcrest in North Fremantle, Western Australia in advance of a Brownfield redevelopment commencing in the first half of FY2015.

Total revenue

Total revenue increased by $52.1 million from $352.7 million in FY2013 to $404.8 million in FY2014. The increase was partly driven by the increase in Occupied Place Days of 5.8%. There was also an increase in revenue per Occupied Place Day from $231 in FY2013 to $250 in FY2014.

The key components of revenue are described below.

Government revenue increased by 15.0% from $237.3 million in FY2013 to $272.9 million in FY2014. Key factors which contributed to the increase included:

- a 9.6% increase in the average ACFI rate to $147 per Occupied Place Days for permanent Residents partly driven by a Government funding indexation increase of 1.67% effective 1 July 2013;
- continued focus by Regis on increasing ACFI levels; and
- management's observation that new Residents entering care typically have higher care needs.

Resident revenue grew by 11.3% from $102.7 million in FY2013 to $114.4 million in FY2014. Key drivers contributing to this uplift include:

- an 11.9% increase in Resident daily care fees to $72.7 million in FY2014 primarily due to increased Occupied Place Days and indexation of 3.2%; and
- a 19.5% increase in Extra Service revenue to $18.2 million in FY2014 with an underlying increase in average places with Extra Service status resulting from the additions of new places at Wynnum and Cypress Gardens in FY2014 as well as a 20% + CPI price increase across a significant number of Extra Service facilities.

Staff expenses

Staff expenses increased by $26.4 million (or 11.4%) to $257.0 million in FY2014 compared with FY2013 ($230.6 million), which was largely driven by increased places, wage inflation and an increase in annual leave expenses.

Staff costs as a percentage of revenue decreased from 65.4% in FY2013 to 63.5% in FY2014, driven by increases in Government and Resident revenue, cost savings from implementation of the centralised rostering programme and effective WorkCover management.

Resident care expenses

Resident care expenses increased by $2.6 million (or 9.7%) from $27.0 million in FY2013 to $29.6 million in FY2014. The increase was predominantly driven by an increase in catering, cleaning and other Resident care expenses due to increased places and increased occupancy.

EBITDA

EBITDA of $83.7 million in FY2014 increased by 30.6% against $64.1 million in FY2013. This was primarily driven by the 5.8% increase in Occupied Place Days and net margin expansion due to the factors outlined above.

Net receipts of RADs

Net RAD inflow of $79.3 million in pro forma FY2014 compared to net RAD inflow of $56.7 million in FY2013. The increase is primarily due to an increase in the number of new RAD paying Residents compared to FY2013 as a result of extensions completed at Cypress Gardens and Wynnum as well as conversion of non-RAD-paying places to RAD-paying places on Resident turnover.

Cash flow used in investing activities

Investing activities cash outflow decreased from $56.1 million in FY 2013 to $17.5 million in FY 2014. This change is primarily due to the fact that in FY 2014 there were no new acquisitions and in addition the company received $10.7 million in proceeds from asset sales.

4.9 Management's discussion and analysis and assumptions underlying the Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions concerning future events, including those set out below, which should be read in conjunction with the Independent Limited Assurance Report in Section 8, the risk factors set out in Section 5, the sensitivity analysis set out in Section 4.10 and all other information set out in this Prospectus.

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by the Company, which are in accordance with AAS and are disclosed in Section 11.

The Company believes the best estimate assumptions when taken as a whole to be reasonable at the date of this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

The actual results are likely to vary from the Forecast Financial Information and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors, and are not reliably predictable.

Accordingly, none of the Company, its Directors, or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

4.9.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted for the forecast period:

- no significant change in the economic conditions (including financial market stability) prevailing in Australia other than those changes reflected in the key revenue assumptions set out in Section 4.9.2.1;
- no significant deviation from current market expectations of broader economic conditions relevant to the aged care industry and to the Company's potential Resident pool;
- no significant change in the legislative regimes (including tax) and regulatory environments in the jurisdictions in which the Company operates;
- no change in applicable accounting standards or the Corporations Act that would have a material impact on the Company's consolidated financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures;
- no material industrial or employee relations disputes, litigation, strikes, acts of terrorism or force majeure which have a material impact on the operations of the Company;
- no material change in capital expenditure requirements from those included in the Forecast Financial Information caused by factors outside the Company's control;
- no material environmental losses or material legal claims;
- no material beneficial or adverse effects arising from the actions of competitors;
- no significant amendment to any material contract relating to the Company's business;
- no significant delays in the performance of any material contracts and parties to those contracts will continue to comply with the contracts' terms and maintain all relevant licenses and approvals;
- no material impact on the Company's ability to achieve its current earnings margin;
- no material disposals or investments other than disclosed;
- no impairment of goodwill or other identifiable intangible assets;
- key personnel, particularly the senior management team, are retained and the Company maintains its ability to recruit and retain required personnel; and
- the Offer proceeds in accordance with the timetable set out in this Prospectus.

4.9.2 Specific assumptions

The Forecast Financial Information has been prepared by the Company based on a detailed bottom-up assessment by aged care facility, consistent with its prior period budgeting processes. In preparing the Forecast Financial Information, the Company has taken into account the current year to date trading (YTD) performance and market conditions.

The specific best estimate assumptions applied by the Company in preparing the Forecast Financial Information for FY2015 are described below.

4.9.2.1 Revenue assumptions

The Company has estimated the revenue component of the Forecast Financial Information based on an individual aged care facility analysis taking into account recent trading performance, expected Resident mix, Resident preferences and capacity to pay as well as the regulatory environment.

- based on a detailed analysis of recent historical occupancy rates at each facility relative to forecast Resident demand, the forecast assumes that both occupancy (95.2%) and Resident demand for FY2015 are consistent with current market conditions and the latest actual occupancy rate for the portfolio as at June 2014 (94.9%);
- the weighted average RAD and DAP turnover assumed during the forecast period is 34% on average (assessed on a site by site basis) which is broadly based on the recent historical averages;
- forecast statutory FY2015 revenue includes $1.0 million of income from the dementia supplement for the month of July 2014 after which this income ceases in line with changes announced by the Federal Government on 26 June 2014, compared with $8.5 million of Dementia Supplement Income for the full year of FY2014;
- FY2015 includes $6.4 million of income in relation to the employee Payroll Tax Supplement for the six months to December 2014, after which this ceases in line with changes announced in the 2014 Federal Budget, compared with $14.1 million of employee Payroll Tax Supplement income for the full year of FY2014;
- Government permanent residential care subsidy rates are escalated by 4.3% from 1 July 2014 reflecting the following:
  - escalation of 1.86% from 1 July 2014 reflecting annual COPE (Commonwealth Own Purpose Expenses) indexation; and
  - a 2.4% funding increase ($5.4 million in FY2015) representing a reprioritisation of the Workforce Supplement, announced concurrently with the changes to other funding measures (including the employee Payroll Tax Supplement) pursuant to the 2014 Federal Budget;
- management has assessed the likely extent of increased Resident acuity and improved management of Resident ACFI applications resulting in a further 2.64% uplift in ACFI;
- Resident income and general revenue items are escalated in line with daily care increase of 3.2% per annum and take into account any expected fee changes where anticipated (i.e. Extra Service fees);
- Resident care fees are payable by all Residents at a rate of $46.50 per place day
- Changes in the mix of DAPs and RADs are assessed at an individual site level. They are based on historical numbers for lump sum and periodic payments, and take into account the likely impact of Resident demand, relative competition, Resident turnover and changes in places that are likely to attract a RAD or DAP;
  - fully Supported Residents are forecast to decrease from 26.1% of total Residents at 30 June 2014 to 25.9% of total Residents at 30 June 2015;
  - partially Supported Residents are forecast to increase from 5.2% of total Residents at 30 June 2014 to 6.4% of total Residents at 30 June 2015;
  - non-supported DAP paying Residents are forecast to decrease from 15.0% of total Residents at 30 June 2014 to 14.4% of total Residents at 30 June 2015; and
  - RAD paying Residents are forecast to remain at 43.4% of total Residents across FY2015.
- Pricing for accommodation (both RADs and DAPs) is set at an individual aged care facility level, taking into account historical trading levels, the age of the facility, services, demographics, relative competition and other factors such as the Government's aged care reforms, which took effect from 1 July 2014;
  - the forecast average total contribution for fully and partially Supported Residents in FY2015 is $34.20 per Resident per day except for significantly refurbished facilities which are assumed to qualify for a higher supplement of $52.45 per Resident per day;
  - the average DAP forecast for incoming non-Supported DAP paying Residents in FY2015 is $55.00 per Resident per day replacing outgoing Residents paying a maximum $34.20 per Resident per day;
  - the average RAD forecast for new Residents paying a RAD in FY2015 is $359,000; and
  - in line with recent regulatory changes which took effect on 1 July 2014 new RAD paying Residents will not have to pay a Retention amount.
- Other Residents including respite and transitional care Residents (representing 5.0% of total Residents at 30 June 2014 increasing to 5.5% at 30 June 2015) are forecast to contribute $151 per Resident per day on average in FY2015;
- Regis is entitled to no accommodation income on certain Residents (5.3% of total Residents at 30 June 2014 falling to 4.5% at 30 June 2015);
- interest applied to outstanding RAD deposits owed by Residents is assumed at 6.63%; and
- interest applied to general cash accounts is assumed at 2.25%.

4.9.2.2 Expense assumptions

Operating expenses

The Company has estimated the expenses component of the Forecast Financial Information based on an individual aged care facility analysis, taking into account the recent trading performance, expected Resident activity and expected future business requirements including known and expected cost changes.

- Wages and associated on costs are escalated according to enterprise bargaining agreement, collective bargaining agreement and modern award rates at state level also taking into account the operating parameters of each aged care facility. The average escalation rate used for FY2015 is 2.5%; also included in this caption are the costs of executive and employee remuneration relating to short term and long term incentives.
- Other direct and indirect expenses are forecast based on expectations of future business requirements (and escalated at 2.0%), and known forecast cost changes. An allowance has also been made for incremental costs associated with the Company being a listed company of $2.4 million per annum.
- **Depreciation and amortisation**

Depreciation is forecast based on the existing asset base and depreciation rate as well as expected capital expenditure for the forecast period. Where the business has added extensions to existing facilities these are depreciated separately to the remainder of the building, unless the existing building underwent a major refurbishment/renovation. Refer to Section 11.1.10 for additional detail on the Company's depreciation policy.

Net interest expense

The interest expense is based on the term sheet pricing on the credit facilities agreed by the banks as described in Section 4.6.3. Interest expense includes the commitment fee on the facilities of $0.9 million. A base interest rate of 2.05% per annum has been assumed by reference to the current prevailing BBSY rate. The assumed all-in rate for the facilities is 4.15%. It is assumed there will be no drawn debt immediately after Listing and into FY2015.

Taxation

The Australian corporate tax rate is assumed to remain at 30%. Other relevant tax rates are assumed to remain at current statutory rates and are state specific where applicable.

4.9.2.3 Development capital expenditure assumptions

Brownfield and Greenfield capital expenditure assumptions are based on Quantity Surveyor reports where construction has already begun and based on management estimates for projects yet to begin. The key assumptions by project are detailed below.

Table 4.14 Brownfield / Greenfield development assumptions

($ in millions)	Actual / forecast construction period	Forecast construction completion	No. of additional places	Costs incurred to 30 June 2014	Forecast FY15 costs
Regis North Fremantle	22 months	Jul-16	109	1.7	16.0
Regis Malvern East	19 months	Aug-16	148	2.5	13.3
Regis Ontario	12 months	Oct-15	38	–	5.6
Regis Canning Lodge	13 months	Mar-16	60	–	4.7
Regis Brisbane	23 months	Nov-16	120	–	5.0
Total			**475**	**4.2**	**44.6**

Further costs in relation to each of these facilities will be incurred post FY2015.

4.9.2.4 Acquisition

On 8 August 2014 Regis signed a contract to acquire a 135 place aged care facility in Darwin, Northern Territory (Tiwi Residential Care Facility). Settlement is expected to occur on 31 October 2014. The acquisition is expected to have no material impact on FY2015 earnings net of transaction costs.

4.9.2.5 Working capital assumptions

Working capital assumptions at a business level are based on management forecasts of Resident demand and the associated care services program. Working capital is forecast to result in a $1.1 million cash requirement in FY2015.

4.9.3 Pro forma forecast income statement and cash flow items: pro forma FY2015 compared to pro forma FY2014

The following section compares FY2015 pro forma forecast financial information with FY2014 Pro Forma Historical Financial Information and explains year on year movements.

Table 4.15 Selected operating metrics and cash flow items: FY2014 and FY2015

(June year end, $ in millions)	FY2014 Pro forma	FY2015 Pro forma	FY2013-14 % change
Total revenue	**404.8**	**427.3**	**5.6%**
Government revenue	272.9	292.1	7.0%
Resident revenue	114.4	121.6	6.4%
Total operating expenses	**(321.2)**	**(340.5)**	**6.0%**
Staff expenses	(257.0)	(272.0)	5.9%
Resident care expenses	(29.6)	(31.8)	7.3%
Total EBITDA	**83.7**	**86.9**	**3.8%**
Closing available places	4,719	4,854	2.9%
Average occupancy (%)	93.2%	95.2%	
Revenue per Occupied Place Day ($/place day)	250	256	2.2%
Weighted average ACFI ($/place)	147	157	6.9%
Facility staff costs (% of revenue)	63.5%	63.7%	
Net receipts from RADs	79.3	47.0	(40.7%)
Cash flow used in investing activities	(17.5)	(89.8)	414.0%

Occupancy and places

Average occupancy is forecast to increase from 93.2% in FY2014 (and 94.9% at June 2014) to an average of 95.2% for FY2015, which is primarily the result of a number of ramp-up facilities approaching stabilised occupancy levels as well as improved occupancy at certain other facilities due to upgrades, room reconfigurations and improved facility management. Notably no new developments or expansions are expected to commence ramp-up phases in FY2015.

Closing places are forecast to increase by 2.9% from 4,719 at the end of FY2014 to 4,854 at the end of FY2015. The increase is attributable to the acquisition of Tiwi Residential Care Facility in the Northern Territory expected to complete in the first half of FY2015, a 135 place facility.

Total revenue

Revenue is forecast to increase by $22.5 million from $404.8 million in FY2014 to $427.3 million in FY2015. The increase is driven by the forecast increase in occupancy described above and a forecast increase in revenue per Occupied Place Day from $250 in FY2014 to $256 in FY2015.

The key components of revenue are described below.

Government revenue is forecast to increase by 7.0% to $292.1 million in FY2015 from $272.9 million in FY2014. FY2015 Government income assumes:

- $6.4 million of income in relation to the employee Payroll Tax Supplement for the six months to December after which this income ceases in line with reforms announced in the 2014 Federal Budget compared with $14.1 million of employee Payroll Tax Supplement income for the full year of FY2014;
- A 6.9% increase in ACFI rates from an average of $147 in FY2014 to an average of $157 in FY2015 is forecast which is based on:
  - an increase of 1.86% representing the COPE and effective from 1 July 2014;
  - a 2.4% funding increase announced by the Department representing a reprioritisation of the Workforce Supplement effective from 1 July 2014; and
  - continued management focus on increasing ACFI levels as well as management's observation that new residents entering care typically have increasing care needs upon entry.

Resident revenue is forecast to increase 6.4% to $121.6 million in FY2015 from $114.4 million in FY2014. The increase is primarily due to both an assumed increase in the regulated prices of residential daily care fees and the impact of transitioning from accommodation charges to DAPs, pursuant to the Government's aged care reforms which took effect from 1 July 2014, as well as increasing Extra Service fees.

Staff expenses

Staff costs are projected to increase by $15.0 million (or 5.9%) to $272.0 million in FY2015 compared with $257.0 million in FY2014. This increase is primarily driven by the net effect of contracted increases in Enterprise Bargaining Agreement, Collective Bargaining Agreement and Modern Award rates and increased Occupied Place Days.

Staff costs as a percentage of revenue are forecast to increase from 63.5% to 63.7% in FY2015, driven by the net effect of a reduction in agency, the full impact of cost savings from the centralised rostering programme and increased head office staff expenses arising from becoming a listed entity.

Resident expenses

Resident care expenses are forecast to increase by $2.2 million (or 7.3%) to $31.8 million in FY2015 from $29.6 million in FY2014. Factors contributing to this increase include general cost inflation, increased places and increased spending on Resident welfare.

EBITDA

EBITDA of $86.9 million in FY2015 is expected to increase by 3.8% against $83.7 million in FY2014.

The increase is primarily attributable to revenue growth which is driven by an increase in occupancy levels, ACFI uplift initiatives and annual increases in subsidy rates and regulated prices of Resident daily care fees. These initiatives, in addition to the funding increase in relation to the Workforce Supplement effective from 1 July 2014, more than offset any negative impact of the cessation of the employee Payroll Tax Supplement from 1 January 2015.

Staff expenses and Resident care expenses are forecast to increase in line with Resident numbers with some staff expense savings attributed to sick leave management and the full year benefit from central roster management and optimised staffing levels.

Net receipt of RADs

Net receipt of RADs of $47.0 million in FY2015 is expected to be lower than the FY2014 RAD related cash flow of $79.3 million. This decrease is the result of no significant development ramp-up activity forecast in FY2015.

Cash flow used in investing activities

FY2015 outflow of $89.8 million is forecast to be greater than FY2014 outflow of $17.5 million. This increase is primarily attributable to the acquisition of Tiwi Residential Care Facility, development at North Fremantle and Malvern East and significant refurbishments across a number of facilities.

4.10 Sensitivity analysis

The Forecast Financial Information is based on a number of key assumptions which have been outlined above. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and management, and based upon assumptions with respect to future business decisions or actions which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Financial Information, the sensitivity of the forecast pro forma NPAT attributable to Shareholders for FY2015 to changes in certain key assumptions is set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

Table 4.16 Sensitivity analysis on pro forma Forecast NPAT attributable to Shareholders for FY2015

Assumption	Increase / decrease	Impact on consolidated pro forma NPAT for FY2015
Change in Government income	+/- 1%	$2.0 million / $(2.0) million
Change in occupancy[1]	+/- 1%	$1.9 million / $(1.9) million
Change in salaries and wages expense	+/- 1%	$(1.7) million / $1.7 million

1. Sensitivity analysis for a change in occupancy is presented net of variable cost savings (e.g. reduced catering and cleaning requirements) which offset a reduction in revenue.

No sensitivity was provided for changes in Accommodation Bonds/RADs as the alternative for Residents paying RADs is for Residents to pay DAPs. There is no material difference in the income statement if a DAP is paid instead of a RAD and therefore it is not considered to be a key sensitivity.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on FY2015 pro forma forecast NPAT of the Company. In practice, changes in variables may offset each other or may be additive.

4.11 Dividend policy

The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors such as the operating results, cash flows and the financial condition of the Company, and any other factors the Directors may consider relevant.

The Company's dividend payout ratio will be formulated with regard to a range of factors including:

- general business and financial conditions;
- the certainty of the Company's cash flow including consideration of net RAD cash flows;
- capital expenditure requirements;
- taxation considerations;
- working capital requirements; and
- other factors that the Directors consider relevant.

The Directors intend to target a payout ratio of up to 100% of NPAT, however the level of dividend payout ratio is expected to vary between periods depending on the factors noted above. It is intended that future dividends will be franked to the maximum extent possible. No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend.

It is the current intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period and will be franked to the maximum extent possible. It should be noted that the first dividend paid by the Company following the date of this Prospectus will be a final dividend in respect of the period from Completion of the Offer to 30 June 2015.

This page is left blank intentionally

5 Key Risks

KEY RISKS

This Section 5 describes what Regis believes to be the key risks associated with an investment in the Company.

It does not purport to be an exhaustive list of every risk that may be associated with an investment in Regis now or in the future. The consequences associated with each risk are partially or completely outside Regis' control and, if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in Regis.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of the risks described in this Section 5 and consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and tax position. If you do not understand any part of this Prospectus, or have any questions about whether to buy Shares, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.1 Specific risks

5.1.1 The regulatory framework may change

The Australian aged care industry is highly regulated by the Government. This regulatory framework is described in Section 2.4. Changes were recently made pursuant to the 2014 Federal Budget and also as a result of a review relating to the dementia supplement. In addition, on 1 July 2014, previously anticipated changes to the aged care regulatory framework took effect.

Any further future regulatory change for the aged care industry may have an adverse impact on the way Regis promotes, manages and operates its facilities, and on its financial performance.

Some examples of these adverse changes are:

- modification of ACFI scores or payment levels;
- modification of Government supplements;
- increased funding for home care, that cause a reduction in demand for residential aged care places;
- changes to the physical building and structure requirements for aged care facilities; and
- changes to accreditation standards, which have the effect of increasing compliance costs.

In addition, there is a risk that other participants in the industry may, through their actions and business practices, cause future regulatory changes that have an adverse impact on Regis' financial performance. Any new regulatory restrictions or changes in Government attitudes or policies in relation to any or all of the existing regulatory areas may adversely impact Regis' financial performance and future prospects.

5.1.2 Regis' RADs level may fluctuate

The value of Regis' RADs (formerly known as Accommodation Bonds) may fluctuate due to a range of factors. RADs generally become refundable within 14 days of departure (subject to grant of probate of a Resident's will). While individual RADs are generally replaced in a short period of time, typically with a RAD of equal or higher value, Regis is exposed to risks associated with repayment, and future issue, of RADs including:

- specific issues arising in Regis' business, such as a major issue at a facility, which could require Regis to repay a large number of RADs that cannot be replaced immediately;
- a general reduction in the price that can be achieved for new RADs, which may result from falls in residential property prices, lower levels of personal wealth or deterioration of market conditions in the areas surrounding Regis' facilities. As incoming Residents typically move into a facility after selling their family homes, there is a risk that a downturn in the property market may limit potential Residents' ability to relocate into a facility. Specifically, such a downturn may affect the ability of potential incoming Residents to sell their own homes or sell them at prices that allow them to provide RADs;
- lower than projected take-up of RADs by Residents to whom operators were formerly unable to charge RADs prior to regulatory changes effective from 1 July 2014. These Residents were previously classified as high care;
- competitors offering lower price RADs, which may cause Residents to choose an alternative provider;
- demand for Regis' aged care services changing over time due to general economic factors (such as interest rates) and social factors (such as population demographics and demand for home care);
- regulatory changes that limit Regis' ability to issue replacement or new RADs; and
- Residents electing to pay a DAP instead of a RAD, which would reduce working capital and associated funding capability.

The effect of these risks may be that the value and number of new RADs Regis receives may be reduced and it may take longer for Regis to reach agreements with new Residents or collect RADs.

5.1.3 Occupancy levels may fall

In the ordinary course of its business, Regis faces the risk that occupancy levels at any of its individual facilities may fall below expectations due to a number of factors, including reputational damage and loss of accreditation. Reduced occupancy levels at a number of facilities may adversely affect Regis' revenue and general financial performance as it would reduce Regis' profitability by reducing:

- the amount of Government funding Regis is entitled to;
- Resident contributions; and
- DAPs or RADs.

5.1.4 Facilities may lose their approvals or accreditation

Aged care facilities are required to be approved and accredited in various ways including clinical care requirements (see Section 2.4 for further details). These approvals are generally subject to periodic review, and may be revoked in certain circumstances. Aged care facilities need approvals and accreditations to attract Government funding. If Regis does not comply with regulations and is unable to secure approvals for the operation of its aged care facilities and Resident places in the future, or if any of its existing approvals are adversely amended or revoked, this may breach banking covenants and may also adversely impact Regis' financial performance. Further, if Regis is required to undertake facility refurbishments or make significant structural changes to facility buildings in order to retain its approvals or accreditations, the cost of those works may impact its profitability. Any financial penalties Regis incurs as a result of any failure to comply with regulations may also adversely affect Regis' financial performance.

5.1.5 Regis may have to pay a levy under the Government's Guarantee Scheme

If an Approved Provider becomes insolvent and is unable to refund RAD balances that are owing to its care recipients, the Government may repay the outstanding RAD balances to the care recipients affected under the Accommodation Bond Guarantee Scheme (**Guarantee Scheme**).

The Aged Care (Bond Security) Levy Act 2006 enables the Government to recover the costs of refunding these RAD balances (along with administrative costs) from Approved Providers via a levy. If a levy is struck in these circumstances, this may adversely affect Regis' cash flows.

The magnitude of the levy would be determined by the monetary value of the outstanding RAD balances (including interest) repaid by the Government on behalf of the defaulting Approved Provider, whether any part of this cost could be recovered from the defaulting Approved Provider and the costs incurred by the Government in administering the default event (including the repayment of the RAD balances). The Government has the legislative capacity to recover costs from Approved Providers in instalments over a number of years to minimise the potential impact on Approved Providers.

5.1.6 Regis' reputation may be damaged

Regis operates in a commercially sensitive industry in which its reputation could be adversely impacted should it, or the aged care industry generally, suffer from any adverse publicity. Examples of adverse publicity may include reports of inappropriate care of Residents, inquiries or investigations relating to the operation of aged care facilities or incidents at aged care facilities, health and safety issues affecting Residents, staff or visitors, failure to ensure facilities are well maintained or poor service delivery at facilities. If there were to be any such adverse publicity, this may reduce the number of existing Residents at Regis' facilities or Regis' ability to attract new Residents to its facilities, both of which may adversely impact Regis' profitability. Adverse media coverage may also lead to increased regulatory scrutiny in some areas and could have a material adverse effect on Regis' revenue and profitability by, for example, increasing regulation and compliance costs.

5.1.7 Industrial relations disputes may disrupt the business and labour costs may increase

The majority of Regis' employees are represented by the Australian Nursing Federation and Health Services Union and are subject to enterprise bargaining agreements, collective agreements and modern awards. Each enterprise bargaining agreement and collective agreement must be negotiated between Regis and its employees periodically. During periods of negotiation, particularly where the prevailing agreement has expired and a new agreement is not yet agreed, disputes may arise between Regis and its employees and those disputes may lead to strikes or other forms of industrial action that could disrupt Regis' business operations and adversely impact its financial performance.

Further, any such negotiations or disruptions could result in increased direct and indirect labour costs for Regis. Regis' labour costs may also increase as a result of factors including shortage of qualified personnel, or an increase in staffing requirements as a result of regulatory changes. Labour costs comprise a substantial portion of Regis' operating expenses. An increase in wages, as a result of any of these factors could substantially increase Regis' operating costs and reduce its earnings.

5.1.8 The Founding Shareholders will retain significant stakes in the Company following the Offer and their interests may not be aligned with the interests of other Shareholders

On Completion of the Offer, the Founding Shareholders will together hold approximately 54.5% of the Company's issued capital.

The Founding Shareholders have the potential to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions.

There is a risk that the interests of the Founding Shareholders may not be aligned to the interests of other Shareholders.

The Founding Shareholders' Shares will also be subject to voluntary escrow arrangements from Completion of the Offer until release of the Company's audited financial results for FY2015 (see Section 10.3.2). Until these Shares are released from escrow, trading in Shares may not be liquid, and this could impact the price at which Shares are able to be traded on ASX.

Should either of the Founding Shareholders sell all or part of their respective or collective holdings once they are released from their voluntary escrow restrictions (see Section 10.3.2). This may adversely affect the Share price.

5.1.9 Dispute with State Revenue Office Victoria regarding acquisition of Paragon

Regis has instituted proceedings in the Supreme Court of Victoria challenging a notice of assessment issued in September 2011 and a revised notice of assessment issued in October 2012 by the State Revenue Office Victoria (SRO) in relation to the acquisition by Regis of the shares in Paragon in July 2007.

The SRO alleges that Paragon was land rich at the time of the acquisition in July 2007(see Section 3.2.1). The relevant notices of assessment total $15.3 million (comprising stamp duty of $13.3 million with the remainder being penalty tax and interest). While Regis is challenging these notices of assessment, Regis has paid $14.2 million to avoid accruing additional interest and penalty tax. This leaves an unpaid outstanding amount of $1.1 million as at the date of this Prospectus.

Regis is challenging the SRO's valuations of the Paragon land assets as according to Regis' valuations, the value of Paragon's land did not exceed 60% of the value of all of Paragon's assets (being the land rich threshold) in July 2007 when the transaction was completed.

The differing values attributed by Regis and the SRO to Paragon's assets in July 2007 are as follows:

Paragon asset	Regis valuation	SRO valuation
Victorian land	$80.0 million	$241.5 million
All land	$138.2 million	$497.0 million
All assets	$464.5 million	$568.0 million

The SRO's most recent stamp duty assessment is based on 5.5% of the $241.5 million value attributed by the SRO to the Victorian land of Paragon as at July 2007. The difference in values attributed to the Paragon assets by Regis and by the SRO, especially the difference in the comparative values of land, is due to differences in valuation methodology applied by Regis and by the SRO.

There is a risk that the SRO may further revise its valuation of Paragon's Victorian land, thereby leading to a further amended assessment for additional duty, penalty tax and interest. If Regis is successful in the Supreme Court of Victoria, the amounts already paid under the assessments should be refunded to Regis with interest. The further amount claimed under the assessments would also cease to be payable by Regis. If unsuccessful, Regis may be liable to pay the outstanding amount under the assessments and other costs associated with the proceedings. A decision in the case is expected, at the earliest, in the first half of calendar year 2015.

The SRO has also sought information from Regis in relation to the acquisition by Regis of the shares in RCA. Regis acquired the shares in RCA at the same time that Regis acquired the shares in Paragon. At the date of this Prospectus, the SRO has not claimed that Regis is liable to pay duty (which would be payable at 5.5% of the RCA Victorian land value) on the acquisition of the shares in RCA on the basis that RCA was land rich in July 2007. Regis valued RCA's land in and outside Victoria at $177.5 million and its overall assets at $375.2 million at the time of acquisition representing a ratio of 47% and therefore below the 60% land rich threshold. The market value of RCA's Victorian land as at July 2007 was considered by Regis to be $59.4 million. Land rich duty would be assessed at 5.5% of the RCA Victorian land value if the SRO were to allege that RCA was land rich at the time of acquisition.

If Regis is found liable to pay the outstanding stamp duty, the costs associated with the proceedings in the Supreme Court of Victoria or the SRO alleges that duty is payable on the RCA acquisition, each of these events may adversely impact Regis' financial and operational performance.

5.1.10 Increased competition may affect Regis' competitive position

Each aged care facility has its own character and is effectively operating in its own local area (referred to as a catchment area). The competition faced by aged care operators is therefore mainly experienced at the facility level within the relevant catchment area. A substantial increase in the level of competition Regis faces across its portfolio of facilities could result in, among other things, Regis experiencing lower than anticipated occupancy rates, reduced revenue and margins and loss of its overall market share. This may have a material adverse effect on Regis' financial performance at the facility level, and if this were to occur across a number of facilities, this may reduce Regis' ability to achieve its strategic objectives.

5.1.11 Regis may not be able to retain key management

Regis relies on a specialised management team with significant aged care industry knowledge and experience.

If Regis is not able to retain key members of its management team Regis may not be able to operate its business to the current standard, which may undermine Regis' ability to comply with regulations and may reduce demand for Regis' services from existing and prospective Residents. These occurrences may adversely impact Regis' business operations including its ability to grow.

5.1.12 Regis may face medical indemnity and public liability claims, litigation and coronial enquiries

Healthcare providers such as Regis are exposed to the risk of medical indemnity and public liability claims, litigation and coronial inquests. Subject to the insurance arrangements that Regis has in place at the relevant time, any actual or threatened medical malpractice or public liability litigation against Regis could cause Regis to incur significant expenditure and may adversely impact Regis' future financial performance. If the costs of medical malpractice or public liability insurance were to rise, this could also adversely affect Regis' financial performance. If Regis is involved in actual or threatened litigation or coronial enquiries, the cost of such actions may adversely affect Regis' financial performance and may also give rise to adverse publicity.

5.1.13 Employees may leave and Regis may not be able to attract new skilled and trained employees

Regis' business is dependent on its specialised health and aged care staff. There is a risk that Regis may not be able to maintain or expand an appropriately skilled and trained workforce that is able to meet the existing or future care needs of Residents. This may be due to:

- increases in wages that Regis cannot profitably afford and is unable to recoup from Residents or that are not recognised in full in the ACFI indexation;
- a general industry shortage of staff in key areas, such as nurses and other skilled staff. This may increase the bargaining power of medical professionals and can lead to upward pressure on wages and salaries;
- any disputes with staff, including the possibility of prolonged industrial action among Regis' employees;
- Regis' inability to offer competitive wages, benefits and professional growth opportunities; and
- staff choosing to work in the hospital system rather than in aged care.

If any of these risks were to eventuate, it may increase Regis' costs and reduce its profitability.

5.1.14 Regis may be unable to achieve its growth targets

Regis' future growth is dependent on many factors outside its control. In particular, Regis' ability to meet its growth aspirations is dependent on its ability to identify and acquire attractive sites on which to develop new facilities. There is no assurance that Regis will secure suitable land for development or identify existing facilities to acquire which may impact adversely on Regis' future financial performance.

5.1.15 Risks relating to construction and property development

When Regis develops new facilities, it faces risks that relate to construction and property development, including:

- construction risk arising from unexpected cost increases, quality issues and delays in the completion of its developments (including due to inclement weather);
- default risk arising from participants in the development process, including construction contractors, defaulting in the performance of their respective obligations;
- marketing risk arising from changing market conditions or sentiment affecting property prices, investor interest in Regis' place offerings and payment expectations for and in respect of RADs;
- industrial relations risk affecting construction progress;
- internalisation of certain development capabilities may not result in the benefits that Regis expects will be achieved; and
- an inability to finance construction and property development.

Each of these may impact Regis' ability to meet its growth and financial performance targets. In addition, poor site selection may result in Regis developing a facility at a site that is not attractive to potential Residents. This could also impact Regis' profitability.

5.1.16 Regis' fixed costs may reduce its flexibility

Regis' capital expenditure may include fixed costs related to property ownership including, but not limited to, interest payments, maintenance costs, property rates and taxes. Because of those fixed costs, a reduction in revenue as a result of reduced demand for Regis' facilities or Regis' inability to increase fees charged to Residents, together with the illiquid nature of property investments (including an inability to sell facilities quickly if required), may adversely impact Regis' financial performance and profitability.

5.1.17 The value of Regis' facilities portfolio may decline

The value of Regis' current and future facilities portfolio may be impacted by a number of factors affecting Regis and the property market generally including, but not limited to:

- changes in property yields;
- fluctuating occupancy levels;
- a downturn in the property market in general;
- changes in prices of comparable facilities; and
- increased competition from new or existing facilities.

If the value of Regis' facilities portfolio falls, this may reduce the value of Regis or adversely impact its ability to obtain debt financing, which may in turn hinder Regis' ability to expand.

5.1.18 Regis' facilities portfolio is illiquid

Regis' portfolio is, by its nature, made up of illiquid assets. If Regis is unable to realise the value of the facilities in its portfolio in a relatively short period of time, or at a price that represents the amount the facilities have been valued at this may adversely affect Regis' future financial performance.

5.1.19 Regis may not meet its forecasts

The forward-looking statements, opinions and estimates provided in this Prospectus, including the financial forecasts, are based on various assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact Regis' performance and cause actual performance to vary significantly from what was expected. There can be no guarantee Regis will achieve its stated objectives or that any forward-looking statement or forecast will eventuate.

5.1.20 Past acquisitions may create future liabilities and may subject Regis to a number of operating risks

In accordance with its growth strategy, as outlined in Section 3.6, Regis has in the past acquired aged care facilities as operational businesses. At the time each aged care facility was acquired, Regis made due diligence enquiries. Notwithstanding this due diligence, it is possible that one or more material adverse issues may not have been identified prior to Regis acquiring the facility. If a material adverse issue was not identified prior to Regis' acquiring the facility, such an issue could adversely impact Regis' future prospects.

In addition, there is inherent risk associated with any operational business acquisition. If this is not appropriately identified and managed it could adversely impact on future prospects and financial performance of Regis.

5.1.21 A workplace accident or incident may occur

There is a risk that liability arising from WH&S matters at a facility may be attributable to Regis. To the extent that Regis bears any such liability, this may impact its financial performance (to the extent not covered by insurance). In addition, Regis may have to pay monetary penalties, which may also adversely affect its financial performance.

5.1.22 Environmental issues or incidents may affect facilities or buildings and structures

There is a risk that land on which one of Regis' facilities operates, land that neighbours one of Regis' facilities or Regis' building and structures may be or become contaminated. Government environmental authorities may require such contamination to be remedied. There is a risk that Regis may be required to undertake any such remedial work at its own cost, whether or not Regis was responsible for the contamination. Such an event would adversely impact Regis' financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination, which can be material. If a person is exposed to a hazardous substance at a facility, they may make a personal injury claim against Regis. Any such penalties or claims could be for an amount that is greater than the value of the contaminated facility.

An environmental issue may also result in interruptions to the operations of a facility. Any income lost as a result of such an interruption may not be recoverable.

Regis and its operations are subject to environmental legislation. While environmental issues are continually monitored, there is no assurance that the operation of any of Regis' facilities will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation, financial performance and value of Regis.

5.1.23 Regis may not be able to obtain debt financing

Regis may require funding or working capital in the future in order to pursue its growth strategy. Given the nature of Regis' revenue profile and the potentially capital intensive nature of its business, there is no assurance that any such additional funding or working capital will be available on favourable terms or at all. If Regis cannot access adequate debt financing, it may not be able to achieve its growth aspirations or respond to competitive pressures.

Regis may finance its investment in new facilities or Greenfield developments with borrowed funds or gearing. Geared assets magnify investment gains and losses and increase the volatility of returns to movements in interest rates and property values.

In addition, bad debts or delays in receiving expected revenue may impact Regis' financial performance.

5.1.24 Regis may lose or be unable to secure insurance and insurance coverage may be inadequate to cover all claims

Regis currently maintains insurance within ranges of coverage consistent with industry practice, including public and products liability, professional indemnity and medical malpractice, and workers' compensation. However, no assurance can be given that such insurance will continue to be available in the future and that it will be available on commercially attractive terms. There is also no guarantee that any cover will be adequate and available to cover any claims Regis may make. Regis may be unable to continue to secure insurance to satisfactorily cover all anticipated risks or the cost of insurance may increase above anticipated levels. This may result in Regis either paying too much for its insurance or being unable to insure certain business risks.

5.1.25 The Department may cancel allocated Provisional Allocations

Provisional Allocations are allocated with certain conditions attached. These conditions relate to factors such as location and timeframes for construction. If these conditions are not met (for example, construction is unlikely to be completed within an adequate timeframe) there is a risk that that the allocation may be cancelled.

5.1.26 Regis relies on IT systems

Regis uses information technology systems throughout the operational and support functions of the business. These systems and associated data are used for both internal and external purposes including:

- recording and managing Resident data;
- labour and roster management; and
- accounting and financial reporting.

Regis' information technology systems may be adversely affected by a number of factors including: computer viruses, user error, equipment faults, physical damage to equipment and hacking and Regis may not always receive support from IT vendors. Any such events may cause significant disruptions to Regis' business operations and it may be costly to repair or replace equipment and recover lost data.

5.2 General risks

5.2.1 Economic uncertainty may affect the value of Shares

General economic conditions, both domestically and internationally, including long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may impact the performance of Regis by adversely affecting the market price of Shares and the ability of Regis to pay dividends. General economic conditions may also reduce Resident demand for facility places, affect Regis' costs and affect other underlying real estate fundamentals, all of which may impact Regis' financial performance. As a result of these economic factors, the Shares may trade on ASX at a price that is below the Offer Price.

5.2.2 There may be changes to legal and regulatory requirements

An investment in Shares may be adversely affected by legal and regulatory changes or requirements, and actions pursuant to such requirements, especially resource management, building, local government, and other planning related laws and regulations. Potential changes to existing laws or the introduction of new laws could increase Regis' compliance costs and obligations.

If Regis fails to comply with applicable laws or regulations, it may also be subject to fines, injunctions, penalties, requirements for remedial works, total or partial suspension of regulatory approvals or other sanctions that may have an adverse effect on an investment in Shares.

There is also the possibility that any future litigation involving Regis could adversely affect Regis' financial performance.

5.2.3 There may be changes to tax rates or laws

Any change to the existing rate of company income tax may adversely impact on Shareholder returns, as may a change to the tax payable by Shareholders. Any other changes to Australian tax law and practice that impact Regis, or the aged care industry generally, could also have an adverse effect on Shareholder returns.

5.2.4 Catastrophic events could damage facilities

Insured or uninsured catastrophic events such as fires, floods, earthquakes, widespread health emergencies, pandemics, epidemics, wars and strikes could affect the value of Regis' facilities and the conduct of its business operations. Some events of this type are uninsurable. To the extent they do occur, there may be adverse effects on Regis' business and its financial performance.

5.2.5 Expected future events may not occur

Certain statements in this Prospectus constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of Regis to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should a forward-looking statement be regarded as a representation or warranty by Regis, SaleCo or any other person referred to in this Prospectus that a particular outcome or future event is guaranteed.

5.2.6 Shareholdings may be diluted

In future, the Company may issue Shares to new investors in order to finance Regis' operations or growth strategy. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period, as a result of any new issue of Shares, an investor's proportional beneficial ownership in the underlying assets of Regis may be diluted.

5.2.7 Trading in Shares might not be liquid

There is currently no public market through which the Shares of the Company may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

6

Key People, Interests And Benefits

KEY PEOPLE, INTERESTS AND BENEFITS

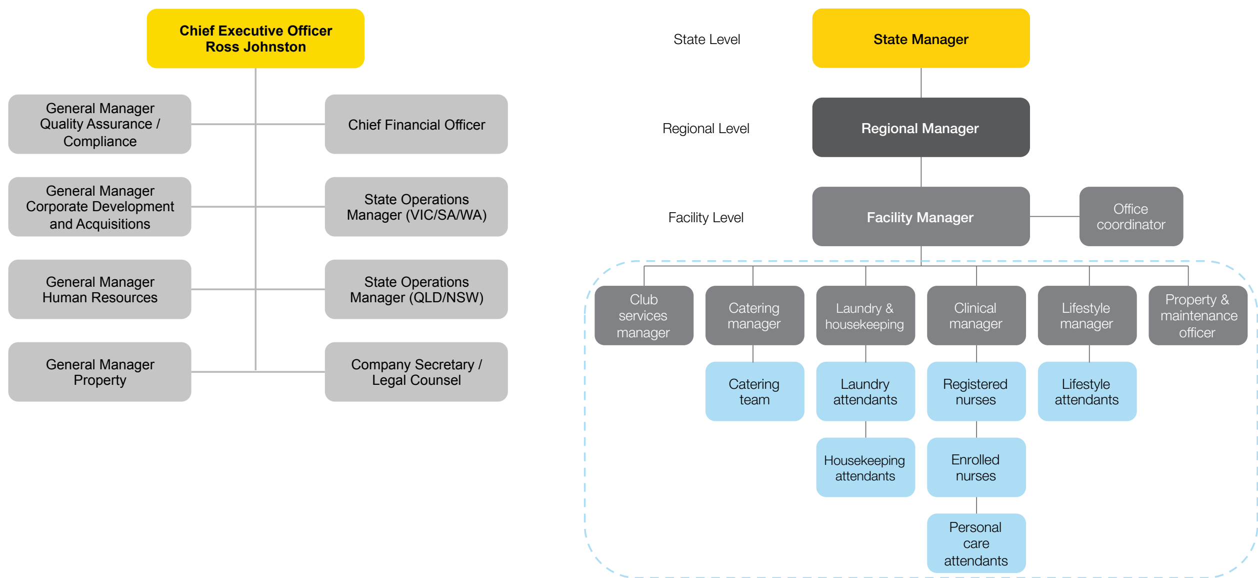
6.1 Overview

On Completion of the Offer, Regis will be operated by a team of experienced and dedicated senior management executives. This team will be led by Managing Director and Chief Executive Officer, Ross Johnston, who will report to the Company's Board of Directors. The Board includes Founding Shareholders, Ian Roberts and Bryan Dorman who each have over 20 years' experience in the residential aged care sector.

The structure below outlines Regis' management and facility management structure and provides a breakdown of Regis' operational and functional divisions.

Figure 17: Regis management and organisational structure

Corporate management structure *Facility management structure*



6.2 Board of Directors

The Company's Board of Directors comprises five Non-Executive Directors (three of whom are independent, including the Chairman), and one Executive Director, being the Chief Executive Officer.

Mark Birrell – (Independent Non-Executive Chairman)

Mark is an experienced company director with credentials spanning the private and public sectors. He is currently the Chairman of Infrastructure Australia, the Port of Melbourne Corporation, PostSuper Pty Ltd and Citywide Service Solutions Pty Ltd. He recently retired as the Chair of the Victorian Health Promotion Foundation.

Previous Directorships have included, founding Chairman of Infrastructure Partnerships Australia, Deputy Chairman of the Australian Postal Corporation and Chairman of Evans & Peck Limited. He was a Cabinet Minister and the Leader of the Government in the Victorian Upper House from 1992 to 1999.

Mark is a Fellow of the Australian Institute of Company Directors, holds a Bachelor of Economics and Bachelor of Laws from Monash University and was admitted to practice as a Barrister and Solicitor in 1983.

Ross Johnston – (Managing Director and Chief Executive Officer)

Ross was appointed as the Chief Executive Officer in 2008, bringing with him over 30 years' experience in the construction and services industries, both domestically and internationally.

Ross is the Chairman of the Aged Care Guild and Federal Director of the peak industry body (Leading Aged Services Australia). Prior to joining Regis, Ross held the position of Chief Executive Officer of Spotless Australian Services. Ross has also held senior executive positions at Lend Lease and Jennings.

Ross holds a Diploma of Building and a Diploma of Quantity Surveying, both from the Royal Melbourne Institute of Technology and is a member of the Australian Institute of Company Directors.

Bryan Dorman – (Non-Executive Director)

Bryan has considerable experience both working in and growing enterprises across a broad range of industry sectors, including residential aged care, manufacturing, property development and investment and business services.

Bryan worked in and was a Partner of Melbourne accounting firm, Rees Partners, from 1977 until 2000. From its commencement in the early 1990s and until 2014 Bryan was the Chairman of Regis (Executive Chairman until 2008). As Chairman, he oversaw the management and growth of the company. Bryan was also the National President of the former aged care industry body, The Aged Care Association of Australia, from 2004 to 2012, during which time he was actively involved in the development of the industry and shaping its future.

Sylvia Falzon – (Independent Non-Executive Director)

Sylvia has extensive experience in the financial services industry with a career spanning more than 27 years. During that time she held senior executive positions responsible for funds management businesses both domestically and internationally which included roles as Head of Business Development at Aviva Investors Australia, an equity partner at Alpha Investment Management and Chief Manager International Sales & Service at AXA Investment Management (formerly National Mutual Funds Management).

Currently, Sylvia is a non-executive director of Perpetual Limited, SAI Global Limited, Museums Board of Victoria and Cabrini Health Limited.

Sylvia holds a Masters in Industrial Relations and Human Resource Management (Hons) from the University of Sydney and Bachelor of Business degree from the University of Western Sydney. She is a senior fellow of the Financial Services Institute of Australasia and holds a graduate diploma from the Australian Institute of Company Directors.

Trevor Gerber – (Independent Non-Executive Director)

Trevor has extensive board experience spanning property, funds management, tourism, infrastructure and aquaculture. He currently holds directorships at Leighton Holdings, Sydney Airports Group, Tassal Group and CFS Retail Property Trust Group.

Prior to becoming a professional director in 2000, Trevor was an executive at Westfield Holdings Limited for 14 years during which time he held numerous senior executive positions including Group Treasurer and Director of Funds Management responsible for the Westfield Trust and Westfield America Trust.

Trevor is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Accountancy from the University of the Witwatersrand, South Africa.

Ian Roberts – (Non-Executive Director)

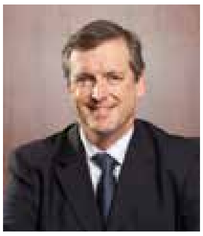
Ian has over 30 years' experience in the real estate sector including 20 years in residential aged care. He currently holds non-executive directorships in several property and property services enterprises.

Prior to co-leading the Regis journey, Ian was involved in property development (subdivisional and commercial) in South East Queensland.

As a founding shareholder and Director (Executive Director prior to 2008) of Regis, Ian headed up the property division and oversaw the development and implementation of the strategy that resulted in the business growing in excess of 4,500 beds nationally.

Ian holds a Bachelor of Science (Surveying) from the Royal Melbourne Institute of Technology.

6.3 Other senior management executives



Ian Smith – (Chief Financial Officer)

Ian Smith joined Regis in 2011 as Chief Financial Officer. Ian has over 35 years experience in property development, construction and service industries and has held numerous senior positions covering finance, business development and IT functions. Prior to joining Regis, Ian was the Chief Financial Officer at MAB Corporation.

Ian is a chartered accountant and has a Bachelor of Commerce from University of New South Wales.

Darren Lynch – (General Manager: Corporate Development and Acquisitions)

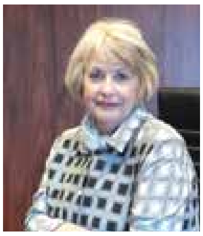
Darren Lynch joined Regis in 2010 as General Manager: Corporate Development and Acquisttions and is primarily focused on acquisitions of businesses and Greenfield development opportunities. Darren has over 24 years' experience in several industries and varied roles. Prior to joining Regis, Darren worked with the Macquarie Group and was the asset manager for its Australian and New Zealand aged care assets.

Darren is a chartered accountant and has a Bachelor of Arts (major in accountancy) from the University of South Australia and an Executive Master of Business Administration from the Australian Graduate School of Management

Michael Horwood – (General Manager: Property)

Michael Horwood joined Regis in 2010 as General Manager: Property. Michael has over 30 years' experience in property development and the construction industry and 20 years' specialising in retirement and the aged care sector. Michael has previously held positions with Lend Lease, Primelife, Stockland, FKP and Tricare Limited.

Michael has a Bachelor of Applied Science (construction management) and Masters of Project Management from the Queensland University of Technology.



Trish Fairman – (General Manager: Quality Assurance / Compliance)

Trish Fairman joined Regis in 2001 and has been the General Manager: Quality Assurance / Compliance since 2009. Trish has over 20 years' experience in senior management positions across residential and community based operations. Trish was nominated as Australian of the Year for services to aged care in 2009.

Trish is a registered nurse with post graduate Business and Health Science qualifications and is a quality lead auditor.

Phil Mackney – (General Manager: Operations)

Phil Mackney joined Regis in 2009 as Operations Manager. Phil has responsibility for more than half of the Regis portfolio including all of Victoria, South Australia & Western Australia. Phil has a medical background and extensive management experience. Prior to joining Regis, Phil held general management and operations management roles in the Australian Defence Force Queensland and hospitality and security sectors.

Michelle Baker – (General Manager: Operations)

Michelle Baker joined Regis in August 2009 in a project management role. Michelle is currently the Operations Manager for Queensland and New South Wales which encompasses over 2,000 places. Michelle has over 20 years of operational, business development and management experience across the hospitality and facilities management sectors.

Qualifications include business management and post graduate studies in HR management.

6.4 Interests and benefits

6.4.1 Chief Executive Officer

Ross Johnston is employed by Regis Aged Care Pty Ltd, a wholly owned subsidiary of the Company in the position of Managing Director and Chief Executive Officer of Regis and reports to the Board. Please refer to Section 6.5 for further details.

6.4.2 Non-Executive Directors

Under the Constitution, the Board may decide the remuneration that each Director is entitled to from the Company for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed, in aggregate in any financial year, the amount fixed by the Company in the general meeting. For the financial year ending 30 June 2015, the fees payable to the current Directors will not exceed $1.2 million in aggregate.

The annual Director fees currently agreed to be paid by the Company are $272,500 to the Chairman (inclusive of committee fees) and $110,000 to each other Non-Executive Director. In addition, the Chair of the Audit, Risk and Compliance Committee will be paid $30,000 per annum and members will be paid $20,000 per annum, and the Chair of the Remuneration and Nomination Committee will be paid $20,000 per annum and members will be paid $12,500 per annum. Bryan Dorman and Ian Roberts have waived their entitlement to any Director and Committee fees from the date of Listing until 30 June 2015. Any fees paid after that date will be agreed with the Company.

The Company Board and Committee fee structure (inclusive of superannuation) for FY2015 is as follows:

Table 5: Director fees structure for FY2015

Name	Role	FY2015
Mark Birrell	Independent, Non-Executive Chairman	$211,712
Bryan Dorman	Non-Executive Director	Nil
Sylvia Falzon	Independent Non-Executive Director	$116,539
Trevor Gerber	Independent Non-Executive Director	$118,481
Ian Roberts	Non-Executive Director	Nil

6.4.3 Other remuneration arrangements

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from meetings of Directors or Committees or general meetings. Any Director who devotes special attention to the business of the Company or who performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.4.4 Deeds of indemnity, access and insurance

The Company has entered into a deed of indemnity, access and insurance with each Director that confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain a D&O Policy insuring a Director (among others) against liability as a Director and officer of the Company and its related bodies corporate until seven years after a Director ceases to hold office as a Director of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

6.4.5 Directors' shareholdings

On Completion of the Offer, the Directors are expected to hold the following Shares through beneficial interests or entities associated with the Director.

Table 6: Directors' shareholdings

Director	Shareholding pre-Offer	Shareholding pre-Offer (%)	Shareholding on Completion of the Offer	Shareholding on Completion of the Offer (%)
Mark Birrell	Nil	Nil	41,096[81]	0.0
Ross Johnston[82]	3,688,537	2.0	3,388,537	1.1
Bryan Dorman[83]	92,184,452	49.0	81,910,479	27.3
Sylvia Falzon	Nil	Nil	27,397[84]	0.0
Trevor Gerber	Nil	Nil	41,096[85]	0.0
Ian Roberts[86]	92,184,452	49.0	81,910,479	27.3
Total	**188,057,441**	**100.0**	**167,319,085**	**55.7**

The Directors are entitled to apply for additional Shares under the Offer.

The Company will issue Mark Birrell with 20,548 Shares, Sylvia Falzon with 10,959 Shares and Trevor Gerber with 10,959 Shares under the Priority Offer, for nil consideration. These Shares will be issued to each of Mark Birrell, Sylvia Falzon and Trevor Gerber following the subscription by each of them for the same number of Shares at the Offer Price.

The Shares held by Ross Johnston, Bryan Dorman and Ian Roberts at Completion of the Offer will be subject to voluntary escrow arrangements (see Section 10.3.2). The Shares held by Ross Johnston are also subject to the trading restrictions described in Section 6.5.

6.4.6 Existing Shareholders' interests in the Offer

The Existing Shareholders are the current owners of the Company, being the Founding Shareholders, Ross Johnston and Ross and Denise Johnston as joint trustees of the Johnston Superannuation Fund.

Entities associated with Ross Johnston (the Managing Director and Chief Executive Officer) will hold approximately 3,388,357 Shares on Completion of the Offer, which equates to 1.1% of the Company's issued Share capital on Completion of the Offer. The Founding Shareholders, being entities associated with Bryan Dorman and Ian Roberts, will hold approximately 81,910,479 Shares and Shares respectively on Completion of the Offer, which equates to 54.5% of the Company's total issued Share capital on Completion of the Offer.

All Shares in which the Existing Shareholders will have an interest on Completion of the Offer will be subject to voluntary escrow arrangements (see Section 10.3.2). The Shares held by Ross Johnston are also subject to the trading restrictions described in Section 6.5.

6.5 Executive employment and remuneration arrangements

6.5.1 Chief Executive Officer

6.5.1.1 Employment arrangements

Details regarding the terms of employment of the Chief Executive Officer, Ross Johnston, are set out below.

Term	Description
Employer	Ross Johnston is employed by Regis Aged Care Pty Ltd.
Total fixed remuneration	Under the terms of his agreement, Ross is entitled to receive annual fixed remuneration of $739,342 per annum (inclusive of superannuation and Director's fees). Ross' fixed remuneration is subject to an annual adjustment, which takes effect at the start of Regis' financial year (the higher of 3% or CPI).
Legacy short term incentive (STI)	Ross has previously been awarded an STI grant of $50,000 for the period 1 July 2014 up until the date of Listing, by the previous Board under the Company's legacy STI arrangements. This amount will be paid to Ross within 14 days of the date of Listing.

81. Includes 20,548 Shares issued to Mark Birrell for nil consideration as described in Section 6.4.5.
82. Ross Johnston holds Shares directly and as joint trustee of the Johnston Superannuation Fund.
83. Bryan Dorman holds Shares through Ashburn.
84. Includes 10,959 Shares issued to Sylvia Falzon for nil consideration as described in Section 6.4.5.
85. Includes 10,959 Shares issued to Trevor Gerber for nil consideration as described in Section 6.4.5.
86. Ian Roberts holds Shares through Galabay.

Term	Description
Ongoing STI	In addition to his annual fixed remuneration, from Listing, Ross will be entitled to participate in Regis' new STI plan on the following basis: • Ross will be entitled to an STI award of up to $200,000 per annum. The amount of the STI award that Ross becomes entitled to (if any) will be determined by the Board based on the achievement of set performance targets. • The initial STI award will be subject to performance targets based on EBITDA, occupancy, workplace health and safety, and compliance and accreditation. In addition, if the Company does not meet both a threshold EBITDA target and an ongoing compliance and accreditation target, no STI award will be payable. For the first STI award, performance will be measured from the date of the initial Listing of the Company to 30 June 2015. In future years, performance will be measured for the 12-month period ending 30 June. • If Ross becomes entitled to receive an STI award for the first performance period, it will be paid in cash in the following way: – 66% of his STI award will be paid shortly after the release of the Company's FY2015 audited results to the ASX; – payment of 17% will be deferred for 12 months; and – payment of the remaining 17% will be deferred for a further period of 12 months (i.e. 2 years in total). The deferred component of Ross' STI will be subject to a continuous service condition.
Legacy cash long term incentive (LTI)	Prior to Listing, Ross was awarded cash LTI grants of $131,250 for the FY2013, $212,500 for FY2014 and $60,000 pro-rata for FY2015 up until the date of Listing, by the previous Board under the Company's legacy LTI arrangements. The amount awarded to Ross under the FY2013, FY2014 and FY2015 pro rata LTI grants was determined by the previous Board of the Company prior to Listing based on the achievement of set performance targets based on specific strategic, financial, leadership, people and operations metrics. Under this previous LTI arrangement, the payment of these awards has been deferred and are to be paid in three equal tranches over a three year period, subject to a service condition. Accordingly, for his FY2013 award, Ross was paid $43,750 on 1 July in 2014 and will be paid $43,740 on 1 July in each of 2015 and 2016. For his FY2014 award, Ross will be paid $70,833 on 1 July in each of 2015, 2016 and 2017. For his pro-rata FY2015 award, Ross will be paid $20,000 on 1 July in each of 2016, 2017 and 2018.
Legacy Fairway Investments Executive Option and Equity Plan for Senior Executives (Legacy ESAS)	Ross' existing equity arrangements under the Legacy ESAS will continue following Listing. Please see Section 6.5.1.2 below for further details. It is not currently proposed that Ross will participate in Regis' LTI arrangements for senior executives that will be granted under the Equity Incentive Plan (described in Section 6.5.3 below).
Termination	Ross' employment may be terminated by either party upon giving six months' notice. The employer may otherwise terminate Ross' employment on three months' notice if he fails to address performance concerns notified to him by the Board. Ross may be paid in lieu of part or all of the notice period, an amount equal to a proportion of his base salary at the time at which notice is given which corresponds to the period for which notice is not given. The employer may terminate Ross' employment immediately and without payment in lieu of notice in certain circumstances, including for failure to follow Board directions or serious misconduct. In the case of redundancy, Ross is entitled to receive a severance payment equivalent to 12 months' fixed remuneration (inclusive of any payment in lieu of notice) and full STI for the relevant financial year. All payments on termination will be subject to the termination benefits cap. The shareholders of the Company and Regis Aged Care Pty Ltd have approved the provision of benefits on cessation of employment to Ross Johnston as summarised in this section. It has been agreed that further shareholder approval will be sought from the shareholders of the Company and Regis Aged Care Pty Ltd for future entitlements in good leaver scenarios.
Restraint	Ross' employment agreement also includes a restraint of trade, which operates for a maximum period of 12 months. The enforceability of the restraint of trade clause is subject to all usual legal requirements.

6.5.1.2 Legacy ESAS arrangements

The Company previously established the Legacy ESAS for the CEO in 2008 upon his appointment. The CEO is the only executive who participated under this ESAS.

Under his existing Legacy ESAS arrangements, the CEO has 2,900,001 Shares (**Legacy ESAS Shares**) which were subject to trading restrictions. The Legacy ESAS Shares are subject to a holding lock of up to 5 years.

The Legacy ESAS Shares will vest and be released from the holding lock as follows (**Vesting Schedule**):

Vesting/release date	% of Legacy ESAS Shares to vest/release
30 June 2015	20%
30 June 2016	20%
30 June 2017	20%
30 June 2018	30%
30 June 2019	10%

Each tranche of the Legacy ESAS Shares will only be released from a holding lock where Ross continues to be employed by Regis as a senior executive on each of the relevant vesting dates in the Vesting Schedule.

As Ross will be an Existing Shareholder at Completion of the Offer, all of his Shares, including the Legacy ESAS Shares, will be subject to voluntary escrow arrangements until the date on which Regis' audited full-year results for the period ending 30 June 2015 are released to the ASX. Accordingly, the actual release of the first tranche of the Legacy ESAS Shares from the holding lock will be delayed until this voluntary escrow period has expired.

Subject to the Company's Policy for Dealing in Securities, the ASX Listing Rules and Corporations Act, upon release of the Legacy ESAS Shares from the holding lock, Ross will be free to deal with any Legacy ESAS Shares.

The Legacy ESAS Shares are entitled to receive dividends and have voting rights.

Where there is a change of control, all of Ross' Legacy ESAS Shares will vest and be released from the holding lock. In a situation where there is likely to be a change of control (such as a takeover bid for shares), the Board has the discretion to release some or all of Ross' Legacy ESAS Shares from the holding lock earlier than otherwise agreed.

If Ross ceases employment with Regis as a result of (i) death, illness (including mental illness), serious disability or permanent incapacity through ill health as assessed by an independent health practitioner, (ii) redundancy, 50% of the Legacy ESAS Shares will remain on foot subject to the holding lock. Unless the Board determines a percentage less than 50%, the remaining 50% of the Legacy ESAS Shares will be disposed of to the Company or a nominated entity (for example, an employee share trust) for $1. Ross will cease to have any rights in respect of Legacy ESAS Shares that have been disposed of or transferred. For the avoidance of doubt, Ross will be entitled to keep and deal with any Legacy ESAS Shares which have been previously released from the holding lock. If Ross is terminated without cause, 100% of the Legacy ESAS Shares will remain on foot subject to a holding lock.

If Ross ceases employment with Regis for any other reason, any Legacy ESAS Shares that remain subject to a holding lock will be disposed of to the Company or a nominated entity (for example, an employee share trust) for $1, unless the Board determines otherwise. Ross will cease to have any rights in respect of Legacy ESAS Shares that have been disposed of or transferred. For the avoidance of doubt, Ross will be entitled to keep and deal with any Legacy ESAS Shares which have been previously released from the holding lock.

It is not currently proposed that Ross will participate in the LTI plan which is being offered to other senior executives (described in Section 6.5.3) as he holds Legacy ESAS Shares.

6.5.2 Other senior management

Employment arrangements

The other members of senior management are employed under individual employment agreements. Details regarding the terms of their employment, are set out below.

Term	Description
Employer	Senior management employees are employed by either Regis Aged Care Pty Ltd or Regis Shelf Pty Ltd.
Total fixed remuneration	Members of the senior management team are entitled to fixed remuneration amounts which have been determined following consideration of a benchmarking analysis recently completed by KPMG.
Legacy STI	Members of the senior management team have previously been awarded an STI grant for the period 1 July 2014 up until the date of Listing by the previous Board under the Company's legacy STI arrangements. The total amount of the STI grants for all eligible participants is $130,000. The relevant portion will be paid to each member of senior management.
Ongoing STI	From Listing, members of senior management will be entitled to participate in Regis' new STI plan on the following basis: • Members of senior management will be entitled to an STI award up to a maximum fixed percentage of their annual fixed remuneration (the maximum amount will differ between individuals, but not exceed 50% of annual fixed remuneration). The amount of the STI award that they become entitled to (if any) will be determined by the Board based on the achievement of set performance targets. • The initial STI awards will be subject to performance targets based on EBITDA, occupancy, workplace health and safety, ongoing compliance and accreditation, and/or other role specific targets. If the Company does not meet both a threshold EBITDA target and an ongoing compliance and accreditation target, no STI award will be payable. Performance will be measured from date of the initial Listing of the Company to 30 June 2015. In future years, performance will be measured for the 12-month period ending 30 June. • For certain key executives that become entitled to receive an STI award, it will be delivered in the following way: – 66% of the STI payment will be paid in cash shortly after the release of the Company's FY2015 audited results to the ASX; – 17% will be delivered by a grant of rights to acquire Shares (**Performance Rights**), which will vest after a period of 12 months from the grant date (subject to a continuous service condition); and – the remaining 17% will also be delivered by a grant of Performance Rights, which will vest after a period of 2 years from the grant date (subject to a continuous service condition). The Performance Rights do not carry dividends or voting rights prior to vesting. For any other executives, 100% of the STI will be delivered in cash shortly after the release of the Company's FY2015 audited results to the ASX.
Legacy cash LTI	Prior to Listing, members of the senior management team were awarded cash LTI grants for FY2013, FY2014 and FY2015 pro rata to Listing, by the previous Board under the Company's legacy LTI arrangements. The amount awarded to each executive under these cash LTI awards was determined by the previous Board of the Company prior to Listing based on the achievement of set performance targets based on specific strategic, financial, leadership, people and operations metrics applicable to each executive. The total amount of the grants which are to be awarded to the senior management team (other than Ross Johnston) are valued at $438,380 for FY2013, $432,326 for FY2014, and $190,000 for FY2015 pro rata up until the date of Listing. Under this previous LTI arrangement, the payment of these awards has been deferred and are to be paid in three equal tranches over a three year period, subject to a service condition. For the FY2013 awards, each executive will receive a payment on 1 July in each of 2015, 2016 and 2017. For the FY2014 awards, each executive will receive a payment on 1 July in each of 2015, 2016 and 2017. For the FY2015 pro rata awards, each executive will receive a payment on 1 July in each of 2016, 2017 and 2018.

Term	Description
LTI	Members of key management of the Company (other than Ross Johnston) will also be entitled to participate in the Company's new equity LTI arrangements that will be granted under the Equity Incentive Plan (see Section 6.5.3 below for further details).
Listing Bonus	The Company also intends to pay a one-off cash bonus to a number of executives (other than Ross Johnston) and other employees within 14 days of the date of Listing, to reward their efforts in the Company achieving Listing (**Listing Bonus**). The total Listing Bonus intended to be paid to all executives and employees is $700,000. This Listing Bonus will be paid by the Company.

6.5.3 Equity LTI arrangements

The Company will establish the Equity Incentive Plan (the **Plan**) to assist in the motivation, retention and reward of senior management. The Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company. LTI grants will be made under the Plan and will comprise of Performance Rights.

It is intended that Performance Rights will initially be granted to the Chief Financial Officer and other members of key management of the Company who are invited by the Board to participate.

On or around Listing, the Company intends to grant these members of senior management Performance Rights with a face value of $643,860 under the Plan.

The key terms of the LTI arrangements under the Plan are yet to be finalised but an outline which is being discussed is set out in the table below:

Eligibility	Offers may be made at the Board's discretion to employees of the Company or its related bodies corporate or any other person that the Board determines to be eligible to receive an LTI grant.
LTI offers	The Board may make LTI offers at its discretion. The Board has the discretion to set the terms and conditions on which it will offer Performance Rights in individual offer documents. Offers must be accepted by the employee and can be made on an opt-in or opt-out basis. The initial grants will be made on an opt-out basis.
Grant of Performance Rights	A Performance Right entitles the holder to acquire a Share for nil consideration at the end of the performance period, subject to meeting specific performance conditions.
Issue price	The Performance Rights will be issued for nil consideration.
Exercise price	No exercise price is payable in respect of the Performance Rights.

<table>
<tr><td>Performance conditions, performance period and vesting</td><td>Performance Rights granted as part of the initial LTI offer will vest subject to the satisfaction of performance conditions.

The performance period of the LTI will generally be 3 years. The initial grant will be subject to a performance period commencing on the date of the initial Listing of the Company and ending on 30 June 2017 (Performance Period). The performance conditions must be satisfied in order for the Performance Rights to vest.

The initial Performance Rights will be subject to a performance condition based on the Company’s EPS over the Performance Period, which may be an absolute EPS performance target or the compound annual growth of the Company’s EPS over the Performance Period, to be determined by the Board.

The percentage of Performance Rights that vest, if any, will be determined over the Performance Period by reference to the following vesting schedule:

<table>
<tr><td>Company’s EPS over the Performance Period</td><td>% of Performance Rights that vest</td></tr>
<tr><td>Less than threshold</td><td>Nil</td></tr>
<tr><td>Threshold</td><td>50%</td></tr>
<tr><td>Between threshold and stretch</td><td>50-100%, on a straight line sliding scale</td></tr>
<tr><td>Stretch</td><td>100%</td></tr>
</table>

The threshold and stretch targets for the Company’s EPS over the Performance Period will be determined by the Board.

Any Performance Rights that remain unvested at the end of the Performance Period will lapse immediately.</td></tr>
<tr><td>Rights associated with Performance Rights</td><td>The Performance Rights do not carry dividends or voting rights prior to vesting.</td></tr>
<tr><td>Restrictions on dealing</td><td>The participant must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights.

The participant will be free to deal with the Shares allocated on vesting of the Performance Rights, subject to the requirements of the Company’s Policy for Dealing in Securities.</td></tr>
<tr><td>Cessation of employment</td><td>If the participant ceases employment for cause or where the participant resigns, unless the Board determines otherwise, any unvested Performance Rights will automatically lapse.

In all other circumstances, unless the Board determines otherwise:
• a pro-rata portion of the Performance Rights (calculated by reference to the portion of the performance period that has elapsed up to the date of cessation) will remain on foot and will vest in due course if the performance conditions are achieved, as though the participant had not ceased employment; and
• the remaining portion of the Performance Rights will automatically lapse.</td></tr>
</table>

6.6 Corporate governance

Section 6.6 explains the main policies and practices adopted by Regis. Details of Regis’ key policies and practices and the charters for the Board and each of its Committees are available at www.regis.com.au.

The Board monitors the operational and financial position and performance of Regis and oversees its business strategy including approving the strategic objectives, plans and budgets of Regis. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Regis. In conducting Regis’ business with these objectives, the Board seeks to ensure that Regis is properly managed to protect and enhance Shareholder interests, and that Regis, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing Regis, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for Regis’ business and that are designed to promote the responsible management and conduct of Regis. The main policies and practices adopted by Regis, which will take effect from Listing, are summarised below.

6.6.1 ASX corporate governance principles and recommendations

The Company is seeking listing and quotation of its Shares on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines.

However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations during each reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Company intends to comply with all of the ASX Recommendations from the time of its Listing, with one exception.

Recommendation 2.4 provides that a majority of the Board of a listed entity should be independent Non-Executive Directors. On Listing, half of the Directors will be independent. Three of the six members of the Board will be independent Non-Executive Directors. There will be a further two Non-Executive Directors (being the Founding Shareholders) who are not considered to be independent and one Executive Director (the CEO). The Board considers that Ian Roberts and Bryan Dorman will add significant value given their considerable experience and skills. Further information regarding the independence of Directors and the composition of the Board is contained in Section 6.6.2 below.

6.6.2 Board appointment and composition

The Board is currently made up of five Non-Executive Directors (three of whom are independent, including the Chairman), and one executive Director (the Chief Executive Officer).

The Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment. The Board will consider the materiality of any given relationship on a case by case basis and has adopted materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board.

The Board considers that each of Mark Birrell, Sylvia Falzon and Trevor Gerber is free from any business or any other relationship that could materially interfere with the independent exercise of their judgment and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

6.6.3 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition and processes;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Matters that are specifically reserved for the Board or its committees include:

- appointment of a chair;
- appointment and removal of the Chief Executive Officer;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider appropriate.

The Board collectively, and individual Directors, may seek independent professional advice subject to the approval of the Chairman.

A copy of the Board Charter will be made available on Regis' website at www.regis.com.au.

6.6.4 Board committees

The Board may from time to time establish Committees to streamline the discharge of its responsibilities. The Board has established the following committees:

- Audit, Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

6.6.4.1 Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee will assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- overseeing the Company's relationship with the external auditor and the external audit function generally;
- overseeing the Company's relationship with the internal audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing the Company's financial controls and systems;
- overseeing the process of identification and management of risk; and
- overseeing that a regular program of audits is undertaken to test the adequacy of and compliance with Company policies.

The committee's charter provides that the committee must comprise only Non-Executive Directors, a majority of independent Directors, an independent chair who is not chair of the Board, and a minimum of three members of the Board. The Audit, Risk and Compliance Committee will comprise:

- Trevor Gerber (chair);
- Mark Birrell;
- Bryan Dorman; and
- Sylvia Falzon.

All Directors have a standing invitation to attend committee meetings. Other non-committee members, including members of management and the external auditor, may attend meetings of the committee by invitation of the committee chair.

A copy of the committee's charter will be made available on Regis' website at www.regis.com.au.

6.6.4.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for matters relating to succession planning, nomination of the Directors and Chief Executive Officer and remuneration of the Directors, the Chief Executive Officer and executives reporting to the CEO.

The responsibilities of the Remuneration and Nomination Committee include:

- review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Chief Executive Officer, having regard to the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- review and recommend to the Board the criteria for Board membership;
- review and recommend to the Board membership of the Board;
- assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies;
- review the Board Charter on a periodic basis, and recommend any amendments for Board consideration;
- ensure that an effective director induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for Directors;
- on an annual basis, review the effectiveness of the Board Diversity Policy by assessing the Company's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives and reporting to the Board recommending any changes to the measurable objectives or strategies or the way in which they are implemented;
- in accordance with the Board Diversity Policy, on an annual basis, review the relative proportion of women and men in the workforce at all levels of Regis Healthcare, and submit a report to the Board, which outlines the committee's findings and provide the Board with the Company's most recent indicators as required by the Workplace Gender Equality Act 2012;
- review and recommend arrangements for the CEO and the executives reporting to the CEO, including contract terms, annual remuneration and participation in the Company's short and long term incentive plans;
- review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- review major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group;
- review the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy;
- recommend whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year;
- in respect of the Company's employee equity incentive plans in place from time to time, review and approve the proposed terms of, and authorise the making of, offers to eligible employees of the Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
- review and recommend to the Board the remuneration arrangements for the Chairman and the Non Executive Directors of the Board, including fees, travel and other benefits; and
- approving the appointment of remuneration consultants for the purposes of the Corporations Act.

The committee's charter provides that the committee must consist of only Non-Executive Directors, a majority of independent Directors, a minimum of three Directors, and an independent Director as chair. The current members of the committee are:

- Sylvia Falzon (chair);
- Mark Birrell;
- Trevor Gerber; and
- Ian Roberts.

All directors have a standing invitation to attend committee meetings. Other non-committee members, including members of management, may attend meetings of the committee by invitation of the committee chair.

A copy of the Committee's charter will be made available on Regis' website at www.regis.com.au.

6.6.5 Corporate governance policies

The Board has adopted the following corporate governance policies (to take effect upon commencement of trading on the ASX), each having been prepared having regard to the ASX Recommendations and which are available on the Company's website at www.regis.com.au.

6.6.5.1 Continuous disclosure policy

The Company places a high priority on communication with Shareholders and is aware of the obligations it will have, once listed, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of any information concerning the Company that is not generally available and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy that establishes procedures to ensure that Directors and senior management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

6.6.5.2 Policy for dealing in securities

The Company has adopted a Policy for Dealing in Securities which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Policy applies to certain employees specified by the Board, all Directors, officers and senior executives of the Company and its related bodies corporate and their connected persons.

The policy provides that relevant persons must not deal in the Company's securities:

- when they are in possession of material price-sensitive information;
- on a short-term trading basis; and
- during trading blackout periods (except in exceptional circumstances).

6.6.5.3 Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how Regis expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Regis (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The Code is designed to:

- provide a benchmark for professional behaviour throughout Regis;
- support Regis' business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

6.6.5.4 Diversity Policy

The Board of the Company has formally approved a Diversity Policy in order to address the representation of women in management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Board will include in the Annual Report each year a summary of the Company's progress towards achieving the measurable objectives set out under the Diversity Policy for the year to which the Annual Report relates and details of the measurable objectives set under the Diversity Policy for the subsequent financial year.

6.6.5.5 Communications with Shareholders

The Company aims to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of the Company. In addition to the Company's continuous disclosure obligations, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time and the Company communicates this information regularly to Shareholders and other stakeholders through a range of forums and publications.

All ASX announcements made to the market, including annual and half year financial results, are posted on the Company's website at www.regis.com.au as soon as practicable following the release by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations made to analysts and media briefings are also posted on the Company's website. The website also contains a facility for the Shareholders to direct queries to the Company.

6.7 Related party arrangements

Each of Ashburn and Galabay loaned $27.15 million to Regis in December 2012 pursuant to the terms of separate loan facility agreements, in order to fund Regis' working capital needs. The loans were provided on terms more favourable to Regis than arm's length. Regis has since partly repaid these loans and it is proposed that the Company will repay the outstanding balance of each loan on Completion of the Offer, using some of the Offer proceeds.

7 Details Of The Offer

DETAILS OF THE OFFER

7.1 Description of the Offer

This Prospectus relates to an initial public offering of 112.3 million New Shares for issue by the Company and of 20.8 million Existing Shares for sale by SaleCo at an Offer Price of $3.65. The total number of Shares on issue on Completion of the Offer will be 300.3 million. All Shares will rank equally with each other.

The Offer comprises:

- The Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker;
- The Priority Offer, which is only open to investors nominated by Regis; and
- The Institutional Offer, which was an invitation to bid for Shares made to Institutional Investors in Australia and in certain jurisdictions under this Prospectus or the International Offering Memorandum.

Details of the Broker Firm Offer and Priority Offer, including the allocation policy under each of the Broker Firm Offer and Priority Offer, are described in Sections 7.5 and 7.6. Details of the Institutional Offer, including the allocation policy under the Institutional Offer are described in Section 7.7.

No general public offer will be made under the Offer. The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Global Co-ordinator and Bookrunner and the Company in consultation with Morgans and Evans and Partners, having regard to the allocation policies outlined in Sections 7.5.6, 7.6.6 and 7.7.2.

42,466 Shares, in aggregate, will be issued pursuant to this Prospectus to Mark Birrell, Sylvia Falzon and Trevor Gerber, each a Non-Executive Director of the Company, for nil consideration, at the Offer Price.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Purpose of the Offer

The purpose of the Offer is to:

- provide the Company with an appropriate capital structure with financial flexibility to pursue future growth opportunities;
- achieve a listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for its Shares;
- improve the Company's future access to capital markets; and
- provide an opportunity for Founding Shareholders to realise part of their investment.

7.3 Sources and uses of funds

The Offer is expected to raise $485.9 million. Proceeds received by the Company will be applied to:

- repay existing liabilities; and
- pay for the costs of the Offer.

The proceeds received by SaleCo will be paid to the Existing Shareholders as consideration for their Existing Shares (see Section 10.2).

Table 7: Sources and uses of funds

	Source of funds	**$m**	**%**	**Uses of funds**	**$m**	**%**
The Company	Offer proceeds received for the issue of New Shares	409.9	84%	Repay existing liabilities	385.7	79%
				Costs of the Offer	24.1	5%
SaleCo	Offer proceeds received for the transfer of Existing Shares	76.1	16%	Payment to Existing Shareholders	76.1	16%
	Total sources	**485.9**	**100%**	**Total uses**	**485.9**	**100%**

7.4 Terms of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.12.2.
What is the consideration payable for each Share?	The Offer Price is $3.65 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in Important Dates on page 7. No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 19 October 2015.
What are the cash proceeds to be raised?	$485.9 million will be raised under the Offer.
What is the minimum and maximum application size under the Broker Firm Offer and Priority Offer?	The minimum application under the Broker Firm Offer and Priority Offer is 1,000 Shares. The Global Co-ordinator and Bookrunner and the Company reserve the right to reject any Application or to allocate a lesser number of Shares than applied for. There is no maximum value of Shares that may be applied for under the Broker Firm Offer or Priority Offer.
What is the allocation policy?	The allocation of Shares between the Institutional, Broker Firm and Priority Offer will be determined by the Global Co-ordinator and Bookrunner in consultation with the Company. The allocation of Shares among Applicants in the Institutional Offer was determined by the Company and the Global Co-ordinator and Bookrunner in consultation with Morgans and Evans and Partners. For further information about the Institutional Offer refer to Section 7.7. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible clients. For further information on the Broker Firm Offer, see Section 7.5. With respect to the Priority Offer, the Company, in consultation with the Global Co-ordinator and Bookrunner, will determine the allocation of Shares among Applicants.
When will I receive confirmation whether my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 13 October 2014.
Will the Shares be quoted?	The Company has applied for admission to the official list of the ASX and quotation of Shares on the ASX under the code “REG”. Listing is conditional on the ASX approving this application. If ASX approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for issue and transfer.

Topic	Summary
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 7 October 2014, initially on a conditional and deferred settlement basis. Shares will commence trading on the ASX on a normal settlement basis on or about 14 October 2014. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them or by a Broker.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Global Co-ordinator and Bookrunner and managed by the Joint Lead Managers. The Company, SaleCo and the Joint Lead Managers have entered into an Underwriting Agreement in respect of the management and underwriting of the Offer. Details are provided in Sections 7.8 and 10.3.1.
Are there any escrow arrangements?	Yes. Details are provided in Section 10.3.2.
Has any ASIC relief or the ASX waiver been obtained or been relied on?	Yes. Details are provided in Section 10.11.
Are there any tax considerations?	Yes. Details are provided in Section 10.6.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) or +61 1300 859 277 (outside Australia) from 8:30am to 5:30pm (AEST), Monday to Friday, during the Offer Period. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter regarding this Prospectus or are uncertain as to whether Regis is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Regis.

7.5 Broker Firm Offer

7.5.1 Who can apply?

The Broker Firm Offer is open to persons who have received an invitation to participate in the Offer from a Broker and who have a registered address in Australia. If you have been invited to participate by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

7.5.2 How to apply

You should complete and lodge your Broker Firm Offer Application Form with the Broker who invited you to participate in the Offer. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus in its paper copy form or in its electronic form, which may be downloaded in its entirety from www.regis.com.au.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is 1,000 Shares and in multiples of 200 shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, at its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9:00am on 26 September 2014 and is expected to close at 5:00pm on 2 October 2014. The Company and the Global Co-ordinator and Bookrunner may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.5.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.5.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies that are refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application amount by the Offer Price. Where the Offer Price does not divide evenly into the Application amount, the number of Shares to be allocated will be determined by the Applicant's Broker.

7.5.5 Acceptance of Applications

An Application under the Broker Firm Offer is an offer by an Applicant to the Company and SaleCo to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on the ASX in Section 7.11.1). To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by the Company and the Global Co-ordinator and Bookrunner in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.5.6 Broker Firm Offer allocation policy

The allocation of Shares to Brokers was determined by the Global Co-ordinator and Bookrunner and the Company. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for those Brokers how they allocate Shares among their clients, and they (and not the Company, SaleCo or the Global Co-ordinator and Bookrunner) will be responsible for ensuring that their clients who have received an allocation from them, receive the relevant Shares.

7.5.7 Confirmation of final allocations under the Broker Firm Offer

Applicants in the Broker Firm Offer will be able to call the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) +61 1300 859 277 (outside Australia) from 8:30am to 5:30pm AEST Monday to Friday from 10 October 2014 to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through their Broker.

However, if applicants sell Shares before receiving a holding statement, they do so at their own risk, even if details were obtained from the Company or confirmed through the applicant's Broker.

7.6 Priority Offer

7.6.1 Who can apply?

The Priority Offer is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia. If an applicant has been invited to participate by the Company under the Priority Offer, they will be treated as an applicant under the Priority Offer in respect of the Shares allocated to them.

7.6.2 How to apply

You should complete and lodge your Priority Offer Application Form in accordance with the instructions set out on the Application Form. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus in its paper copy form or its electronic form, which may be downloaded in its entirety from www.regis.com.au.

By making an Application, applicants declare they were invited to participate in the Priority Offer and were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form.

Applicants under the Priority Offer may apply for a minimum of 1,000 Shares. There is no maximum value of Shares that may be applied for under the Priority Offer.

The Company may amend or waive the Priority Offer application procedures or requirements at its discretion in compliance with applicable laws.

The Priority Offer opens at 9:00am on 26 September 2014 and is expected to close at 5:00pm on 2 October 2014. The Company and the Global Co-ordinator and Bookrunner may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their Applications as early as possible.

7.6.3 How to pay

Applicants under the Priority Offer may pay by BPAY using the Offer biller code and the unique customer reference number provided to you, or by cheque or money orders by following the instructions on the Application Form.

If an applicant makes a BPAY payment, their financial institution may impose a limit on the amount that they can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between financial institutions.

If an Applicant makes a cheque or money order payment, those cheques or money orders must be sent to the Share Registry. Cheques or money orders must be drawn on an Australian branch of a financial institution and must be in Australian dollars, made payable to the 'Regis IPO Account' and crossed 'Not Negotiable'. You should ensure that sufficient funds are held in the relevant account(s) to cover your payment. Cash will not be accepted. Receipts for payments will not be issued.

7.6.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies amount, the number of Shares to be allocated will be determined by the Global Co-ordinator and Bookrunner.

If the amount of an applicant's payment for Application Monies (or the amount for which payments clear in time for allocation) is insufficient to pay for the number of Shares the applicant has applied for, the applicant may be taken to have applied for such lower number of Shares as cleared Application Monies will pay for, or the applicants Application may be rejected.

7.6.5 Acceptance of Applications

An Application under the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on the ASX in Section 7.11.1). To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by the Company and the Global Co-ordinator and Bookrunner in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.6.6 Priority Offer allocation policy

The allocation of Shares to the Priority Offer will be determined by the Global Co-ordinator and Bookrunner and the Company. The Company in consultation with the Global Co-ordinator and Bookrunner, will determine the allocation of Shares to Applicants under the Priority Offer and may reject an Application, or allocate fewer Shares than applied for, in its absolute discretion.

7.6.7 Confirmation of final allocations in the Priority Offer

Applicants in the Priority Offer will be able to call the Regis Healthcare Offer Information Line on 1300 859 277 (within Australia) +61 1300 859 277 (outside Australia) from 8:30am to 5:30pm AEST Monday to Friday from 10 October 2014 to confirm their allocations.

If you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company.

7.7 Institutional Offer

7.7.1 Invitations to bid

The Institutional Offer consisted of invitation to certain Institutional Investors in Australia and certain overseas jurisdictions to bid for Shares in the Institutional Offer.

7.7.2 Institutional Offer allocation policy

The allocation of Shares among bidders in the Institutional Offer was determined by the Company and the Global Co-ordinator and Bookrunner in consultation with Morgans and Evans and Partners. The Company and the Global Co-ordinator and Bookrunner had absolute discretion regarding the basis of allocation of Shares, and there was assurance that any bidder would be allocated any Shares, or the full number of Shares for which it has bid. The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on the ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- the overall level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term Shareholders; and
- other factors that the Company and the Global Co-ordinator and Bookrunner considered appropriate.

Participants in the Institutional Offer have been advised of their allocation of Shares by the Global Co-ordinator and Bookrunner.

7.8 Underwriting arrangements

The Offer is fully underwritten by the Global Co-ordinator and Bookrunner and managed by the Joint Lead Managers. The Joint Lead Managers and the Company have entered into the Underwriting Agreement under which the Global Co-ordinator and Bookrunner agrees to underwrite Applications for all Shares under the Offer and the Joint Lead Managers agree to manage the Offer.

The Underwriting Agreement sets out a number of circumstances under which the Global Co-ordinator and Bookrunner or Joint Lead Managers may terminate the Underwriting Agreement and the Global Co-ordinator and Bookrunner may terminate its underwriting obligations. A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 10.3.1.

7.9 Voluntary escrow arrangements

Shares held by the Existing Shareholders at Completion of the Offer will be escrowed until the date on which Regis' audited full-year results for the period ending 30 June 2015 are released to the ASX.

Each Existing Shareholder has entered into an escrow deed with respect to their Shareholding held at Completion of the Offer, which prevents them from dealing with those Shares for the applicable escrow period. See Section 10.3.2 for further information.

The Shares held by Ross Johnston are also subject to the trading restrictions described in Section 6.5.

7.10 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue and transfer of Shares to successful Applicants or bidders under the Broker Firm Offer, Priority Offer and Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

The Company and the Global Co-ordinator and Bookrunner also reserve the right (subject to the ASX Listing Rules and the Corporations Act) to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.11 ASX Listing, registers, holding statements, and conditional and deferred settlement trading

7.11.1 Application to the ASX for Listing of the Company and quotation of Shares

The Company applied for admission to the official list of the ASX and quotation of the Shares on the ASX on 18 September 2014. The Company expects its ASX code will be REG.

The ASX bears no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list of the ASX is not to be taken as an indication of the merits of the Company or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the date of this Prospectus (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.11.2 CHESS and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allotted to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.11.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX will commence on or about 7 October 2014, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of Applications and bids in the bookbuild will be conditional on the ASX agreeing to quote the Shares on the ASX, and on settlement occurring under the Underwriting Agreement (**Settlement**). Trades occurring on the ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on the ASX will be cancelled and any Application Monies received will be refunded as soon as possible (without interest).

Conditional trading will continue until the Company has advised the ASX that:

- settlement has occurred; and
- the company has issued and transferred Shares to successful Applicants under the Offer,

which is expected to be on 10 October 2014. Trading will then be on an unconditional but deferred settlement basis until the Company has advised the ASX that holding statements have been dispatched to Shareholders which will be about or on 13 October 2014. Normal settlement trading is expected to commence on 14 October 2014.

If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications and bids will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

After the basis for allocations has been determined, Applicants will be able to determine their allocation prior to receiving a holding statement by calling the Regis Healthcare Offer Information Line on 1300 859 277 (toll free within Australia) or +61 1300 859 277 (outside Australia) in each case, open from 8:30am to 5.30pm (AEST) Monday to Friday until Completion of the Offer, or by calling their Broker to confirm their allocations.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If an applicant sells Shares before receiving an initial holding statement, they do so at their own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if the applicant obtained details of their holding from the Regis Healthcare Offer Information Line or confirmed their firm allocation through a Broker.

7.12 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.12.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.12.2 Rights attaching to Shares

The rights attaching to the Shares are set out in the Constitution and are in certain circumstances regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

The principal rights, liabilities and obligations of the Shareholders are summarised below.

Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

Dividends

The Board may pay any interim and final dividends that, in its judgment, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

Issue of further Shares

The Board may (subject to the Constitution, the ASX Listing Rules and the Corporations Act) issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that section, with the:

- consent in writing of the holders of at least 75% of the issued Shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of Shares in that class, the rights attached to a class of Shares may be varied or cancelled.

Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Corporations Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may refuse to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

General meeting and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

Winding up

Subject to the Constitution, the Corporations Act and any preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them. If the Company is wound up, the liquidator may with the sanction of a special resolution divide the whole or part of the Company's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

Unmarketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution.

Proportional takeover provisions

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of eight, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding any Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director (apart from the Managing Director) will then hold office until the conclusion of the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote (in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost).

Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in the general meeting. The remuneration of a Director (who is not a Managing Director) must not include a commission on, or a percentage of, profits or operating revenue.

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from meetings of Directors or committees or general meetings. Any Director who devotes special attention to the business of the Company or who performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power and the powers that are not required by law or by the Constitution to be exercised by the Company in the general meeting.

Preference shares

The Company may issue preference Shares, including preference Shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference Shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

Officer's indemnity

The Company, to the extent permitted by law, indemnifies each Director, alternate Director and executive officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or one of its related bodies.

The Company, to the extent permitted by law, may purchase and maintain insurance, or pay or agree to pay a premium for insurance for each Director, alternate Director and executive officer of the Company against any liability incurred by that person as an officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever their outcome).

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access to Board papers, books, records and documents of the Company that relate to the period during which the Director or former Director was a Director. The Company may arrange that its related bodies corporate provide similar access to board papers, books, records or documents.

Amendment

The Constitution may be amended only by a special resolution passed by Shareholders.

7.13 Share capital

As at the date of this Prospectus, the only class of security on issue by the Company are fully paid ordinary Shares.

8 Independent Limited Assurance Report

Building a better working world

Ernst & Young Transaction Advisory Services Limited
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

25 September 2014

The Directors
Regis Healthcare Limited
Regis SaleCo Limited
Level 2, 615 Dandenong Road
Armadale VIC 3143

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION, STATUTORY AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Fairway Investment Holdings Pty Limited to report on the statutory historical financial information, pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of Regis Healthcare Limited and Regis SaleCo Limited ("Regis" or the "Company") for inclusion in the Prospectus ("Prospectus") to be dated on or about 25 September 2014, and to be issued by Regis, in respect of the offer of shares in Regis under the Prospectus (the "Offer").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Jo Barker is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following consolidated statutory historical financial information of Regis:

- the condensed statutory historical income statements for the years ended 30 June 2012 ("FY2012"), 30 June 2013 ("FY2013") and 30 June 2014 ("FY2014") as set out in Table 4.4 of Section 4.3.4 of the Prospectus;
- the condensed statutory historical cash flows for FY2012, FY2013 and FY2014 as set out in Table 4.8 of Section 4.4.4 of the Prospectus; and
- the statutory historical statement of financial position as at 30 June 2014 as set out in Table 4.10 of Section 4.5 of the Prospectus.

(hereafter the "Statutory Historical Financial Information").

The Statutory Historical Financial Information has been derived from the financial reports of Regis (formerly Fairway Investment Holdings Pty Limited) for the years ended 30 June 2012, 30 June 2013 and 30 June 2014, which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions on these financial reports.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board ("AASB"), which are consistent to International Financial Reporting Standards and interpretations, issued by the International Accounting Standards Board ("IASB").

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following consolidated pro forma historical financial information of Regis:

- the condensed pro forma historical results for FY2012, FY2013 and FY2014 as set out in Table 4.2 of Section 4.3.1 of the Prospectus;
- the condensed pro forma historical cash flows for FY2012, FY2013 and FY2014 as set out in Table 4.6 of Section 4.4.1 of the Prospectus; and
- the pro forma historical statement of financial position as at 30 June 2014 as set out in Table 4.10 of Section 4.5 of the Prospectus.

(hereafter the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Regis, and adjusted for the effects of pro forma adjustments described in Tables 4.5, 4.9 and 4.10 included in Sections 4.3.5, 4.4.5 and 4.5 respectively of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the recognition of certain items in periods different from the applicable period under AAS (ii) the exclusion of certain transactions that occurred in the relevant periods, and (iii) the impact of certain transactions as if they occurred on or before 30 June 2014.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Statutory Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following consolidated statutory forecast financial information of Regis:

- the condensed statutory forecast income statement for the year ending 30 June 2015 ("FY2015") as set out in Table 4.2 of Section 4.3.1 of the Prospectus; and
- the condensed statutory forecast cash flows for FY2015 as set out in Table 4.6 of Section 4.4.1 of the Prospectus.

(hereafter the "Statutory Forecast Financial Information").

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Sections 4.9.1 and 4.9.2 of the Prospectus.

The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is in accordance with recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the AASB, which are consistent to International Financial Reporting Standards and interpretations, issued by the IASB.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following consolidated pro forma forecast financial information of Regis:

- the condensed pro forma forecast income statement for FY2015 as set out in Table 4.2 of Section 4.3.1 of the Prospectus; and
- the condensed pro forma forecast cash flows for FY2015 as set out in Table 4.6 of Section 4.4.1 of the Prospectus.

(hereafter the "Pro Forma Forecast Financial Information").

(the Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are collectively referred to as the "Financial Information").

The Pro Forma Forecast Financial Information has been derived from Regis' Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Tables 4.3 and 4.7 of Sections 4.3.2 and 4.4.2 respectively of the Prospectus.

The Pro Forma Forecast Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the recognition of certain items in periods different from the applicable period under AAS (ii) the exclusion of certain transactions that occurred in the relevant periods, and (iii) the impact of certain transactions as if they occurred on or after 1 July 2014.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and cash flows for FY2015.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

Statutory Historical and Pro Forma Historical Financial Information

The directors of Regis are responsible for the preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Statutory Forecast and Pro Forma Forecast Financial Information

The directors of Regis are responsible for the preparation and presentation of the Statutory Forecast Financial Information for the year ending 30 June 2015, including the basis of preparation and the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for the year ending 30 June 2015, including the basis of preparation, selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Forecast and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Statutory Historical and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Statutory Forecast and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information comprising:

- the condensed statutory historical income statements for the years ended FY2012, FY2013 and FY2014 as set out in Table 4.4 of Section 4.3.4 of the Prospectus;
- the condensed statutory historical cash flows for FY2012, FY2013 and FY2014 as set out in Table 4.8 of Section 4.4.4 of the Prospectus; and
- the statutory historical statement of financial position as at 30 June 2014 as set out in Table 4.10 of Section 4.5 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus.

Building a better working world

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- the condensed pro forma historical results for FY2012, FY2013 and FY2014 as set out in Table 4.2 of Section 4.3.1 of the Prospectus;
- the condensed pro forma historical cash flows for FY2012, FY2013 and FY2014 as set out in Table 4.6 of Section 4.4.1 of the Prospectus; and
- the pro forma historical statement of financial position as at 30 June 2014 as set out in Table 4.10 of Section 4.5 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of Regis for FY2015 do not provide reasonable grounds for the Statutory Forecast Financial Information; and

- in all material respects, the Statutory Forecast Financial Information:
    - is not prepared on the basis of the directors' best estimate assumptions as described in Sections 4.9.1 and 4.9.2 of the Prospectus; and
    - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus; and

- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of Regis for FY2015 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and

- in all material respects, the Pro Forma Forecast Financial Information:
    - is not prepared on the basis of the directors' best estimate assumptions as described in Sections 4.9.1 and 4.9.2 of the Prospectus; and
    - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus; and

- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast and Pro Forma Forecast Financial Information

The Statutory Forecast and Pro Forma Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of Regis for FY2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Regis. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Regis, which are detailed in the Prospectus and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 of the Prospectus. The sensitivity analysis described in Section 4.10 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the statutory forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Regis, that all material information concerning the prospects and proposed operations of Regis has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Jo Barker
Director and Representative

A member firm of Ernst & Young Global Limited
Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No. 240585

Building a better working world

Page 7

25 September 2014

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we" or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $71,500 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services	**Contacting the Independent Dispute Resolution Scheme:**
AFS Compliance Manager	Financial Ombudsman Service Limited
Ernst & Young	PO Box 3
680 George Street	Melbourne VIC 3001 Telephone: 1300 78 08 08
Sydney NSW 2000	
Telephone: (02) 9248 5555	

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

This page is left blank intentionally

9

Facilities Portfolio

FACILITIES PORTFOLIO

Regis' portfolio comprises 45 operational aged care facilities located across Victoria, Queensland, Western Australia, New South Wales and South Australia. This Section 9 summarises Regis' facility portfolio.

In the summary below:

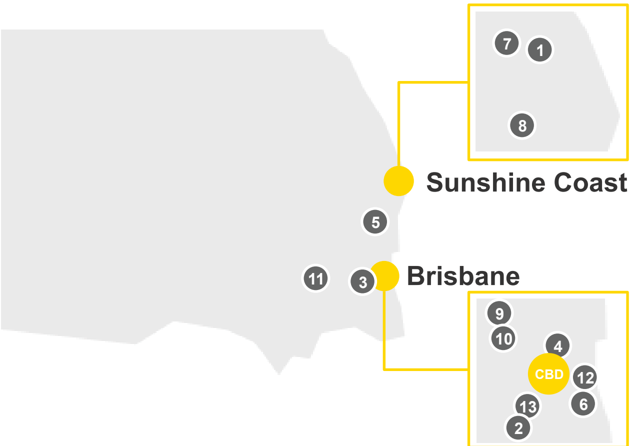
- three facilities, Inala Lodge, Milpara Lodge and Alawarra Lodge in Victoria are aggregated as Inala, Blackburn South;
- two facilities, Park Lodge and Weston Lodge in Western Australia are aggregated as Hollywood, Nedlands;

North Fremantle and Malvern East have been excluded from this summary as those facilities are currently closed for redevelopment, see Section 3.6 for further detail.

Key metrics referred to in this Section 9 are current as at 30 June 2014 unless otherwise specified. Under the metric 'Total places' in each of the following tables in this Section 9, 'double' refers to places in a facility that are in a room that can accommodate two Residents and 'multiple' refers to places in a room in a facility that can accommodate more than two Residents.

9.1 Aged care facility profiles

9.1.1 Queensland



No.	Facility	Suburb
1	Allora Lodge	Maroochydore
2	Anchorage House	Salisbury
3	Boronia Heights	Greenbank
4	Bulimba	Bulimba
5	Canning Lodge	Caboolture
6	Grange Wellington Point	Birkdale
7	Kuluin	Kuluin
8	Lakeside	Sippy Downs
9	Parkland Manor	Ferny Grove
10	Treetops Manor	The Gap
11	Valley Views	Gatton
12	Wynnum	Wynnum
13	Yeronga	Yeronga

Allora Lodge, Maroochydore

Allora Lodge is a fully developed facility located 3km from the beach at Maroochydore on the Sunshine Coast. It comprises 68 single rooms including 38 with private ensuites.

Key metrics

Total places	68	Catchment area median house price	$472,000
Single (private ensuites)	68(38)	FY2014 average RAD per RAD paying Resident	$218,347
Double	–	Average RAD to weighted average house price	46%
Multiple	–	June 2014 ACFI / Occupied Place Day	$159
Extra Service	–	Year opened	1997
Occupancy	100%	Accreditation review date	Sep-15

Anchorage House, Salisbury

Anchorage House is located in the residential precinct of Salisbury approximately 10km from Brisbane's CBD. The facility comprises 136 places following a 76 place extension in FY2008. Anchorage House offers a 26 place dementia specific wing and 19 places with Extra Service status.

Key metrics

Total places	136	Catchment area median house price	$465,000
Single (private ensuites)	94 (44)	FY2014 average RAD per RAD paying Resident	$266,880
Double (private ensuites)	42 (42)	Average RAD to weighted average house price	57%
Multiple	–	June 2014 ACFI / Occupied Place Day	$155
Extra Service	19	Year opened (ext.)	2002 (2008)
Occupancy	100%	Accreditation review date	Jan-15

Boronia Heights, Greenbank

Boronia Heights is centrally located in the residential precinct of Greenbank, close to public transport and the Browns Plains shopping precinct. The facility comprises 160 places following a 30 Extra Service extension completed in November 2012. Boronia Heights offers a 37 place dementia specific wing.

Key metrics

Total places	160	Catchment area median house price	$355,000
Single (private ensuites)	86 (60)	FY2014 average RAD per RAD paying Resident	$230,810
Double (private ensuites)	22 (0)	Average RAD to weighted average house price	65%
Multiple	52	June 2014 ACFI / Occupied Place Day	$162
Extra Service	30	Year opened (ext.)	1990 (2012)
Occupancy	87%	Accreditation review date	Apr-15

Bulimba, Bulimba

Bulimba is located in the riverside suburb of Bulimba, approximately 10km from Brisbane's CBD. The facility was acquired in November, 2011 and comprises 152 places, including a 36 place dementia specific wing.

Key metrics

Total places	152	Catchment area median house price	$825,000
Single (private ensuites)	144 (0)	FY2014 average RAD per RAD paying Resident	$179,885
Double (private ensuites)	8 (0)	Average RAD to weighted average house price	22%
Multiple	–	June 2014 ACFI / Occupied Place Day	$147
Extra Service	–	Year opened	1981-1987
Occupancy	96%	Accreditation review date	Aug-16

FACILITIES PORTFOLIO

Canning Lodge, Caboolture

Canning Lodge is located in Caboolture, 44km north of Brisbane. The facility is situated directly opposite a regional hospital and comprises 120 places, including a 36 place dementia specific wing.

Key metrics

Total places	120	Catchment area median house price	$395,000
Single (private ensuites)	54 (9)	FY2014 average RAD per RAD paying Resident	–
Double (private ensuites)	66 (50)	Average RAD to weighted average house price	–
Multiple	–	June 2014 ACFI / Occupied Place Day	$168
Extra Service	–	Year opened (ext.)	2002 (2005)
Occupancy	100%	Accreditation review date	Sep-15

Grange Wellington Point, Birkdale

Grange Wellington Point is located in Birkdale, approximately 25km south of Brisbane's CBD. The facility comprises 70 places, including a 15 place dementia specific wing and 70 places with Extra Service status.

Key metrics

Total places	70	Catchment area median house price	$465,000
Single (private ensuites)	70 (70)	FY2014 average RAD per RAD paying Resident	$331,158
Double	–	Average RAD to weighted average house price	71%
Multiple	–	June 2014 ACFI / Occupied Place Day	$170
Extra Service	70	Year opened	2000
Occupancy	98%	Accreditation review date	Dec-16

Kuluin, Kuluin

Kuluin is located on the Sunshine Coast, approximately 5km from Maroochydore. The facility was developed as a Extra Service facility and opened in September 2011. It includes an innovative outdoor therapy centre and a 16 place dementia specific wing.

Key metrics

Total places	120	Catchment area median house price	$468,000
Single (private ensuites)	108 (108)	FY2014 average RAD per RAD paying Resident	$298,511
Double (private ensuites)	12 (12)	Average RAD to weighted average house price	64%
Multiple	–	June 2014 ACFI / Occupied Place Day	$159
Extra Service	120	Year opened	2012
Occupancy	98%	Accreditation review date	Sep-15

Lakeside, Sippy Downs

Lakeside is located in Sippy Downs, 13km from the Sunshine Coast. The facility comprises 100 places following an extension to include 30 places with Extra Service status, which was completed in FY03.

Key metrics

Total places	100	Catchment area median house price	$472,000
Single (private ensuites)	80 (46)	FY2014 average RAD per RAD paying Resident	$214,616
Double (private ensuites)	20 (8)	Average RAD to weighted average house price	45%
Multiple	–	June 2014 ACFI / Occupied Place Day	$153
Extra Service	30	Year opened (ext.)	2000 (2003)
Occupancy	96%	Accreditation review date	Aug-16

Parkland Manor, Ferny Grove

Parkland Manor is located in the north-eastern suburb of Ferny Grove, approximately 15km from Brisbane's CBD. It is a recently developed Extra Service facility comprising 122 places.

Key metrics

Total places	122	Catchment area median house price	$535,000
Single (private ensuites)	104 (104)	FY2014 average RAD per RAD paying Resident	$326,376
Double (private ensuites)	18 (18)	Average RAD to weighted average house price	61%
Multiple	–	June 2014 ACFI / Occupied Place Day	$158
Extra Service	122	Year opened	2010
Occupancy	91%	Accreditation review date	Jul-16

Treetops Manor, The Gap

Treetops Manor is located in The Gap, approximately 10km west of Brisbane's CBD. The facility comprises 134 places including 48 places with Extra Service status and a 26 place dementia specific wing.

Key metrics

Total places	134	Catchment area median house price	$561,000
Single (private ensuites)	104 (90)	FY2014 average RAD per RAD paying Resident	$390,409
Double (private ensuites)	30 (30)	Average RAD to weighted average house price	70%
Multiple	–	June 2014 ACFI / Occupied Place Day	$151
Extra Service	48	Year opened (ext.)	2004 (2007)
Occupancy	97%	Accreditation review date	Jun-17

Valley Views, Gatton

Valley Views is located in Gatton in the Lockyer Valley, between Brisbane and Toowoomba. The facility comprises 60 places and has forged strong links with the local community. It was awarded Regis Facility of the Year in 2010.

Key metrics

Total places	60	Catchment area median house price	$298,000
Single (private ensuites)	40 (20)	FY2014 average RAD per RAD paying Resident	$243,608
Double (private ensuites)	20 (20)	Average RAD to weighted average house price	82%
Multiple	–	June 2014 ACFI / Occupied Place Day	$138
Extra Service	–	Year opened	2001
Occupancy	94%	Accreditation review date	Jul-17

Wynnum, Wynnum

Wynnum is located approximately 20km East of Brisbane's CBD. The facility was acquired in June 2011 and comprises 100 places (including 58 places with Extra Service status) following an extension to include 54 places with Extra Service status, which was completed in March 2014 and which is currently in ramp up.

Key metrics

Total places	100	Catchment area median house price	$525,000
Single (private ensuites)	88 (88)	FY2014 average RAD per RAD paying Resident	$336,350
Double (private ensuites)	12 (12)	Average RAD to weighted average house price	64%
Multiple	–	June 2014 ACFI / Occupied Place Day	$156
Extra Service	58	Year opened (ext.)	2000 (2014)
Occupancy	60%[88]	Accreditation review date	May-15

Yeronga, Yeronga

Yeronga is located in inner Brisbane, approximately 5km from the CBD. The facility was opened in September 2011 as a brand new ageing in place facility. It comprises 100 places, all of which are Extra Service.

Key metrics

Total places	100	Catchment area median house price	$637,000
Single (private ensuites)	82 (82)	FY2014 average RAD per RAD paying Resident	$431,163
Double (private ensuites)	18 (18)	Average RAD to weighted average house price	68%
Multiple	–	June 2014 ACFI / Occupied Place Day	$154
Extra Service	100	Year opened	2012
Occupancy	88%	Accreditation review date	Aug-15

88. A 60 place extension of the Wynnum facility opened in March 2014. Occupancy is expected to continue to increase as new Residents take up available places.

9.1.2 New South Wales

No.	Facility	Suburb
14	Delphi House	Belmore
15	Gannon Gardens	Hurstville
16	Hastings Manor	Port Macquarie
17	Ku-ring-gai Gardens	Hornsby
18	The Gardens	Corlette
19	Wentworth Manor	Rose Bay

Delphi House, Belmore

Delphi House is located in Belmore, approximately 15km south-west of Sydney. The facility comprises 72 places and a facility upgrade was recently completed in FY2014.

Key metrics

Total places	72	Catchment area median house price	$750,000
Single (private ensuites)	12 (6)	FY2014 average RAD per RAD paying Resident	$140,935
Double (private ensuites)	60 (0)	Average RAD to weighted average house price	19%
Multiple	–	June 2014 ACFI / Occupied Place Day	$166
Extra Service	–	Year opened	c. 1950
Occupancy	82%	Accreditation review date	Aug-15

Gannon Gardens, Hurstville

Gannon Gardens is located in Hurstville, 14km south west of the Sydney CBD and close to private and public hospitals. The facility comprises 110 places including a 24 place Extra Service offering, following an extension completed in 2005.

Key metrics

Total places	110	Catchment area median house price	$1,015,000
Single (private ensuites)	31 (31)	FY2014 average RAD per RAD paying Resident	$291,801
Double (private ensuites)	2 (2)	Average RAD to weighted average house price	29%
Multiple	77	June 2014 ACFI / Occupied Place Day	$148
Extra Service	24	Year opened (ext.)	1982 (2005)
Occupancy	96%	Accreditation review date	Jan-17

FACILITIES PORTFOLIO

Hastings Manor, Port Macquarie

Hastings Manor is located in the seaside town of Port Macquarie and has developed strong relationships with local community groups. The facility comprises 100 places including a 12 place dementia specific wing and a 15 place Extra Service offering.

Key metrics

Total places	100	Catchment area median house price	$392,000
Single (private ensuites)	100 (100)	FY2014 average RAD per RAD paying Resident	$281,624
Double (private ensuites)	–	Average RAD to weighted average house price	72%
Multiple	–	June 2014 ACFI / Occupied Place Day	$155
Extra Service	15	Year opened	2004
Occupancy	98%	Accreditation review date	Sep-14

Ku-ring-gai Gardens, Hornsby

Ku-ring-gai Gardens is located on the old Pacific Highway in Hornsby, close to local amenities. The facility is a 70 place Extra Service facility. Redevelopments in 2009 involved the substantial refurbishment of all internal areas.

Key metrics

Total places	70	Catchment area median house price	$778,000
Single (private ensuites)	70 (70)	FY2014 average RAD per RAD paying Resident	$397,901
Double	–	Average RAD to weighted average house price	51%
Multiple	–	June 2014 ACFI / Occupied Place Day	$157
Extra Service	70	Year opened (redeveloped)	1984 (2009)
Occupancy	100%	Accreditation review date	Aug-15

The Gardens, Corlette

The Gardens is located in the seaside town of Corlette in Nelson Bay. The facility comprises 150 places following an extension to include 30 places with Extra Service status completed in FY2011 and the allocation of a further 15 places with Extra Service status in FY2012. A significant wing refurbishment was also completed FY2011.

Key metrics

Total places	150	Catchment area median house price	$500,000
Single (private ensuites)	150 (150)	FY2014 average RAD per RAD paying Resident	$307,981
Double	–	Average RAD to house price	62%
Multi-room	–	June 2014 ACFI / Occupied Place Day	$151
Extra Service	45	Year opened (ext.)	2004 (2011)
Occupancy	97%	Accreditation review date	Mar-17

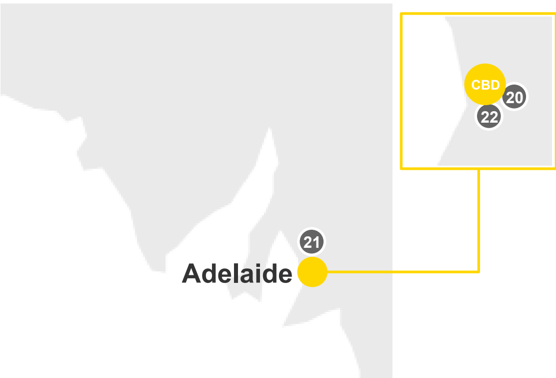
Wentworth Manor, Rose Bay

Wentworth Manor is located approximately 7km east of Sydney's CBD in Rose Bay. The facility comprises 66 places, all of which are Extra Service.

Key metrics

Total places	66	Catchment area median house price	$2,065,000
Single (private ensuites)	54 (54)	FY2014 average RAD per RAD paying Resident	$452,598
Double (private ensuites)	12 (12)	Average RAD to weighted average house price	22%
Multiple	–	June 2014 ACFI / Occupied Place Day	$157
Extra Service	66	Year opened	1997
Occupancy	98%	Accreditation review date	Nov-15

9.1.3 South Australia



No.	Facility	Suburb
20	Burnside	Linden Park
21	Playford	Davoren Park
22	Sunset	Kingswood

Burnside, Linden Park

Burnside is located on the eastern slopes of the Adelaide Hills, approximately 6km from Adelaide's CBD. The facility comprises 167 places across 2 services co-located on the one site, including a 51 place dementia specific wing.

Key metrics

Total places	167	Catchment area median house price	$750,000
Single (private ensuites)	131 (50)	FY2014 average RAD per RAD paying Resident	$180,543
Double (private ensuites)	8 (0)	Average RAD to weighted average house price	24%
Multiple	28	June 2014 ACFI / Occupied Place Day	$133
Extra Service	–	Year opened	1960
Occupancy	99%	Accreditation review date	Jun-15 & Jun-17

Playford, Davoren Park

Playford is located in Davoren Park in Adelaide's northern suburbs, 20 minutes from the Barossa Valley. The facility was acquired in July, 2013 and comprises 125 places following a 66 place extension in 2010.

Key metrics

Total places	125	Catchment area median house price	$248,000
Single (private ensuites)	125 (125)	FY2014 average RAD per RAD paying Resident	$131,539
Double	–	Average RAD to weighted average house price	53%
Multiple	–	June 2014 ACFI / Occupied Place Day	$161
Extra Service	–	Year opened (ext.)	2004 (2010)
Occupancy	100%	Accreditation review date	Jul-15

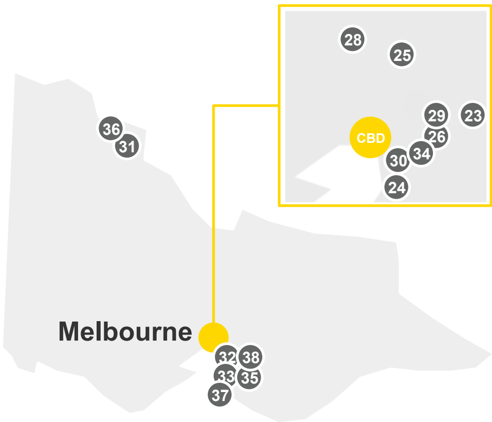
Sunset, Kingswood

Sunset is a heritage listed double storey building located in Kingswood, close to local amenities and approximately 5km from Adelaide's CBD. The facility comprises 67 places as well as ample land for development/sale on site.

Key metrics

Total places	67	Catchment area median house price	$713,000
Single (private ensuites)	37 (0)	FY2014 average RAD per RAD paying Resident	$101,673
Double (private ensuites)	30 (0)	Average RAD to weighted average house price	14%
Multiple	–	June 2014 ACFI / Occupied Place Day	$142
Extra Service	–	Year opened	C. 1960
Occupancy	96%	Accreditation review date	Mar-15

9.1.4 Victoria



No.	Facility	Suburb
23	Amaroo	Ringwood
24	Bayside Gardens	Brighton
25	Heathcliff Manor	Macleod
26-27	Inala	Blackburn South
28	Karingal Manor	Fawkner
29	Lake Park	Blackburn
30	McKinley House	Armadale
31	Ontario	Mildura
32	Seaside Manor	Sandringham
33	Shelton Manor	Frankston
34	Shenley Manor	Camberwell
35	Sherwood Park	Junction Village
36	Sunraysia	Mildura
37	The Grange	Rosebud West
38	Waverley Gardens	Dandenong North

Amaroo, Ringwood

Amaroo is located in the quiet eastern suburb of Ringwood, within walking distance of public transport. The facility comprises 90 places following a 30 place extension in 2005 and includes 42 places with Extra Service status.

Key metrics

Total places	90	Catchment area median house price	$566,000
Single (private ensuites)	16 (2)	FY2014 average RAD per RAD paying Resident	$186,453
Double (private ensuites)	54 (28)	Average RAD to weighted average house price	33%
Multiple	20	June 2014 ACFI / Occupied Place Day	$178
Extra Service	42	Year opened (ext.)	1979 (2005)
Occupancy	89%	Accreditation review date	Jul-15

Bayside Gardens, Brighton

Bayside Gardens is located in the seaside inner suburb of Brighton, approximately 15km from Melbourne's CBD. It is a 65 place Extra Service facility.

Key metrics

Total places	65	Catchment area median house price	$1,600,000
Single (private ensuites)	65 (65)	FY2014 average RAD per RAD paying Resident	$448,856
Double	–	Average RAD to weighted average house price	28%
Multiple	–	June 2014 ACFI / Occupied Place Day	$159
Extra Service	65	Year opened	2004
Occupancy	98%	Accreditation review date	Dec-16

Heathcliff Manor, Macleod

Heathcliff Manor is located in the inner north-eastern suburb of Macleod, close to local parks and within walking distance of public transport. The facility comprises 84 places following a 30 place extension in 2009 and includes 30 places with Extra Service status.

Key metrics

Total places	84	Catchment area median house price	$650,000
Single (private ensuites)	34 (24)	FY2014 average RAD per RAD paying Resident	$226,294
Double	14 (0)	Average RAD to weighted average house price	35%
Multiple	36	June 2014 ACFI / Occupied Place Day	$166
Extra Service	30	Year opened (ext.)	1988 (2009)
Occupancy	91%	Accreditation review date	Aug-15

Inala, Blackburn South

Inala is located within the 8.5ha Inala Village complex, approximately 11km south east of the Melbourne CBD. It comprises 315 places across three facilities including two dementia specific wings and 30 places with Extra Service status.

The three facilities are Inala Lodge, Allawarra Lodge and Milpara Lodge.

Key metrics

Total places	315	Catchment area median house price	$700,000
Single (private ensuites)	233 (135)	FY2014 average RAD per RAD paying Resident	$245,671
Double (private ensuites)	62 (46)	Average RAD to weighted average house price	35%
Multiple	20	June 2014 ACFI / Occupied Place Day	$138
Extra Service	30	Year opened – various	1976 - 1997
Occupancy	94%	Accreditation review date	Dec-14, Aug-15 & Sep-15

Karingal Manor, Fawkner

Karingal Manor is located in Fawkner approximately 16km from Melbourne's CBD and has developed strong links to the local Italian community. The facility comprises 89 places following a 28 place extension completed in FY2010 and includes a 14 place dementia specific wing, 30 places with Extra Service status and also included substantial refurbishment of all interal areas.

Key metrics

Total places	89	Catchment area median house price	$410,000
Single (private en-suites)	15 (5)	FY2014 average RAD per RAD paying Resident	$182,789
Double (private en-suites)	74 (0)	Average RAD to weighted average house price	45%
Multiple	–	June 2014 ACFI / Occupied Place Day	$165
Extra Service	30	Year redeveloped	2010
Occupancy	99%	Accreditation review date	Nov-14

Lake Park, Blackburn

Lake Park is located in the eastern inner suburb of Blackburn, approximately 20km from Melbourne's CBD. The facility comprises 202 places (including a 6 place dementia specific wing) following a 172 Extra Service place development program, which also included refurbishment of the previously existing 30 places, in FY2010.

Key metrics

Total places	202	Catchment area median house price	$829,000
Single (private ensuites)	164 (164)	FY2014 average RAD per RAD paying Resident	$413,396
Double (private ensuites)	38 (38)	Average RAD to weighted average house price	50%
Multiple	–	June 2014 ACFI / Occupied Place Day	$150
Extra Service	172	Year redeveloped	2010
Occupancy	94%	Accreditation review date	Dec-14

McKinley House, Armadale

McKinley House is located in Armadale, 12km south-east of Melbourne's CBD. The facility comprises 83 places, all of which are equipped for Extra Services, following a 4th floor lifestyle precinct addition completed in October 2011. It also includes a 24 place dementia specific wing.

Key metrics

Total places	83	Catchment area median house price	$1,325,000
Single (private ensuites)	59 (59)	FY2014 average RAD per RAD paying Resident	$479,265
Double (private ensuites)	24 (24)	Average RAD to weighted average house price	36%
Multple	–	June 2014 ACFI / Occupied Place Day	$158
Extra Service	83	Year opened	2011
Occupancy	94%	Accreditation review date	Sep-14

Ontario, Mildura

Ontario is located in the regional Victorian town of Mildura and has strong relationships with local community groups. The facility was acquired in May 2011 and comprises 70 places including a 20 place dementia specific wing.

Key metrics

Total places	70	Catchment area median house price	$220,000
Single (private ensuites)	24 (3)	FY2014 average RAD per RAD paying Resident	$127,642
Double (private ensuites)	46 (0)	Average RAD to weighted average house price	58%
Multiple	–	June 2014 ACFI / Occupied Place Day	$164
Extra Service	–	Year opened	2000
Occupancy	95%	Accreditation review date	Sep-15

Seaside Manor, Sandringham

Seaside Manor is located in the bayside suburb of Sandringham, approximately 16km south east of Melbourne's CBD. The facility comprises 58 places, 56 of which are equipped to provide Extra Services.

Key metrics

Total places	58	Catchment area median house price	$1,150,000
Single (private ensuites)	56 (56)	FY2014 average RAD per RAD paying Resident	$397,253
Double (private ensuites)	2 (2)	Average RAD to weighted average house price	35%
Multiple	–	June 2014 ACFI / Occupied Place Day	$66
Extra Service	–	Year opened (ext.)	1989 (2009)
Occupancy	96%	Accreditation review date	Jun-16

Shelton Manor, Frankston

Shelton Manor is located in the outer metropolitan suburb of Frankston, approximately 45km from Melbourne's CBD. The facility comprises 106 places including a 14 place dementia specific wing. In addition, the facility has a transitional care agreement with Peninsula Health for 35 places.

Key metrics

Total places	106	Catchment area median house price	$380,000
Single (private ensuites)	106 (48)	FY2014 average RAD per RAD paying Resident	$187,274
Double	–	Average RAD to weighted average house price	49%
Multiple	–	June 2014 ACFI / Occupied Place Day	$153
Extra Service	–	Year opened	2005
Occupancy	100%	Accreditation review date	Oct-15

Shenley Manor, Camberwell

Shenley Manor is located in inner eastern Camberwell, approximately 15km from Melbourne's CBD. The facility was subject to a major redevelopment, completed in October 2009 which involved the complete rebuild of all internal areas and now comprises 60 places, all of which are equipped to provide Extra Services.

Key metrics

Total places	60	Catchment area median house price	$1,350,000
Single (private ensuites)	60 (60)	FY2014 average RAD per RAD paying Resident	$412,135
Double	–	Average RAD to weighted average house price	31%
Multiple	–	June 2014 ACFI / Occupied Place Day	$165
Extra Service	60	Year opened	2010
Occupancy	99%	Accreditation review date	Sep-16

Sherwood Park, Junction Village

Sherwood Park is located in the outer metropolitan suburb of Cranbourne, approximately 45km from Melbourne's CBD. The facility comprises 149 places including a 14 place dementia specific wing following a complete refurbishment and 62 place extension in FY2005.

Key metrics

Total places	149	Catchment area median house price	$395,000
Single (private ensuites)	101 (60)	FY2014 average RAD per RAD paying Resident	$153,065
Double (private ensuites)	48 (44)	Average RAD to weighted average house price	39%
Multiple	–	June 2014 ACFI / Occupied Place Day	$144
Extra Service	–	Year opened (ext.)	1995 (2005)
Occupancy	95%	Accreditation review date	Nov-16

Sunraysia, Mildura

Sunraysia is located in the regional Victorian town of Mildura and has strong relationships with local community groups. The facility comprises 81 places following a 21 place extension and refurbishment of the existing facility in FY2005 and includes a 26 place dementia specific wing.

Key metrics

Total places	81	Catchment area median house price	$220,000
Single (private ensuites)	22 (6)	FY2014 average RAD per RAD paying Resident	$86,506
Double (private ensuites)	38 (4)	Average RAD to weighted average house price	39%
Multiple	21	June 2014 ACFI / Occupied Place Day	$161
Extra Service	–	Year opened (ext.)	1983 (2005)
Occupancy	90%	Accreditation review date	Sep-15

The Grange, Rosebud West

The Grange is located in the seaside Victorian town of Rosebud and has strong relationships with local community groups. The facility comprises 129 places following a 57 place extension in FY2003 and includes a 14 place dementia specific wing.

Key metrics

Total places	129	Catchment area median house price	$506,000
Single (private ensuites)	121 (121)	FY2014 average RAD per RAD paying Resident	$234,272
Double (private ensuites)	8 (8)	Average RAD to weighted average house price	46%
Multiple	–	June 2014 ACFI / Occupied Place Day	$139
Extra Service	–	Year opened (ext.)	1996 (2003)
Occupancy	99%	Accreditation review date	Oct-13

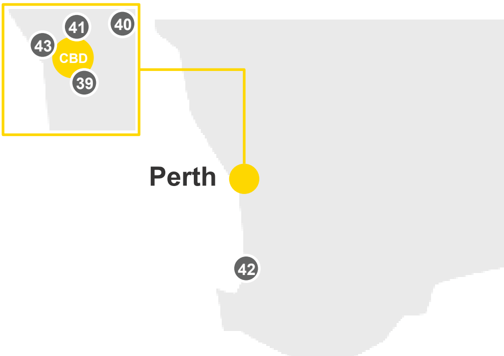
Waverley Gardens, Dandenong North

Waverley Gardens is located in the outer metropolitan suburb of Dandenong, approximately 35km from Melbourne's CBD. The facility comprises 171 places following a 60 place extension completed in FY2010 and includes a 14 place dementia specific wing and 60 places with Extra Service status.

Key metrics

Total places	171	Catchment area median house price	$418,000
Single (private ensuites)	123 (27)	FY2014 average RAD per RAD paying Resident	$219,943
Double (private ensuites)	48 (44)	Average RAD to weighted average house price	53%
Multiple	–	June 2014 ACFI / Occupied Place Day	$147
Extra Service	60	Year opened (ext.)	2001 (2010)
Occupancy	94%	Accreditation review date	Apr-16

9.1.5 Western Australia



No.	Facility	Suburb
39	Como House	Como
40	Cypress Gardens	Greenmount
41	Embleton	Embleton
42	Forrest Gardens	Bunbury
43-45	Hollywood	Nedlands

Como House, Como

Como House is located approximately 10km south of Perth's CBD, in close proximity to the Swan River. The facility comprises 68 places including a 26 place dementia specific wing.

Key metrics

Total places	68	Catchment area median house price	$820,000
Single (private ensuites)	34 (30)	FY2014 average RAD per RAD paying Resident	$251,595
Double (private ensuites)	34 (0)	Average RAD to weighted average house price	31%
Multiple	–	June 2014 ACFI / Occupied Place Day	$156
Extra Service	–	Year opened	1990
Occupancy	99%	Accreditation review date	Oct-15

Cypress Gardens, Greenmount

Cypress Gardens is located in Greenmount approximately 20km north-east of Perth's CBD. The facility comprises 127 places following a 30 place extension completed in March 2013 and includes a 16 place dementia specific wing and 53 places with Extra Service status.

Key metrics

Total places	127	Catchment area median house price	$520,000
Single (private ensuites)	90 (84)	FY2014 average RAD per RAD paying Resident	$340,901
Double (private ensuites)	28 (10)	Average RAD to weighted average house price	66%
Multiple	9	June 2014 ACFI / Occupied Place Day	$145
Extra Service	53	Year opened (ext.)	1970 (2013)
Occupancy	96%	Accreditation review date	Nov-14

Embleton, Embleton

Embleton is located in Perth, approximately 8km from the CBD. The facility, which was acquired in April, 2013, comprises 82 places following an 18 place extension in 2003.

Key metrics

Total places	82	Catchment area median house price	$560,000
Single (private ensuites)	36 (30)	FY2014 average RAD per RAD paying Resident	$259,553
Double (private ensuites)	46 (46)	Average RAD to weighted average house price	46%
Multiple	–	June 2014 ACFI / Occupied Place Day	$150
Extra Service	–	Year opened (ext.)	2000 (2003)
Occupancy	100%	Accreditation review date	Jan-15

Forrest Gardens, Bunbury

Forrest Gardens is located in the coastal surrounds of Bunbury. The facility comprises 95 places following a 16 place extension completed in FY2009 and includes a 16 place dementia specific wing and 32 places with Extra Service status.

Key metrics

Total places	95	Catchment area median house price	$350,000
Single (private ensuites)	89 (89)	FY2014 average RAD per RAD paying Resident	$199,723
Double (private ensuites)	6 (6)	Average RAD to weighted average house price	57%
Multiple	–	June 2014 ACFI / Occupied Place Day	$140
Extra Service	32	Year opened (ext.)	2001 (2009)
Occupancy	98%	Accreditation review date	Jun-16

Hollywood, Nedlands

Hollywood is located in the Perth suburb of Nedlands, approximately 6km from the CBD. The facility comprises 226 places across two facilities as well as a retirement village offering Independent Living Units. The aged care facilities include a 45 place dementia specific wing. The two aged care facilities are Park Lodge and Weston Lodge.

Key metrics

Total places	226	Catchment area median house price	$1,549,000
Single (private ensuites)	141 (141)	FY2014 average RAD per RAD paying Resident	$220,707
Double (private ensuites)	16 (0)	Average RAD to weighted average house price	14%
Multiple	69	June 2014 ACFI / Occupied Place Day	$116
Extra Service	–	Year opened – various	1972-1988
Occupancy	97%	Accreditation review date	Nov-14 & Aug-17

10 Additional Information

ADDITIONAL INFORMATION

10.1 Incorporation

The Company was incorporated in Victoria on 2 May 2007 as a private company under the name Fairway Investment Holdings Pty Ltd. It was converted to a public company and renamed Regis Healthcare Limited on 12 September 2014.

SaleCo was incorporated on 15 August 2014.

10.2 Sale of Existing Shares by SaleCo

As part of the Offer, the Existing Shareholders intend to sell some of their Existing Shares through SaleCo. SaleCo is a special purpose vehicle that has been established to enable the Existing Shareholders to sell some of their Existing Shares to successful Applicants under the Offer.

The Existing Shares that SaleCo acquires from the Existing Shareholders will be transferred to successful Applicants under the Offer at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to successful Applicants under the Offer.

The Existing Shareholders have executed sales deeds under which they irrevocably offer to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional on the commencement of conditional and deferred settlement trading of Shares on the ASX.

SaleCo has no material assets, liabilities or operations other than its interest in the deed polls described above. The directors of SaleCo are Ross Johnston, Bryan Dorman and Ian Roberts. The Company has indemnified SaleCo, and the directors of SaleCo, for any loss that SaleCo, or the directors of SaleCo, may incur as a consequence of the Offer.

10.3 Material contracts

The Directors consider that there are a number of contracts that are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below. These summaries do not purport to be complete and are qualified by the text of the contracts themselves.

10.3.1 Underwriting Agreement

The Offer will be underwritten by the Global Co-ordinator and Bookrunner and jointly managed by the Joint Lead Managers pursuant to an underwriting agreement dated 18 September 2014 between the Company, SaleCo and the Joint Lead Managers (**Underwriting Agreement**).

Under the Underwriting Agreement, the Joint Lead Managers have agreed to manage the Offer and the Global Co-ordinator and Bookrunner has agreed to:

- act on a sole and exclusive basis as global coordinator, bookrunner and financial adviser in respect of the Offer;
- conduct the bookbuild in respect of the Offer; and
- underwrite the Offer.

(a) Fees and expenses

Underwriting fee

The Company must pay the Global Co-ordinator and Bookrunner the following management and underwriting fees:

- $2 million for acting as financial advisor to the Company;
- 0.5% of the Total Proceeds for managing and structuring the Offer; and
- 1.6% of the Total Proceeds for underwriting the Offer.

Total Proceeds is defined as the total gross proceeds of the Offer, being the cash proceeds received by the Company as consideration for New Shares issued to Applicants under this Prospectus and by SaleCo as consideration for Existing Shares transferred to Applicants under this Prospectus.

Offer management fee

The Company must pay each of Evans and Partners and Morgans an offer management fee equal to 0.2% of the Total Proceeds.

Incentive fee

The Company may, in its absolute discretion, pay any or all of the following incentive fees:

- an incentive fee of up to 0.35% of the Total Proceeds to the Global Co-ordinator and Bookrunner;
- an incentive fee of up to 0.075% of the Total Proceeds to Evans and Partners; and
- an incentive fee of up to 0.075% of the Total Proceeds to Morgans.

Broker firm fees

Subject to receipt by the Global Co-ordinator and Bookrunner of the fees in relation to managing, structuring and underwriting of the Offer, the Global Co-ordinator and Bookrunner must pay each of the other two Joint Lead Managers a fee of 1.5% of all final allocations of Shares subscribed for by that Joint Lead Manager under the Broker Firm Offer.

Other costs

The Company has also agreed to reimburse the Joint Lead Managers for certain reasonable costs, including all legal costs reasonably incurred, certain out-of-pocket costs and any stamp or transfer duties or withholding taxes payable in respect of the Underwriting Agreement. The costs must be reimbursed even if the Underwriting Agreement is terminated or the Offer is withdrawn.

(b) Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company and SaleCo to the Joint Lead Managers. The representations and warranties relate to matters such as the nature of the Company and SaleCo, the conduct of the Company and SaleCo (including in respect of their businesses, due diligence, disclosure and compliance with applicable laws and the ASX Listing Rules), information provided, material adverse change, insurance, insolvency, licences, litigation, the Offer Documents (being the pathfinder, this Prospectus, an Application Form, any supplementary prospectus, the marketing presentation or relevant ASX announcement) and the conduct of the Offer.

The Company's undertakings include that it will not, during the 120 day period after the date of the Underwriting Agreement, allot or agree to allot any Shares without the prior written consent of the Joint Lead Managers.

(c) Indemnity

Subject to certain customary exclusions (including fraud and gross negligence), the Company and SaleCo agree to keep the Joint Lead Managers and certain of the Joint Lead Managers' affiliated parties indemnified from losses suffered in connection with the Offer, including for losses, claims, damages or liabilities under the US Securities Act and other US securities laws.

(d) Termination events

If any of the following events occurs at any time from the date of the Underwriting Agreement until on or before the allotment date or at any other time as specified below, a Joint Lead Manager may at any time terminate its obligations under the Underwriting Agreement without cost or liability by notice to the Company, SaleCo and the other Joint Lead Managers:

- (disclosures in Offer Documents) in the Joint Lead Manager's reasonable opinion a statement contained in an Offer Document is misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from such document, or any such document fails to comply with the Corporations Act, the ASX Listing Rules or other applicable laws;
- (supplementary prospectus) in the reasonable opinion of the Joint Lead Manager, the Company and SaleCo are required to issue a supplementary prospectus to comply with section 719 of the Corporations Act;
- (compliance with law) any aspect of the Offer does not comply with the Corporations Act, all regulations under the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- (legal proceedings) a director of the Company or any of its subsidiaries, SaleCo or any person who is anticipated to become a director of the Company, SaleCo or a subsidiary of the Company engages in fraudulent activity with respect to the Offer or is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act or the equivalent laws of another jurisdiction;
- (voluntary escrow agreements) the voluntary escrow agreements entered into by the Existing Shareholders are withdrawn, varied, terminated, rescinded, breached, altered or amended (other than with the prior written consent of the Joint Lead Managers);
- (withdrawal) the Company or SaleCo withdraws this Prospectus or any part of the Offer or indicates that it does not intend to proceed with the Offer or any part of it;
- (insolvency) the Company, SaleCo or a subsidiary of the Company is insolvent, or there is an act or omission made which is likely to result in the Company, SaleCo or a subsidiary of the Company becoming insolvent;
- (certificate not given) the Company does not give the Joint Lead Managers a closing certificate, as required under the Underwriting Agreement;
- (unable to issue or transfer Shares) the Company is prevented from allotting or issuing, or SaleCo is prevented from transferring the Shares the subject of the Offer within the time required by the ASX Listing Rules, ASX, ASIC, applicable laws, an order of a court of competent jurisdiction or a governmental agency;
- (change in management) a change to the Chief Executive Officer, the Chief Financial Officer, or of the Board occurs without the prior written consent of the Joint Lead Managers (not to be unreasonably withheld or delayed);
- (ASX waivers and ASIC modification) ASX withdraws, revokes or amends the ASX waivers or ASIC withdraws, revokes or amends the ASIC modifications;
- (listing approval) approval is refused or not granted by ASX to:
  - the admission of the Company to the official list of ASX on or before the approval date for listing; or
  - the official quotation of all of the Shares under the Offer on ASX or for the Shares under the Offer to be cleared through CHESS on or before the date for quotation,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or the ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than by customary conditions) or withheld;
- (events) any of the following events occur in respect of the Offer:
  - ASIC holds a hearing under section 739(2);
  - ASIC issues an order (including an interim order) under section 739(1A);
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or this Prospectus;
  - ASIC commences any inquiry or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or this Prospectus;
  - any person gives a notice under s733(3) or, any person (other than the Joint Lead Managers) who has previously consented to the inclusion of their name or any statement in this Prospectus withdraws that consent; or
  - any person (other than the Joint Lead Managers) gives a notice under section 730 in relation to this Prospectus; or
- (market fall) the S&P/ASX200 Index of ASX falls by 10% or more below the level of that index as at the business day prior to the date of the Underwriting Agreement and remains at or below that level for two consecutive business days, or is at that level on the business day immediately prior to the Settlement date.

If any of the following events occur at any time from the date of the Underwriting Agreement until on or before the allotment date or at any other time as specified below, a Joint Lead Manager may terminate its obligations if, in the reasonable opinion of the Joint

Lead Manager the event has, or is likely to have a materially adverse effect on the ability of the Joint Lead Manager to market or promote or settle the Offer or the willingness of investors to subscribe for the Shares under the Offer; or gives rise to, or is likely to give rise to, any liability on the part of a Joint Lead Manager under any law or regulation or any contravention by the Joint Lead Manager of the Corporations Act or any other law:

- (future matters) any statement or estimate in the Offer Documents which relates to a future matter is not based on reasonable grounds or, in the reasonable opinion of the Joint Lead Manager, is unlikely to be met in the projected time frame;
- (adverse change to Regis) an event occurs which is or is likely to give rise to:
  - an adverse change in the assets, liabilities, financial position or performance, forecasts or prospects of Regis from those disclosed in any Offer Document; or
  - an adverse change in the nature of the business conducted by Regis as disclosed in any Offer Document;
- (disclosures in due diligence report) the due diligence report or any other information supplied by or on behalf of the Company, SaleCo or a subsidiary of the Company to the Joint Lead Managers in relation to Regis or the Offer (including any information supplied prior to the date of the Underwriting Agreement) is in the reasonable opinion of the Joint Lead Manager misleading or deceptive (including by omission) or likely to mislead or deceive;
- (Offer timetable) an event specified in the Offer timetable is delayed for more than two business days, unless otherwise agreed with the Joint Lead Managers (who must act reasonably);
- (breach) the Company or SaleCo fails to perform or observe any of its obligations under the Underwriting Agreement;
- (representations and warranties) a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo is not true or correct;
- (breach of laws) there is a contravention by the Company, SaleCo or a subsidiary of the Company of the Corporations Act, the Competition and Consumer Act 2010 (Cth) or the Australian Securities and Investments Commission Act 2001 (Cth), any aged care laws (and all regulations under those acts and laws), its constituent documents or any of the ASX Listing Rules;
- (certificate) any certificate given under the Underwriting Agreement by the Company or SaleCo is false, misleading or inaccurate;
- (constitution) the Company varies any term of its constitution other than as contemplated by the pathfinder and this Prospectus or without the prior written consent of the Joint Lead Managers;
- (legal proceedings) any commencement of legal proceedings against the Company, SaleCo, or any subsidiary of the Company or against any director of the Company, SaleCo or a subsidiary of the Company in that capacity or any regulatory body commences any inquiry or public action against the Company, SaleCo or a subsidiary of the Company;
- (material contracts) a material contract:
  - is altered, amended or varied without the consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is breached or is otherwise not capable of being performed in accordance with its terms;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal.
- (change of law) there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Australia or any state or territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announcements a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- (disruption in financial markets) any of the following occurs:
  - trading generally shall have been suspended or materially limited on the ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or NASDAQ;
  - a general moratorium on commercial banking activities shall have been declared in Australia, the United Kingdom, the United States, Hong Kong or Singapore or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the European Union, the United States, Hong Kong or Singapore or any change or development involving a prospective adverse change in any of those conditions or markets; or
- (hostilities or crisis) there shall have occurred any outbreak or major escalation of hostilities (whether war has been declared or not) involving any one or

more of Australia, New Zealand, Hong Kong, Japan, the People's Republic of China, Singapore, the United Kingdom, the United States, or the declaration by any of these countries of a national emergency or war, or a major terrorist attack is perpetrated anywhere in the world or any diplomatic, military, commercial or political establishment of anywhere in the world or a terrorist act is perpetrated or a crisis or any change in financial, political or economic conditions or currency exchange rates or controls in a jurisdiction in which the Offer is made.

10.3.2 Voluntary escrow arrangements

Each Existing Shareholder has entered into a voluntary escrow deed with the Company in relation to all Shares that the Existing Shareholder will hold on Completion of the Offer. Under each voluntary escrow deed, each Existing Shareholder agrees, subject to certain limited exceptions, not to deal in those Shares from Completion of the Offer until release to the ASX of the Company's audited results for the financial year ending 30 June 2015.

The restriction on dealing is broadly defined and includes, among other things, selling, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares (except where that security interest is granted to enable the Shareholder to borrow money to fund their participation in a pro-rata entitlement offer made by the Company), doing, or omitting to do, any act where the act or omission would have the effect of transferring effective ownership or control of any the Shares or agreeing to do any of those things.

Any of the Existing Shareholders may be released early from these escrow obligations to enable:

- the Existing Shareholder to accept an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not escrowed have accepted the takeover bid; and
- the Shares held by the Existing Shareholder to be transferred or cancelled as part of a merger by a scheme of arrangement under Part 5.1 of the Corporations Act.

The Shares subject to this arrangement represent approximately 55.7% of the total Shares on issue following Completion of the Offer.

The Shares held by Ross Johnston are also subject to the trading restrictions described in Section 6.5.

For further information in relation to the interests of Directors, please refer to Section 6.4.

10.3.3 Resident agreements

Overview

An Approved Provider enters into an agreement with each Resident to govern the terms on which the Resident is accommodated in a facility. The material provisions of the Company's Resident agreements are summarised below in two parts:

- Resident agreements entered into before 1 July 2014; and
- Resident agreements entered into on or after 1 July 2014.

Residents who entered into a Resident agreement prior to 1 July 2014 will continue to be governed by the same Resident agreement for the duration of the term of the Resident agreement. As at the date of this Prospectus, Regis' Residents are predominately governed by Resident agreements entered into before 1 July 2014.

Prior to 1 July 2014, the lump sum accommodation payments paid by Residents were called Accommodation Bonds. Such payments made by Residents post 1 July 2014 are now referred to as RADs.

Pre 1 July 2014 Resident agreement

Provision of care

The Approved Provider agrees to:

- provide the Resident with the accommodation and care as set out in the agreement; and
- to comply with the Approved Provider's obligations under the *Charter of Residents' Rights and Responsibilities* under the Aged Care Act.

The Resident agrees to:

- pay the Approved Provider for the care and accommodation the Resident receives within 7 days from the date of invoice;
- honour the Resident's obligations under the Charter of Residents' Rights and Responsibilities contained in the Aged Care Act; and
- before executing the agreement, provide the Approved Provider with details of the Resident's income and assets to enable the Approved Provider to enable the Approved Provider to determine what care and accommodation fees the Resident may need to pay.

Costs of care

The cost of the Resident's care is subsidised by the Government depending on the Resident's level of care needs.

A Resident is required to pay a total care fee set by the Government for the care provided by the Approved Provider. The total care fee comprises a basic daily care fee and, if applicable, an income tested fee (calculated and charged by the Government depending on the Resident's financial circumstances), third party compensation payment (if an injury or illness results in the Resident being awarded compensation) and daily hardship supplement (for eligible Residents). The total care fee charged by the Approved Provider will change according to the policy of the Government. The care Recipient will receive notification of any such changes.

If a Resident chooses to enter a place with Extra Service status, which involves the Approved Provider providing the Resident with a higher standard of accommodation, food and services as approved by the Government, the Resident must pay an additional fee for those services. The Approved Provider may increase this fee to meet increased costs in providing these services, provided that the increase has been approved by the Department of Social Services.

Costs of accommodation

The Resident may be required to pay for accommodation, depending on the Resident's level of assets. If the Resident is required to pay for accommodation, the Resident may do so by paying, in accordance with the Aged Care Act, an:

- accommodation bond; or
- accommodation charge.

Accommodation bond

An accommodation bond is an amount of money paid by the Resident to the Approved Provider either in a lump sum or periodically or a combination of both. If the Resident pays the Approved Provider by periodic payment only, that payment will include:

- the interest the Approved Provider would have earned on the accommodation bond had the Resident paid it as a lump sum; and
- if applicable, the total retention amount to be deducted, being the proportion of the sum that the Approved Provider would have been entitled to retain.

If at any time the Resident fails to make a periodic or lump sum payment, the Approved Provider will be entitled to interest at the rate prescribed by the Government.

The Approved Provider may invest the accommodation bond to fund the Resident's stay in the facility. Returns from this investment are used to provide care and accommodation in the Approved Provider's facilities.

The Approved Provider may deduct the following amounts from the Resident's accommodation bond:

- the retention amount;
- interest payable on any outstanding amounts not received before the Resident pays the accommodation bond;
- any other amounts owing to the Approved Provider under the agreement, including care fees, Extra Services charges and personal charges; and
- any accrued interest before the accommodation bond is refunded to the Resident.

The balance of the accommodation bond will be refunded to the Resident within 14 days of:

- the Resident's departure from the facility, should the Resident cease to be provided with residential care;
- receiving a copy of probate of the Resident's will or letters of administration of the Resident's estate; or
- the Approved Provider's failure to maintain the facility in accordance with the Aged Care Act.

If the Resident's balance of accommodation bond is refunded within the 14 days, interest will be payable to the Resident at the rate the Government prescribes for this purpose for each day the accommodation bond is not refunded. If the Approved Provider takes longer than 14 days to refund the accommodation bond, the Resident will be entitled to additional interest, payable daily after the expiration of the 14 days until the balance of the accommodation bond is refunded.

The Approved Provider guarantees the repayment of the Resident's accommodation bond in circumstances where any or all of it is required to be refunded to the Resident. The Government guarantees all accommodation bonds paid to registered aged care providers.

Accommodation charge

An accommodation charge is charged on a daily basis and is payable monthly in advance for the Resident's accommodation in the Approved Provider's facility. Guarantee and indemnity

The Approved Provider may require that the Resident's obligations of punctual payment of any outstanding amounts under the agreement are guaranteed and that the Approved Provider is indemnified for any loss suffered.

Cooling-off period

The Resident may terminate the agreement in the 14 days following execution of the agreement. The Resident will only be liable for the care fees and accommodation charges incurred up until the time the Resident receives care in the facility.

Default

If the Resident breaches the agreement, the Approved Provider may serve a default notice on the Resident requiring that the Resident commit no further breaches or the Resident remedy the breach, or both, within 7 days or such other time as the Approved Provider thinks reasonable.

If the Resident commits a substantial breach of the agreement or another breach of the agreement after having received a default notice, the Approved Provider may end the agreement by serving a termination notice on the Resident stating that the agreement will terminate at a time no less than 14 days from the date of the termination notice.

Termination

A Resident may terminate the agreement at any time on 7 days' written notice to the Approved Provider.

The Approved Provider may terminate the agreement if:

- the Approved Provider cannot provide for the Resident's long term care needs;
- the Resident fails to pay the Approved Provider in accordance with the agreement;
- the Resident causes serious damage to the facility or injury to staff or another Resident;
- the Resident leaves the facility for a period of more than 7 days without authorisation or not as a result of an emergency;
- the part of the service that the Resident occupies is closing;
- the Resident commits a substantial breach of the agreement and the Approved Provider gives the Resident a termination notice;
- the Resident breaches the agreement despite having received a default notice from the Approved Provider; or
- the Approved Provider is otherwise entitled at law to end this agreement.

The Approved Provider agrees to end the agreement strictly in accordance with the Aged Care Act.

Post 1 July 2014 Resident agreement

Provision of care

As per above for Pre 1 July 2014 Resident Agreement.

Costs of care

A Resident's cost of care is subsidised by the Government, depending on the Resident's assessed level of financial means. A Resident may be required to pay the following fees for the care provided by the Approved Provider:

- (resident fee) each Resident must pay a resident fee calculated on a daily basis and payable monthly in advance, with the first payment to be made on the date of entry to the facility, for the cost of the Resident's care. It comprises a standard Resident contribution (which is set by the Government and reviewed every six months) and, if applicable, a means tested care fee (as outlined below), a compensation payment fee (if an injury or illness results in the Resident being awarded compensation), less a hardship supplement (for eligible Residents);
- (additional fees) if the Resident receives additional personal services (distinct from the services provided to places with Extra Service status) as set out in the agreement, the Resident must pay the charges for those services as advised and as may be increased from time to time by the Approved Provider; and
- (Extra Services fee) if a Resident chooses to enter a place with Extra Service status, which involves the Approved Provider providing the Resident with a higher standard of accommodation, food and services as approved by the Government, the Resident must pay an additional fee for those services.

A Resident may be required to pay a means tested care fee depending on the Resident's means tested amount, which is an amount determined by the Government based on the Resident's combined income and assets.

Residents are notified of any changes to their fees in accordance with the Aged Care Act.

Costs of accommodation

Circumstances in which payment for accommodation is required

Depending on the Resident's means tested amount as determined by the Resident's level of assessed assets and income, the Resident may be required to pay for his or her accommodation by paying an accommodation payment or an accommodation contribution, or the Resident may be allowed to choose to pay for its accommodation by a combination of an accommodation payment and an accommodation contribution, in accordance with the Aged Care Act. Whether the Resident pays an accommodation payment or an accommodation contribution depends on the following thresholds set out in the agreement:

- If the Resident's means tested amount is $0.00, the Resident is not required by the Government to pay for his or her accommodation. The Resident is still required to meet the costs of the Resident's care as outlined above.
- If the Resident's means tested amount is between $0.00 and the maximum accommodation supplement amount, the Resident is required by the Government to pay an accommodation contribution.
- If the Resident's means tested amount is above the maximum accommodation supplement amount, the Resident is required by the Government to pay an accommodation payment.

A Resident cannot be required to pay both an accommodation payment and an accommodation contribution.

Paying accommodation payments and accommodation contributions

If the Resident is required to pay part of the costs of his or her accommodation, the Resident will pay an accommodation contribution and the Government will pay the rest. If the Resident is required to pay for the full cost of its accommodation, the Resident will pay an accommodation payment.

Accommodation payments and accommodation contributions may be made by way of:

- a refundable accommodation deposit (RAD);
- daily accommodation payments (DAPs); or
- a combination of a RAD and DAPs.

The Resident has up to 28 days after entering the facility to make this election.

RADs

A RAD is an upfront payment made by a Resident to the Approved Provider for the Resident's accommodation in the facility.

The Approved Provider may deduct the following amounts from a RAD:

- any amounts owing to the Approved Provider, including Resident fees and fees charged for additional services;
- any interest owing to the Approved Provider under the agreement;
- any costs, charges or expenses the Approved Provider reasonably incurs as a result of a breach of the agreement; and
- any other mutually agreed amounts, including daily payments (subject to the Resident maintaining the agreed accommodation payment);

The balance of the Resident's RAD will be refunded within 14 days of:

- the time at which the Resident leaves the facility or ceases to be provided residential care; or
- the Approved Provider receiving a copy of probate of the Resident's will or letters of administration of the Resident's estate.

If the Resident's RAD is refunded within the 14 days, interest will be payable to the Resident at the rate the Government prescribes for this purpose for each day the RAD is not refunded. If the Approved Provider takes longer than 14 days to refund the RAD, the Resident will be entitled to additional interest, payable daily after the expiration of the 14 days until the balance of the RAD is refunded.

The Approved Provider guarantees the repayment of the Resident's RAD in circumstances where any or all of it is required to be refunded to the Resident. The Government guarantees all RADs paid to Approved Providers.

DAPs

DAPs are charged by the Approved Provider on a daily basis for the Resident's accommodation in the facility, payable monthly, one month in advance.

Security for payments

As per above for Pre 1 July 2014 Resident Agreement.

Cooling-off period

As per above for Pre 1 July 2014 Resident Agreement.

Default

As per above for Pre 1 July 2014 Resident Agreement.

Termination

A Resident may terminate the agreement at any time on 7 days' written notice to the Approved Provider.

The Approved Provider may terminate the agreement, in accordance with the Aged Care Act, if:

- the Resident no longer needs the accommodation and care the Approved Provider can provide;
- the Approved Provider cannot provide accommodation and care having regard to the Resident's long-term care needs, including if the Resident's care needs have changed as set out in the agreement;
- the Resident has failed to pay the Approved Provider in accordance with the agreement;
- the Resident causes serious damage to the facility or injury to staff or another Resident;
- the Resident leaves the facility for more than 7 days without notifying the Approved Provider, or not as a result of an emergency;
- the part of the service that the Resident occupies is closing;
- the Resident commits a substantial breach of the agreement and the Approved Provider issues a termination notice;
- the Resident commits a breach of the agreement after having receiving a default notice from the Approved Provider;
- the information provided by the Resident about his or her assets or income in inaccurate; or
- the Approved Provider is otherwise entitled at law to end the agreement.

The Approved Provider agrees to end the agreement strictly in accordance with the Aged Care Act.

10.4 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This section contains a general description of these laws.

10.4.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

10.4.2 Foreign Acquisitions and Takeovers Act

Generally, the Foreign Acquisitions and Takeovers Act applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

10.5 Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, resold, pledged, delivered or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold, resold, pledged, delivered or transferred in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer was required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

10.6 Tax considerations

The comments in Section 10.6 provide a general outline of Australian tax issues for Australian resident Shareholders that hold shares in the Company on capital account for Australian income tax purposes.

The comments do not apply to Shareholders who hold the Shares on revenue account or as trading stock, or to non-Australian resident Shareholders. They also do not apply to Shareholders that are companies, banks, insurance companies, taxpayers that carry on a business of trading in shares or that are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the Income Tax Assessment Act 1997.

The summary in Section 10.6 is general in nature and is not exhaustive of all Australian tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of that Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in Section 10.6 is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in this summary do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to taxation issues and is only one of the matters an applicant needs to consider when making a decision about their investments. An applicant should consider taking advice from a licensed adviser, before making a decision about their investments.

The Company and its advisers disclaim all liability to any Shareholder or other party for all costs, losses, damages and liabilities that the Shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or any other party or the reliance on it by the Shareholder or any other party.

10.6.1 Income tax treatment of dividends received for Australian resident Shareholders

In the event that a Shareholder receives a dividend from the Company, the cash dividend should be included in the Shareholder's assessable income. In addition, to the extent that the Company "franks" the dividend, the franking credit attached to the dividend should generally also be included in the Shareholder's assessable income.

Where the franking credit is included in the Shareholder's assessable income, the Shareholder should generally be entitled to a corresponding tax offset against tax payable by the Shareholder. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, the shareholder may be entitled to a tax refund.

To be eligible for the franking credit and tax offset, a Shareholder must satisfy the "holding period" rule and "related payments" rule. This requires that a Shareholder hold the shares in the Company "at risk" for a period of not less than 45 days (not including the date of acquisition or the date of disposal). In addition, a Shareholder must not be obliged to make a "related payment" in respect of any dividend, unless they hold the shares at risk for the required holding period around all dividend dates.

Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

The holding period rule should not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed $5,000 for the income year in which the franked dividend is received. However, this exemption does not apply to a dividend that is subject to the related payments rule.

The Government has recently introduced law that may apply to deny franking tax offsets to certain "dividend washing" arrangements. Shareholders should have regard to these proposed changes in considering the tax implications of their personal circumstances.

10.6.2 Capital gains tax implications for Australian resident Shareholders

Where an Australian resident Shareholder holds their shares in the Company on capital account, the disposal of the shares should be taxed under the Capital Gains Tax (**CGT**) rules.

For CGT purposes, the Shareholder should make a capital gain where the capital proceeds received for the disposal of their shares exceeds the CGT cost base of their Shares. Similarly, the Shareholder should make a capital loss where the capital proceeds received for their Shares are less than the reduced cost base of their Shares.

Broadly, the cost base and reduced cost base of the Shares should usually be equal to the amount paid to acquire the Shares. Certain other costs associated with holding the Shares, such as incidental costs of acquisition and disposal, may be added to the cost base and reduced cost base.

Generally, all capital gains and losses made by a Shareholder for an income year should be aggregated to determine whether the Shareholder has made a net capital gain or a net capital loss for the year. A net capital gain is included in the Shareholder's assessable income, whereas a net capital loss is carried forward and may be available to set off against capital gains of later years. Capital losses cannot be offset against other assessable income.

If a Shareholder is an individual, complying superannuation entity or trust, and has held the Shares for 12 months or more before disposal of the Shares, the Shareholder or, in the case of a trust, the ultimate individual or complying superannuation entity beneficiary should prima facie be entitled to a "CGT discount" for any capital gain made on the disposal of the Shares. Capital gains may be discounted by one-half in the case of individuals, and by one-third in the case of complying superannuation entities. Shareholders that are companies or trusts that retain net income are generally not entitled to a CGT discount. Capital losses must be applied first to reduce a capital gain before applying the discount.

Where the Shareholder is a trustee of a trust that has held the Shares for 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

10.6.3 Tax File Numbers

Shareholders are not required to quote their Tax File Number (TFN), or, where relevant, Australian Business Number (ABN), to the Company. However, if a valid TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from any distributions and/or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. An exemption from the requirement to withhold applies in respect of a fully franked dividend paid by the Company.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

10.6.4 Goods and Services Tax implications

No Goods and Services Tax (GST) should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

The extent to which each Shareholder is entitled to recover any GST incurred on costs relating to the acquisition or disposal of shares in the Company will depend on the individual circumstances of each Shareholder.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

10.6.5 Stamp duty

No Australian stamp duty should be payable by Shareholders in respect of the Offer or their acquisition or disposal of their Shares in the Company whilst it is a listed company. Individual Shareholders should obtain their own independent advice depending on their individual circumstances.

10.7 Interests of Directors, advisers and promoters

Sections 6.4 and 10.7 outline the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out in this Prospectus:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director or proposed Director to induce them to become, or to qualify as, a Director of the Company.
- None of the following persons:
  - a Director or proposed Director of the Company;
  - each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
  - a promoter of the Company; or
  - an underwriter to the issue and transfer of Shares,

  holds or held at any time during the last two years an interest in:

  - the formation or promotion of the Company;
  - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares; or
- the offer of Shares,

  or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the offer of Shares.

10.7.1 Interests of Directors and Existing Shareholders

The interests of Directors and Existing Shareholders are described in Section 6.4.

10.7.2 Interests of advisers

- Macquarie Capital has acted as the Global Co-ordinator and Bookrunner of the Offer. The Company has agreed to pay Macquarie Capital the amount in accordance with the Underwriting Agreement.
- Evans and Partners has acted as Joint Lead Manager of the Offer. The Company has agreed to pay Evans and Partners the amount in accordance with the Underwriting Agreement.
- Morgans has acted as Joint Lead Manager of the Offer. The Company has agreed to pay Morgans the amount in accordance with the Underwriting Agreement.
- Macquarie Equities Limited has acted as Broker to the Offer and will receive a fee of 1.5% of its Broker Firm Offer allocation, payable by the Global Co-ordinator and Bookrunner out of the fees payable to it by the Company.
- Herbert Smith Freehills and Herbert Smith Freehills LLP have acted as Australian legal adviser and special United States legal adviser respectively to the Company in connection with the Offer (excluding in relation to taxation). Regis has paid or agreed to pay up to $1,325,000 (not including GST) for such services up to the date of this Prospectus. Further amounts may be paid to Herbert Smith Freehills or Herbert Smith Freehills LLP in accordance with their time-based charge-out rates.
- Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report included in this Prospectus. For details of the fees Regis has paid or agreed to pay Ernst & Young Transaction Advisory Services, refer to the Financial Services Guide attached to the Independent Limited Assurance Report in Section 8. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited in accordance with its time-based charge-out rates.
- Ernst & Young has undertaken financial and taxation due diligence in relation to Regis in connection with the Offer. Regis has paid or agreed to pay up to $1,435,000 (excluding disbursements and GST) for such services to the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its time-based charge-out rates.

Unless stated otherwise, all such payments have been paid or are payable in cash.

10.8 Description of the syndicate

Macquarie Capital is the Global Co-ordinator and Bookrunner. Macquarie Capital, Evans and Partners and Morgans are Joint Lead Managers and Brokers to the Offer. Macquarie Equities Limited is a Broker to the Offer and is the retail affiliate of the Global Co-ordinator and Bookrunner.

10.9 Consents to be named and to inclusion of statement and disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Macquarie Capital has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Global Co-ordinator and Bookrunner and Joint Lead Manager in the form and context it is so named.
- Evans and Partners has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager in the form and context it is so named. Evans and Partners takes no responsibility for any part of this Prospectus other than any reference to its name.
- Morgans has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager in the form and context it is so named. Morgans takes no responsibility for any part of this Prospectus other than any reference to its name.
- Herbert Smith Freehills and Herbert Smith Freehills LLP have given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as the Company's Australian and special United States legal advisers (respectively) in the form and context they are so named. Herbert Smith Freehills and Herbert Smith Freehills LLP take no responsibility for any part of this Prospectus other than any reference to their names.
- Ernst & Young Transaction Advisory Services has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context it is so named and has not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. Ernst & Young Transaction Advisory Services takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report.
- Ernst & Young has also given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its consent to be named in this Prospectus as Auditor in the form and content it is so named. Ernst & Young takes no responsibility for any part of this Prospectus other than any reference to its name.
- Link Market Services has given and has not withdrawn its written consent to be named as the Share Registry in the form and context in which it is so named. Link Market Services has not taken part in the preparation

of any part of this Prospectus other than the recording of its name as Share Registry to the Company. Link Market Services has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

- Macquarie Equities has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a Broker to the Offer and the retail affiliate of the Global Co-ordinator and Bookrunner in the form and context it is so named. Macquarie Equities takes no responsibility for any part of this Prospectus other than any reference to its name.
- IBISWorld has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of parts of its reports "Accommodation for the Aged in Australia" and "Nursing Homes in Australia" in the form and context in which they are included.

10.10 Costs of the Offer

The expenses connected with the Offer, which are payable by the Company, are estimated to be approximately $24.1 million.

10.11 ASIC relief and ASX confirmations and waivers

Regis has sought the following exemption from ASIC and confirmation and waiver from the ASX in relation to the Company and the Offer:

- an exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit Regis to provide employees with certain information relating to the Offer;
- confirmation that the Existing Shareholders' escrow deeds do not give the Company a relevant interest in the Shares the subject of those deeds; and
- confirmation that the Company may undertake conditional and deferred settlement of trading of Shares subject to certain conditions to be approved by the ASX.

10.12 Litigation

Regis is currently a party to two proceedings in the Supreme Court of Victoria in relation to a dispute with the SRO regarding stamp duty payable following Regis' purchase of the shares in Paragon in July 2007. Please refer to Section 5.1.9 for further information.

Aside from the SRO stamp duty proceedings, as far as the Directors are aware, there is no current or threatened civil litigation, arbitration, proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

10.13 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Victoria, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria, Australia.

10.14 Statement of Directors

This Prospectus is authorised by each Director of the Company and by each Director of SaleCo, who each consent to its lodgement with ASIC and its issue.

11 Additional Financial Information

ADDITIONAL FINANCIAL INFORMATION

11.1 Key accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information in Section 4.

11.1.1 Basis of preparation

The Statutory Financial Information, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

11.1.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of Fairway Investment Holdings Pty Ltd and its subsidiaries and special purposes entities as at and for the period ended 30 June each year (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (ie. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

In preparing the Financial Information, all intragroup balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation.

11.1.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the business acquired, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration, then the gain is recognised in the profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGUs that are expected to benefit from the combination.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised.

11.1.4 Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing of an asset is required, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use of an asset or CGU. The Group has determined that each facility represents a CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

The value-in-use is calculated as the present value of future cash flows of the CGU, which includes a number of assumptions and estimates, being a discount rate of 10% per annum with 1.86% growth assumed in the underlying cash flows. The non-occurrence of the events in relation to the assumptions and estimates may or may not impact on the achievement of the recoverable amount and any resulting impairment of the assets attributable to the CGU.

11.1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Aged care facility revenue comprises daily Resident contributions and Government funding, which are both determined in accordance with Government authorised rates. Revenue from the rendering of a service or supply of a good is recognised upon the delivery of the service or good to the Resident. The Group is entitled to charge Retentions to aged care facility Residents in respect of RADs held prior to 1 July 2014. These fees are regulated by the Government and are accrued by the Company during the Resident's period of occupancy.

Interest revenue is recorded using the effective interest rate method.

Cash received in advance and goods and services invoiced in advance in relation to unearned income are recognised as deferred revenue.

All revenue is stated net of the amount of GST.

11.1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

11.1.7 Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight line basis.

11.1.8 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available for sale financial investments

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs or finance income in the statement of profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(iii) Available-for-sale financial assets

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, they are subsequently measured at fair value.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has designated its interest rate swap as a financial liability at fair value through profit or loss.

(ii) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

RAD liabilities

RADs are non-interest bearing deposits made by aged care facility Residents to the Company upon admission. These deposits are liabilities which fall due and payable when the Resident leaves the facility. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD in accordance with the Aged Care Act 1997.

ILU Resident loan liabilities and deferred management fee receivables

ILU Resident loans are non-interest bearing payments made by retirement village Residents to the Company upon signing of a licence agreement to occupy an ILU. These payments are liabilities which fall due and payable upon termination of the licence less the deferred management fee calculated in accordance with the licence. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

ILU Resident loan liabilities are recorded at an amount equal to the proceeds received, net of the accrued deferred management fee.

Deferred management fees crystallise upon the termination of the loan licence agreement. As such, the deferred management fee receivables are recorded at present value based upon an expected occupancy period until termination of the loan licence agreement. Therefore deferred management fees contain both current and non-current elements.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

11.1.9 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

11.1.10 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Following initial recognition at cost, land and buildings are measured at fair value less accumulated depreciation on buildings and accumulated impairment losses. Valuations are performed on a three year rolling basis. Newly constructed and substantially upgraded facilities are carried at cost for the first three years after the commencement of initial operations or enhanced services, to allow external valuations to reflect normalised operations.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of fixed asset	Useful life
Buildings	60 years
Plant and equipment	3 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement when the item is derecognised.

11.1.11 Intangible assets

Bed Licences

Bed Licences for aged care facilities are measured at historical cost or fair value on acquisition, less any accumulated impairment losses. Bed Licences are assessed as having an indefinite useful life as they are issued for an unlimited period and therefore are not amortised. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

The recoverable amount of Bed Licences is assessed each year, to ensure that the carrying amount is not valued in excess of the recoverable amount. This test is performed at the cash generating unit (CGU) level.

11.1.12 Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the prevailing tax rates that are enacted or substantially enacted for the period when the asset is expected to be realised or liability expected to be settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The Company and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Tax Office that it had formed an income tax consolidated group to apply from 29 June 2007. The tax consolidated group, excluding the RAC Trust, has entered a tax funding agreement whereby the income tax expense of the consolidated group is borne by each respective member of the consolidated group on a stand-alone notional basis.

11.1.13 Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

11.1.14 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

11.1.15 Provisions

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates that are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

11.1.16 Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions), or are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transactions, or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

11.1.17 Operating Cash Flow

Daily inflows and outflows of RADs are considered by the Company to be a normal part of the operations of the business and are utilised at the discretion of the Company within the guidelines set out by the Prudential Compliance Standards.

12 Glossary

GLOSSARY

Term	Definition
ABN	Australian Business Number
ACA	Aged Care Assessment
ACAR	Aged Care Approvals Round
ACATs	Aged Care Assessment Teams, being Government approved assessors that assist elderly people and their carers to determine the best level of care to meet their needs
ACFI	Aged Care Funding Instrument, a mechanism by which the Government can determine the level of funding to be allocated to aged care operators and that is primarily based on the relevant Resident's required level of care
ACN	Australian Company Number
Accommodation Bond	The term used prior to 1 July 2014 to refer to a lump sum refundable accommodation deposit
Aged Care Act	Aged Care Act 1997 (Cth)
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)
Applicant	A person who submits an Application
Application	An application for Shares under the Offer described in this Prospectus
Application Form	Each of the paper and electronic application forms attached to, or accompanying this Prospectus upon which an Application may be made
Application Monies	The amount accompanying an Application Form submitted by an Applicant
Approved Provider	An aged care provider as accredited by the Department under the Aged Care Act
ASIC	Australian Securities and Investments Commission
Ashburn	Ashburn Pty Ltd (ABN 47 005 883 438) as trustee for the Dorman Family Trust, an entity associated with Bryan Dorman
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of the ASX, with any modification or waivers which the ASX may grant to the Company from time to time
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The settlement and operating rules of the ASX
Bed Licence	An allocated place under the Aged Care Act, being a place that (when operational and occupied) is capable of attracting residential care subsidy on a per Resident per day basis Also referred to as a place
Board	The board of Directors
Broker	Each of Morgans, Evans and Partners and Macquarie Equities Limited
Broker Firm Offer	The invitation to Australian resident retail clients of a Broker to acquire Shares offered under this Prospectus provided that such clients are not in the United States
Brownfield	An aged care development on a site where Regis currently or has previously operated an aged care business
CAGR	Compound annual growth rate
CGT	Capital gains tax as levied under the Income Tax Assessment Act 1997 (Cth)
CGU	Cash generating unit
Company	Regis Healthcare Limited (ABN 11 125 203 054)
Completion of the Offer	Completion of the issue and transfer of Shares under this Prospectus to successful Applicants, which is expected to occur on 10 October 2014
Constitution	The constitution of the Company as amended from time to time
Corporations Act	Corporations Act 2001 (Cth)
CPI	Consumer Price Index
DAP	A daily accommodation payment
Department	Department of Social Services
Directors	The directors of the Company
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation

Term	Definition
Eligible US Fund Manager	A dealer or other professional fiduciary organisation, incorporated or (if an individual) resident in the United States that is acting for the account (other than as estate or trust) held for the benefit or account of persons that are not US Persons for which it has an exercising investment discretion within the meaning of Rule 902(k) under Regulation S of the US Securities Act
Evans and Partners	Evans and Partners Pty Ltd (ABN 85 125 338 785)
Existing Shareholder	The holders of Existing Shares in the Company as at the date of this Prospectus, being: • Ashburn; • Galabay; • Ross James Johnston; and • Ross James Johnston and Denise Ann Johnston as joint trustees of the Johnston Superannuation Fund
Existing Shares	Shares held by the Existing Shareholders as at the date of this Prospectus
Expiry Date	The date that is 13 months after the date of this Prospectus
Exposure Period	The seven day period after the date of lodgement of this Prospectus with ASIC, which ASIC may extend by up to a further seven days and during which the Company must not process Applications
Extra Service	"Hotel type" services such as a higher standard of accommodation, food and services (e.g. entertainment) that are not dependant on the level of care
Financial Information	Financial information as defined in Section 4 of this Prospectus
Financier	Australia and New Zealand Banking Group
Forecast Financial Information	The forecast financial information set out in Section 4 of this Prospectus
Founding Shareholders	Ashburn and Galabay
Forecast Period	The period from Completion of the Offer until 30 June 2015
FY2012	Financial year ended 30 June 2012
FY2013	Financial year ended 30 June 2013
FY2014	Financial year ended 30 June 2014
FY2015	Financial year ended 30 June 2015
Galabay	Galabay Pty Ltd (ABN 60 010 849 153) as trustee for the GRAIL Trust, an entity associated with Ian Roberts
Global Co-ordinator and Bookrunner	Macquarie Capital
Government	The Commonwealth government of Australia
Greenfield	An aged care development on a site where Regis has not previously operated an aged care business
GST	Goods and services tax as levied under the GST Law
GST Law	GST law as defined in section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999
ILU	An independent living unit designed for retirees who generally do not require assistance with day-to-day living
ILU Resident	A Resident who occupies a place in an ILU
Institutional Investor	An investor in Australia who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; or in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, an investor to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company and SaleCo are willing, in their absolute discretion, to comply), in either case, provided that if such person is in the United States, it is reasonably believed to be a QIB or it is an Eligible US Fund Manager
Institutional Offer	The Invitation under this Prospectus to certain Institutional Investors to apply for Shares
International Offering Memorandum	The offering memorandum under which the international component of the Institutional Offer will be made, which consists of this Prospectus and a "wrap"
Joint Lead Managers	The Global Co-ordinator and Bookrunner, Evans and Partners and Morgans
LGA	Local government area
Listing	The commencement of trading in Shares on the official list of the ASX, initially on a conditional and deferred settlement basis
Macquarie Capital	Macquarie Capital (Australia) Limited (ABN 79 123 199 548)
Morgans	Morgans Corporate Limited (ABN 32 010 539 607)

GLOSSARY

Term	Definition
New Facilities	The new debt facilities described in Section 4.6.3
New Shares	New Shares issued by the Company to successful Applicants under the Offer
NPAT	Net profit after tax
Occupied Place Day	The number of days an Operational Place is occupied by a Resident
Offer	The offer of New Shares for issue by the Company and Existing Shares for sale by SaleCo, which is made under this Prospectus
Offer Period	The period as set out in the Important Dates for the Broker Firm Offer and Priority Offer
Offer Price	$3.65 per Share
Operational Place	A place available for occupancy by a Resident
Original Prospectus	The prospectus dated 18 September 2014 in relation to the Offer, which is replaced by this Prospectus
Paragon	Paragon Group Investments Pty Ltd ACN 099 551 416
place	An allocated place under the Aged Care Act, being a place that (when operational and occupied) is capable of attracting the residential care subsidy on a per Resident per day basis Also referred to as a Bed Licence
Priority Offer	An offer of Shares to investors who have received an invitation from Regis and who have a registered address in Australia
Pro Forma Historical Information	The pro forma historical information as defined in Section 4 of this Prospectus
Prospectus	This document dated 25 September 2014, which is a replacement prospectus and which replaces the Original Prospectus
Provisional Allocation	An allocation of places that has not yet taken effect, and which will take effect once certain conditions are met and the secretary of the Department determines that the Approved Provider is in a position to provide care in respect of the places that have been provisionally allocated to it
QIB	A "qualified institutional buyer", as defined in Rule 144A under the US Securities Act
RAD	A refundable accommodation deposit, being an amount of money that does not accrue daily and is paid or payable to an Approved Provider by a Resident for the Resident's accommodation in an aged care facility. A RAD is repayable when the care recipient dies; the care recipient ceases to be provided with care by the Approved Provider; or the service ceases to be certified. Prior to 1 July 2014, lump sum refundable accommodation deposits were referred to as Accommodation Bonds. Note: throughout this Prospectus, unless specified to the contrary, a reference to a 'RAD' includes both a refundable accommodation deposit and an Accommodation Bond.
RCA	Retirement Care Australia Holdings Pty Ltd ACN 111 398 228
Regis	The business carried on by the Company and its controlled entities
RGPL	Regis Group Proprietary Limited ACN 084 720 561
Resident	A person who occupies a place within an aged care facility
Respite care	Temporary care for sick, elderly, or disabled persons, which provides relief for their usual carer
SaleCo	Regis SaleCo Limited ACN 601 270 562
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of Shares
Share Registry	Link Market Services Limited ABN 54 083 214 537
Supported Resident	A Resident assessed as eligible for an accommodation supplement or concessional Resident supplement. In this Prospectus, unless otherwise specified, a reference to a 'Supported Resident' includes 'concessional', 'assisted', 'supported' and 'low means' Residents as defined under the Aged Care Act and the Aged Care (Subsidy, Fees and Payments) Determination 2014
TFN	Tax File Number
Underwriting Agreement	The underwriting agreement dated 18 September 2014 between the Company, SaleCo, and the Joint Lead Managers
US Securities Act	United States Securities Act of 1933, as amended
WH&S	Workplace Health & Safety

CORPORATE DIRECTORY

Regis Healthcare Limited
615 Dandenong Rd
Armadale VIC 3143
Australia

Australian Legal Adviser to the Company
Herbert Smith Freehills
101 Collins Street
Melbourne VIC 3000
Australia

Global Co-ordinator and Bookrunner
Macquarie Capital (Australia) Limited
101 Collins Street
Melbourne VIC 3000
Australia

Investigating Accountant
Ernst & Young Transaction Advisory Services Limited
8 Exhibition Street
Melbourne VIC 3000
Australia

Joint Lead Manager
Morgans Corporate Limited
Level 29 Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Australia

Auditor
Ernst & Young
8 Exhibition Street
Melbourne VIC 3000
Australia

Joint Lead Manager
Evans and Partners Pty Ltd
171 Collins Street
Melbourne VIC 3000
Australia

Share Registry
Link Market Services Limited
333 Collins Street
Melbourne VIC 3000
Australia

Retail affiliate of Global Co-ordinator and Bookrunner
Macquarie Equities Limited
1 Shelley Street
Sydney NSW 2000
Australia

Regis Healthcare Offer Information Line
Number: 1300 859 277 (within Australia);
+61 1300 859 277 (outside Australia)
Hours of operation: 8:30am to 5:30pm (AEST)
Monday to Friday during the Offer Period

Legal Adviser to the Company as to United States federal securities law
Herbert Smith Freehills LLP
50 Raffles Place
#24-01 Singapore Land Tower
Singapore 048623

regis
Healthcare