

Regis Healthcare Limited

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

26 February 2016



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01

Business
and financial
highlights
1H FY16

Financial highlights 1H FY16

Financial results have exceeded those for the prior corresponding period

1H FY16 highlights

Revenue of
\$236.6m

12% higher than
Normalised 1HFY15¹

EBITDA of
\$51.0m

14% higher than
Normalised 1HFY15¹

NPAT of
\$28.3m

15% higher than
Normalised 1HFY15¹

- ☐ Revenue increase from acquisitions and an increase in revenue/occupied bed day
- ☐ EBITDA 14% and NPAT 15% higher than 1HFY15 when normalised for the removal of the payroll tax supplement (impact (\$7.0m))
- ☐ Net RAD cashflow of \$25.1m
- ☐ Capital expenditure of \$70.2m to support business growth
- ☐ Development pipeline expanded by 35% to 1,273 additional places
- ☐ Occupancy at 94.9%, in line with expectations
- ☐ Fully franked dividend of 9.4 cents per share declared, 100% of NPAT



\$69.7m
Net operating
cashflow²

Business highlights – key operational statistics

Statistics for the half year reflect the strong operational result

Key operational statistics ¹	1H 2015 ² Pro forma	1H 2015 ³ Normalised	2H 2015 ⁴ Normalised	FY 2015 ⁴ Normalised	1H 2016 Reported	Comment (1H FY16 vs 1H FY15)
Total operational places		4,855		5,049	5,088	Movement reflects Marlestone acquisition, Sunset closure, opening of Mildura extension & some minor operational changes
Revenue (\$million)	218.1	211.1	218.3	429.4	236.6	
EBITDA (\$million)	50.5	44.8	44.7	89.5	51.0	Pro forma EBITDA 1H 2015 has been normalised to remove the payroll tax supplement and interest on RADs payable
Average occupancy percentage ⁵		94.4%	94.3%	94.4%	94.9%	In line with expectations
Occupancy percentage at end of period		94.5%		94.3%	94.9%	
Revenue/occupied bed day ⁵	\$265	\$255	\$262	\$258	\$271	
Government income/occupied bed day ⁵	\$181	\$173	\$177	\$175	\$188	Reflects increasing contribution from the Higher Accommodation Supplement, increased Care funding and COPE increase
Resident income/occupied bed day ⁵		\$74	\$75	\$74	\$76	Reflects increasing contribution from DAP payments
Staff costs/revenue percentage	60.5%	62.9%	64.0%	63.5%	63.3%	In line with expectations
RADs held (#) ⁶		2,046		2,128	2,194	46.5% of portfolio paying bond or RAD (in full or part)
RADs held (\$million) ⁷		\$674.2		\$704.6	\$741.5	
Average RAD/RAD held (\$000's) ⁶		\$326.0		\$328.0	\$335.1	Reflects quality and location of assets
Average incoming RAD (\$000's) ⁸		\$365.9	\$398.5	\$383.9	\$394.6	
Average DAP rate ⁹		\$31.43		\$31.52	\$35.56	Reflects a higher proportion of DAP paid by residents choosing RAD / DAP combinations

1. As per Glossary definitions unless otherwise noted

2. As per Half Year Results and Business Update for period ended 31 December 2014 – refer Glossary Appendix A for definition of Pro forma

3. As per definition Glossary (Appendix A) – refer Appendix E for reconciliation between 1H FY15 Pro forma and 1H FY15 Normalised

4. As per definition Glossary (Appendix A) – refer Appendix F for reconciliation between FY15 Pro forma and FY15 Normalised

5. Average across the reporting period (12 months or 6 months)

6. Includes all RADs held – partial and full at their weighted value

7. Includes ILU resident entry contributions

8. Includes partial RADs at full notional value and excludes lump sums received from partially supported residents

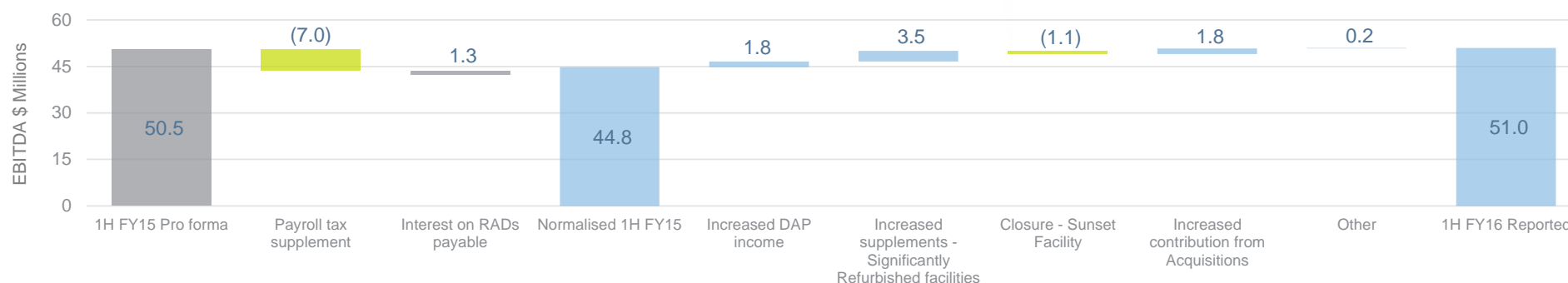
9. Includes full and partial DAPs at actual value and excludes daily accommodation contributions received from partially supported residents

Earnings highlights

Increased income the key contributor to EBITDA results

- Improvement in 1H FY16 EBITDA performance was driven principally by revenue per occupied bed day of \$271 for 1H FY16 compared to \$255 in 1H FY15. This consisted of:
 - Government revenue per occupied bed day of \$188 for 1H FY16, compared to \$173 in 1H FY15², reflecting COPE² increase of 1.3% from 1 July 2015, care funding and increased contributions from Significantly Refurbished facilities
 - Resident revenue per occupied bed day of \$76 compared to \$74 in 1H FY15², reflecting increased income from DAPs, Club and Additional Services fees
- The closure of the Sunset facility, SA for redevelopment impacted earnings during the period
- The 3 facilities acquired since 1 November 2014 are making satisfactory progress in moving towards targeted run rate by the end of 2016
- Occupancy was in line with expectations
- Staffing expenses were in line with expectations
- Financial reporting has been updated to reflect Living Longer Living Better changes – Interest on RADs payable, previously an expense within EBITDA, has been reclassified as interest³

Significant EBITDA movements compared to 1H FY15³



1. Note – all “per occupied bed day” figures are based on Normalised results.

2. Refer to Glossary Appendix A for definition

3. Refer Appendix A for glossary and Appendix E for reconciliation between 1H FY15 Pro forma and 1H FY15 Normalised

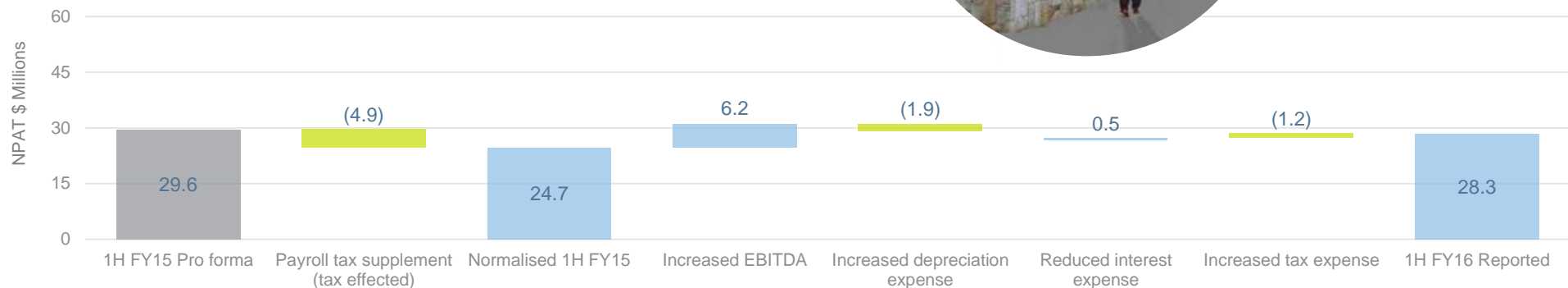
Earnings highlights

Solid NPAT growth underpinned by EBITDA growth

- Improvement in 1H FY16 NPAT performance driven by 14% growth in EBITDA compared to prior comparable period
- This was partially offset by increased depreciation expense, which will continue to increase in 2H FY16 (further detail provided – Appendix G)
- Tax expense at 30%



Significant NPAT movements compared to 1H FY15¹



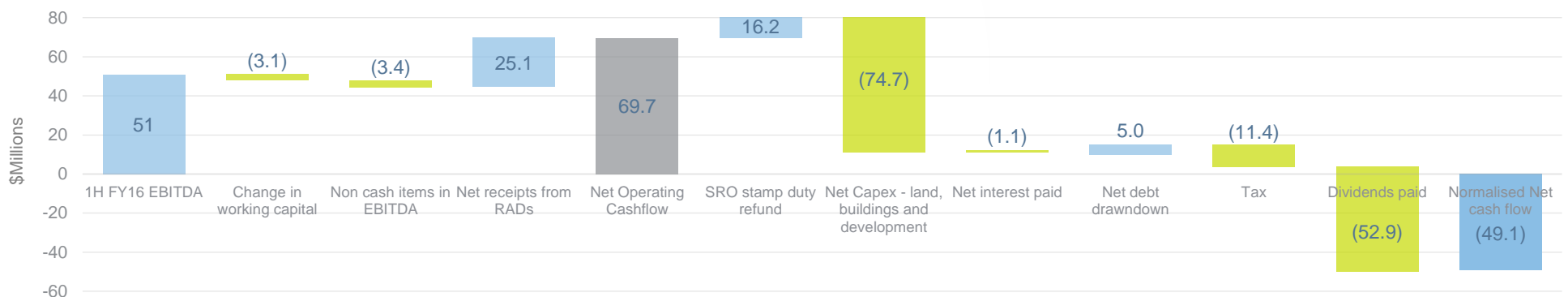
Cashflow highlights

Net RAD inflows reflect the LLLB changes maturing

- Net RAD inflow of \$25.1 million compared to \$43.4 million in 1H FY15
 - Reflects the tail end of the grandfathering of residents from the impacts of the LLLB legislation
 - The majority of residents¹ elect to pay a RAD, however the number of combination RAD/DAPs increased significantly in 1H FY16 compared to FY15
 - The value of incoming RADs continues to increase
- Net cash on hand of \$6.8 million²

- Key investment activities included:
 - Expenditure of \$19.3 million on land for development sites in Camberwell, VIC and Newcastle, NSW
 - Development capex and significant refurbishment expenditure of \$50.0 million
- Note: the monthly payment for January of \$26.6 million for government funding was received prior to 31 December 2015. This happens from time to time in the December month in the Aged Care industry and has been normalised from the result.³

Key cashflow movements



1. Permanent, non supported residents only, entering care after 1 July 2014

2. Excluding the \$26.6m government prepayment normalised from the net cashflow result – refer Appendix D

3. Refer Appendices C and D

Resident profile

The majority of residents¹ are continuing to choose to pay a RAD

- The majority of non supported residents¹ still chose to pay a full RAD in 1HFY16
- There was a significant movement towards combination payments. “Combination RAD/DAP” residents comprised 41% of incoming residents during 1H FY16 compared to 28% during 2H FY15. Combination residents now comprise circa 6% of the overall portfolio
- The impact of the Significant Refurbishment program will be that the proportion of supported residents will continue to increase

Resident tenure statistics

	30 June 2015	31 December 2015
Resident tenure ²	2.4 years	2.4 years
Average duration of stay ³	2.8 years	2.8 years

1. Permanent, non supported residents entering care after 1 July 2014

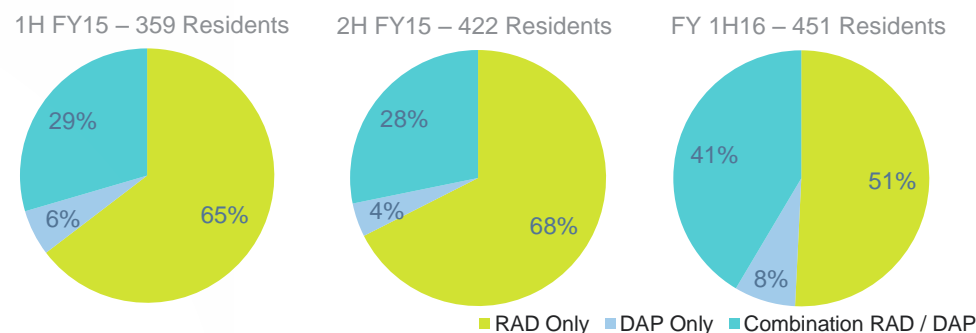
2. Average length of stay of permanent residents who departed during that 12 month period

3. Average length of stay of all permanent residents as at that date

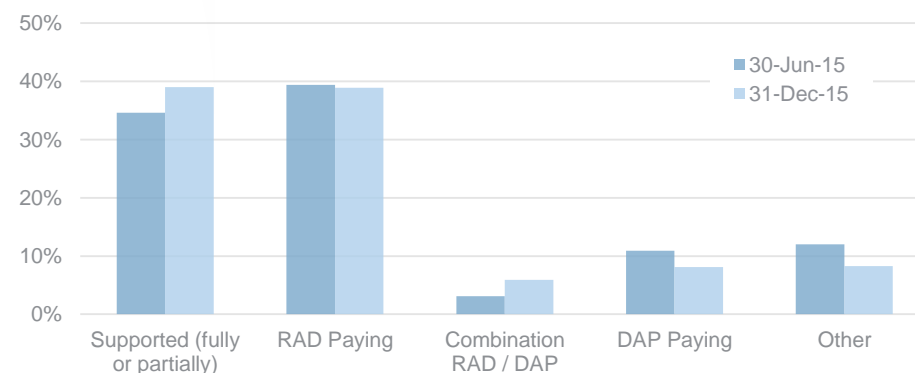
4. Permanent, non supported residents who are contracted under LLLB legislation - total for 6 month period

5. All residents, as at end of period. Note DAP paying group includes pre 1 July 2014 Accommodation Charge paying residents

Profile of accommodation payment types for incoming residents⁴



Change in resident profile⁵



02

Portfolio overview and growth strategy

Portfolio overview

Regis continues to execute its growth strategy

Portfolio update and outlook

- ❑ Since the previous update¹ the brownfield extension at Regis Ontario in Mildura has opened, delivering 38 new places
- ❑ During 2HFY16, new places will be delivered following the opening of the brownfield extension in Caboolture, 60 net additional places, and the greenfield development in North Fremantle, 109 places
- ❑ Regis Park (WA) will be closed for redevelopment during 2H FY16, removing 93 operational places from the portfolio

Key portfolio statistics²

Number of facilities	47
Total places	6,012 ³
Total operational places	5,088
Total rooms	4,378
Total single bed rooms	3,807
Percentage of operational places in a single bed room	75%
Percentage of rooms that are single bed rooms	87%
Average facility size (number of operational places)	108
Facilities approved as significantly refurbished ⁴	18

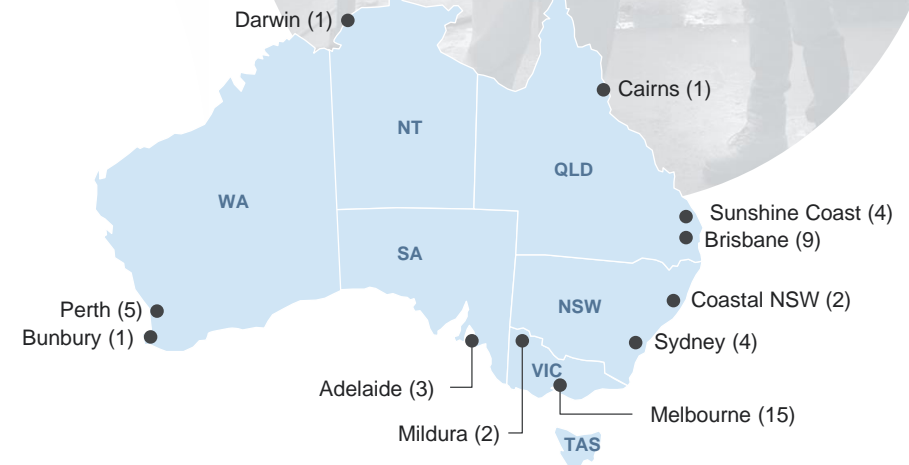
1. As at 28 August 2015

2. As at 26 February 2016

3. Includes 443 non operational licences and 481 Provisional Allocations

4. Higher Accommodation Supplement now being received for supported residents at these facilities

Regis facility network²



Consistent growth strategy

Taking advantage of industry growth and consolidation to leverage existing portfolio

Growth strategy – four levers

Acquisition of single facilities

- Regis has acquired 3 facilities since November 2014, adding 444 places to the portfolio
- We continually review opportunities and assess against our criteria
- **Criteria include:** location, competitive position, bed configuration, scale, operational efficiency, future capex required

Acquisition of portfolios

- We continue to look at opportunities that meet our criteria (as above)

Brownfield Redevelopment

- The two projects in the pipeline will have been completed by April 2016 and will contribute 102 new places to the portfolio
- The company has a program in place to undertake expansion and redevelopment of its assets including Significant Refurbishment

Development of Greenfield facilities

- Regis continues to be active in positioning itself for substantial growth from greenfield developments
- Through development of new places we meet our key criteria (as above) and achieve superior cashflow returns from RADs through well located facilities in major metropolitan locations
- Refer Appendix H for an example of a Club Services greenfield development cashflow

\$130_m
invested
since listing

Growth strategy

Taking advantage of industry growth and consolidation to leverage existing portfolio

Development update



- ☐ The expansion of the development program continues and now includes:
 - 1,273 planned new places, a net increase of 327¹ from the company's previous report
 - 658 places currently under construction
 - 2 new development sites in Camberwell, Victoria and Newcastle NSW, 230 new places
 - the Regis Nedlands (Regis Park), WA redevelopment, which will involve the construction of 135 new places
- ☐ The Ontario, Mildura extension opened in October 2015, contributing a net 38 new places
- ☐ The Caboolture, Qld extension will be opened to new residents in March, contributing 64 new places to the portfolio



1. Compared to the Greenfield Expansion Pipeline in the presentation dated 28 August 2015

Expansion pipeline – Greenfield Developments

Status of current and planned developments with capex in 2016 and 2017

Development	Total new places	Net additional places	Club Services	Land held	Development approval	Provisional Allocations /Licences in hand	Expected construction start	First resident admitted	Milestone update
Regis Caboolture, QLD	64	60		✓	✓	✓	Complete	2H FY16	Mobilisation underway – planned opening March 2016
Regis North Fremantle, WA	109	109	✓	✓	✓	✓	Underway	2H FY16	Practical Completion achieved
Regis Malvern East, VIC	148	148	✓	✓	✓	✓	Underway	1H FY17	Construction > 75% complete
Regis Kingswood ¹ redevelopment, SA	100	100	✓	✓	✓	✓	Underway	2H FY17	Construction has commenced, opening late FY17
Existing Asset Renewal – Stage 1, Linden Park, SA (Campus project)	117	8	✓	✓	✓	✓	Underway	2H FY17	Construction has commenced, opening late FY17
Regis Chelmer, QLD	120	120	✓	✓	✓		Underway	FY18	Construction has commenced
Regis Greenmount, WA , – Stage 2 (Campus project)	120	81	✓	✓	Application lodged		2H FY16	FY18	Asset renewal, 3 stage project

(continues following page)

1. Formerly known as Regis Sunset prior to closure for redevelopment

2. Hold sufficient places to commence mobilisation, but will require some additional Provisional Allocations from future ACARs

Expansion pipeline – Greenfield Developments

Status of current and planned developments with capex in 2016 and 2017 (continued)

Total
new places
1,273

Development	Total new places	Net additional places	Club Services	Land held	Development approval	Provisional Allocations /Licences in hand	Expected construction start	First resident admitted	Milestone update
Regis Lutwyche, QLD	130	130	✓	✓	Application lodged		2H FY16	FY18	Land acquisition complete, design commenced
Regis Elernmore Vale, Newcastle, NSW	120	120		✓	Application lodged	✓	FY17	FY18	Staged mobilisation, first phase from Q1 2017
Regis Camberwell, VIC	110	110	✓	✓	Application in progress		FY18	FY19	Land acquisition complete, design commenced
Regis Nedlands ² , WA	135	42	✓	✓	✓	✓	FY17	FY18	First phase of site redevelopment - Closure has been announced
Total	1,273	1,028							

Net
additional
places
1,028

1. Hold sufficient places to commence mobilisation, but will require some additional Provisional Allocations from future ACARs
2. Formerly known as Regis Park prior to closure for redevelopment

Significant refurbishment update

More than 1,000 Supported residents have an enhanced living environment

Update

- ☐ The new places opened at Regis Ontario, Mildura are now receiving the higher funding for eligible residents
- ☐ Works have now been completed at a further 4 facilities and the higher funding is being received

As at	28 August 2015	10 February 2016
Facilities approved as Significantly Refurbished	14	18
No. Supported Residents in these Facilities ¹	750	1,050 ¹
% of total Regis Supported residents located in Significantly Refurbished facilities ¹	51%	60%

2H FY16 activities

- ☐ By the end of FY16 it is anticipated that a further 5 existing facilities will be approved as Significantly refurbished
- ☐ Supported residents residing in the new places opening at Regis Caboolture, Qld and Regis North Fremantle, WA will also receive the higher funding



1. Includes all fully and partially supported residents



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03

Summary
and outlook

Summary and outlook

Solid financial performance in 1H FY16

1H FY16 performance

- ❑ EBITDA of \$51.0m and NPAT of \$28.3m due to continued strong operational performance:
 - Average revenue per resident per day was \$271 compared to \$255 in 1H FY15
 - Occupancy and labour costs in line with expectations
- ❑ Net operating cashflow of \$69.7m, driven by EBITDA result and by net RAD receipts of \$25.1m
- ❑ Significant investment in land and development capex and significant refurbishment projects of \$70.2m¹
- ❑ Strong balance sheet with no net debt
- ❑ Fully franked dividend of 9.4 cents per share declared, 100% of NPAT



1. Total capital expenditure was \$74.7 million

Summary and outlook

Positive FY16 Outlook

2H FY16 Outlook

- ☐ 2H FY16 EBITDA and NPAT are anticipated to be in line with 1H FY16
- ☐ The expected results will be influenced by a range of factors, including:
 - Increased income from supported residents at Significantly Refurbished facilities and greater contribution from Resident income, driven by DAPs
 - Increased earnings contribution anticipated from the 3 sites acquired since November 2014
 - Higher labour to revenue % due to more public holidays and timing of annual wage increases
 - Closure of the Regis Park facility in WA for redevelopment
 - Higher depreciation resulting from increased development activity. The FY16 depreciation expense range will be \$22 - \$23m
- ☐ Total capex spend¹ in 2H FY16 is anticipated to be in the order of \$50m - \$70m



1. Includes land, development, significant refurbishments and other business capex

04

Appendices



Appendix A

Glossary

1H FY15 Normalised	<p>Agrees to or is derived from the 1H FY15 pro-forma results disclosed in the Half Year Results and Business Update presentation for the period ended 31 December 2014. Normalisations include:</p> <ol style="list-style-type: none"> 1. adjustment to reflect the removal of the payroll tax supplement that ceased on 1 January 2015; 2. the reclassification of interest on refundable RADs out of EBITDA into finance costs within profit or loss. <p>Refer to Appendix E for a reconciliation of Reported 1H FY15 results to normalised 1H FY15 results for Income, EBITDA, NPBT, NPAT and Net cash flow</p>
2H FY15 Normalised	<p>Agrees to or is derived from the 2H FY15 pro-forma results disclosed in the Results for the Full Year Ended 30 June 2015 presentation for the year ended 30 June 2015. Normalisations include:</p> <ol style="list-style-type: none"> 1. the reclassification of interest on refundable RADs out of EBITDA into finance costs within profit or loss.
FY15 Normalised	<p>Agrees to or is derived from the FY15 pro-forma results disclosed in the Results for the Full Year Ended 30 June 2015 presentation for the year ended 30 June 2015. Normalisations include:</p> <ol style="list-style-type: none"> 1. adjustment to reflect the removal of the payroll tax supplement that ceased on 1 January 2015; 2. the reclassification of interest on refundable RADs out of EBITDA into finance costs within profit or loss. <p>Refer to Appendix F for a reconciliation of Reported FY15 results to normalised FY15 results for Income, EBITDA, NPBT, NPAT and Net cash flow</p>
1H FY16 Normalised / 31 December 2015 Normalised	<p>Agrees to the Reported result as at and for the period ended 31 December 2015. Normalisations include:</p> <ol style="list-style-type: none"> 1. adjustment to exclude a \$26.6 million government funding payment that was received prior to 31 December 2015 as early payment for January 2016 services. <p>Refer to Appendix C for a reconciliation of the Reported 1H FY16 cash flows to the normalised 1H FY16 cash flows. Refer to Appendix D for a reconciliation of the Reported 31 December 2015 balance sheet to the normalised 31 December 2015 balance sheet.</p>
COPE	Commonwealth Own Purpose Expenses Indexation, increased by 1.31% on 1 July 2015.
DAP	A Daily Accommodation Payment
Pro forma	Agrees to or is derived from the pro-forma results disclosed in the Half Year Results and Business Update presentation for the period ended 31 December 2014. Refer to Appendices E and F for a reconciliation of Reported results to pro forma results.
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 payable 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.
Reported	Agrees to or is derived from the results contained in the statutory financial report for the half year ended 31 December 2015, year ended 30 June 2015 or half year ended 31 December 2014 as applicable.

Appendix B

Income Statement

(\$ millions)	1H FY2015 Normalised ¹	2H FY2015 Normalised ²	FY2015 Normalised ²	1H FY2016 Reported ³	Variance 1H FY16 to 1H FY15 %
Revenue					
Government revenue	142.9	148.7	291.6	164.6	15%
Resident revenue	61.0	62.9	123.9	66.2	9%
Other revenue	7.2	6.7	13.9	5.8	(20%)
Revenue	211.1	218.3	429.4	236.6	12%
Other Income / (expenses)	1.3	2.9	4.3	(0.3)	(121%)
Less Interest Income ⁴	(0.7)	(0.9)	(1.6)	(0.5)	(22%)
Total Income excluding interest	211.7	220.4	432.0	235.8	11%
Operating Expenses					
Staff expenses	(132.8)	(139.8)	(272.6)	(149.7)	(13%)
Resident care expenses	(15.6)	(16.2)	(31.8)	(17.1)	(9%)
Administrative expenses	(12.7)	(13.7)	(26.4)	(11.9)	7%
Occupancy expenses	(5.7)	(6.0)	(11.8)	(6.1)	(7%)
Total operating expenses	(166.8)	(175.7)	(342.5)	(184.8)	(11%)
EBITDA	44.8	44.7	89.5	51.0	14%
Depreciation and amortisation	(8.7)	(10.3)	(18.9)	(10.5)	(22%)
EBIT	36.1	34.4	70.6	40.5	12%
Net interest income / (expense)	(0.6)	(1.0)	(1.6)	(0.1)	84%
Net profit before tax	35.6	33.5	69.0	40.4	14%
Income tax expense	(10.9)	(10.0)	(20.8)	(12.1)	11%
Net profit after tax (NPAT)	24.7	23.5	48.2	28.3	15%

1. As per definition, Glossary (Appendix A) – refer Appendix E for reconciliation between 1H FY15 Pro forma and 1H FY15 Normalised)

2. As per definition, Glossary (Appendix A) – refer Appendix F for reconciliation between FY15 Pro forma and FY15 Normalised)

3. As per definition, Glossary (Appendix A)

4. Reclassified as net interest

Appendix C

Cashflow Statement

(\$ millions)	1H FY15 Normalised ¹	2H FY15 Normalised ¹	FY FY15 Normalised ¹	Reported 1H FY16	Adjustment	1H FY16 Normalised ¹
EBITDA	44.8	44.7	89.5	51.0		51.0
Change in net working capital	(0.4)	(2.4)	(2.9)	(3.1)		(3.1)
Government funding received in advance	0.0	0.0	0.0	26.6	(26.6)	0.0
Non-cash items in EBITDA	(5.9)	(6.2)	(12.1)	(3.4)		(3.4)
Net receipts from RADs	43.4	30.3	73.6	25.1		25.1
Net cashflow before investment, interest, tax and financing activities	81.9	66.4	148.1	96.3	(26.6)	69.7
Land and buildings capital expenditure	(7.5)	(9.1)	(16.6)	(19.3)		(19.3)
Development, plant and equipment capital expenditure	(17.8)	(27.1)	(44.9)	(55.4)		(55.4)
Business acquisition capital expenditure	(8.6)	(37.0)	(45.6)	0.0		0.0
Asset sale proceeds	2.8	0.6	3.4	0.0		0.0
Cash used in investing activities	(31.1)	(72.7)	(103.7)	(74.7)	0.0	(74.7)
Net cashflow before interest, tax and financing activities	50.8	(6.3)	44.3	21.6	(26.6)	(5.0)
Net interest paid	(0.6)	(0.9)	(1.5)	(1.1)		(1.1)
Income tax paid	(13.0)	(6.3)	(19.2)	(11.4)		(11.4)
Net debt drawdown/(repayment)	–	–	–	5.0		5.0
SRO stamp duty refund	–	–	–	16.2		16.2
Dividends paid	–	–	–	(52.9)		(52.9)
Net cashflow normalised	37.1	(13.5)	23.6	(22.5)	(26.6)	(49.1)
Adjustment for the cessation of the payroll tax supplement	7.0		7.0			
Net cashflow reported	44.1	(13.5)	30.6			

1. As per definition, Glossary (Appendix A)

Appendix D

Balance Sheet

(As at, \$ millions)	31 December 2014 Reported ¹	30 June 2015 Reported ¹	31 December 2015 Reported ¹	31 December 2015 Adjustment ²	31 December 2015 Normalised ¹
Cash and cash equivalents	72.9	60.9	38.5	(26.6)	11.9
Trade and other receivables	3.6	20.9	5.6		5.6
Other current assets	3.8	18.7	5.7		5.7
Total current assets	80.3	100.5	49.8	(26.6)	23.2
Land and buildings	535.2	538.2	615.8		615.8
Plant and equipment	70.9	86.0	87.9		87.9
Intangibles	238.5	247.7	265.7		265.7
Deferred tax assets	22.2	20.4	19.1		19.1
Total non-current assets	866.9	892.3	988.5		988.5
Total assets	947.2	992.8	1,038.3	(26.6)	1,011.7
Trade and other payables	32.6	29.7	57.4	(26.6)	30.8
RADs and ILU resident entry contributions	674.2	704.6	741.5		741.5
Current employee entitlements	31.4	35.8	36.2		36.2
Income tax payable	6.7	6.0	5.5		5.5
Total current liabilities	744.9	776.1	840.6	(26.6)	814.0
Borrowings	–	–	5.0		5.0
Deferred tax liabilities	11.1	2.8	2.5		2.5
Non-current employee entitlements	5.2	4.7	5.3		5.3
Total non-current liabilities	16.3	7.5	12.8	–	12.8
Total liabilities	761.2	783.6	853.4	(26.6)	826.8
Net assets	186.0	209.2	184.9	–	184.9
Equity					
Issued capital	271.0	272.2	272.2		272.2
Other reserves	(67.7)	(97.8)	(97.5)		(97.5)
Retained earnings	(17.2)	34.8	10.2		10.2
Total Equity	186.0	209.2	184.9	–	184.9

1. As per definition, Glossary (Appendix A)

2. Government Funding received in Advance (prepaid in December for January income)

Appendix E

Reported to Normalised Reconciliation – Half Year ended 31 December 2014

Financial half year ended 31 December 2014 (\$ millions)	Revenue	EBITDA	NPBT	NPAT	Net cash flow
1H2015 Reported¹ results	220.5	48.7	25.2	15.1	32.5
Less: Other income / (expenses)	(1.3)				
Less: Interest income		(0.7)			
1H2015 Reported¹ results adjusted	219.2	48.0	25.2	15.1	32.5
Dementia supplement	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Full year incremental listed company costs		(0.2)	(0.2)	(0.2)	(0.2)
Interest expense			14.8	14.8	
IPO transaction costs expensed		3.9	3.9	3.9	3.9
IPO transaction costs capitalised as equity					21.0
Income tax effect/adjustment				(2.9)	(1.0)
Proceeds from offer					(409.9)
Net debt repayment					393.4
Net interest paid					5.4
1H2015 Pro forma¹ results adjusted	218.1	50.5	42.6	29.6	44.1
Add – Interest on RADs Refundable		1.3			
Less – Adjustment for cessation of the payroll tax supplement	(7.0)	(7.0)	(7.0)	(4.9)	
1H2015 Normalised¹ results	211.1	44.8	35.6	24.7	44.1

1. For definitions refer to Glossary (Appendix A)

Appendix F

Reported to Normalised Reconciliation – Full Year Ended 30 June 2015

Financial year ended 30 June 2015 (\$ millions)	Revenue	EBITDA	NPBT	NPAT	Net cash flow
FY 2015 Reported results	459.6	110.5	78.1	57.5	20.6
Less: Other income / (expenses)	(4.3)				
Less: Interest income	1.6				
State Revenue Office Victoria Recoveries ²	(19.5)	(19.5)	(19.5)	(19.5)	
FY 2015 Reported results adjusted	437.4	91.0	58.6	38.0	20.6
Dementia supplement	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Full year incremental listed company costs		(0.2)	(0.2)	(0.2)	(0.2)
Interest expense			14.8	14.8	
IPO transaction costs expensed		3.9	3.9	3.9	3.9
IPO transaction costs capitalised as equity					21.0
Refund on stamp duty on share buy back					(1.5)
Income tax effect/adjustment				(2.3)	(1.0)
Proceeds from offer					(409.9)
Net debt repayment					393.4
Net interest paid					5.4
FY 2015 Pro forma¹ results adjusted	436.3	93.6	76.0	53.1	30.6
Add – Interest on RADs Refundable ³		2.9			
Less – Adjustment for cessation of the payroll tax supplement	(7.0)	(7.0)	(7.0)	(4.9)	
FY 2015 Normalised¹ results	429.4	89.5	69.0	48.2	30.6

1. For definitions refer to Glossary (Appendix A)

2. In November 2011, Regis Aged Care Pty Ltd (RAC), a wholly owned subsidiary of Regis Healthcare Limited, objected to a notice of assessment of stamp duty issued by the State Revenue Office Victoria (SRO) in relation to a merger transaction in July 2007. While RAC challenged these notices of assessment, RAC paid \$14.4m in relation to the first assessment without admission of liability and without prejudice in order to avoid accruing additional interest and penalty tax, leaving an unpaid outstanding amount of \$1.1m in relation to the revised notice of assessment. The Court made orders in the Appeals on 29 June 2015 setting aside the notices of assessment and ordering that the Commissioner for State Revenue pay RAC's costs of the Appeals. The orders became final when the SRO failed to lodge a notice of appeal by 27 July 2015. The effect of this outcome (including the reversal of related provisions) is an increase in EBITDA of \$19.5m in FY15.

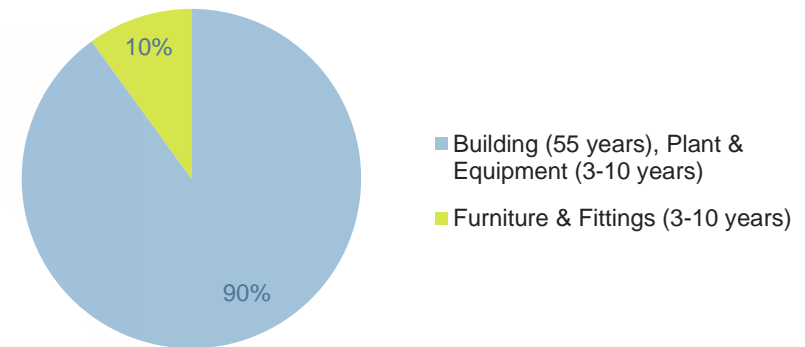
3. Reclassification of interest on RADs, Refundable out of EBITDA into finance costs

Appendix G

Development activities will result in an increasing depreciation profile

- ☐ Over time, depreciation will increase, due to capital expenditure on the expansion pipeline
 - \$34.9 million of capital expenditure was spent on development projects in FY15 (excluding land and significant refurbishment)
 - \$44.8 million of capital expenditure was spent for development projects in 1HFY16 (excluding land and significant refurbishment)
- ☐ Depreciation expense commences from the date of first resident admission
- ☐ Depreciation range for new operational places – both greenfield and brownfield:
 - \$5,000 - \$6,300 per annum per new operational place constructed
- ☐ The Significant Refurbishment program will also add to depreciation expense:
 - \$10 million capital expenditure in FY15 (504 places)
 - \$5.2 million capital expenditure in 1HFY16 (208 places)
 - This will lead to increased depreciation of \$1,250 per place once all expenditure is complete
- ☐ The FY16 full year depreciation expense range is \$22m to \$23m

Depreciation profile, new operational places



\$ millions	Depreciation expense
FY15 1H Actual	(8.7)
FY16 1H Actual	(10.5)
Variance	(1.8)

Appendix H

Cumulative cashflow profile example: Club Services Greenfield Development, 120 Places



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