



ASX ANNOUNCEMENT

7 March 2016

REGIS HEALTHCARE ACQUIRES AGED CARE PORTFOLIO FROM MASONIC CARE IN QUEENSLAND, INCREASING ITS NUMBER OF OPERATIONAL PLACES BY 14%

Regis Healthcare Limited (Regis) has contracted to purchase assets from Masonic Care Queensland (Masonic) effective 1 June 2016 for a net acquisition price of \$163m.

Highlights

- The Masonic portfolio to be acquired is comprised of 711 operational places at six aged care facilities across 4 locations. The assets include:
 - The Lucinda, Musgrave and Griffith Aged Care facilities, co-located in Sandgate, Brisbane – 441 Operational places
 - Morinda Aged Care, Cairns – 123 Operational places
 - Karinga Aged Care, Townsville – 127 Operational places
 - Tin Can Bay – 20 Operational places
 - 26,000 sqm surplus land with development potential
 - 244 Independent Living Units
- The Masonic facilities are of high quality, with 99% single bed rooms. The facilities are well located and have strong occupancy of 98%.
- EBITDA is currently below the average level of Regis operations. The earnings of this portfolio will benefit from the application of the Regis management systems and processes. The acquisition is expected to be earnings accretive in FY17.
- The facilities currently have a RAD pool of \$50.1 million, with 29% of residents having paid a RAD and an average RAD of \$246,000. Regis anticipates potential RAD uplift of circa \$50 million.
- In particular, the Brisbane and Cairns facilities are a strong fit with the Regis operational network, where the company already has a significant presence.
- At completion, the Regis aged care portfolio will consist of 54 facilities with 5,968 operational places, 91% of which are in single bed rooms. The average facility size will be 111, which is consistent with the Regis strategy.
- Regis has a development pipeline of 1,273 additional places, and the execution of this pipeline will not be impacted by this acquisition.
- As a result of this acquisition, Queensland will become the largest state in the Regis portfolio, by both number of facilities and operational places.

Regis Healthcare CEO, Mr Ross Johnston said “the Masonic Care, Queensland portfolio is an excellent opportunity that is consistent with the Regis Healthcare strategic growth criteria. The facilities are of high quality, demonstrated by their strong occupancy and compliance track record. Operationally, the facilities are an excellent fit with the current Regis network. We already have a presence in Brisbane and Cairns. We are delighted to secure this high quality aged care business.

Following the acquisition and the completion of the Caboolture and North Fremantle developments, the number of Regis operational places will grow to 5,968 in June. By the end of FY19, following the execution of the existing development pipeline, Regis will have circa 6,800 operational places.”

Financials and funding

The transaction will be at a net price of \$163 million and funded from cash reserves and existing debt facilities. The acquisition will not impact the company’s ability to execute the current development pipeline of 1,273 places or the greenfield development growth strategy.

The transaction is anticipated to have a positive impact on FY17 results, in the range of \$10m-\$12m EBITDA and \$1m-\$2m NPAT. Further improvement is then anticipated in future years.

Regis expects to commit an estimated \$5m capital expenditure to the portfolio acquired during FY17, excluding any possible development on surplus land.

Cashflow increases from FY17, as a result of increased net RAD inflow and anticipated improvements in earnings from this portfolio.

Due to one off transaction costs including stamp duty, integration and acquisition related expenses, there will be a reduction in FY16 EBITDA of \$13m-\$15m and NPAT of \$9m-\$10.5m.

Further details are provided in the accompanying presentation.

A teleconference providing an overview of the transaction will be held on Monday 7 March at 10am Australian Eastern Daylight Savings time. Dial in details are as follows:

Quote Conference ID:	423726
Australia Toll Free:	1800 908 299
Australia Local:	02 9007 8048
New Zealand Toll Free:	0800 452 795

For further information:

Kirsty Nottle

General Manager Investor Relations
03 8573 0444