REGIS HEALTHCARE LIMITED

Presentation for the Morgans Queensland Conference 2016

12 October 2016

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Business overview and update

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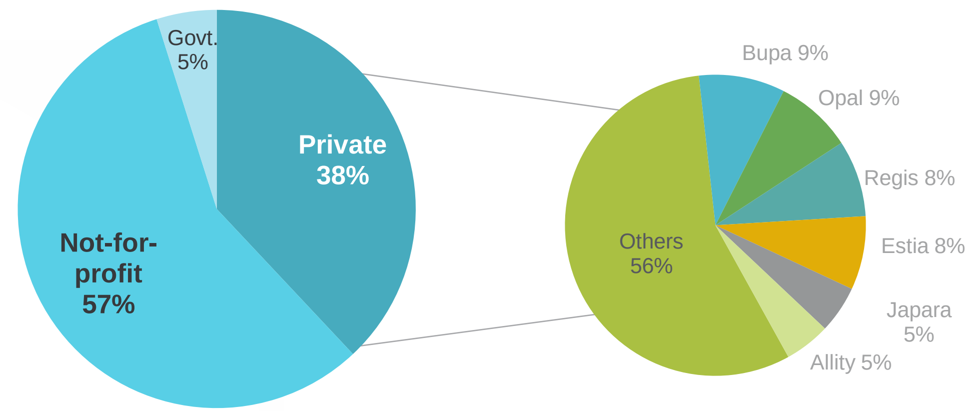
RESIDENTIAL AGED CARE MARKET

A substantial segment of the healthcare services sector with strong industry growth metrics

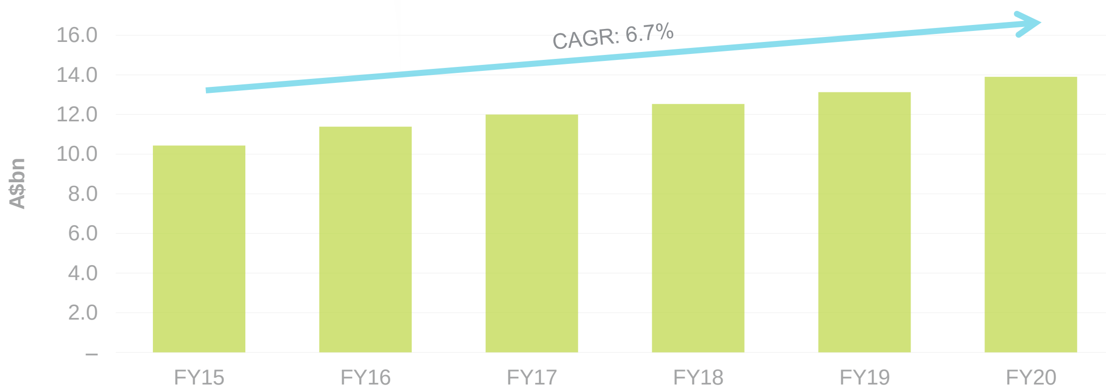
KEY INDUSTRY DYNAMICS[1]

- **$15.8 billion** industry size by annual revenue
- **$10.4 billion of government funding** paid to aged care providers in FY15, **$ 4.2 billion** is resident funded
- Circa **192,500 places, needs to increase by 76,000** during the next decade to meet required demand as the Australian population ages
- **Supply is regulated** via the issuing of licences by the Federal Government
- Unique capital funding model (RADs) supports development
- Highly fragmented market with **2,618 facilities** operated by a range of private, not for profit and government entities

RESIDENTIAL AGED CARE SECTOR COMPOSITION IN AUSTRALIA[1,2]



GOVERNMENT FUNDING, RESIDENTIAL AGED CARE[3]



1. Source – Aged Care Funding Authority (ACFA) Report dated July 2016
2. Source – Public company reports where available, otherwise Management estimates
3. Source – Federal Government Budget Papers

PORTFOLIO OVERVIEW

Regis is one of the largest private providers of residential aged care in Australia

- Regis is one of the largest private providers of residential aged care in Australia
- The portfolio is one of the most geographically diversified portfolios in Australia
- The company operates in six States and Territories
- Regis facilities are primarily located in Metropolitan areas
- Many of the facilities and services offerings are targeted at the premium end of the market
- The company has more than 20 years of experience in developing, acquiring and managing facilities and caring for residents
- The Regis business model is that of a vertically integrated Aged Care operator and our operating platform supports this

>20 years
experience providing Residential Aged Care

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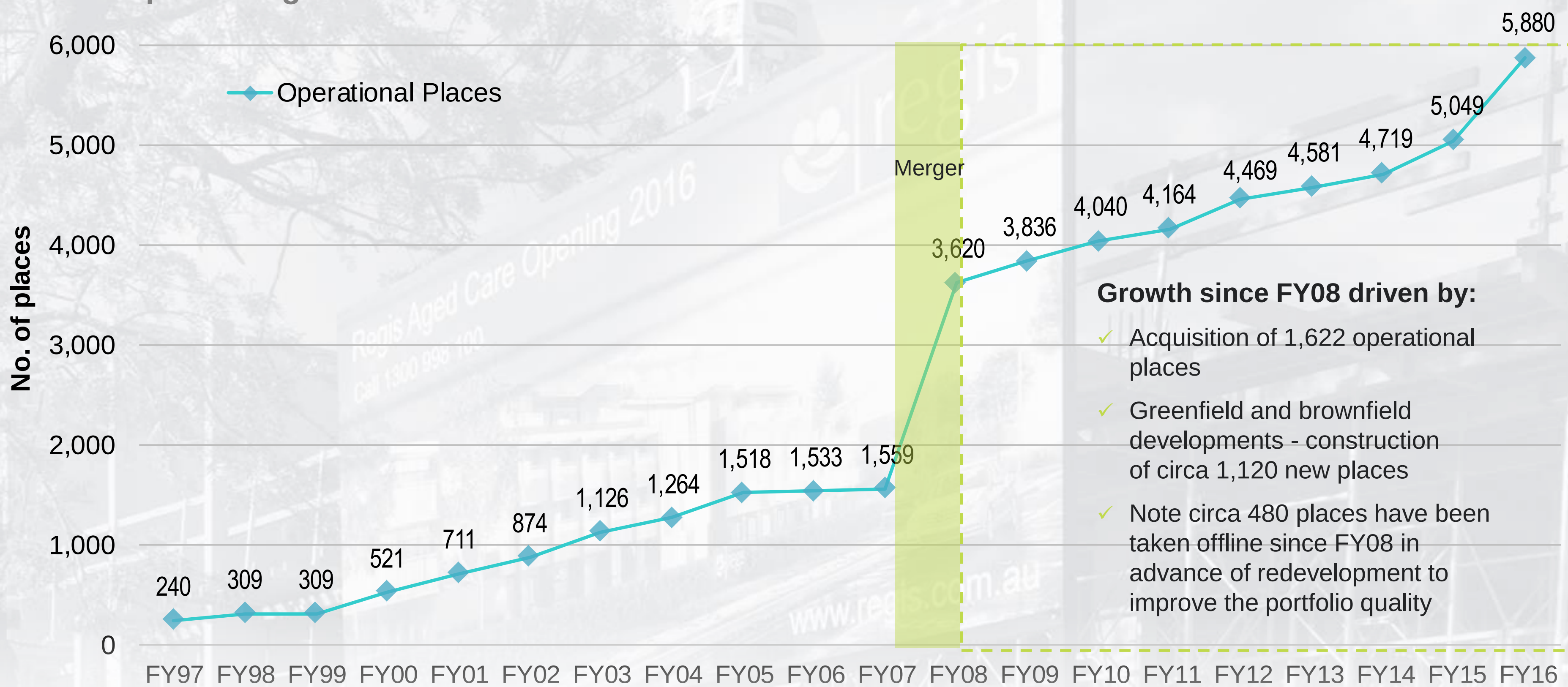
GROWTH THROUGH DEVELOPMENT AND ACQUISITION

Growth by operational places of 62% over 8 years

Timeline of portfolio growth



Growth since FY08 driven by:

- ✓ Acquisition of 1,622 operational places
- ✓ Greenfield and brownfield developments - construction of circa 1,120 new places
- ✓ Note circa 480 places have been taken offline since FY08 in advance of redevelopment to improve the portfolio quality

PORTFOLIO OVERVIEW

Regis continues to execute its growth strategy

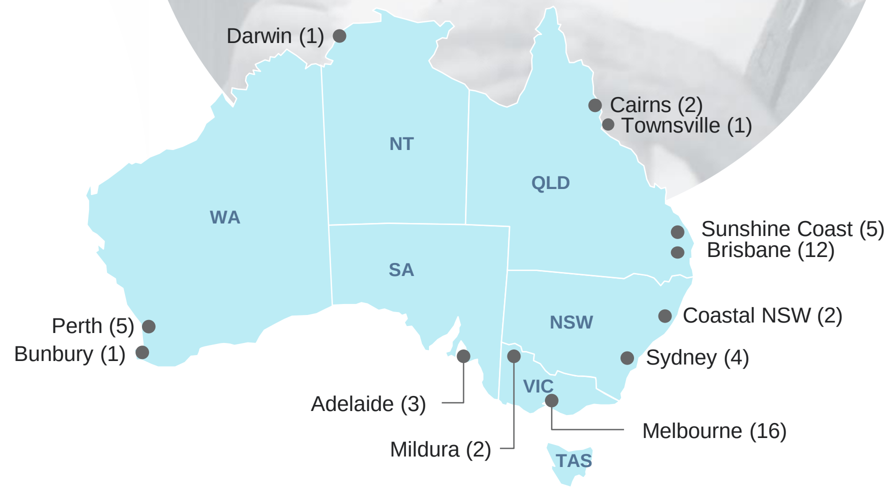
Total operational places
6,027
54 facilities

AGED CARE PORTFOLIO STATISTICS

As at 1 September	Total
Number of Facilities	54
Total places[1]	7,619
Total operational places	6,027
Total rooms	5,263
Total single bed rooms	4,824
% operational places in single bed room	80%
% single bed rooms	92%
Average Facility size (number of operational places)	112
Facilities approved as significantly refurbished[2]	28
Club Services facilities	13

- The Significant Refurbishment program has been completed at 28 facilities. It is anticipated a further 5 facilities (including a further 3 Masonic facilities) will be refurbished by the end of FY17.
- 1,592 places available to support the development pipeline, including 844 Provisional Allocations from the 2015 ACAR

REGIS FACILITY NETWORK



1. Includes 1,592 Provisionally allocated places and offline places
2. Qualifying Supported residents receive a Higher Accommodation Supplement under the Aged Care Legislation. Note this does not include new services (North Fremantle, WA and East Malvern, VIC)

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RESIDENT PROFILE

The majority of residents[1] are continuing to choose to pay a RAD whilst full DAPs have increased

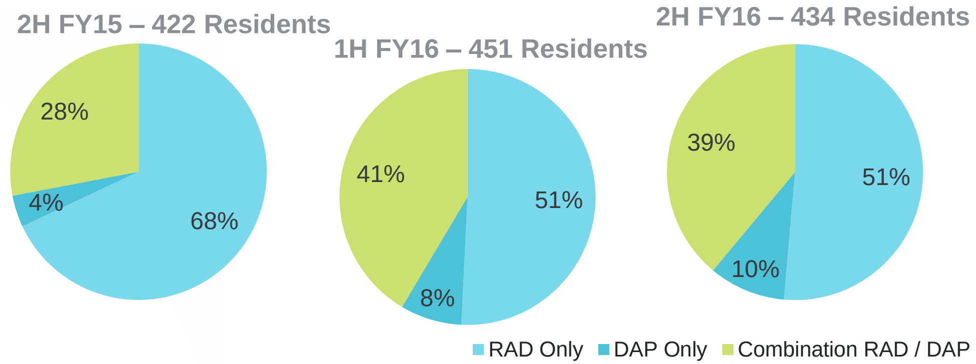
- The majority of permanent, non supported residents[1] still chose to pay a full RAD in 2HFY16
- There was a slight movement from "Combination RAD/DAP" payments to full DAP payments during 2H FY16 compared to 1H FY16. Combination paying residents now comprise circa 7.5% of the overall portfolio
- The Significant Refurbishment program now has circa 1,600 eligible residents living in an enhanced environment and receiving the higher supplement[2]
- On acquisition, the Masonic facilities' resident profile was circa 54% supported (fully or partially)

RESIDENT TENURE STATISTICS

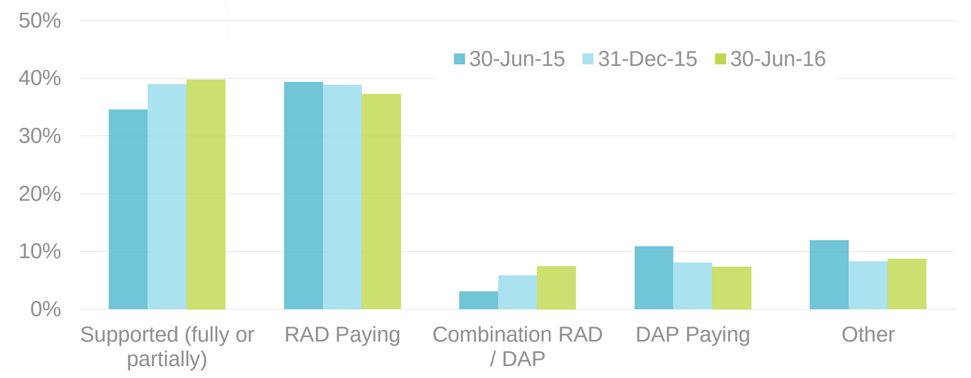
	30 June 2015	30 June 2016
Resident tenure[3]	2.40 years	2.42 years
Average duration of stay[4]	2.80 years	2.83 years

- Tenure statistics have not been materially moved by the Masonic acquisition, which saw similar tenure levels to those of Regis residents

PROFILE OF ACCOMMODATION PAYMENT TYPES FOR INCOMING RESIDENTS[5]



CHANGE IN RESIDENT PROFILE (excluding Masonic)[6]



1. Permanent, non supported residents entering care after 1 July 2014
2. As at 25 July 2016
3. Average length of stay of permanent residents who departed during that 12 month period
4. Average length of stay of all permanent residents as at that date
5. Permanent, non supported residents who are contracted under LLLB legislation - total for 6 month period
6. All residents, as at end of period, excluding those at the Masonic facilities. Note DAP paying group includes pre 1 July 2014 Accommodation Charge paying residents

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Growth Strategy

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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 single 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)
- Masonic portfolio of 711 operational places completed on 1 June 2016

Brownfield Redevelopment

- 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
- 844 provisional allocations from the 2015 ACAR further supports this strategy, bringing the total number of provisional allocations and offline places available for future development to 1,592

1,308 additional operational places since listing[1]

1,592 places available for future development

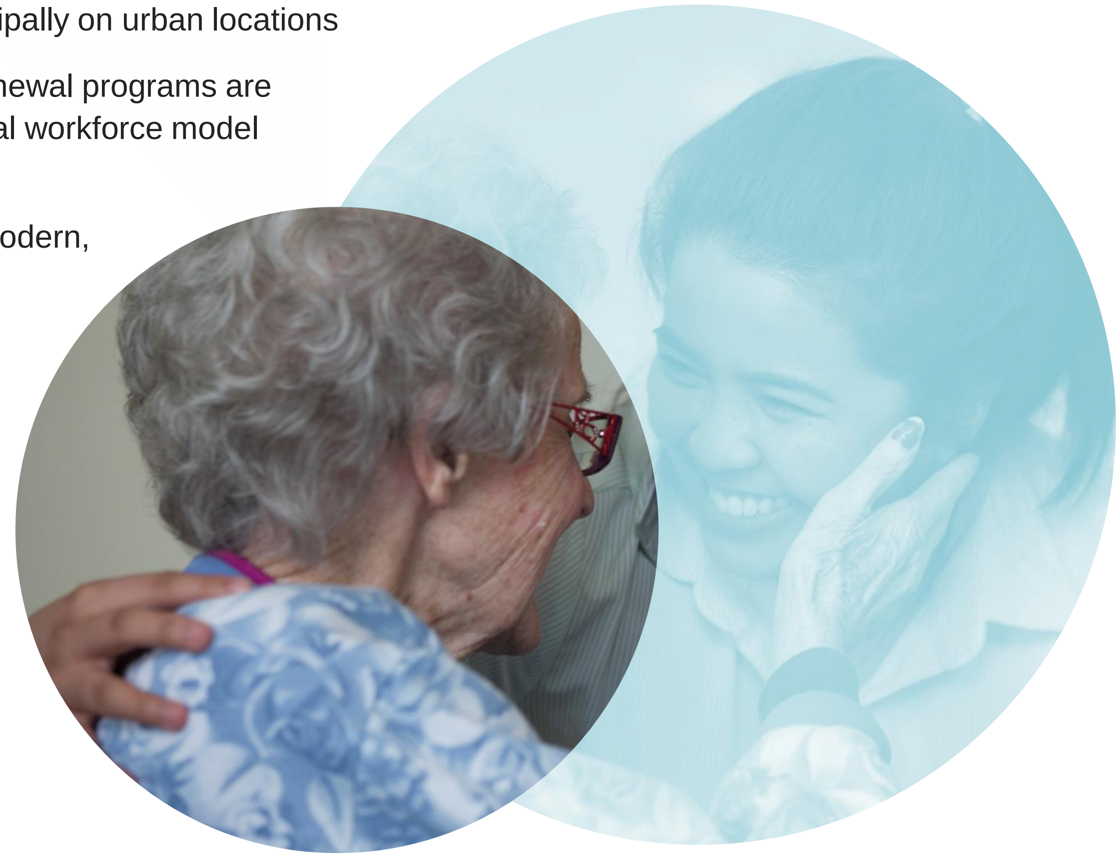
1. Projected as at 1 September 2016, starting from 4,719 as at 29 August 2014

CONSISTENT GROWTH STRATEGY

Growth strategy execution continues

THE COMPANY MAINTAINS ITS FOCUS ON THE EXECUTION OF ITS GROWTH STRATEGY THROUGH:

- Optimising the location of its assets – continuing to focus principally on urban locations
- Ensuring efficient Facility size – the development and asset renewal programs are based on a model of circa 120 places – this enables the optimal workforce model to efficiently deliver quality services
- Continued investment in the portfolio to ensure Facilities are modern, high quality and support contemporary care delivery
- Continued focus on maintaining the scalability of systems, processes and human resources strategies
- A continuing focus on revenue growth through
  - The expansion of Club Services through the greenfield program
  - The expansion of Additional Services across the portfolio
- RAD cash inflows from developments facilitate
  the repayment of acquisition and development related debt



OVERVIEW OF DEVELOPED PORTFOLIO IN FY20

Quality focus continues as the company executes the current development pipeline

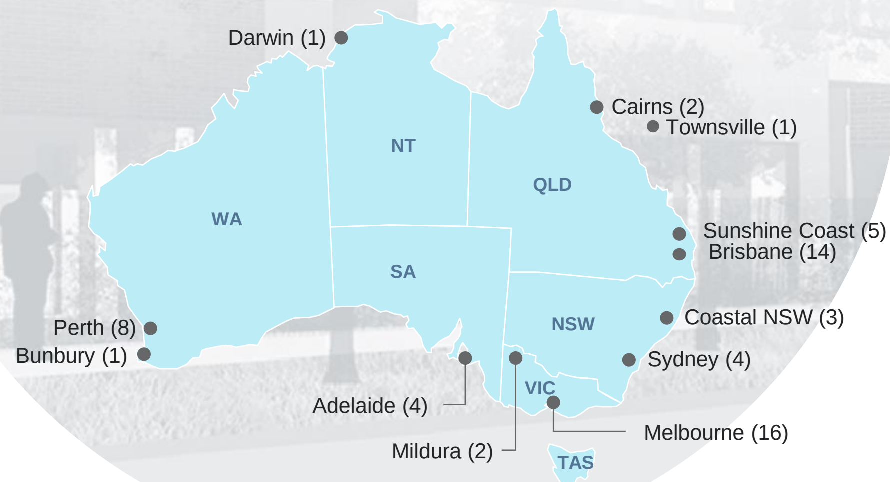
PREDICTED AGED CARE PORTFOLIO STATISTICS

Estimated as at end of FY20	Total
Number of Facilities	62
Total operational places	7,167
Average Facility size (number of operational places)	116
Facilities approved as significantly refurbished[1]	33
Club Services facilities	23

- Completion of projects in the development pipeline demonstrates the focus on growth of Club Services assets
- Total operational places, includes all places available to residents, including those from new developments not yet occupied

Total operational places
7,167
62 facilities

REGIS FACILITY NETWORK[1]



1. Qualifying Supported residents receive a Higher Accommodation Supplement under the Aged Care Legislation. Note this does not include new services which automatically qualify

03

Summary and Outlook

FINANCIAL HIGHLIGHTS FY16

Continued growth, in line with expectations

Revenue of	Normalised[1] EBITDA of	Normalised[1] NPAT of
$480.7m	**$105.1m**	**$56.8m**
12% higher than Normalised FY15[2]	20% higher than Normalised FY15[2]	24% higher than Normalised FY15[2]

- Revenue increase from bed growth (acquisitions and developments) and an increase in revenue per occupied bed day
- EBITDA 20% and NPAT 24% higher than FY15 when Normalised for the Masonic acquisition expenses and other one off items[1]
- Net RAD cashflow of $44.9m[3]
- Capital expenditure[4] of $146.2m to support business growth
- 211 new places opened in FY16
- Average occupancy of 95.2%, in line with expectations
- Final dividend of 5.94 cents per share declared, fully franked.
  Full year dividend per share of 15.34 cents is 100% of Reported NPAT

Net operating cashflow[5]
$133.6m

1. FY16 Reported EBITDA is $93.0m and Reported NPAT is $46.1m. The use of the terms 'Reported' refers to IFRS financial information and 'Normalised' to non-IFRS financial information. Normalised earnings are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. Normalised adjustments have been made to the Reported information to assist readers to better understand the financial performance of the underlying business in each financial year. Note that the previous FY15 normalised results have been updated to reflect acquisition expenses and adjustments as well as some other one off costs for consistency with the FY16 normalisations. Details of the adjustments are included in Appendix B, E and F and in the Directors Report of the Annual Financial Report for the year ended 30 June 2016
2. 12%, 20% and 24% comparisons are to Normalised FY15 results – refer to Glossary in Appendix A for definitions and Appendix E and F for reconciliation
3. Includes contributions from Independent Living Units (ILUs)
4. Capital expenditure on developments, significant refurbishment, land and other projects
5. Net cashflow before investment and financing activities, refer Appendix C

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FY17 OUTLOOK

Positive FY17 Outlook for EBITDA and NPAT

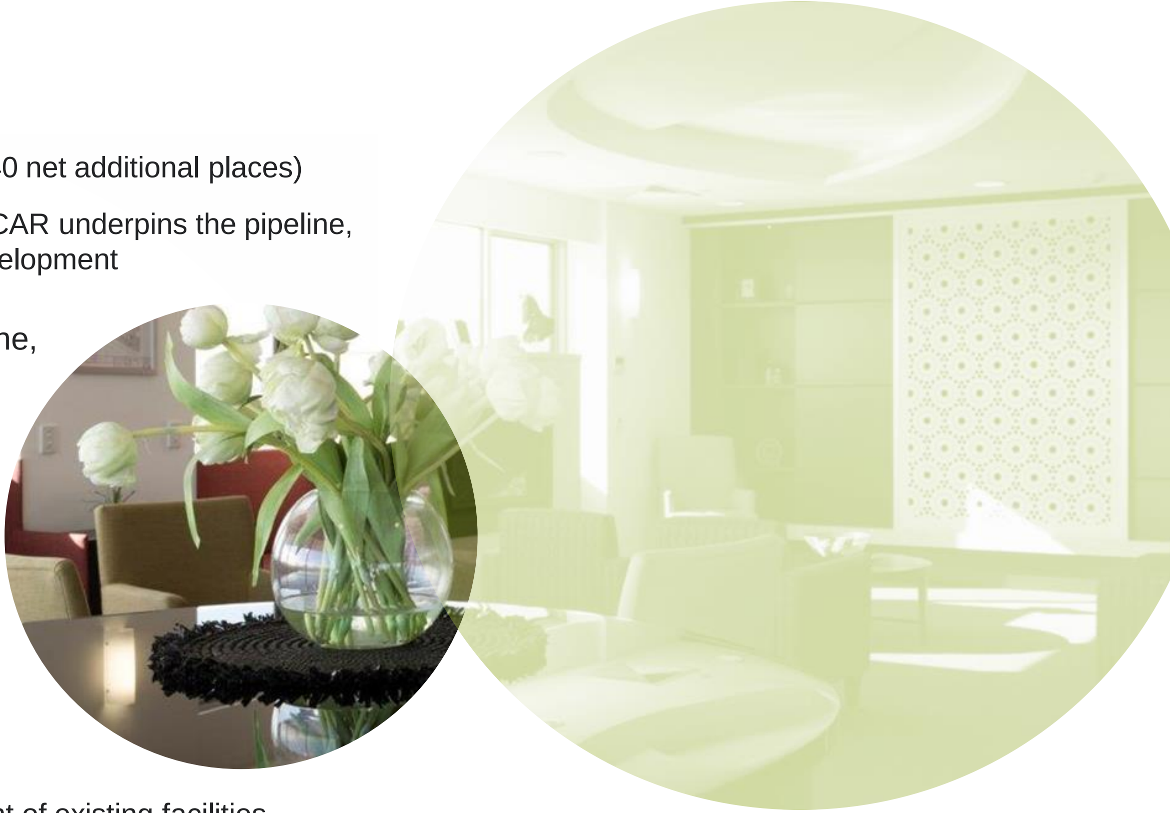
FY17 OUTLOOK

- FY17 EBITDA is anticipated to be at least 15% in excess of normalised FY16, underpinned by:
  - Increased income from supported residents at Significantly Refurbished facilities and greater contribution from Additional Services
  - Increased earnings contribution from the acquired and ramping up Facilities (Masonic, North Fremantle WA, East Malvern VIC)
- Having regard to FY17:
  - Debt will remain at approximately 2x EBITDA, which will result in higher interest expense in FY17, being circa $8m
  - Depreciation will be higher, resulting from increased development activity. The FY17 depreciation expense range will be $28m - $31m
  - Net RAD inflows are anticipated to be circa $100m
  - Total capex spend[1] in FY17 is anticipated to be in the order of $160m
- The federal government announced changes to its residential aged care funding in the MYEFO in November 2015 and Federal Budget 2016 which commenced in FY17. For the Company, there will be minimal impact resulting from these changes in FY17. The changes are more significant in FY18 and FY19. A range of strategies have been and continue to be implemented to mitigate the impact on this, both from a care and revenue perspective.

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

IN SUMMARY

Regis maintains its focus on the execution of its growth strategy



- The development program continues to ramp up:
  - 211 new places were delivered in FY16
  - The expansion pipeline now includes 1,404 new places (1,140 net additional places)
  - Success in gaining 844 provisional allocations in the 2015 ACAR underpins the pipeline, 1,592 licences/provisional allocations available for future development
- Following the execution of the existing development pipeline, Regis is expected to have circa 7,200 operational places by the end of FY20
- The Company maintains its focus on the execution of its growth strategy through
  - Optimisation of location (urban focus)
  - Optimisation of facility size (circa 120 places per facility)
  - Continued investment in assets in the portfolio
  - Strategies to increase income (Club and Additional Services)
  - Selective acquisition of high quality facilities or redevelopment of existing facilities
  - RAD cash inflows from developments facilitate the repayment of acquisition and development related debt

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All amounts are in Australian dollars. All references starting with 'FY' refer to the financial year ended 30 June.
For example, 'FY16' refers to the year ended 30 June 2016.