

REGIS HEALTHCARE LIMITED

Presentation for the Macquarie Australia Conference



PRESENTED BY

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Business
overview and
update

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 for-profit portfolios in Australia
- The company operates in 6 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
- The Regis business model is that of a vertically integrated Aged Care operator and our operating platform supports this

21 years
experience in
delivering
Residential
Aged Care



PORTFOLIO OVERVIEW

Regis continues to execute its growth strategy

AGED CARE PORTFOLIO STATISTICS

Projected as at 1 June	Regis	Masonic	Total
Number of facilities	48	6	54
Total places	6,856	723	7,579
Total operational places	5,257	711	5,968
Total rooms	4,440	707	5,147
Total single bed rooms	3,980	703	4,683
% operational places in single bed room	76%	99%	78%
% single bed rooms	90%	99%	91%
Average facility size (number of operational places)	110	119	111
Facilities approved as significantly refurbished ²	23	2	25

- ☐ The Masonic acquisition is on track to complete 1 June
- ☐ 60 new place extension opened at Regis Caboolture, Qld in March
- ☐ North Fremantle, Perth facility to open in May, 109 new places
- ☐ 844 Provisional Allocations gained from 2015 ACAR
- ☐ Significant refurbishment completed at a further 5 facilities, now 25 including Masonic

1. Based on projected Regis network as at 1 June 2016 which includes the opening of Regis North Fremantle, Perth. Note that a further 93 places will then close at Regis Park on 30 June.

2. Qualifying Supported residents receive a Higher Accommodation Supplement under the Aged Care Legislation

Total
operational
places¹

5,968
54 facilities

REGIS FACILITY NETWORK¹



MASONIC ACQUISITION UPDATE

The acquisition will increase the Regis operational places by 14%

KEY STATISTICS – MASONIC CARE QLD TRANSACTION

Operational Places

711

14% increase to the existing Regis portfolio

RAD Pool¹

\$50.1m

Average RAD \$246k

Investment

\$163m

On a net basis²

- ☐ Transaction on track to complete on 1 June 2016³
- ☐ EPS accretive in FY17
- ☐ Opportunity to improve EBITDA to a level consistent with Regis portfolio run rate
- ☐ Potential RAD uplift circa \$50m
- ☐ Funded from cash reserves and existing debt facilities
- ☐ Capital expenditure of \$5m is anticipated during FY17 including Significant Refurbishment
- ☐ Future development potential on each site, circa 400 new aged care places



Combined operational places

5,968

54 facilities

1. As at 31 December 2015. Final calculations will be as at 31 May 2016 and will be disclosed in the Regis Healthcare full year audited accounts.

2. Net of RADs and Staff leave provisions

3. Subject to the approval of the Department of Health of the transfer of licences

MASONIC CARE QLD, PORTFOLIO DETAILS

711 additional high quality operational places in well located facilities

MASONIC CARE QUEENSLAND PORTFOLIO:

- ☐ 711 Aged Care places across 6 facilities in 4 locations – in Brisbane, Cairns, Townsville and Tin Can Bay, Fraser Coast
- ☐ 62% of the places are in the Brisbane metropolitan area
- ☐ Well presented buildings with 99% single bed rooms
- ☐ The transaction also includes 244 Independent Living Units (ILUs) – approximately \$15m of purchase price attributable to this
- ☐ Surplus land (26,000 sqm) enabling development opportunity – potentially 3 new greenfield developments
- ☐ Sandgate in Brisbane is a campus location with 3 aged care facilities and 53 Independent Living Units
- ☐ 98%¹ Occupancy
- ☐ Facilities currently operating below Regis standard EBITDA

244
Independent
Living Units and
26,000 sqm for
development

MASONIC PORTFOLIO RAD DETAILS¹

RAD pool acquired (\$millions)	\$50
% Portfolio paying RAD ²	29%
Average RAD per RAD paying resident (\$000's)	\$246

PORTFOLIO FIT WITH REGIS:

- ☐ Has a strong fit with the current Regis Healthcare network in Brisbane and North Queensland
- ☐ There is potential uplift to the existing RAD pool of circa \$50m
- ☐ EBITDA results will progress towards the Regis EBITDA run rate following integration with the Company's management systems and processes

Operational
Places
711
99% single
bed rooms

1. As at 31 December 2015

2. In full or in part

MASONIC CARE QLD, PORTFOLIO DETAILS

Quality, well located assets – strong fit with Regis Healthcare operational network in QLD

Aged Care Facilities	Operational Places	Single Rooms	Construction Date	Independent Living Units	Provides Home Care or Day Therapy	Development Opportunity	Significantly Refurbished
Sandgate, Brisbane Campus:				53	✓	✓	
Lucinda	156	156	2011	–	–	–	Planned
Musgrave	235	235	Various ²	–	–	–	✓
Griffith	50	50	Pre 1990	–	–	–	Planned
Morinda Aged Care, Cairns	123	123	2015 / 2008	62	✓	✓	Planned
Karinga Aged Care, Townsville	127	119	70% of site, 2012	85	✓	✓	✓
Tin Can Bay, Fraser Coast	20	20	1997	–	–	✓	–
Total¹	711	703		200			

1. Portfolio also includes 4 non aged care sites with a combined 14 Independent Living Units, and 30 Affordable Retirement Units, included in the 244 ILUs

2. Pre 1990, 20% of places refurbished in 2015

02

Growth Strategy



INDUSTRY UPDATE

844 places from 2015 Aged Care Approvals Round supports pipeline

2015 ACAR

- ☐ Circa 11,000 residential care places announced for ACAR 2015 in March 2016
- ☐ Submissions for 38,859 places received, 3.6 times oversubscribed Nationally
- ☐ Higher than average demand in metropolitan locations, eg Brisbane South 16.5 times oversubscribed
- ☐ Regis received 844 places
 - Increased places available for some projects announced in our development pipeline
 - Supports a number of new greenfield projects, including Woodlands, Perth



CHANGES TO LEGISLATION – PROVISIONAL ALLOCATIONS

- ☐ As a step towards delivering more aged care places to support future demand, the Department of Health have amended legislation around Provisional Allocations.
- ☐ These can now only be held for 6 years (a base of 4 years with a further 2 opportunities for extension), unless exceptional circumstances apply
- ☐ This applies retrospectively to all Provisional Allocations held
- ☐ Regis sees this as a positive move for the industry, freeing up places that have not been constructed to be allocated in future ACARs
- ☐ This will only potentially impact 1 project in the Regis development pipeline, (120 places in Newcastle)

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 places to complete on 1 June 2016

1,249
additional
operational
Places since
listing¹

Brownfield Redevelopment

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

1,599
Licences
available for future
development

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 2015 ACAR further supports this strategy, bringing the total number of provisional allocations and licence available for future development to 1,599

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

STRATEGY FOCUS

Execution of growth strategy

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

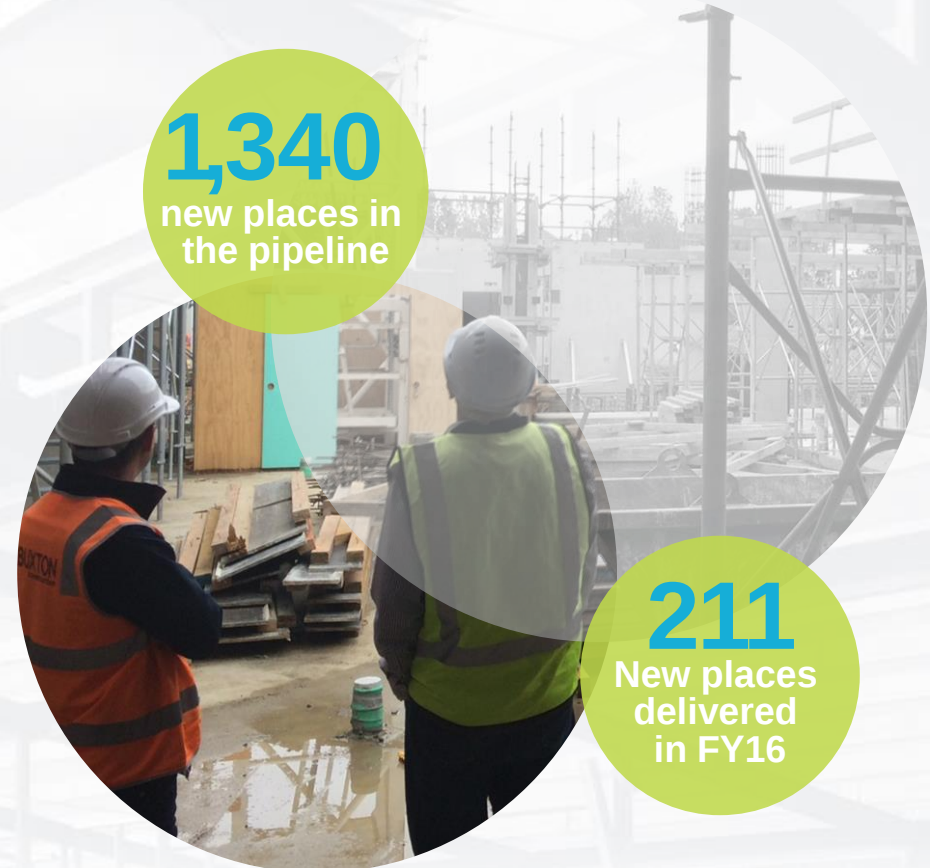


GROWTH STRATEGY

Taking advantage of industry growth and consolidation to leverage existing portfolio

DEVELOPMENT UPDATE

- ☐ The expansion of the development program continues with 485 places currently under construction
- ☐ The results of the 2015 ACAR announced in March 16 and the Masonic acquisition opportunity has led to a review of the current pipeline priorities and timing. The company now has 1,599 licences available for future development
- ☐ The pipeline has been updated on this basis and now includes 1,340 new places
- ☐ This is a net increase of 67¹ from the company's previous report. The movements are:
 - Completion Caboolture brownfield project and North Fremantle greenfield development project – these have contributed 173 new places to the portfolio
 - The addition of two new development sites following the completion of land purchases, which were subject to receipt of Development Approval
 - Port of Coogee, Perth, 120 places
 - Woodlands, Perth, 120 new places
- ☐ The timing for Elernmore Vale, Newcastle, NSW will be confirmed once the final guidelines on Provisional Allocations are published



1. Compared to the Greenfield Expansion Pipeline in the presentation dated 26 February 2016, which showed 1,273 new places and 1,028 net additional places

EXPANSION PIPELINE – GREENFIELD DEVELOPMENTS

Status of current and planned developments

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 Malvern East, VIC	148	148	✓	✓	✓	✓	Underway	1H FY17	Construction > 75% complete
Regis Kingswood ² 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	FY18	Construction has commenced
Regis Chelmer, QLD	120	120	✓	✓	✓		Underway	FY18	Construction has commenced – further places were received in ACAR 2015
Regis Nedlands, WA ³	135	42	✓	✓	✓		FY17	FY18	First phase of site redevelopment - closure has been announced
Regis Woodlands, WA	120	120	✓	✓	✓	✓	FY17	FY19	Licences received in ACAR 2014
Regis Port of Coogee, WA	120	120	✓	✓	✓	✓	FY17	FY19	Licences received in ACAR 2015

(continues following page)

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

EXPANSION PIPELINE – GREENFIELD DEVELOPMENTS

Status of current and planned developments (continued)

Total
new places
1,340

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		FY17	FY19	Land acquisition complete, design commenced
Regis Camberwell, VIC	110	110	✓	✓	Application lodged		FY18	FY20	Land acquisition complete, design commenced
Regis Greenmount, WA – Stage 2 (Campus project)	120	81	✓	✓	Application lodged	✓	FY18	FY20	Asset renewal, 3 stage projects
Regis Elmore Vale, Newcastle, NSW	120	120		✓	Application lodged	✓	TBC	TBC	Pending legislation guidelines on Provisional Allocations
Total	1,340	1,099							

Net
additional places
1,099

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

DEVELOPMENT PIPELINE – CASHFLOW CONSIDERATIONS

Increasing capital expenditure reflects the ramp up of our development pipeline

FUTURE DEVELOPMENT CAPEX SPEND AND ASSOCIATED RAD CASHFLOW

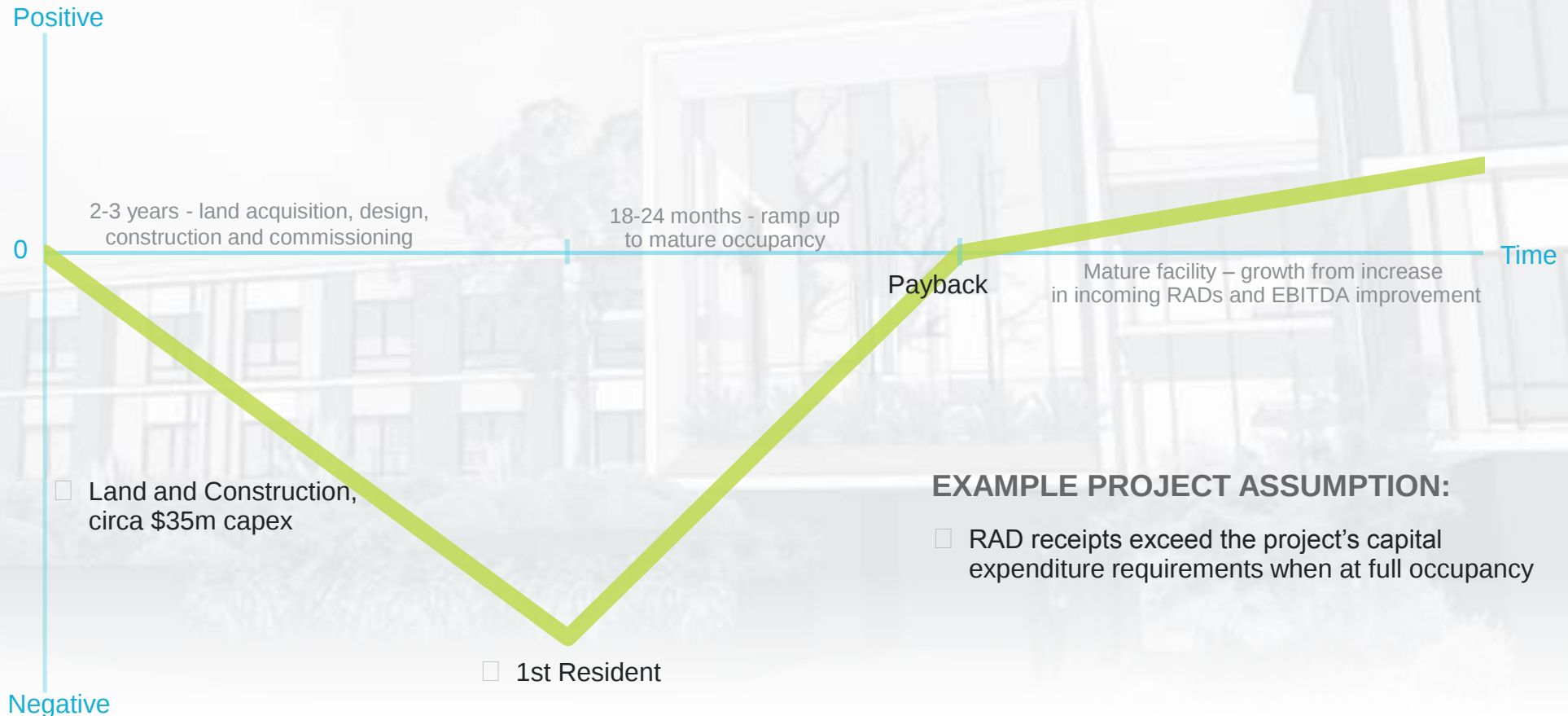
- Approximately \$170m will have been spent on the current development pipeline between listing (7 October 2014) and 30 June 2016
- Capex spend in FY17 is anticipated to be in the order of \$115m to \$135m on the announced development projects
- The increase in net RAD cashflow from development projects is anticipated to exceed the capex outlay on these projects



RAD CASHFLOW WILL PAYBACK CAPEX

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

- For Club Services facilities, the cashflow from RADs is anticipated to at least fully fund the capex spend for the development



03

Summary
and outlook

FY16 OUTLOOK

FY16 results on track to be in line with previous guidance

- ❑ The FY16 results inclusive of the impact of the Masonic acquisition are anticipated to be:
 - EBITDA of \$87m to \$92m
 - NPAT of \$45m to \$47m (after depreciation expense of \$22-\$23m)
 - The total capex spend for FY16 will be in the range of \$140m to \$150m (including developments, land purchases and other capex)
 - Net debt (including the Masonic acquisition) as at 30 June 2016 is anticipated to be in the range of \$200m to \$220m
- ❑ Normalised 2HFY16 EBITDA, excluding Masonic, is in line with 1HFY16 and previous guidance
- ❑ Results have been influenced by a range of factors, including:
 - The completion of the Masonic acquisition on 1 June 2016
 - Closure of the Regis Park facility in WA for redevelopment
 - Higher depreciation resulting from increased development activity



MASONIC ACQUISITION IMPACT

The Masonic acquisition will contribute positively to earnings in FY17

FY17 MASONIC ACQUISITION

- ☐ There will be a positive impact on EBITDA in FY17, in the range of \$10m-\$12m in FY17 and NPAT circa \$1m-\$2m
- ☐ Occupancy is already at target levels
- ☐ Due to the high quality and location of the assets there is opportunity for RAD uplift
- ☐ Capital expenditure of circa \$5m is anticipated during FY17 including some Significant Refurbishment activity



SUMMARY

Regis maintains its focus on the execution of its growth strategy

- The Greenfield development pipeline continues to ramp up:
 - 211 new places were delivered in FY16
 - The development pipeline now includes 1,340 new places (1,099 net additional places)
 - Success in gaining 844 provisional allocations in the 2015 ACAR underpins the pipeline, 1,599 licences/provisional allocations available for future development
- Following the execution of the existing development pipeline, Regis will have circa 6,900 operational places by the end of FY19
- 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 the assets in the portfolio
 - Strategies to increase income (Club and Additional Services)
 - Selective acquisition of high quality facilities or accretive redevelopment of existing facilities



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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.