

19 December 2016

Dear Shareholder

## **Estia Health Limited Entitlement Offer – Notification to Ineligible Retail Shareholders**

On 12 December 2016, Estia Health Limited (**Estia**) announced a fully underwritten 1 for 3 accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares (**New Shares**) at an offer price of A\$2.10 per New Share (**Offer Price**) to raise approximately A\$136.8 million.

Proceeds from the Entitlement Offer will be used to reduce core debt<sup>1</sup> and provide additional balance sheet strength and flexibility to execute Estia's preferred business strategy, including greenfield and brownfield development pipeline and significant refurbishment.

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

### **The Entitlement Offer**

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer has already closed and raised approximately A\$72.0 million. The Retail Entitlement Offer is expected to raise approximately A\$65.0 million.

The Entitlement Offer is being made by Estia in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), meaning that no prospectus needs to be prepared for the Entitlement Offer.

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share in Estia for every 3 existing shares in Estia (**Estia Shares**) held at 7.00pm (Melbourne time) on 14 December 2016 (**Record Date**), at the Offer Price.

Documents relating to the Retail Entitlement Offer were lodged with the ASX on 14 December 2016 and will also be despatched to Eligible Retail Shareholders today.

### **Eligibility to participate in the Retail Entitlement Offer**

An Eligible Retail Shareholder is a person who:

- (a) was registered as a holder of ordinary shares in Estia on the Record Date;
- (b) has a registered address on the Estia share register in Australia or New Zealand;

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<sup>1</sup> Core debt refers to total debt less debt for development purposes.

- (c) is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent they hold ordinary shares in Estia for the account or benefit of a person in the United States);
- (d) did not receive an offer to participate (other than a nominee) or was otherwise ineligible to participate under the Institutional Entitlement Offer); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

If you are an Estia retail shareholder that is not an Eligible Retail Shareholder, then you are an **"Ineligible Retail Shareholder"**.

The restrictions upon eligibility under the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Estia of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of Estia Shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Estia has determined, pursuant to section 9A(3)(a) of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in countries outside Australia or New Zealand in connection with the Retail Entitlement Offer.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Estia wishes to advise you that it is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please contact the Estia Health Limited Entitlement Offer Information Line on the details below. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of the New Shares you would have been offered if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for those entitlements.

You do not need to respond to this letter. If you have questions, please contact the Estia Health Limited Entitlement Offer Information Line on +61 1800 550 560 (outside Australia) from 8.30am to 5.30pm AEDT Monday to Friday during the Retail Entitlement Offer period.

On behalf of the Board, we thank you for your continued support of Estia.

Yours faithfully

**Estia Health Limited**

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

### Important Notices

This letter is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any foreign regulator). This letter is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

The entitlements may not be taken up by, and the New Shares may not be offered or sold to any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.