JAPARA HEALTHCARE

FY2020 Full year results presentation

26 August 2020

JAPARA

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Overview

FY2020 key metrics

Solid cash flows with earnings reflecting ongoing industry pressures. Focus is on managing the current COVID-19 crisis whilst trying to build a path to sustainable growth

STATUTORY REVENUE

$427.5m

Up 6.9% on FY2019 due mainly to additional development earnings and increased revenue per resident.

NON-CASH IMPAIRMENT

$291.9m

Impairment of goodwill of $289.5m and Japara Wyong PP&E of $2.4m.

NET RAD AND ILU INFLOWS

$55.8m

$15.6m RAD uplift from mature homes and $38.3m from new developments.

RECURRING EBITDA[1]

$36.9m

Recurring EBITDA down 24.1% on FY2019.

OCCUPANCY

92.2%

FY2020 average occupancy[2] weaker than anticipated due to COVID-19.

Currently 89.4%[3]

DEVELOPMENTS

261 beds

261 net new operational places added including two new homes.

STATUTORY NET LOSS[4]

$(292.1)m

Net loss of $0.2m prior to impairment due to lower occupancy, higher staff and other costs and increasing depreciation and interest expense on developments in ramp up.

FINAL DIVIDEND

Nil

No final dividend to be paid.

NET DEBT

$190.7m

$36.2m core debt at 30 June 2020 with $154m of available cash and undrawn debt.

1. Recurring EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and impairment of non-current assets as set out on page 10
2. Average occupancy adjusts for places ramping up at new developments and places offline for refurbishment
3. As at 21 August 2020
4. Loss attributable to members of the Group

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FY2020 business focus

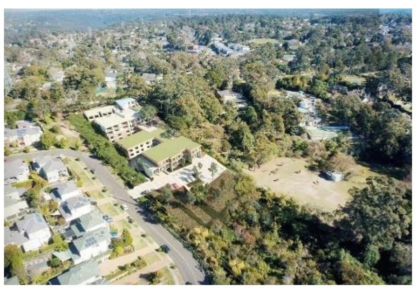
Despite the immense challenges Japara and the broader sector have faced, focus has remained on resident and staff wellbeing and long-term growth for shareholders

COVID-19

- The COVID-19 pandemic has been challenging for the aged care sector with over 100 Aged Care Homes in Australia, including several Japara Homes, affected
- We acknowledge the deeply concerning outbreaks and the tremendous impact this has on residents, families and staff
- Our highest priority has been to keep our residents and our staff safe, supported and well
- Four of Japara's 21 metropolitan Melbourne Homes have active COVID-19 outbreaks affecting residents and staff

People

- Japara's ~6,000 dedicated and caring staff deserve recognition and thanks for the outstanding care they provide, particularly during this time of significant change for, and demand on, the aged care workforce
- Chris Price appointed as CEO in March 2020 with new Chief Operations Officer, Chief Financial Officer and Chief Clinical Governance and Risk Officer appointments made
- Over 3,300 staff participated in our annual engagement survey and indicated very strong engagement, a commitment to outstanding care delivery and they would recommend their own families and friends for care and employment at Japara
- Extensive staff training undertaken including on emergency response and infection control



Homes

- Japara completed and opened The Regent in Mount Waverley, Victoria in April 2020, currently home to 33[1] residents
- Two further greenfield developments are currently under construction at Newport, Victoria and Belrose, New South Wales (pictured left), with resident admissions expected in 2HFY2021
- Our brownfield development at Albury, New South Wales has recently completed with resident admissions expected in September
- No further developments to commence construction until clinical and economic outlook becomes more certain
- A decision was made to close Japara's Wyong Home due to ongoing operational challenges

1. As at 21 August 2020

COVID-19 response framework

Japara began planning its pandemic response in February

Background

- Strict and early application of biosecurity measures enabled Japara to experience minimal impact from the COVID-19 pandemic until July
- The rapid escalation of community transmission cases in Victoria, and in particular Melbourne, in June saw a greater impact despite the tight biosecurity measures in place
- Japara has 33 Homes in Victoria
  - 21 within the greater Melbourne metropolitan area
  - 6 within Geelong and the surrounding area
- Global evidence has demonstrated residential care facilities are particularly vulnerable with COVID-19 impacting over one third of European and North American aged care facilities
- Japara remains focussed on organisational and clinical governance, infection control and staffing to ensure resident wellbeing

COVID-19 management framework and approach

- Japara's response has been informed by expert advice, including:
  - Advice from Commonwealth and State Departments of Health, the Aged Care Quality and Safety Commission and Government Coronavirus Health Alerts
  - An expert infection control adviser who is a critical member of Japara's Emergency Management Committee
  - Internal expertise from Japara's clinical care and quality team
- Initial Outbreak Preparedness and Response Committee, convened in February, initiated planning for a situation where residents, staff or Homes were impacted by COVID-19 including:
  - COVID-19 preparedness desktop audits for all Homes
  - Simulation training to prepare for outbreaks
  - Certain access to PPE and other necessary essential items
- Escalation of the situation in July saw the Emergency Management Committee (EMC) convened with Site Emergency Response Teams (SERTs) managing site specific incidents
  - A comprehensive emergency management plan, overseen by the EMC, is enacted immediately at Homes where residents or staff members test positive
- Regular internal compliance audits undertaken against key performance indicators including staff, resident and visitor screening and infection control measures

COVID-19 initiatives

The safety and health of Japara's residents and staff remains the top priority with a range of specific measures undertaken to ensure wellbeing

Residents and relatives

- Frequent testing of residents and staff, as directed by health authorities' guidelines, to detect new cases as early as possible
- Cohorting residents at a home level wherever possible when there is an outbreak
- Resident families provided with regular updates on conditions both in writing and via telephone and video calls
- Wellbeing initiatives including family and friends video calls and daily symptom and 'how are you doing' checks
- Dedicated support line (Japara Assist)

Staff

- Primary worksite principles applied per Government guidelines to limit cross-Home working
- Support / non-operational staff working remotely
- All staff considered close contacts of COVID-19 positive individuals isolated
- Protocols to manage staff absence (eg. additional staff from interstate flown in to assist with Victorian homes)
- Employee Assistance Program to support staff
- Initial aged care workforce retention bonus paid to eligible staff in July 2020
- Incentives for staff working in COVID-19 impacted Homes with accommodation offered for isolating staff if required

Home access and infection control

- Infection control training undertaken across all ~6,000 staff
- All non-essential Home visitations cancelled in at risk areas (with compassionate visitation, under strict guidelines, maintained)
- Staff masks compulsory at all Victorian Homes with protective equipment provided and worn at outbreak Homes
- Influenza vaccine compulsory and a condition of entry into Homes
- Screening for all Home entries including temperature checks
- Increased cleaning rosters
- Contact tracing if positive cases identified

COVID-19 impact

Resident, families, staff and the overall business have been affected by COVID-19

Outbreaks	• Minimal cases of COVID-19 until mid-July – currently four Homes greatly affected by outbreaks • The Homes impacted by outbreaks are: – Goonawarra (Sunbury) – this Home currently subject to an Aged Care Quality and Safety Commission Notice to Agree relating to the outbreak. Japara is fully compliant with the Notice to Agree – Millward (Doncaster East) – Elanora (Brighton) – The Regent (Mount Waverley)
Residents / relatives	• Visitation restrictions to limit infection risk and restrictions on new resident admissions (eg isolation requirements) at all Victorian Homes • Alternate communication avenues facilitated (including regular video calls and 'balcony' visits)
Staff / workforce	• Significant numbers of staff required to isolate • Primary worksite restrictions impacting rostering • Added infection control protocols including PPE requirements
Costs	• Direct costs of ~$1m incurred in FY2020 on sourcing infection control and other related consumables (e.g. protective equipment) • Additional wage costs on increased infection control measures such as staff training and increased Home cleaning • Government grants announced allowing Japara to claim certain qualifying expenses
Earnings impact	• Difficult to quantify the ongoing financial impact of COVID-19 given the uncertainties around its future prevalence and the success of measures to control its spread • Occupancy reduced due to limitations on tours and reduced consumer preference to enter residential aged care
Balance sheet / liquidity impact	• Undrawn debt and cash reserves of $154m at 30 June 2020. Banks remain supportive with regular management dialogue • Measures implemented to conserve liquidity including deferral of development projects and no final dividend proposed

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02

Financial and operational summary

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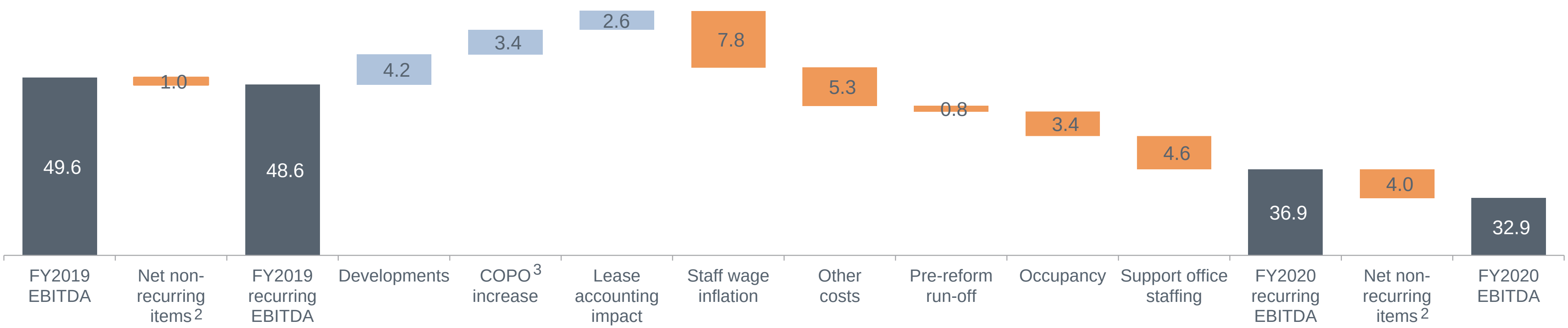
FY2020 earnings

FY2020 earnings impacted by lower occupancy and revenue growth below cost inflation. Loss from provision of care services subsidised by accommodation payments[1] of $47.9m

FY2020 EBITDA bridge ($m)



Highlights

- New developments and Homes significantly refurbished contributing as expected, underpinned by solid greenfield and brownfield developments' occupancy
- $5.5m of additional Government funding from the 1.23% temporary Aged Care Funding Instrument (ACFI) boost and the COVID-19 specific support package
- Wage rate increases (of ~2.5%) exceeded annual Government funding growth via ACFI indexation (of 1.4%)
- Lease accounting standard implementation contributed $2.6m to FY2020 EBITDA (with a $3.2m offsetting impact to depreciation and finance costs)
- Other cost increases driven by higher utility, insurance, WorkCover and therapy expenditure and includes ~$1m of COVID-19 direct costs and costs incurred responding to the summer bushfires
- Average FY2020 occupancy of 92.2%[4] lower than expected on our mature portfolio and below FY2019 average occupancy of 93.0%[2] with Daily Accommodation Payment revenues also lower than expected due to a lower than anticipated Maximum Permissible Interest Rate
- Support office staff cost impacted by increased staff numbers, particularly in ICT and sales, COVID-19 employee expenditures (including infection control training and resident family liaison) and the expense of ICT wages previously capitalised into projects (of ~$0.9m)
- Measures taken to reverse the FY2020 support office staffing cost increase include a restructure at the support office in June 2020 and a reduction in Board fees

1. Daily Accommodation Payments, Accommodation Supplements and Accommodation charges
2. Refer to Appendices for a reconciliation of net non-recurring items
3. Commonwealth Own Purpose Outlays indexation
4. Average occupancy adjusted for places ramping up at new developments and places offline for refurbishment

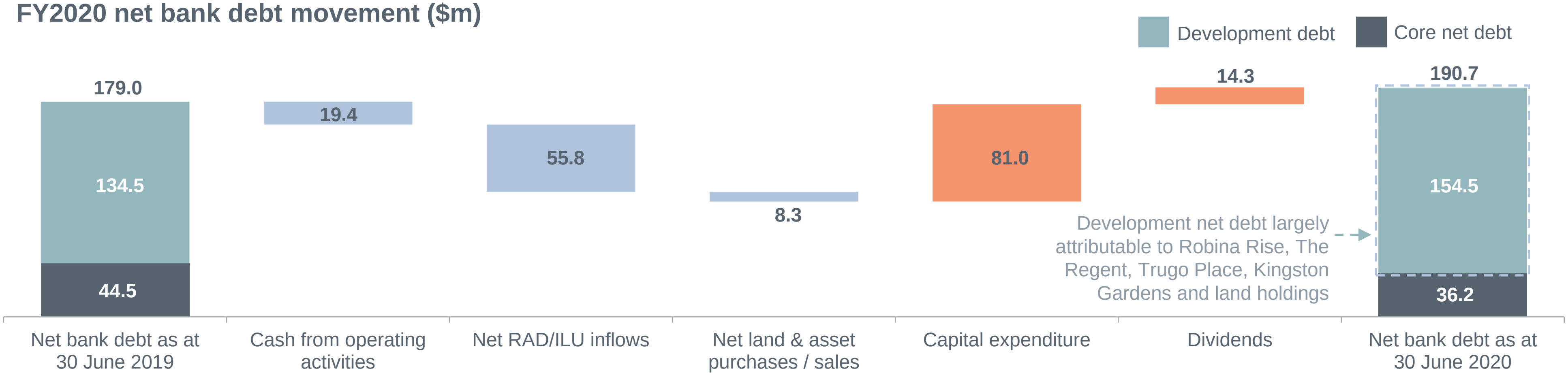
FY2020 financial result and position

Moderate increase in net debt due to ongoing development expenditure with NPAT impacted by impairment and lower operational earnings

Highlights

- FY2020 financial result[1] of $(0.2)m excluding impairment (FY2019 profit of $16.4m)
- Previously disclosed review of the carrying value of assets in light of the impact of COVID-19 resulted in a non-cash impairment of $291.9m
- Financial result[1] excluding impairment impacted by lower operational earnings and development activities which result in full depreciation and interest costs whilst EBITDA[2] is still growing during initial occupation of new and redeveloped homes
- $81m capital investment on new Homes, land acquisitions, refurbishments and asset replacement and improvement
- Recent and near term developments expected to provide ~$160m in RAD inflows for future debt reduction and growth funding
- $345m loan facilities drawn to a net $190.7m
  - Core net debt of $36.2m (1.1x FY2020 EBITDA)
  - Available liquidity of $154m with a further inactive $45m accordion feature within the existing debt facilities

FY2020 net bank debt movement ($m)



1. Loss attributable to members of the Group
2. EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and impairment of non-current assets

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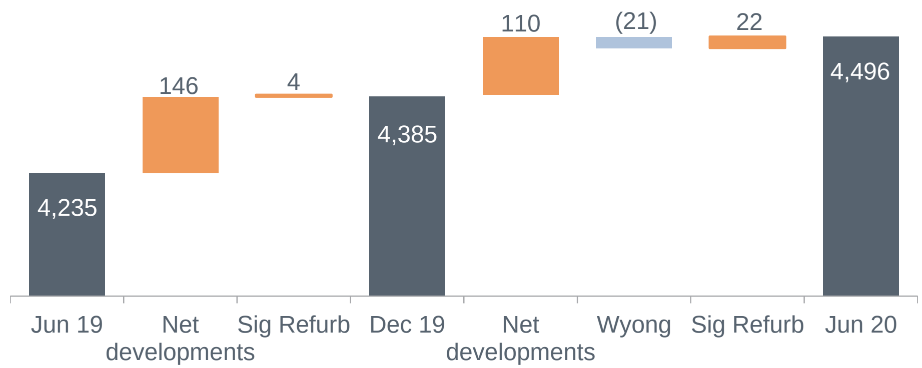
Key operational metrics

Operational beds increased by 261 and average incoming contract values increased by ~8% underpinning solid net RAD cash inflows

Highlights

- Average FY2020 occupancy of 92.2%[1] below FY2019
  - Occupancy at 30 June 2020 was 91.2%[1]
  - Occupancy at 21 August 2020 was 89.4%[1]
    - Victorian Homes occupancy 88.0%[1]
    - Remaining portfolio 92.4%[1]
- 2H cost to revenue ratio impacted by lower revenues from lower occupancy and higher costs
- Net RAD cash inflows in FY2020 supported by increased place numbers and increased contract prices
- Wyong place numbers reduced by 21 (from 71 down to 50) with a further reduction in 1Q FY2021 due to closure of the Home

Operational place movement



Operational metrics	2H FY2020	1H FY2020	2H FY2019	1H FY2019
Number of homes	51	50	49	49
Operational places (end of period)	4,496	4,385	4,235	4,125
Average occupancy[1]	91.9%	92.6%	92.2%	93.6%
Average revenue Per Operating Bed Day[2]	$291.9	$284.4	$279.6	$276.6
Average Government revenue Per Operating Bed Day[2]	$212.1	$206.3	$201.1	$201.1
Staff cost to revenue[2]	74.2%	72.4%	72.6%	69.7%
Non-wage costs to revenue[2]	19.2%	17.4%	17.6%	17.3%
Average concessional residents[3]	38.9%	38.4%	38.5%	39.3%
Average incoming contract price ('000)	$408.4	$382.7	$378.1	$355.7
Net RAD & ILU loan inflow (m)	$22.4	$33.4	$15.8	$28.9

1. Occupancy adjusts for places ramping up at new developments and places offline for refurbishment
2. Metrics shown exclude the impact of all non recurring items, Government temporary subsidies in FY2019 and greenfield developments in ramp up
3. Calculated as the number of concessional residents / operational places
4. As at 21 August 2020

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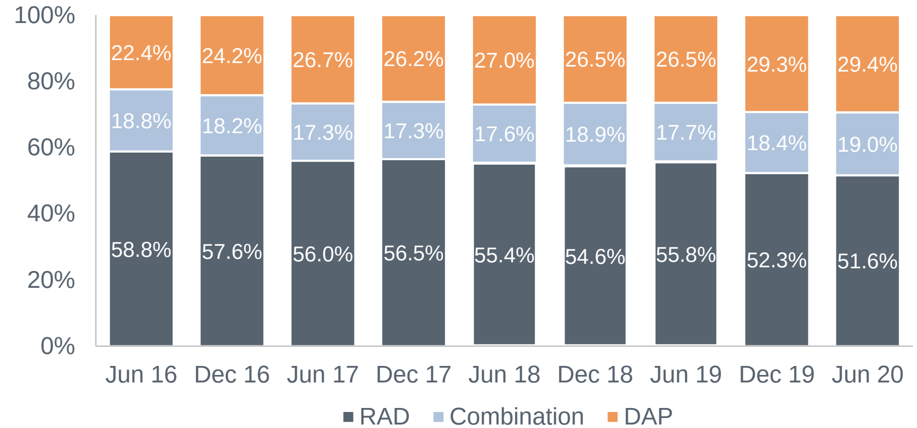
Resident trends

Trend of increasing resident numbers over the first nine months of FY2020 impacted by COVID-19 pandemic from April onwards

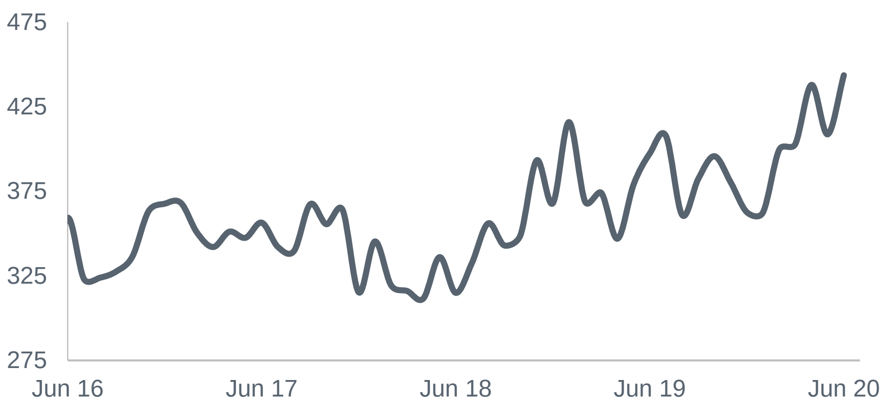
Highlights

- 4,102 residents as at 30 June 2020 with 3,977 residents as at 21 August 2020
  - Increase in resident numbers of 173 from June 2019 to June 2020
  - Noticeable drop in respite residents in early April 2020 contributed to decline in occupancy in 4Q FY2020
  - Further decline since mid-July particularly in Metropolitan Melbourne
- Average incoming place contract values increased mainly due to new premium rooms opening at new and redeveloped Homes
- Continuing slow trend in non-concessional resident preference towards DAPs

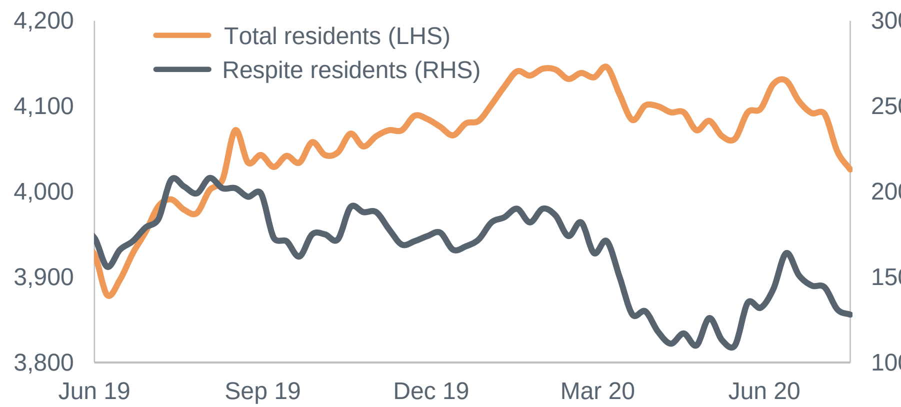
Non-concessional portfolio mix (by number of residents)



Monthly average incoming place contract price ($'000)



Resident count



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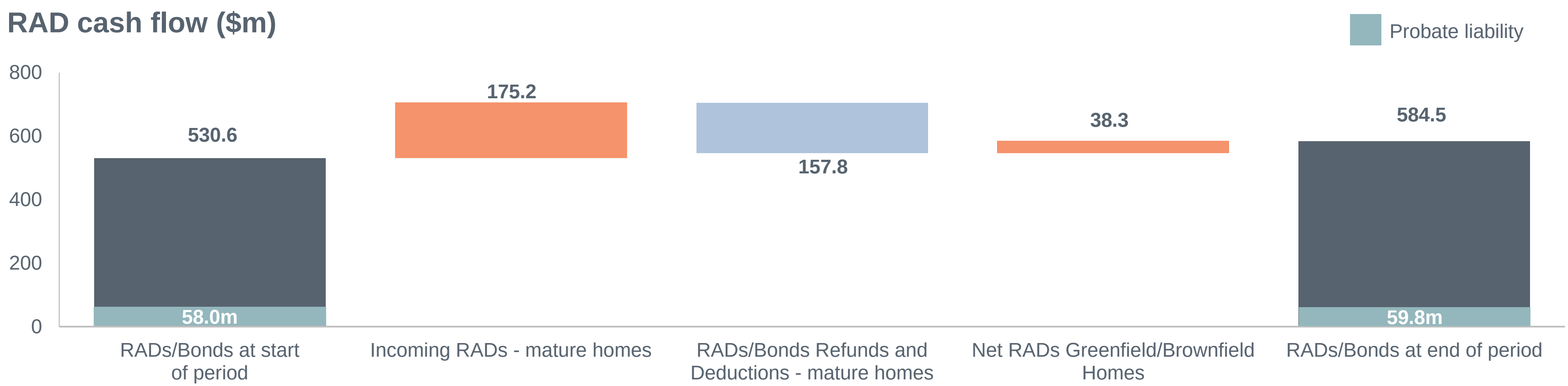
FY2020 RAD liability movement

RAD cash flows remained resilient with net inflows of ~$53.9m



Highlights

- Net RAD liability movement of $53.9m in FY2020 (excludes $1.9m of net ILU inflows)
  - $15.6m from mature homes
  - $38.3m from completed greenfield and brownfield developments
  - Increase in probate liability of $1.8m
- Further ~$160m RAD uplift expected as new homes and extensions ramp up
  - Robina Rise opened in July 2019, The Regent opened in April 2020 and Newport and Belrose are expected to open in early CY2021
  - Brownfield extensions at Mirboo North, Brighton-Le-Sands and Kingston Gardens opened recently and are ramping up and the extension to Albury & District is opening shortly

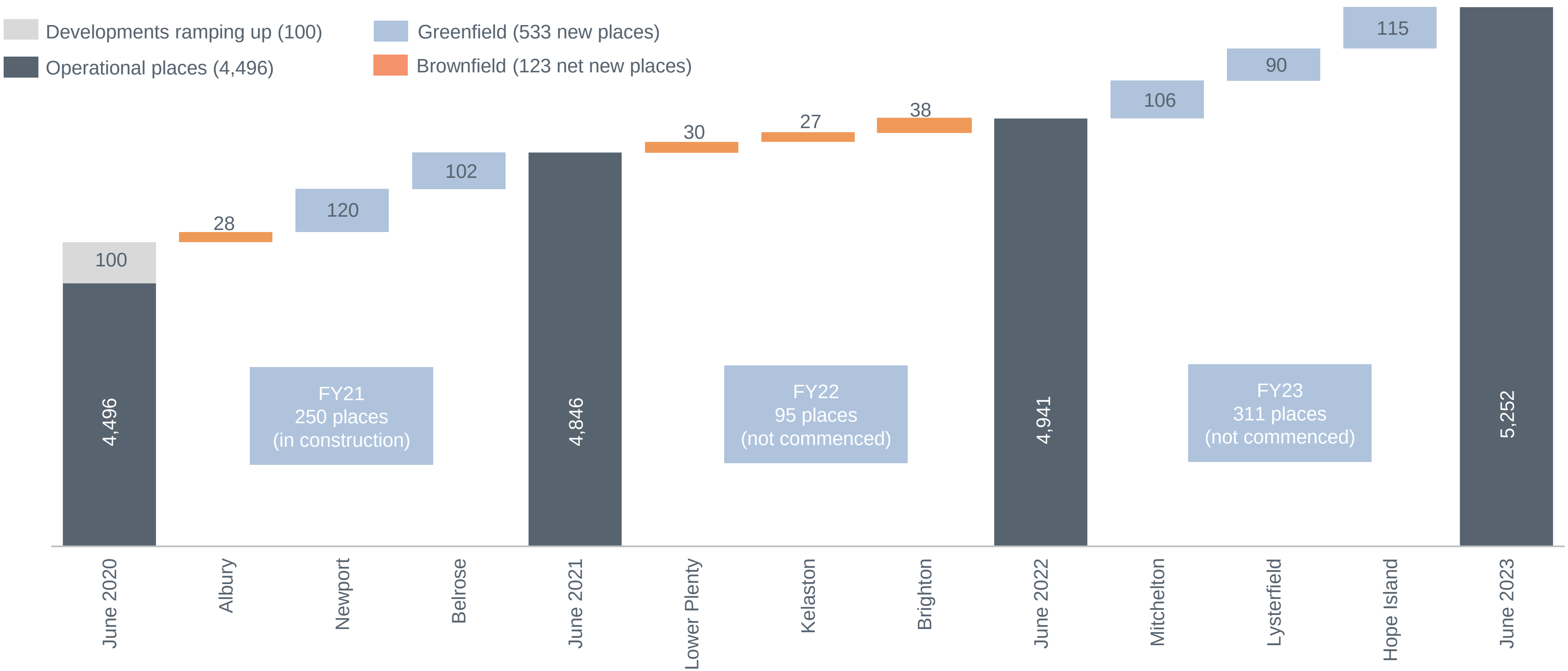
03

Growth initiatives

Development pipeline of 656 new places

Recent pipeline changes include expected completion of some developments extending as a result of delayed commencement due to the COVID-19 pandemic

Near-term development pipeline[1] (net new places)



1. Refer Appendix for development pipeline details

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Newport greenfield development case study

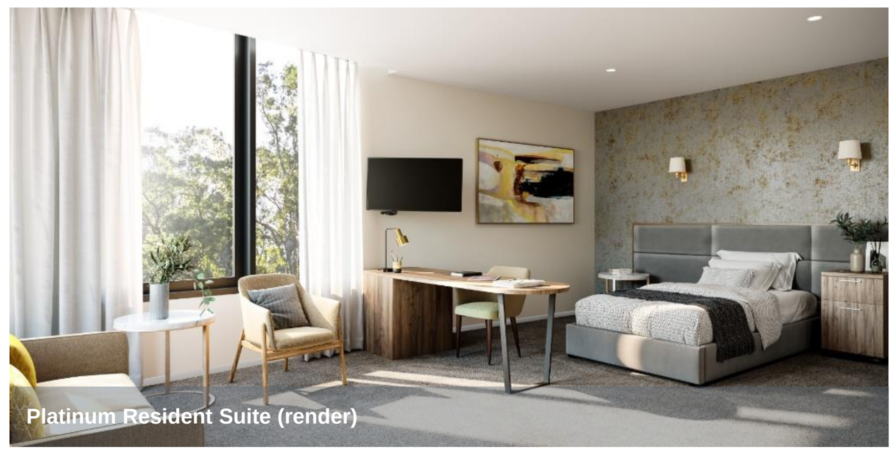
Trugo Place in Newport is Japara's latest greenfield development and is due to open in early 2021, offering 120 new premium rooms to the inner western Melbourne community

Trugo Place, Newport (VIC)

- Located in the inner west Melbourne suburb of Newport, this Home will offer best in market accommodation to residents with views of Newport Lakes and glimpses of Port Phillip Bay and the Melbourne CBD
- The four storey plus basement construction commenced in late 2018
- Total development costs (including land) of $46m expected
- The north south orientated home includes premium quality, single bed with ensuite, large rooms and a variety of amenities such as an in-house café & bar, expansive terraces, a cinema, a beauty, hair and nail salon and a gymnasium

Newport Façade (render)

Newport Aerial (June 2020)



Platinum Resident Suite (render)

Recent developments

Japara has recently completed two major developments being The Regent greenfield in Mt Waverley and Albury and District brownfield extension in NSW

The Regent (VIC)

- Located in the eastern Melbourne suburb of Mount Waverley
- The Regent has 105 places including a specialised dementia small home environment
- Construction commenced in late 2018 completing in February 2020
- Development costs (including land) totalled ~$41m
- The light filled home backs onto Valley Reserve with a variety of accommodation types complemented by an in-house café & bar, external terraces, balconies, cinema, beauty and wellbeing hub and gymnasium
- The Regent opened in April 2020 and is currently home to 33[1] residents

Japara The Regent

Albury & District (NSW)

- Located in Glenroy, 5 minutes from Albury CBD
- This brownfield development adds 28 premium quality, private places to the existing, strongly occupied 90 bed Home
- The new dementia capable wing is connected to the existing home and split into two small households with separate dining, lounge, recreation and outdoor spaces
- Key objectives of the project were to increase the capacity of a strong performing home in a regional market
- Opening to residents in September 2020, full ramp up is expected to be achieved by December 2020

Japara Albury & District (under construction)

1. As at 21 August 2020

Recent real estate activity summary

Key focus over FY2021 will be delivery of the Newport and Belrose greenfield developments with other projects not yet in construction being paused prior to construction commencement

Active real estate projects update

- Overall approach to real estate developments modified to reflect the impact of COVID-19, with any projects not yet in construction being paused once builder selected until the outlook becomes more certain
- Japara Springvale, Melbourne
  - Sale and leaseback of Japara Springvale completed in H2 FY2020
- Highton, Geelong development site
  - Licenses and site divested with the final settlement in April 2020
- Belrose, Sydney
  - Construction on schedule with resident admission forecast for H2 FY2021
- Hope Island, Gold Coast
  - Development application lodged in July 2020 for a new 115 place Home
- Kelaston, Ballarat
  - Development approval recently received for 30 place extension with all required licenses currently held
- Lower Plenty Garden Views, Melbourne
  - Development application lodged for a 30 place extension
- Japara Wyong
  - Decision to close Home made with site to be divested
- Japara Hallam and Japara Capel Sands significant refurbishment projects completed H2 FY2020 (higher accommodation supplement being received)
- Mount Eliza development application for additional senior living accommodation lodged in H2 FY2020
- Town Planning Permit received on Kingston Way Estate (7,754 sq.m. of land owned adjacent to Japara Kingston Gardens) for 60 independent living apartments

Japara Hope Island (render)

Japara The Regent

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Development assets and funding

Japara has future committed development capital expenditure of $34.5m with $154m in cash and undrawn debt

Debt and development capital summary

- Japara has $345m in committed debt facilities with cash and undrawn debt of $154m at 30 June 2020
- Debt is allocated to general purpose and development sub-facilities as well as a multi-option working capital facility
- Development debt is excluded from certain debt covenant calculations
  - June 2020 covenant debt / covenant EBITDA was 1.24x (against a covenant of less than 3.5x) and June 2020 covenant ICR[1] was 5.23x (against a covenant of greater than 3.0x)
- We are currently ramping up and/or completing 765 net new places with ~$34.5m in further capital expenditure required to complete delivery
- Together these 765 places are projected to generate a further ~$160m in additional net RAD inflows[2]

Debt facility summary	Drawn	Undrawn	Total
General Purpose	$83.0m	$82.0m	$165.0m
Development	$154.5m	$10.5m	$165.0m
Multi-Option	$1.5m	$13.5m	$15.0m
Sub-Total	**$239.0m**	**$106.0m**	**$345.0m**
Cash	$(48.3)m	$48.3m	-
Net debt / available	**$190.7m**	**$154.3m**	**$345.0m**

Developments ramping up / completing	New places	Expected future RADs ($m)[2]	Capex remaining ($m)
Rye Sands (VIC)	99		-
The Highbury (VIC)	60		-
Brighton-Le-Sands (NSW)	85		-
Kingston Gardens (VIC)	60		-
Robina Rise (QLD)	106		-
The Regent (VIC)	105		-
Albury & District (NSW)	28		$1.1m
Trugo Place (VIC)	120		$12.8m
Belrose (NSW)	102		$20.6m
Total	**765**	**~$160m**	**$34.5m**

Land holdings	Net new places	Book value
Mitchelton (QLD)	106	$7.2m
Lysterfield (VIC)	90	$5.4m
Reservoir (VIC)	90	$7.7m
Hope Island (QLD)	115	$4.6m
Kingston Way Estate (VIC)	-	$5.5m
Brighton (VIC)	-	$8.5m
Oaklands (SA)	-	$1.0m
Mt Eliza (VIC)	-	$1.2m
Glenning Valley (NSW)	-	$1.3m
Total	**401**	**$42.4m**

1. Interest Cover Ratio
2. Expected RAD inflows from the above 765 total places assume a 'look through' ~65% RAD preference for non-supported residents and a weighted average RAD to local house price ratio of 55%

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04

Industry observations

Industry trends overview

Whilst COVID-19 has dominated industry attention recently, underlying longer term trends and the ongoing review of aged care continue to influence the sector

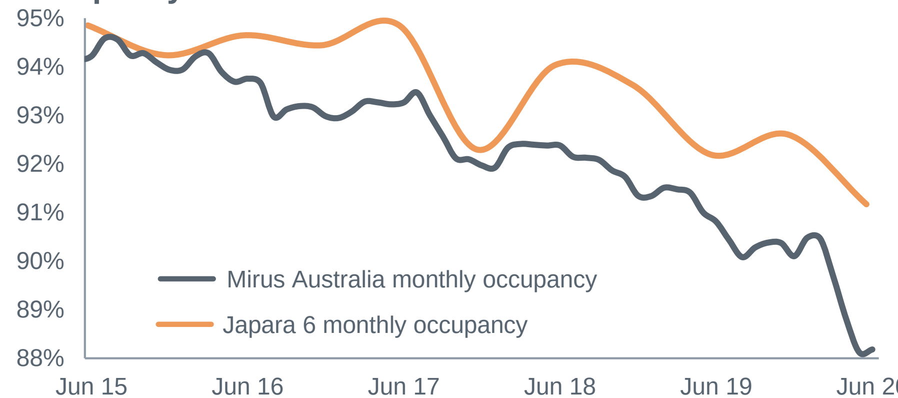
Industry trends

- Occupancy – continued to decline over 2020, with the impact of COVID-19 particularly evident from mid April to mid June
  - The ongoing oversupply of places, discussed further on page 23, continues to cause challenges in maintaining resident numbers at older style homes
- Revenue – annual indexation of 1.6% for the Aged Care Funding Instrument from 1 July 2020 was announced in late June
- Costs – the Fair Work Commission's Annual Wage Review Decision in June resulted in a 1.75% increase to the Age Care Award, significantly lower than the 3% announced in 2019
- Influenza – measures implemented to mitigate the spread of COVID-19 have significantly reduced the prevalence of influenza with minimal cases detected since April 2020

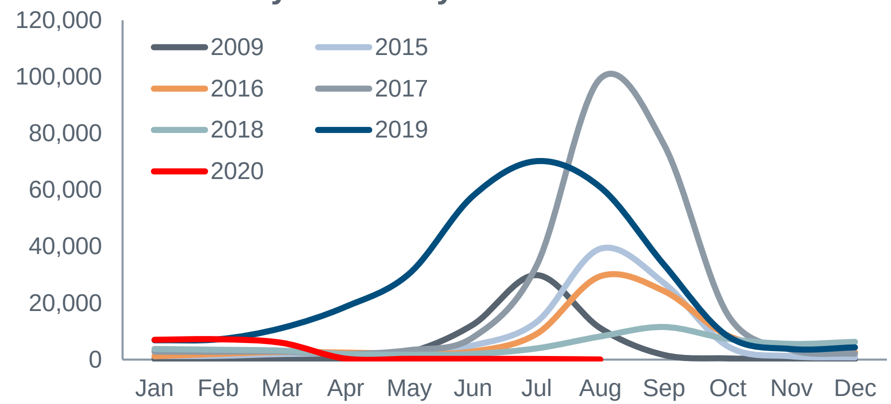
Royal Commission into Aged Care Quality and Safety

- The date by which the Commissioners are required to provide a Final Report has been extended to 26 February 2021
- Hearings continue with Sydney Hearing 2 examining the response to COVID-19
- Upcoming Sydney Hearing on Funding, Financing and Prudential Regulation scheduled for mid-September
- Japara incurred direct costs relating to the Royal Commission of $1.8m for FY2020 in addition to direct costs of $1.8m in FY2019

Occupancy



Australian monthly laboratory confirmed influenza cases



Source: Mirus Australia
Australian Government Department of Health, National Notifiable Diseases Surveillance System

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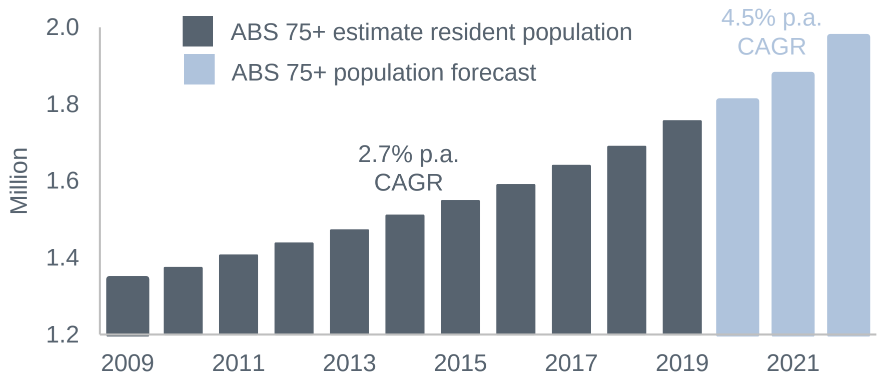
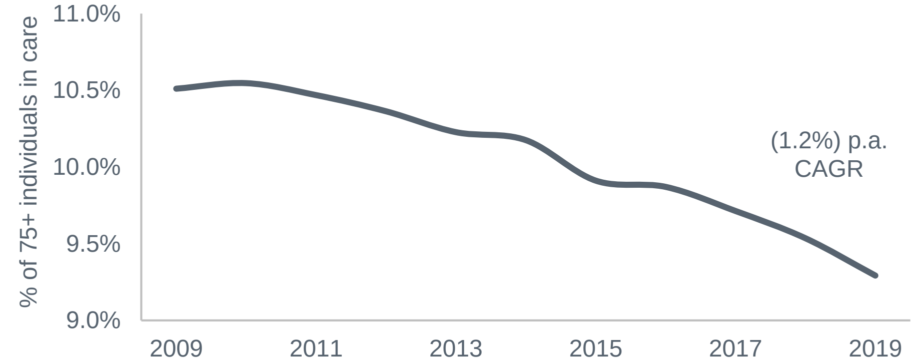
Residential aged care sector supply and demand

Growth in the potential resident cohort has been offset by declining utilisation rates resulting in net place additions exceeding annual increases in residents over recent years

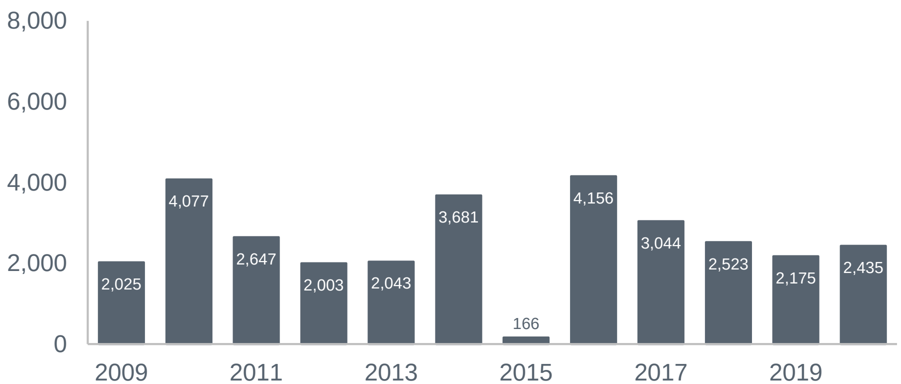
Number of Australians aged 75+ years



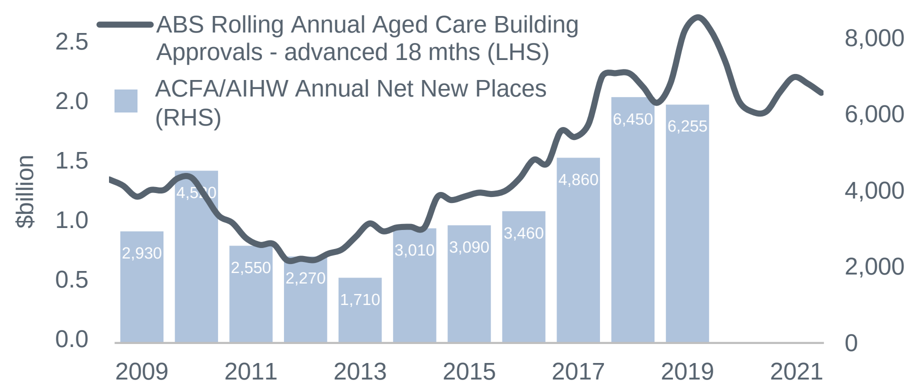
Residential aged care utilisation rates for 75+ age cohort



Annual increase in residential aged care residents



Aged care building approvals and vs net place additions



Sources: GEN Aged Care Data, Permanent and Respite Resident data and Aged Care Financing Authority & AIHW Residential Place data
Australian Bureau of Statistics, 3101 - Australian Demographic Statistics June 2019, Estimated Resident Population & 3222 - Population Projections, Australia, 2017 (base) – 2066, Series B
Australian Bureau of Statistics, 8731 - Building Approvals, Australia, Aged Care Building Approvals (Table 51)

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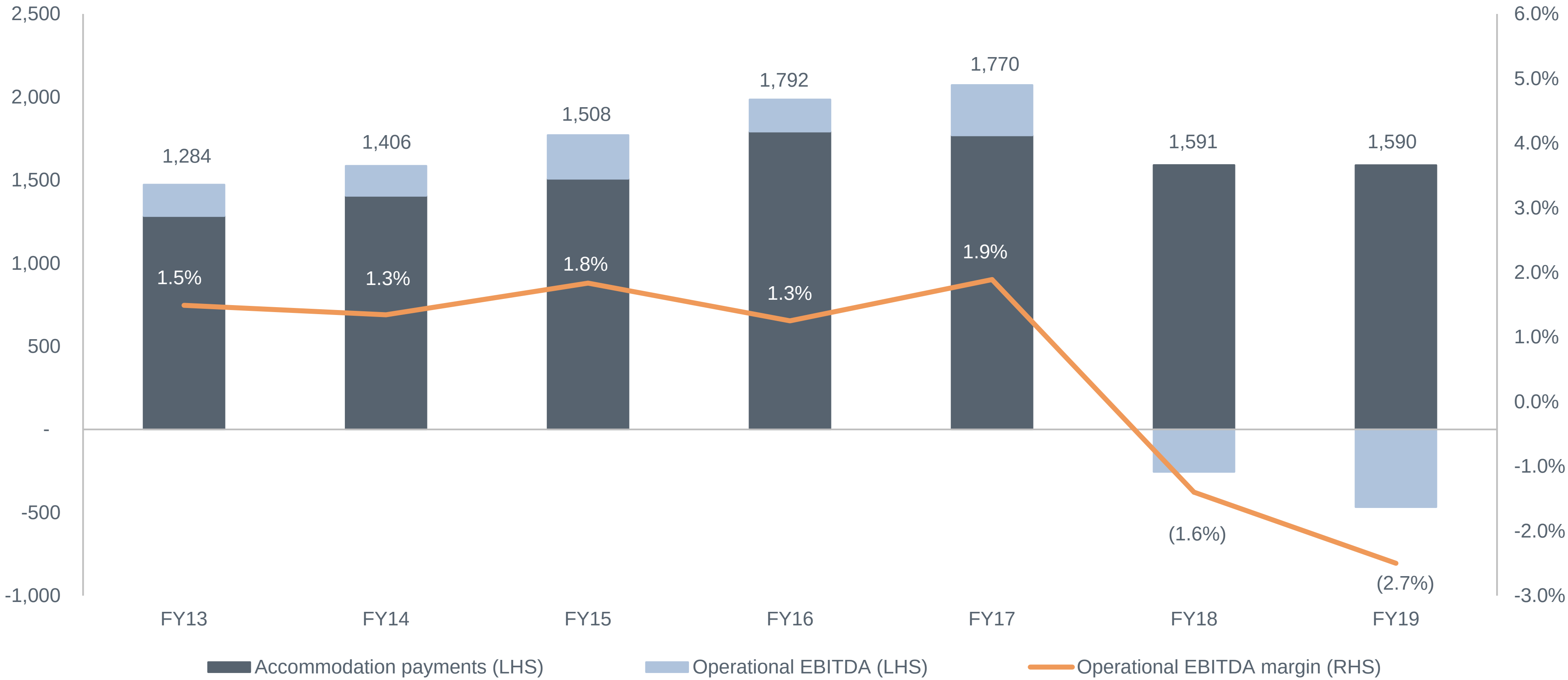
Residential aged care sector profitability

Revenue and cost growth imbalance and declining occupancy has seen the sector show decreasing EBITDA and margin from operations (excluding accommodation payments)

Sector EBITDA ($'000) and operating margin (EBITDA as % of revenue excluding accommodation payments)



Source: Aged Care Financing Authority *Annual reports on the funding and financing of the Aged Care Sector* (June 2013 – June 2019)

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05

Summary and outlook

FY2020 summary and FY2021 outlook

FY2020 significantly impacted by the COVID-19 pandemic with the future outlook difficult to estimate given numerous uncertainties

FY2020 Summary

- FY2020 significantly impacted by the COVID-19 pandemic in the final quarter with occupancy and per resident revenues lower and costs higher than anticipated
- Ongoing and increasing earnings contribution from recently completed greenfield and brownfield developments and refurbishments
- Recurring EBITDA of $36.9m down by 24% on FY2019 largely due to lower occupancy and cost inflation greater than revenue escalation
- Balance sheet strength maintained with net bank debt of $190.7m at 30 June 2020 and available liquidity of $154m

FY2021 Outlook

- Focus continues to be on management of COVID-19 to ensure resident and staff wellbeing
- Guidance remains suspended
- Cost and revenue implications from COVID-19 remain uncertain
- The funding environment continues to present challenges and occupancy remains below historic levels
- Recently completed developments expected to contribute to EBITDA
  - Interest and depreciation expenses also expected to increase in FY2021 due to these recently completed developments
- Strong RAD inflows expected from new Homes ramping up
- Delivery of the developments currently under construction expected to be completed in FY2021 adding ~250 new places
  - Decisions on future developments deferred until COVID-19 pandemic and economic outlook more certain

Exercise class at Japara The Regent

Japara The Regent resident painting

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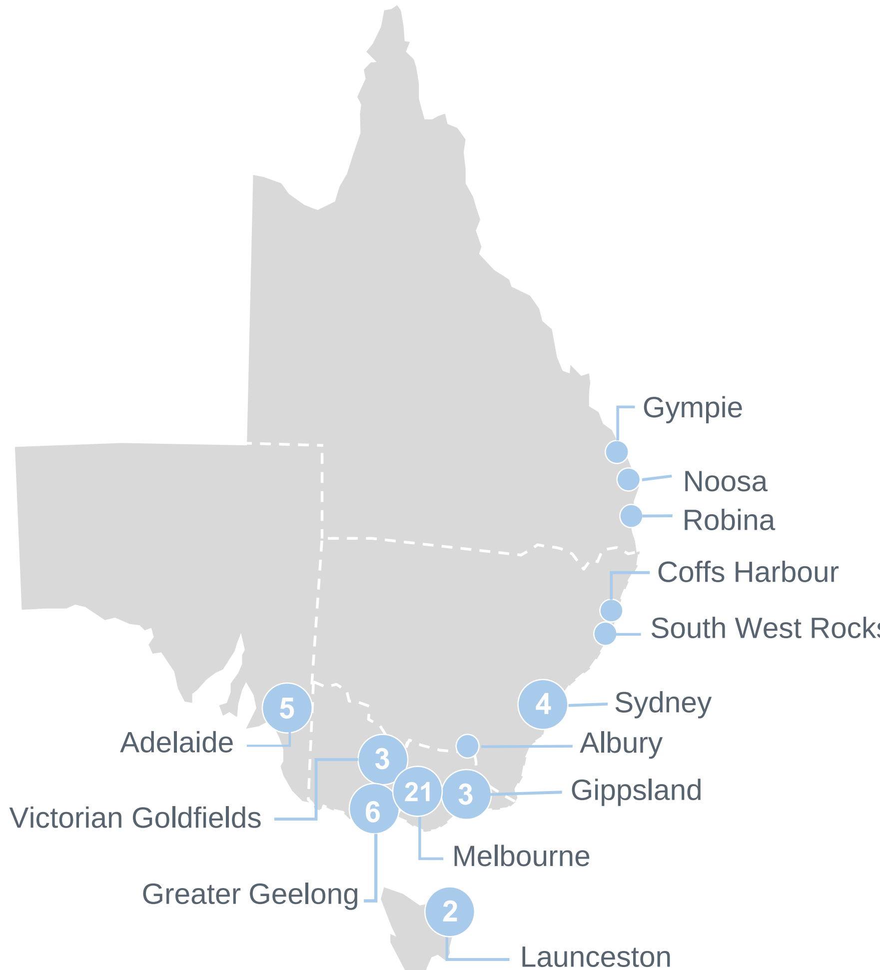
Appendices

Appendix 1: Japara portfolio overview

Japara's portfolio comprises over 5,000 existing or soon to be constructed aged care places with several co-located senior living communities

Portfolio summary

- Japara's aged care portfolio comprises 50 (excluding Japara's Wyong Home) homes across five states
  - Two further greenfield developments are under construction (Newport in Victoria and Belrose in NSW)
  - 46 homes are owned freehold with the remaining four leased
- Japara has a further greenfield development portfolio comprising:
  - Four owned sites (two with Development Approval) offering the opportunity for new Home developments
  - Two further regions where licenses are held and sites are being sourced
- Japara also has a number of brownfield development opportunities
- Japara's senior living portfolio comprises a total of 180 independent living units and apartments co-located with five of our aged care homes
  - A further three sites with land already owned are in planning for additional senior living developments



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Appendix 2: Detailed Profit and Loss

	FY2020 $'000	FY2019 $'000	Change	$'000
Revenue				
Government care and accommodation funding	306,830	287,735	6.6%	19,095
Resident fees	115,412	107,202	7.7%	8,210
Other income	5,290	4,831	9.5%	459
Total revenue & other income	427,532	399,768	6.9%	27,764
Expenses				
Employee benefits expense	(315,064)	(277,563)	13.5%	(37,501)
Resident costs	(39,074)	(34,225)	14.2%	(4,849)
Other costs	(40,519)	(38,427)	5.4%	(2,092)
Total expenses	(394,657)	(350,215)	12.7%	(44,442)
EBITDA	32,875	49,553	(33.7)%	(16,678)
Impairment of non current assets	(291,923)	-	n/a	(291,923)
Depreciation and amortisation	(26,441)	(19,995)	32.2%	(6,446)
EBIT	(285,489)	29,558	(1,065.9)%	(315,047)
Net finance costs	(7,393)	(5,914)	25.0%	(1,479)
Income tax credit / (expense)	795	(7,211)	(111.0)%	8,006
NPAT[1]	(292,087)	16,433	(1,877.4)%	(308,520)

1. Profit / (loss) attributable to members of the Group

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Appendix 3: Detailed Cash Flow Statement

	FY2020 $'000	FY2019 $'000
Cash flows from operating activities:		
Receipts from customers	421,567	389,844
Payments to suppliers and employees	(390,603)	(347,515)
Income taxes paid	(3,316)	(2,348)
Interest received	231	414
Finance costs paid	(8,444)	(6,436)
Proceeds from RADs & ILU resident loans	232,302	183,262
Repayment of RADs/accommodation bonds & ILU resident loans	(176,539)	(138,533)
Net cash provided by operating activities	75,198	78,688
Cash flows from investing activities:		
Purchase of land & buildings	(15,407)	(18,289)
Proceeds from sale of land & buildings	19,009	1,671
Purchase of plant and equipment	(6,458)	(29,687)
Capital works in progress	(71,006)	(78,387)
Proceeds from sale of surplus resident places	4,690	3,416
Purchase of resident places	-	(3,423)
Deposits paid under land contracts	-	(960)
Net cash used in investing activities	(69,172)	(125,659)
Cash flows from financing activities:		
Proceeds from issue of share capital	-	1,733
Purchase of treasury shares	(617)	-
Dividends paid	(14,297)	(17,448)
Net proceeds from bank borrowings	28,500	65,000
Repayment of lease liabilities	(2,798)	-
Net cash provided by financing activities	10,788	49,285
Net increase in cash and cash equivalents held	16,814	2,314
Cash and cash equivalents at beginning of the year	31,472	29,158
Cash and cash equivalents at end of the year	48,286	31,472

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Appendix 4: Balance Sheet

	30 June 20 $'000	30 June 19 $'000
Assets		
Current assets		
Cash	48,286	31,472
Trade and other receivables	15,326	14,640
Non-current assets held for sale	2,261	2,192
Current tax receivable	1,860	-
Other assets	3,681	6,216
Total current assets	**71,414**	**54,520**
Non-current assets		
Trade and other receivables	2,574	2,347
Right-of-use assets	30,140	-
Property, plant and equipment	833,202	787,767
Investment property	48,925	39,200
Intangible assets	265,761	555,319
Total non-current assets	**1,180,602**	**1,384,633**
Total assets	**1,252,016**	**1,439,153**
Liabilities		
Current liabilities		
Trade payables and other liabilities	34,104	35,573
Borrowings	58,250	40,750
Current tax payable	-	377
Other financial liabilities	609,526	554,649
Employee provisions	42,954	36,645
Lease liabilities	2,338	-
Total current liabilities	**747,172**	**667,994**
Non-current liabilities		
Borrowings	180,750	169,750
Deferred tax liabilities	61,090	62,938
Employee provisions	5,608	3,975
Other financial liabilities	5,039	2,412
Lease liabilities	29,390	-
Total non-current liabilities	**281,877**	**239,075**
Total liabilities	**1,029,049**	**907,069**
Net assets	222,967	532,084
Equity		
Issued capital	524,285	524,695
Share based payment reserve	304	-
Hedging reserve	(5,039)	(2,412)
Retained earnings	(296,583)	9,801
Total equity	**222,967**	**532,084**

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Appendix 5: Non-recurring earnings reconciliation

	FY2020 $m	FY2019 $m
Non recurring items		
Profit on sale of surplus bed licences	4.6	3.4
Fair value gain / (loss) on investment property	(2.4)	0.8
Profit on sale of land	3.0	0.3
Royal Commission costs	(1.8)	(1.8)
Greenfields start-up losses	(1.8)	(1.0)
Redundancies / restructuring	(1.2)	(0.7)
Long service leave assumption changes	(2.2)	-
Expected credit losses adjustment	(1.9)	-
Revaluation of land	(0.3)	-
Total	**(4.0)**	**1.0**

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Appendix 6: Portfolio Metrics

	As at 30 June 2020		As at 30 June 2019		Change
Resident mix					
Concessional	1,771	43%	1,635	42%	8.3%
RAD	1,105	27%	1,170	30%	(5.6)%
DAP	630	15%	555	14%	13.7%
Combination	408	10%	370	9%	10.1%
Pre-reform high-care places	16	0%	23	1%	(30.4)%
Respite	155	4%	159	4%	(2.3)%
TCP / Other	17	1%	17	0%	-
Total residents	4,102	100%	3,929	100%	4.4%
Staffing					
Number of staff (including part time and casuals)	6,064		5,628		7.7%
Places					
Operational places	4,496		4,235		6.2%
Non-operational places	459		591		(22.3)%
Provisional ACAR allocations	750		973		(22.9)%
Total places	5,705		5,799		(1.6)%
Places (metro/major regional, regional split)					
Metro/major regional	4,548	80%	4,558	79%	(0.2)%
Regional	1,157	20%	1,241	21%	(6.8)%
Total places	5,705	100%	5,799	100%	(1.6)%
Geographic spread (places)					
VIC	66%		67%		
NSW	13%		14%		
QLD	9%		7%		
SA	7%		7%		
TAS	5%		5%		
Total	100%		100%		
Funded bed days	1,466,831		1,391,966		5.4%

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Appendix 7: Developments update

Significant greenfield & brownfield aged care development program comprising 656 new places and additional senior living development opportunities

Greenfield developments	Program status	Total new places	Net new places	Estimated resident admission
Newport (Melbourne)	Construction	120	120	2H FY2021
Belrose (Sydney)	Construction	102	102	2H FY2021
Mitchelton (Brisbane)	Tender	106	106	1H FY2023
Lysterfield (Melbourne)	Tender	90	90	2H FY2023
Hope Island (Gold Coast)	Town planning	115	115	2H FY2023
Total		**533**	**533**	

Brownfield developments	Program status	Total new places	Net new places	Estimated resident admission
Albury & District (Albury)	Construction complete	28	28	1H FY2021
Lower Plenty Gardens (Melbourne)	Town planning	30	30	2H FY2022
Kelaston (Ballarat)	Detailed design	27	27	2H FY2022
Brighton (Adelaide)	Detailed design	38	38	2H FY2022
Total		**123**	**123**	

Seniors living / co-located developments	Program status	Total new Seniors units	Net new Aged Care places	Estimated stage 1 completion
Mt Eliza (Melbourne)	Town planning	95	0	1H FY2022
Launceston	Concept design	120	0	NA
Brighton (Melbourne)	Concept design	80	8	NA
Total		**295**	**8**	

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Appendix 7: Developments update (cont.)

Recent completed developments	Total new places	Net new places	Completed
The Highbury, Glen Waverley (Melbourne)	60	60	1H FY2019
Rye Sands, Rye (Victoria)	99	99	1H FY2019
Brighton-Le-Sands (Sydney)	60	60	1H FY2019
Kingston Gardens Stage 1 (Springvale South)	68	(4)	1H FY2019
Mirridong (Bendigo)	16	16	1H FY2019
Robina Rise (Gold Coast)	106	106	1H FY2020
Mirboo North (Gippsland)	18	18	1H FY2020
Kingston Gardens Stage 2 (Springvale South)	60	64	1H FY2020
Brighton-Le-Sands Stage 2 (Sydney)	25	25	1H FY2020
The Regent, Mt Waverley (Melbourne)	105	105	2H FY2020
Total	**617**	**549**	

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