

21 May 2018

RIVIERA HEALTH ACQUISITION UPDATE

As previously advised to the ASX, Japara Healthcare Limited (“Japara”) successfully completed the acquisition of the Riviera Health portfolio in New South Wales on 1 April 2018, which included four operating residential aged care homes located in Chatswood, Doonside, Brighton-Le-Sands and Wyong, a near completed replacement home in Brighton-Le-Sands plus 239 surplus bed licenses and other real estate assets (“Riviera”).

Since this time Japara has introduced its high quality care and operating standards across all four operating homes, including reconfiguring the homes by converting multiple bed wards into single rooms and improving resident amenity and living spaces. It has also proceeded with re-accreditation at the Doonside and Wyong homes as the former owner and operator had previously been sanctioned by the Department of Health with respect to these homes. Japara is pleased to advise that the Australian Aged Care Quality Agency (“ACQA”) has now confirmed the full re-accreditation of both homes which met all 44 expected outcomes under Japara’s ownership. Re-accreditation was granted for one year being the maximum available period for homes coming out of sanction. The other two operating homes in Chatswood and Brighton-Le-Sands remain fully accredited.

Japara’s Chief Executive Officer and Managing Director, Mr Andrew Sudholz, said: “The re-accreditation of these facilities is an outstanding outcome given the short time during which Japara has owned both homes and reflective of Japara’s high-quality care and operating model. It is testament to the excellence and dedication of our people and those at the Department of Health in ensuring the elderly residents in these homes are protected and ultimately provided with the high level of care they deserve.”

Mr Sudholz also stated that “The acquisition delivers on our growth strategy and enables us to establishing a portfolio of premium newly built aged care homes in the Sydney market comprising the existing homes in Brighton-Le-Sands and Doonside and future homes in Belrose and on the vacant land at Wyong, all totalling around 400 beds.”

“This \$39 million acquisition was at exceptional value. We have effectively purchased four operating homes at little to no cost given the expected cash receipts from refundable accommodation deposits in the new Brighton-Le-Sands home together with the value of surplus licenses and other real estate acquired.”

Japara now owns and operates 48 aged care homes, across 5 Australian states, all of which are fully accredited by the ACQA. It also has a total of 5,457 bed licenses available including for existing operations and greenfield developments.

The four Riviera operating homes are expected to provide an operating EBITDA uplift of between \$3.5 million and \$4.0 million in fiscal 2019.

Further details on the acquired Riviera portfolio are set out below:

Location	Asset type	No. of bed licenses held	Updated no. of operating beds		Status / proposed use
Chatswood	Aged care home	75	50		Open & fully accredited.
Doonside	Aged care home	85	60		Open & fully accredited.
Brighton-Le-Sands	Aged care home (existing)	128	Current 30	Future 22	Open & fully accredited. To be closed for a rebuild once the new home (below) is completed. 22 beds proposed in rebuilt home.
	Aged care home (new)		0	66	Due for completion in August 2018. Residents in existing home (above) to relocate to new home.
Wyong	Aged care home	94	70		Open & fully accredited.
	Vacant land		n/a		For future circa 120 bed development to replace existing Wyong home.
Toukley	Aged care home	125	0		Closed & proposed for redevelopment or sale.

Bruce Paterson
Company Secretary