

COMPASSIONATE AGED CARE SERVICES

PERSONALISED AND
RESPECTFUL CARE
THAT EMBRACES THE
EXPERIENCE OF AGEING

ANNUAL REPORT 2021

**PROUDLY PROVIDING HIGH-QUALITY
AND COMPASSIONATE CARE AND
SERVICES TO AGEING AUSTRALIANS**



CONTENTS

REGIS ACKNOWLEDGES THE TRADITIONAL OWNERS OF THE LANDS, AND PAYS OUR RESPECTS TO THEM, THEIR CULTURES, AND THEIR ELDERS PAST, PRESENT AND FUTURE.

YEAR IN REVIEW	
Chairman's Report	02
Managing Director and Chief Executive Officer's Report	04
2021 Snapshot	08
Service Locations	10
Outcomes	12
Operating Environment	14
COMPANY OVERVIEW	
Our Journey	18
Our Strategy	20
Clinical Governance and Care	21
Our People	26
Sustainability	31
Engagement and Education	34
GOVERNANCE	
Corporate Governance	38
Our Leaders	40
Values and Ethics	50
FINANCIAL REPORT	
Corporate Information	52
Directors' Report	53
Remuneration Report	68
Auditor's Independence Declaration	79
Financial Statements	80
Directors' Declaration	123
Independent Auditor's Report	124
ADDITIONAL INFORMATION	
Shareholder Information	132
Glossary of Terms	134

Regis is committed to the health and safety of our residents and employees when managing the COVID-19 pandemic. Please note that COVID-safe practices were followed during all photography sessions, and any images included without social distancing and/or masks were taken prior to restrictions, or in accordance with easing restrictions as may have applied from time to time.

CHAIRMAN'S REPORT

FY21 has been the most challenging year that our residents, clients, families, employees and management of aged care have experienced for many decades.

The two major issues Regis and other aged care operators faced in FY21 were: first managing the ongoing impact of COVID-19 pandemic outbreaks and successive periods of lockdown; and second, contributing to and preparing for the important policy, structural and funding reforms announced by the Australian Government during the second half of the year.

The twice-delayed final recommendations of the Royal Commission into Aged Care Quality and Safety, while comprehensive in their content, were inconclusive on several key issues, leaving the sector uncertain of its future direction on important structural and operational matters.

Government announcements that followed these recommendations provided further clarity regarding the direction and timing of aged care sector policy reform and a welcome immediate funding uplift which partially reversed the continued failure of Government indexation to cover increasing care costs. In total, the Australian Government's May Budget committed \$17.7 billion in funding over five years with \$7.8 billion to be directed to residential aged care services.

Both the Royal Commission and Australian Government announcements foreshadowed significant future change programs over the next several years and created heightened expectations of sector performance and delivery. Operators need to prepare for increased care requirements, changes to their funding and costing models, strengthened governance and reporting while coping with greater pressures on workforce availability and skills.

Regis will continue to work with the Australian Government to advocate for these important reforms which will ensure the improved performance, accountability and sustainability of the sector. On current timetables, these reforms will still take several years to implement, and it is our view that larger providers such as Regis will be in a strong position to deliver on, and benefit from these reforms.

Against this challenging industry background, Regis' management and employees have continued to focus on delivering high-quality care to residents, clients and their families and the Board is pleased and grateful to them for their dedication and commitment.

A year on from the deadly second wave of the Victorian lockdown it is easy to forget the widespread blame and criticism directed unfairly to aged care employees, undermining workforce morale across the sector and contributing to increased stress and mental health issues. Now, with 90% of our residents and 100%* of our employees vaccinated, we hope that the worst impact of COVID-19 has passed and we look forward to normalising our operations for residents, clients and families. This will still require additional costs and vigilant clinical governance, and Regis has continued to strengthen our capabilities across the Board, Management and our employees.

Regis can still improve our care delivery as evidenced by the sanctioning of two of our sixty-four Homes in FY21. Management has applied the lessons from these incidents across all homes and invested in improved systems and processes over the course of the year. Continuous improvement in care outcomes is a key pillar of Regis' three-year strategic plan and more details of this are covered later in this Report.

The funding pressures on the residential aged care sector continued to impact in FY21, with core operating costs again growing faster than revenues. This paradigm will likely only change once the new funding model is introduced over the next two years. Regis received \$11.9 million in Australian Government funding support in FY21 which covered the elevated costs needed to manage COVID-19 during the year. Regis Net Profit after Tax in FY21 was \$19.9 million, with dividends up in the year to 6.63 cents per share. Cashflow remained strong in the year, allowing \$100 million in bank debt to be repaid and reducing our leverage ratio. Despite the COVID-19 outbreaks and lockdowns across multiple jurisdictions and resulting restrictions on new admissions, average occupancy increased over the year in response to tight management and net RAD cashflow was positive.

While Regis strengthened our balance sheet and renewed and extended our bank funding facilities in FY21, the Board and Management have continued to adopt a conservative stance to new development, with plans for several new homes remaining on hold until the investment returns are more certain. A new site in Sydney was purchased in August 2021 while ongoing maintenance and replacement investment has continued. As quality standards required in residential aged care continue to increase, Regis expects industry consolidation, with better operators benefiting from improved occupancy. The lack of investment in new homes in recent years will reinforce this trend.

*100% of our residential aged care employees have had their first dose of the COVID-19 vaccination in line with Government Directions, except those employees with a medical contradiction or on a contract.



Regis expects this environment may see more M&A activity. While our strong balance sheet will enable us to participate should opportunities arise in both residential and home care, we will continue to be very discerning given the increasing number of assets that are no longer fit for purpose.

In September 2020, a confidential non-binding indicative proposal was received from Washington H. Soul Pattinson (WHSP) and Skip Capital to acquire Regis at \$1.65 per share. On 19 November 2020, WHSP and an entity controlled by Regis co-founder and major shareholder Mr Bryan Dorman, being Ashburn Pty Limited, announced a non-binding indicative proposal to acquire Regis for \$1.85 cents per share. The first proposal was considered by the Board, while the second was considered by a sub-committee of independent Directors. Both were rejected on the grounds that they materially undervalued Regis and WHSP withdrew its non-binding proposal on 20 January 2021.

Management had to contend with several other internal challenges throughout the year. In August 2020, Regis advised the market that it was the target of a cyber-security breach. Management promptly implemented its back-up and business continuity systems, and the incident did not affect the delivery of resident care or services. Since the incident, the Company has continued to upgrade hardware and software to strengthen our controls against such threats.

In August 2021, Regis announced that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements. Regis, with the assistance of external advisors, commenced a review to determine the extent of underpayments. While this review is ongoing, based on preliminary analysis, Regis provided \$35 million in the financial statements in relation to the issue.

The impact of the potential underpayment on profit before income tax was \$7.1 million for FY21 and \$6.4 million for FY20, with the remaining amount recorded as a prior period restatement.

Regis has strengthened its management team and business capability through FY21 and is well placed to deliver an improved business performance over the period ahead. As we adapt to and implement sector reforms our focus will remain on providing care that is safe, effective, integrated and personal. We have a proud history of providing high-quality care and our workforce strategy, and learning and development, is aimed at attracting and retaining a highly capable team to serve our residents and clients.

In closing, I am pleased to report that despite all the challenges your Company faced in FY21, we finished the year in a stronger position and we are well placed to tackle the myriad sector reforms which will be implemented over the next few years.

I would like to thank my fellow Directors, the Executive team and the many committed employees of Regis Healthcare for their contribution throughout the year. In particular, I would like to give special acknowledgement and thanks to Sylvia Falzon and Matthew Quinn, who will be stepping down from the Board at this year's Annual General Meeting. Sylvia has been on the Board of Regis since the IPO and has made an enormous contribution to the success of your Company over seven years. Matthew's three years on the Board have been the hardest in the Company's recent history and he has also made a significant contribution during his time.

Finally, I want to thank our shareholders for their continued support during the year.

GRAHAM HODGES
Chairman

MANAGING DIRECTOR & CEO'S REPORT



I would like to commend the extraordinary efforts of our team of more than 9,000 people, who have navigated the challenges of the last year with commitment, focus and kindness.

It is difficult to imagine a more challenging operating environment than what we have encountered over the past 12 months. This operating environment followed a year which itself was full of uncommon challenges. Regis has again responded to the many and varied challenges with a consistent commitment and focus.

The Company has confronted a global pandemic, including the devastating second wave in Melbourne, a cybersecurity attack, two takeover bids, two Homes with Sanctions, a second extension to the Royal Commission and associated negative media coverage, and a final report that addressed many key reform challenges for the sector but unfortunately neglected to address others.

I WOULD LIKE TO COMMEND THE EXTRAORDINARY EFFORTS OF OUR TEAM OF MORE THAN 9,000 PEOPLE

The COVID-19 pandemic has required ongoing close management. Our preparations in the second half of FY20 were critical to our response to the second wave in Melbourne, where we had a number of Homes with outbreaks. We have also confronted many and varied community outbreaks, public health orders and lockdown requirements, with a team monitoring the various federal, state and territorial government requirements, and health directions, at least daily. We have again relied heavily on our Pandemic Planning Committee and Outbreak Management Plan, both led by expert clinicians with deep infection control and operations management experience. Our teams have remained vigilant with infection prevention and control measures, monitoring the external community spread of the virus, and putting in place our business continuity plans and operational controls. The Company continues to review the progress of the pandemic and take necessary steps to protect the health, wellbeing and safety of our residents, clients, employees and visitors.

Details of the impact of the pandemic and our response can be found later in this annual report. I would like to again highlight the support of our residents, families and employees as we have navigated the challenges of the pandemic, made multiple changes to usual arrangements and promoted vaccination uptake.

The COVID-19 pandemic will continue to impact us over the course of the coming year. I anticipate there will be more temporary changes to our operations, as well as some permanent changes that we will embed in our business as usual practices.

The Company was pleased to see the Royal Commission issue its Final Report, albeit much later than originally intended. The extended Royal Commission and the associated negative sentiment had a deep impact on our workforce, at the same time as our employees were under immense pressure working in a high-risk pandemic environment. I am incredibly grateful to the wonderful people who continued to attend, adapt and provide care and services in difficult circumstances but always with kindness and selflessness to put the health, safety and wellbeing of our residents and clients first.

We have entered a period of major reform now that the Royal Commission is complete and we have the Australian Government's response to the recommendations from the Final Report.

Regis strongly supports the need for reform of the sector and across all of the domains highlighted by the Royal Commission and various other reports beforehand. To that end, Regis is a founding member of the Aged Care Reform Network and is actively supporting the work of the Aged Care Workforce Industry Council.

The Australian Government announced its substantive response to the Final Recommendations in the May budget. The response is centred around a 5-year, 5 pillar reform plan. Notably, at \$17.7 billion, the Government's response is the largest funding package since the Living Longer Living Better reform in 2013.

There is still much detail to be worked through but the narrative of system reform is encouraging. If all the reform elements are enacted, good and efficient providers should benefit from this model. It is critical that Government implement the full package of reform for the program of work to be successful. The Company considers that the transparency that will come with independent pricing recommendations will be critical to avoid the sector falling into another state of sustained underfunding.

The intended market deregulation presents new opportunities for Regis to move into geographic areas not open to us previously. The removal of bed licences will increase competition around quality of care, service and accommodation, which all play to our strengths as a Company dedicated to this sector.

As one of the largest providers in Australia, Regis is well placed against many of the intended reforms, including corporate governance, clinical governance, prudential controls, food and nutrition standards, registered nurses on site and career pathways across all roles.

Disappointingly, Regis received regulatory penalties in relation to two Homes - in Nedlands, Perth and Tiwi, Darwin. Both Homes received a Sanction and a Notice to Agree. In both cases, Regis has complied with all actions and requirements stipulated by the Aged Care Quality and Safety Commission.



I AM LOOKING FORWARD TO THE COMING YEAR AND CONTINUING TO IMPROVE OUR BUSINESS ACROSS THE KEY DOMAINS OF CLINICAL AND PERSONAL CARE, CONSUMER EXPERIENCE, OPERATIONAL PERFORMANCE AND FINANCIAL PERFORMANCE.

Our financial results for the year have again been adversely impacted by negative sentiment and the COVID-19 pandemic. Notwithstanding these impacts, the Company has delivered a solid result in the current operating context. Key financial results were NPAT of \$19.9 million and EBITDA of \$137.8 million. Even with the external factors, we delivered an improvement in occupancy, exceeded our net RAD cashflow target and substantially reduced our debt. The overall results are well below what we would expect to deliver in a properly funded environment but pleasing in the current operating context.

The pause on development and acquisitions continued in the year pending more certainty regarding the return on investment providers and investors can expect. The Company eagerly anticipates the necessary conditions to recommence our development program. We know that there are a number of other providers with aged care homes in Australia that are well beyond end of life and contemporary standards. With the right conditions, Regis will continue to build contemporary, fit for purpose and desirable aged care homes for older Australians. Regis also intends to expand our existing home care services in terms of package numbers, service offerings and service locations.

In the meantime, our Executive and management team continues to work on our strategic priorities and I encourage you to read the information about our three key pillars being The Regis Culture of Care, Positive People and Practice, and Ensuring our Future. As an almost 30-year old Company dedicated to the care and service of older people, our purpose is clear and remains completely centred on providing personalised and respectful care that embraces the experience of ageing. Our Company values have served us well and remain Optimism, Passion, Integrity and Respect.

Keeping ahead of the coming reforms will place the Company in good stead from a competition perspective. We will be guided by the continuous improvements and learning philosophies driven from the Board and Executive through to our frontline teams. To that end, our teams achieved significant improvements across key quality, safety and satisfaction indicators, and varied system and process improvements, which you will read through this annual report.

Regis prioritises our key drivers of quality care, service and accommodation. High performance in these areas will support us to improve our occupancy, which is a key focus for us. Our key drivers are themselves supported by the Workforce Strategy and upgrade of our key business systems, taking into account our own requirements and ambitions, as well as those considered by the sector reform agenda.

There is a sense of optimism returning to the sector as we enter this period of reform. Regis has the right team, a strong balance sheet, the right ethics and deep experience to manage the increasing complexity and sophistication of the growing aged care sector.

I am exceptionally proud of our entire team at Regis and thank each person for their extraordinary efforts in a highly atypical year. I am looking forward to the coming year and continuing to improve our business across the key domains of clinical and personal care, consumer experience, operational performance and financial performance.



DR LINDA MELLORS
Managing Director & Chief Executive Officer



2021 SNAPSHOT

As at 30 June 2021

9,000+
EMPLOYEES

750+
VOLUNTEERS

64
AGED CARE HOMES



9

DAY THERAPY AND DAY
RESPITE CENTRES

8

REGIS RETIREMENT
VILLAGES



20

CLUB SERVICES HOMES

6

HOME CARE SERVICES

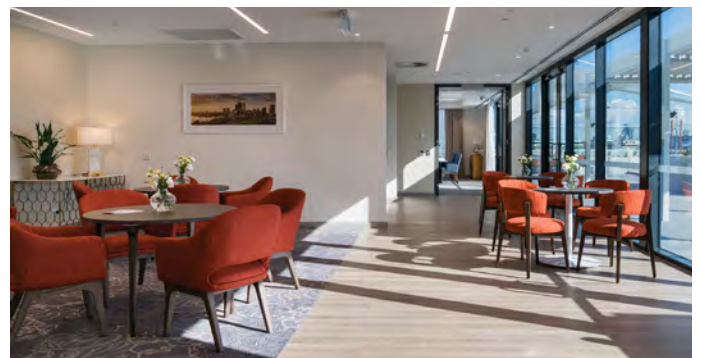
\$1.75

BILLION ASSET VALUE



7,200+

AGED CARE AND RETIREMENT
LIVING RESIDENTS



SERVICE LOCATIONS



Western Australia

Residential Care Homes

Regis Bunbury
Regis Como
Regis Embleton
Regis Greenmount
Regis Nedlands
Regis North Fremantle
Regis Port Coogee
Regis Weston
Regis Woodlands

Retirement Living

Regis Hollywood Retirement Village

Day Therapy Centres

Regis Day Therapy Centre Nedlands

Northern Territory

Residential Care Homes

Regis Tiwi

Home Care, Day Respite and Day Therapy Centres

Regis Home Care Darwin
Regis Day Respite Darwin
Regis Day Therapy Centre Tiwi

South Australia



Residential Care Homes

Regis Burnside
Regis Marleston
Regis Playford
Regis Kingswood

Victoria



Residential Care Homes

Regis Alawarra Lodge
Regis Armadale
Regis Blackburn
Regis Brighton
Regis Cranbourne
Regis Dandenong North
Regis East Malvern
Regis Fawkner
Regis Frankston
Regis Inala Lodge
Regis Macleod
Regis Milpara Lodge*
Regis Ontario
Regis Ringwood
Regis Rosebud
Regis Sandringham
Regis Shenley Manor
Regis Sunraysia



Retirement Living

Regis Inala Retirement Village



Home Care, Day Respite and Day Therapy Centres

Regis Home Care Eastern Metro
Regis Home Care Mildura
Regis Day Therapy Centre Inala Village
Regis Day Respite Inala Village

Tasmania



Residential Care Homes

Regis Eastern Shore
Regis Legana
Regis Norwood



Retirement Living

Regis Norwood Retirement Village



Home Care and Day Respite Centres

Regis Home Care Tasmania South
Regis Home Care Tasmania North
Regis Day Respite Tasmania North
Regis Day Respite Tasmania South

Queensland



Residential Care Homes

Regis Ayr
Regis Birkdale
Regis Bulimba
Regis Caboolture
Regis Chelmer
Regis Ferny Grove
Regis Gatton
Regis Greenbank
Regis Home Hill
Regis Kirwan
Regis Kuluin
Regis Lutwyche
Regis Maroochydore
Regis Redlynch
Regis Salisbury
Regis Sandgate – Griffith
Regis Sandgate – Lucinda
Regis Sandgate – Musgrave
Regis Sippy Downs
Regis The Gap
Regis Whitfield
Regis Wynnum
Regis Yeronga



Retirement Living

Regis Bramble Bay Retirement Village
Regis Corinthian Court Retirement Village
Regis McDonald Court Retirement Village
Regis Tallowood Lodge Retirement Village
Regis Woodward Retirement Village



Home Care and Day Therapy Centres

Regis Home Care Cairns
Regis Day Therapy Centre Cairns
Regis Day Therapy Centre Townsville

New South Wales



Residential Care Homes

Regis Belmore
Regis Elmore Vale
Regis Hornsby
Regis Hurstville
Regis Port Macquarie
Regis Port Stephens
Regis Rose Bay

*closed during FY21.

OUTCOMES

Financial

	FY21 \$'000	FY20 \$'000
Reported revenue	\$701,365	\$677,872
Net profit before tax	\$29,150	\$5,718
Net profit after tax	\$19,949	\$716
Net operating cashflow	\$105,030	\$127,235
Net RAD receipts	\$37,732	\$69,847
Net debt	\$142,462	\$236,683
Average occupancy	88.9%	88.2%
Average operating places (#)	7,144	7,103

Delivery of Quality Care

Homes subject to re-accreditation successfully re-accredited	100%
Homes that received full compliance at accreditation	59 of 64 Homes
CarePage surveys conducted	8,300+

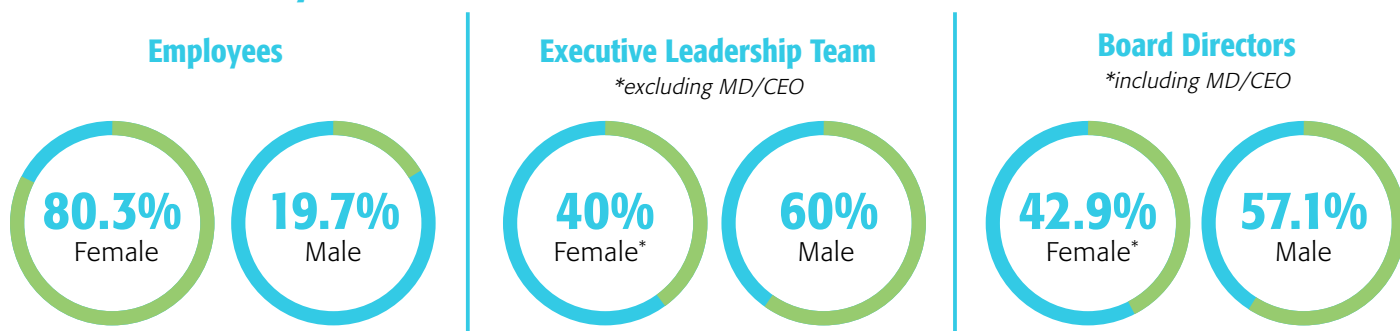
Vaccinations

Employee Influenza vaccinations	96%* *Remaining 4% not currently working or entering our Homes.
Employee COVID-19 vaccinations	86% first dose, 58% second dose*
Resident Influenza vaccinations	80%
Resident COVID-19 vaccinations	86% first dose, 78% second dose*

*Data as of 27 August 2021.



Gender Diversity



Employee Engagement

Overall employee engagement from Employee Engagement Survey

62%

Professional Development

Internal programs completed including clinical study days	258
Employees supported with financial assistance for external accredited training programs	86
Nurses qualified in Infection Prevention and Control	126

Environmental Sustainability

Energy Consumption (GJ)	239,491
Energy Consumption (CO2-e tonnes)	35,484
Support for Zoos Victoria	More than 75 mobile phones, seven devices and more than 20kg of electronic equipment
Battery Collection Program across our Homes and Sites	More than 200kgs

OPERATING ENVIRONMENT

REGIS RESPONDED TO MULTIPLE CHALLENGES IN THE OPERATING ENVIRONMENT IN FY21. SAFETY, COMPASSION AND RESILIENCE ARE THE HALLMARKS OF OUR RESPONSE.

Regis is primarily a people business; frontline and support employees, communities, residents and clients. The COVID-19 pandemic has had a significant impact on the aged care industry in FY21 – Regis residents, clients, families and employees rallied with strength and optimism.

COVID-19 management and response

Regis responded to the COVID-19 pandemic by establishing our Pandemic Planning Committee and implementing our Outbreak Management Plan in FY20 which positioned us well to respond to the coronavirus in the community throughout FY21. Our clinical teams continued to provide timely and effective clinical guidance to our Homes. They also supported Government initiatives to increase testing in residential aged care homes and to embed Infection Prevention and Control (IPC) nurses in every residential aged care home.

Initial disruptions to care, services and support – due to the necessity to furlough close contacts – were managed quickly and efficiently. All impacted families received daily communications via email, access to a closed Facebook Group, in-person updates and our Regis Advice Line where they could discuss the health of their loved one with a senior employee.

Our priority continues to be ensuring the wellbeing of our residents, clients and employees. To this end, we are grateful for the support of our residents, clients, employees and the friends and families of those in our care.

COVID-19 outbreaks

During the second wave of coronavirus in Victoria, we experienced seven outbreaks¹ in our Homes. Of these, three recorded onward transmission from the index case and four outbreaks were declared due to a single case only.

The official end of the outbreaks marked the beginning of regrouping and healing. For our residents confined to their rooms for weeks without seeing their loved ones in person, it was a confronting time.

We send our condolences to the families who lost a loved one and our residents who lost valued friends.

All our residents have access to ongoing professional emotional support through psychological and counselling services, and in-Home activities have included memorial services where residents express themselves through reflection, poetry and floral tributes.

The outbreak also impacted Regis employees – some contracted COVID-19 or were forced into isolation as they provided care and support in difficult circumstances. Regis is grateful to our resident and family communities for their support of our workforce.

We are extremely proud of our workforce and the extraordinary efforts made to protect and care for their residents, clients, their families and colleagues.

Regis Brighton 15 July - 7 September 2020

Multiple residents and employees were diagnosed with COVID-19 in one floor of the Home. Sadly, 11 of our residents diagnosed with COVID-19 died during this outbreak. Our thoughts are with the loved ones of those affected, the Brighton community, our employees and visiting health practitioners.

Our teams completed a full clinical and wellbeing review of all residents following the outbreak to ensure that new or changed health needs were identified as part of individual care plans.

On 7 September 2020, the Department of Health officially declared the COVID-19 outbreak at our Brighton Home closed.

Regis Cranbourne 23 August - 6 September 2020

Two employees were diagnosed with COVID-19. The Department of Health advised the outbreak was declared over on 6 September 2020.

Regis Fawkner 7 August - 7 September 2020

The outbreak was contained quickly but, sadly, one of our residents diagnosed with COVID-19 died after transfer to hospital.

The Department of Health officially declared the outbreak at our Fawkner Home closed on 7 September 2020.

¹ Communicable Diseases Network Australia (CDNA guidelines) define a COVID-19 outbreak as a single confirmed case of COVID-19 in a resident, employee or attendee of a Residential Care Facility. This definition includes any confirmed case who attends a high-risk setting during their infectious period.

Regis Shenley Manor 6 August - 10 August 2020
Regis East Malvern 9 August - 20 August 2020
Regis Macleod 8 August - 22 August 2020
Regis Ringwood 26 August - 1 September 2020
Regis Macleod 23 October - 4 November 2020

Four other Homes were placed into outbreak status with the diagnosis of a single employee each, who had worked during the pre-symptomatic phase of their illness. All residents and other employees returned negative results and no transmission occurred.

Continuing COVID-19 risk management

COVID-19 risk management and reporting measures put in place in March 2020 have continued throughout FY21. Regular briefings to the Board by Regis' Executive and senior management have ensured all levels of the business remain engaged in our risk management approach.

Reimagining connection

Our experience shows the wellbeing of our residents and clients are negatively affected by isolation measures imposed to prevent and control infection. Our Lifestyle Team implemented additional measures to support our residents and clients. These measures included 'Windows of Connection,' individual 1:1 programs, comfort packs, games and dedicated Facebook Groups for each Home to allow families to observe and engage with their loved ones. Regis sourced and distributed additional tablets and iPads to our Homes across Australia to help families and loved ones stay in contact.

Infection control support

Regis management supports all Homes and services with advice and guidance on managing and preventing infectious illnesses. We regularly work with all levels of government, including state and territory Public Health Units and the Commonwealth Department of Health in the management of infections.

COVID-19 vaccine

Regis follows strict infection prevention and control measures based on expert advice to make our Homes safe for older people. The COVID-19 vaccine is an effective infection prevention and control measure to keep our community safe and healthy — we encourage our workforce to take up the COVID-19 vaccine at the earliest opportunity.

In FY21 we coordinated vaccination clinics for all Homes, liaising with primary health networks and vaccination providers. We provided education and guidance to all residents, families and employees about COVID-19 vaccinations to support their decision-making.

The Commonwealth Department of Health took responsibility for delivering vaccinations to all residents through two onsite clinics at each of our Homes.

Regis was successful in a tender to provide onsite vaccination clinics for all residential aged care employees and any residents who had not been vaccinated. The Regis clinics were operational from from July 2021 through to September 2021.

Influenza vaccine

Influenza vaccination clinics have rolled out to every Home for all our residents and employees this year. In FY21, Regis introduced a requirement for all employees to be vaccinated against influenza annually.

86% of residents have received one dose of the COVID-19 vaccination*

78% of residents are fully vaccinated*

86% of our employees have received a first dose of the COVID-19 vaccination*

96% of our employees have been vaccinated against influenza, with the remaining 4% not currently working or entering our Homes*

*Data as of 27 August 2021.



Reform for the aged care sector

The Royal Commission is a once-in-a-generation opportunity to create a better system of care for older Australians.

It is a challenging environment: demand is on the rise in aged care and the sector must prepare for the expected peaks as the Baby Boomer generation starts to access aged care services. A people-first approach in the sector is critical to keeping Australians independent in their own homes or comfortable and able to achieve their wellbeing goals in residential care.

Regis has a 30-year history of providing the highest standard of care and services for our residents and clients, as well as strong support for our workforce. As one of Australia's largest aged care providers, we are committed to being a leader in the sector by contributing to meaningful sector and business reforms.

WE BELIEVE RESIDENTS, FAMILIES AND PROVIDERS SHOULD BE PARTNERS IN CARE.

Partners in care

Putting older people at the centre of the aged care system will drive the urgent changes required. We believe residents, families and providers should be 'partners in care'.

The system includes:



Regis is committed to significant sector reform while providing high-quality and safe care and services with kindness and compassion. We are proud of how our people have demonstrated their commitment, capability and resilience while dealing with the challenges of the pandemic.

We look forward to working with consumers, the Government and stakeholders on advancing aged care reform and working alongside consumers and industry stakeholders to improve the sector.



AS ONE OF AUSTRALIA'S LARGEST AGED CARE PROVIDERS, WE ARE COMMITTED TO LEADING AND EMBRACING AGED CARE REFORM.

Supporting the Royal Commission

WE WELCOMED THE ROYAL COMMISSION'S FINAL REPORT AND ITS RECOMMENDATIONS IN EARLY 2021.

The Final Report resulted from:

99

days of
hearings

34

aged care
service visits

600

witnesses gave
evidence

10,000+

submissions

Regis strongly supported the Royal Commission's work by making 10 submissions on topics including workforce, future system design, funding requirements, and built-form of aged care.

We also:

- hosted visits from the Commissioners to two of our Homes
- supported surveys conducted on behalf of the Royal Commission
- gave expert evidence at the Sydney Hearing in September 2021 (MD and CEO Linda Mellors).

We particularly thank the community for their ongoing feedback during the Royal Commission – especially to those residents, clients, families and employees who provided comments for our submissions. We were proud to include your voices in our responses.

In May 2021, the Commonwealth Government announced a significant investment in the aged care sector to ensure older people receive high-quality care, respect and dignity.

The aged care reform package covers five pillars:



Home Care



Residential Aged Care
Services and Sustainability



Residential Aged Care
Quality and Safety



Workforce



Governance





**WE ARE PROUD TO BE LEADERS
IN PROVIDING HIGH-QUALITY,
PERSONALISED AND RESPECTFUL
CARE AND SERVICES TO AGEING
AUSTRALIANS.**

OUR JOURNEY

Regis has cared for older Australians for nearly 30 years. Beginning with 104 residents in regional Victoria, we now care for more than 7,200 people Australia-wide. From Blackburn South to Bulimba, Norwood to Woodlands, we are proud to provide high-quality aged care and services.

Regis strives every day for our residents and clients to live well and realise their wellbeing goals.

We support those goals with retirement living, residential care, home care, respite care and day therapy programs delivered by our 9,000-strong workforce.

The past year has presented new challenges for our residents, clients and their families. Regis has maintained a compassionate and resilient approach, with safety as a key priority.

Residential Aged Care

Regis Residential Aged Care services support our residents and clients to live life on their terms. Across 64 aged care Homes Australia-wide, we offer a range of care:

- Ageing-in-place
- Short stays and respite care
- Specialist dementia care
- Palliative care.

With nearly 30 years of experience in aged care, we are proud to offer a choice across different levels of personal service and comfort that complement aged care support in our Homes.

A key part of that care, and the health and wellbeing of our residents, is the food provided by our expert catering teams, chefs and cooks. Food does more than meet nutrition needs – it can be at the centre of social and cultural events, mark milestones and celebrations, and help to create a familiar and comforting environment for residents.

Retirement Living

Regis Retirement Living residents live life independently in a friendly, secure and supportive environment. Our communities empower residents to stay active and healthy with a busy social calendar and access to on-site Aged Care and Day Therapy facilities. We own and operate specialist retirement and independent living villages across Australia.



Home Care

Regis Home Care provides in-home care services with a difference. Through our six offices, we support an extensive support network, helping clients enjoy the best possible quality of life in their own homes.



OUR STRATEGY

OUR STRATEGIC PLAN FOR FINANCIAL YEARS 2022 TO 2024 SETS OUT WHAT IS IMPORTANT TO REGIS – OUR EMPLOYEES, RESIDENTS, CLIENTS AND THEIR LOVED ONES - AND THE STEPS TO SUPPORT THEM.

Our strategy is to always deliver excellent and sustainable outcomes for our residents, clients, employees, shareholders and the community.

We do this by:

- delivering high-quality care and services to our residents and clients
- investing in clinical governance systems
- investing in employee training and development
- investing in new developments to deliver contemporary products and experiences
- investing in systems and technology
- maintaining a geographically diverse portfolio.

Our values

- Optimism
- Passion
- Integrity
- Respect

Our Purpose
Personalised
and respectful care
that embraces the
experience of
ageing

Our behaviours

- We have a relentless customer focus
- We are transparent and accountable
- We are collaborative
- We all own quality and safety
- We continuously improve

Who we serve

- Our Residents
- Our Clients
- Our People
- Our Care Partners
- Our Community
- Our Shareholders

Our priorities and goals



The Regis culture of care

Our goals:

- We deliver Personal Care
- We deliver Safe Care
- We deliver Effective Care
- We deliver Integrated Care



Positive people and practice

Our goals:

- We empower, support and enable our people
- We ensure the right people are in the right roles
- We keep people physically safe and psychologically well
- We provide an inclusive and flexible workplace



Ensuring our future

Our goals:

- We transform our living, care, services and work through digital enablers
- We expand and develop our property and service portfolio
- We lead in operational excellence
- We build positive partnerships
- We embrace environmental sustainability



CLINICAL GOVERNANCE AND CARE

EXCELLENCE IN CLINICAL CARE UNDERPINS OUR BUSINESS STRATEGY.

Clinical governance refers to the systems, structures and processes that ensure Regis delivers great care to our residents and clients.

Clinical governance exists throughout every facet of Regis – from how our frontline employees work to deliver care, all the way through to how our Board Directors make decisions – with every employee playing an important role. Our goal at Regis is to deliver safe, effective, personal and integrated care for every resident and client. We know that key to achieving this is having qualified, caring and compassionate employees work in partnership with residents, clients and families, and are supported by great systems. Our commitment to clinical governance is outlined in the Regis Care Strategic Quality and Clinical Governance Framework, which was approved by the Regis Board of Directors.

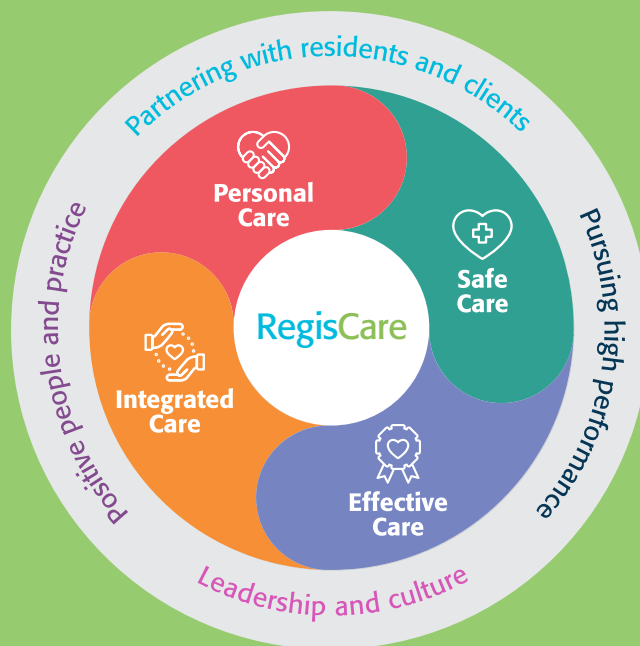
To ensure Regis has the highest standard of clinical governance, we have undertaken a number of new initiatives over the past 12 months. Some of these include:

- In FY20, Regis established two senior nursing roles, an Executive position for Clinical Care and Practice and appointed a National Manager for Infection Control. We have made a further investment and established a National Risk Manager role, which commenced in July 2021. This role will be instrumental in leading and supporting a best practice incident and risk management approach across Regis.
- We introduced resident and client stories across our quality committees. Each meeting starts by sharing the experience of a resident, client or family – both positive experiences and experiences that highlight a need to improve. *“Resident and client stories offer valuable insights that go way beyond what can be found in a report,”* says Professor Christine Bennett AO, Chairman of the Regis Board Clinical Governance and Care Committee. *“Hearing these experiences and being able to ask thoughtful questions, enables the Board to make better decisions in terms of where we need to focus our clinical governance and quality priorities and outcomes.”*

- In FY21 we had a significant focus on improving our quality data and reporting. We implemented a revised quality scorecard that is presented to the Regis Board every month, which includes a series of new clinical and quality indicators. Where possible, indicators have benchmarking data and targets. The data insights from our revised scorecard enable better identification of risks, improvement opportunities and exemplar practice.
- We introduced resident experience surveys across all of our Homes that are facilitated through CarePage (see page 24). The data is presented monthly to the Executive Team and Board Committees.

The RegisCare Clinical Governance Framework

Our commitment to delivering great care for our residents and clients.



Our clinical governance system provides a framework for continuous improvement that includes clear lines of accountability, effective processes for identifying and managing risk, monitoring outcomes and addressing problems in performance. It is supported by a strong committee and reporting structure.



Our partners

We collaborate with specialists in mental health, palliative care, wound care, dietitians, speech pathologists, external organisations and relevant government bodies to continuously improve the quality of care we provide.

Infection and Prevention Control Lead Nurse Program

In FY21, Regis implemented the Infection Prevention and Control (IPC) Lead Nurse program for all 64 Homes and five Home Care hubs.

Nurses from every Home and hub completed the Foundation Certificate in Infection Control from the Australasian College of Infection Prevention and Control — 126 nurses are currently enrolled or have already completed the course. IPC Lead Nurses were provided with monthly in-person support, newsletters and virtual meetings. This communication has helped embed best-practice infection control practice in our Homes and services.

Understanding the reality of dementia

Our Executive Team had a taste of Dementia Australia's Enabling Edie workshop in May 2021.

The immersive workshop uses high-quality virtual reality (VR) technology to let participants see the world through the eyes of a person living with dementia. It also explores what it may feel like to care for someone living with dementia.

With VR headsets on, our Executive Team experienced the challenge of getting from the bedroom to the bathroom as someone living with dementia. The experience brought to life how sounds, shapes, patterns and shading can be distorted and cause distress or anxiety for people living with dementia.

In June 2021, Regis planners, architects and property managers undertook a Dementia Design Workshop. The workshop unlocked a greater understanding of a consumer's perspective of dementia, the impact of their living environment and the principles in dementia design.

Thank you to Dementia Australia for supporting our employees to further develop insight and empathy, and to better understand the symptoms and impact of dementia.

Participation in research

Regis is committed to supporting the development and expansion of aged care knowledge. We participate in research projects that support our care, service and improvement goals.

REGIS PARTICIPATES IN RESEARCH PROJECTS WITH LEADING AUSTRALIAN UNIVERSITIES. SOME OF OUR CURRENT PROJECTS ARE:

UNIVERSITY AND INDUSTRY LEADS	PROJECT TITLE	PROJECT SUMMARY
The University of Melbourne	Remote Expert Nurse Consultation for Pressure Injury Management in Residential Aged Care	<p>This project focuses on:</p> <ul style="list-style-type: none">• prevention and quicker healing of pressure injuries• prevention and improved management of infection• capacity building of nurses• enhanced social connection between residents and family members• reducing the cost of treatment and care.
The University of Western Australia and The University of Melbourne	Ban – Dep Study	<p>The study has been ongoing since November 2018. The aim of the study is to determine if the addition of Behaviour Activation (BA) to Professional Education to Aged Care (PEAC) program decreases the severity of depressive symptoms in residents with clinically significant depression compared with PEAC alone. It includes:</p> <ul style="list-style-type: none">• training Mental Health Champions• the use of a structured behavioural activation program to enhance the benefits of the Beyond Blue E-learning PEAC program• decreasing the prevalence of depression in adults living in residential aged care facilities.
Monash University and the National Centre for Healthy Ageing	Optimising health information exchange during aged care transfers	<p>This project aims to develop and test a digital health solution for summarising and sharing critical data during medical transfers of people living in Residential Aged Care Homes. Anticipated outcomes include:</p> <ul style="list-style-type: none">• reductions in avoidable hospitalisations• improvements in residents' healthcare experience• improvements in primary healthcare data linkages.
Dementia Australia & Swinburne University	Dementia – Communities of Practice	<p>This study aims to evaluate whether online communities of practice and education can lead to better dementia care.</p> <p>The study involves:</p> <ul style="list-style-type: none">• regular interaction with group members• participation in a virtual classroom online forums• access to a range of resources and support.
Monash University	Coronavirus in Victorian Healthcare and Aged Care Workers (COVIC-HA) Cohort Study	<p>This study aims to understand and monitor the psychological and physical impacts of the COVID-19 pandemic on Victorian healthcare employees. Findings will be used to develop recommendations for organisational supports.</p>

Palliative Care Project

Our partnership with End of Life Direction for Aged Care (ELDAC) and the Specialist Palliative Care in Aged Care (SPACE) improves employee capability in quality palliative care.

Palliative Care Project: ELDAC Working Together

The Program provides the opportunity for Regis to develop and strengthen aspects of palliative care and advance care planning delivery. It focuses on developing stronger linkages with specialist palliative care and other local service providers and networks.

Palliative Care Project: SPACE

The SPACE project improves access to specialist palliative care services for people living in residential aged care facilities.

NPS Medicinewise

NPS Medicinewise promotes the safe and wise use of medicines by bridging gaps between evidence and practice.

Regis partners with NPS Medicinewise to provide dementia and changed behaviour education to employees.

The NPS education program teaches nurses about person-centred care, including the role of medicines in changed behaviours. The nurses have access to ongoing support from a trained educational facilitator to address any barriers to peer-to-peer learning.

In FY21, Regis appointed a National Project Manager, Clinical Care to facilitate and oversee our clinical projects which enables us to improve our clinical care outcomes.

COLLABORATING WITH SPECIALISTS HELPS US TO CONTINUOUSLY IMPROVE THE QUALITY OF CARE WE PROVIDE.

High-quality clinical care and support

Regis has multi-disciplinary care and support teams that take a collaborative approach to providing the best possible clinical care and support for our residents.

Regis has an in-house Nurse on Call service providing support to our employees in the delivery of care to residents and clients. The service operates after hours, seven days a week, including weekends and public holidays. Additionally, we have a Clinical Care Specialist Team of senior clinicians supporting each Home with clinical care advice and support.

Behind these professionals are networks of allied health providers including physiotherapists, speech pathologists, wound care specialists, dietitians and podiatrists who work with us to improve residents' health.

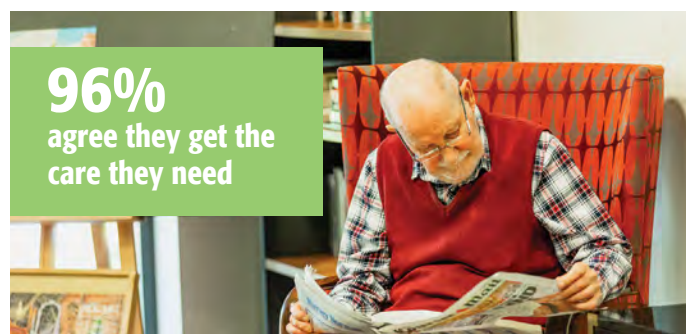
Lifestyle Specialists help to support residents' emotional, psychological and spiritual health – one important initiative is our Esprit Cafes. In a confidential group setting with a qualified social worker, open conversations are encouraged about grief and coping strategies.

CarePage: Using resident feedback to develop care and services

CarePage is a tool that allows us to survey residents, clients and families to understand their experiences and identify areas for local and national improvements. The survey results are shared across multiple levels of service delivery, management and governance – including our Senior Leaders, Executive Team and our Board of Directors.

In FY21, over 8,300 CarePage surveys were conducted with positive results.

CarePage snapshot



Our capability

CATERING TO OUR RESIDENTS WITH A PURPOSE.

We understand how important nutritious and wholesome food is – we have qualified chefs and cooks in all of our Homes, supported by regional catering teams and dietitian's advice. Our meals are cooked on-site from scratch to deliver quality meals to meet the needs of each resident.

Our catering team takes a resident-first approach; menus are built using resident feedback via focus groups, cooking demonstrations and monthly Resident and Family feedback sessions. Residents can choose a 'Favourite Dish' or submit a recipe to be featured in the menu. This input is invaluable to satisfaction with their food choices.

Variety and choice are essential – our menus are rotated every four weeks to include personal favourites and cultural menu days. Twice a year, we launch new menus to reflect seasonal changes – they are approved by an experienced dietitian to ensure nutritional balance.



SATISFYING COMFORT FOOD EVOKING STRONG MEMORIES.

The joy of sharing the happy memories that good eating brings is not lost on the catering teams at our Homes around the country. Many Homes are situated in culturally diverse communities – Asian, Filipino, European and Islander to name a few. Here are a few highlights on how we bring cultural diversity and memories to life through cuisine.

At Regis Inala Lodge where there are many residents from Asian cultures, every meal has a rice option and the chef ensures a good spread of options with the right salty/saucy balance. Residents feel they are connected with Chinese culture and ethnicity, and their suggestions are welcomed and incorporated into the menu.

Filipino employees at Regis Elmore Vale recently made traditional food and shared their customs with residents as part of a cultural immersion experience complete with 'armchair travel' to the Philippines.

At Regis Sandgate Musgrave, France was the focus for a whole month. Residents are still talking about making fresh bread, French onion soup and other delights, while reminiscing about trips to famous sites in France and debating the merits of French art and music – not to mention the wine!

Regis Lutwyche has residents from a wide variety of regions and cultures, including a large group of residents of Italian descent. Naturally, hearty Mediterranean fare features regularly, with homemade pastas, pizzas and sauces to delight the palates and evoke great memories of childhood and cooking for extended families.

Mauritian residents at Regis Dandenong North enjoy a weekly traditional curry, with a specialist chef employed for the Home. To mark Mauritius Independence Day, they hosted a special event with a local Mauritian eatery providing catering for the day. Residents loved the Napolitaine, Puits d'Amour, Banana Tart and the entertainment to accompany it all.

OUR PEOPLE

Regis proudly employs over 9,000 people across residential aged care, retirement living, home care services, day therapy centres and offices. Through every challenge, we support our people to grow.

Mental Health support

During FY21, our People and Culture team continued to focus on supporting employee wellbeing and mental health.

The Employee Wellbeing Working Group, in conjunction with the Regis Spirit Working Group, delivered a program of events throughout FY21 providing employees with access to benefits to support them through a challenging year. Employees had access to a suite of resources developed to assist with overall wellness including managing anxiety, sleep, employee connection including isolation packs for those working from home, podcasts and appreciation and recognition programs. Regis recognised and celebrated RUOK Day and mental health week. On RUOK Day in September teams wore yellow, participated in safety team talks, webinars and were encouraged to share their activities and celebrations. As part of a Wellbeing Series, a psychologist supported office employees with information and mental health strategies. Topics included balancing mental health while working from home and managing home-schooling.

OUR PEOPLE AND CULTURE TEAM IS FOCUSED ON MAINTAINING EMPLOYEE WELLBEING AND MENTAL HEALTH.

Our Employee Assistance Program provides all employees access to counselling support via an external service, AccessEAP. No referral is required; employees can make direct contact for support relating to any work or personal concern, including family violence. Critical incident debriefing sessions were conducted as needed and Manager Assist was available to all managers to provide guidance and coaching in how to support their employees.

Changing working conditions

Through FY21 our teams have experienced rapidly changing circumstances — through resourcing our surge frontline workforce, supporting our people working on the frontline during a pandemic and a substantial work from home transition.

Supporting employees in an outbreak

Over 200 new employees joined us to support our surge workforce and assist with potential COVID-19 outbreaks. These employees were instrumental in scaling up and resourcing our Homes if workers were required to isolate.

Many of our existing workforce also stepped in, drawing on their existing skills and qualifications to provide direct care to our residents, and our Workplace Health and Safety Team provided testing support in our Homes during outbreaks.

We provided accommodation if employees were forced to stay away from their homes to protect their families and loved ones. We also celebrated the extraordinary efforts of our people with financial rewards and other recognition.

Office-based employees were transitioned to work from home safely.



Learning and development

We continued to provide a blend of learning and development activities to our frontline workforce, ensuring they received refresher and new critical skills necessary to provide safe care to our residents during the pandemic and to keep themselves, their families and colleagues safe.

Leaders Day

For the first time in Regis history, our annual Leaders Day was held online for 317 senior leaders from all states and territories – our largest participation to date.

The Leaders Day leveraged the knowledge and skills of author, Genevieve Hawkins, in building capability among Regis leaders on supporting their own mental health and that of their teams. In addition to this valued session was a series of master classes delivered by various Executive General Managers and other Senior Managers. The ability to bring our leaders together despite the pandemic enabled targeted capability building, as well as the opportunity for networking and engagement.

Registered Nurses

We continued to support our nurses' capability and engagement by building skills through clinical study days and coordinated education programs such as 'BOOST' and 'ADVANCE'.

BOOST is targeted to newly appointed Registered Nurses to develop their clinical skills and understanding of Regis policies. ADVANCE supports our highest performing Registered Nurses in both developing their clinical skills and leadership skills facilitating a pathway to a Clinical Care Manager role.

OWLs

Our most experienced and capable Personal Care Assistants are trained to become 'OWLs'.

This is a buddy program through our Workplace Health and Safety Team where peers who have proven skills and outstanding commitment have a chance to share what they know – 'Orientating, Welcoming, Leading by example'. They provide specialised peer support to nurture and encourage new employees to develop skills and, in the moment, 'catch and call' safety coaching and feedback. These experienced carers, or 'Wise OWLs' as we call them, are an invaluable part of personal development for new employees.



Accredited Training

In FY21, 86 of our employees were financially supported to participate in accredited training programs to increase their skills and advance their careers.

ACCREDITED TRAINING PROGRAM	OUR PEOPLE WHO PARTICIPATED	SUMMARY	REGIS EMPLOYEES COMPLETED ACCREDITED TRAINING PROGRAMS AS OF 30 JUNE 2021
Certificate III Individual Support (Ageing)	<ul style="list-style-type: none"> Assistant in Nursing Personal Care Assistants 	Supports new recruits with the skills and knowledge to support residents and clients.	22
Certificate IV Leisure and Health	<ul style="list-style-type: none"> Lifestyle Assistants Assistant in Nursing 	Teaches lifestyle teams to develop innovative aged care programs.	15
Certificate III Commercial Cookery	<ul style="list-style-type: none"> Food Services Attendant Cooks 	This apprenticeship qualifies cooks and chefs to produce the best, most nutritious meals.	15
Provide Support to People Living With Dementia	<ul style="list-style-type: none"> Lifestyle Nurses Assistant in Nursing Personal Care Assistants Dementia Liaison Home Care 	Equips teams with the skills and knowledge to provide person-centred care and support for people living with dementia. Based on advice from Dementia Australia.	23
Assist Clients with Medications	<ul style="list-style-type: none"> Assistant in Nursing in Tasmania Personal Care Assistants in Tasmania 	Required in Tasmania for carers administering medication.	11



Employee engagement

Our Annual Employee Engagement Survey, facilitated by Best Practice Australia illustrated that our overall employee engagement was at 62% which reflects a highly engaged culture.

The survey results show that our people are optimistic about the future and have a strong sense of success and achievement. We are continuously delighted by how our people demonstrate resilience and take a proactive approach to overcome challenges.

WE CONTINUED TO EXPAND CAPACITY THROUGH LEADERSHIP AND SKILLS TRAINING.

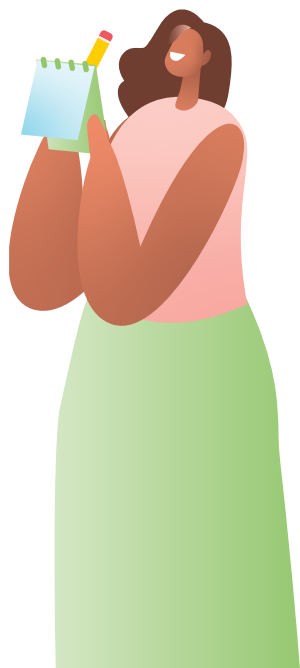
Regis Spirit

Our Regis Spirit Program describes how our leaders and people support each other to strengthen our culture of Appreciation, Opportunity and Community.

We supported a series of team events and moments of recognition to connect our people and celebrate great work.

During FY21 our Regis Spirit program pivoted to virtual events, activities and messages. Our Thank You videos recognised 935 employees across Regis for service from 5 years up to 35 years.

During Aged Care Employee Day, our people shared stories about their favourite memory of working in aged care. We also built a timeline representing how long our people have worked in aged care as a powerful reflection of the knowledge and experience we share amongst our teams.



Showcasing our people on social media

In FY21 we increased our social media presence across five platforms – Facebook, LinkedIn, YouTube, Instagram and Twitter. With more than 25,000 followers across our channels, Regis is paving the way in the aged care social sphere. We are active on social media daily; creating videos, branded posts and campaigns of our residents, clients, employees and Homes to showcase the quality care and support we provide.

 www.linkedin.com/company/regis-agedcare

 www.facebook.com/regisagedcare

 www.instagram.com/regisagedcare/

 www.twitter.com/regisagedcare

Privacy and Cyber Security

In response to the current cyber threat landscape and in support of our digital transformation journey, we developed the Regis Cyber Security Strategy to guide the implementation of our cyber security initiatives. The Regis Cyber Security Strategy adopts a three-pronged approach:

- Robust Cyber Governance Risk and Compliance that takes into consideration the effect of changing work styles, emerging technology trends and the need for business aligned security policies.
- Resilience, Response and Recoverability Pillars that recognise the evolving cyber threat landscape characterised by increasing sophistication and consequences of cyber attacks, and acknowledge the fact that Regis, as well as the aged care industry, are targets.
- Security Culture that recognises that most successful cyber attacks require a human element to succeed, thus the need to strengthen the entire organisation.

Throughout FY21, we commenced the implementation of security initiatives for all our employees including training, education and two-factor authentication to uplift our security maturity level from the current baseline to desired level.

REGIS DEFINES SUSTAINABILITY AS THE TERM FOR ALL THINGS THAT DECREASE OUR DEPENDENCE ON NON-RENEWABLE ENERGY AND INCREASE THE IDEA OF LIVING WITHIN THE MEANS OF OUR CURRENT ENVIRONMENT WITHOUT DAMAGING IT FOR THE FUTURE.



SUSTAINABILITY

Our properties

Our purpose-built properties are designed to care and service our resident and clients now and into the future as part of our commitment to support Australia's ageing population. Our property developments also aim to reduce costs and impacts on the environment with a focus on a sustainable and efficient design.

In FY21, Regis progressed property developments and acquired new locations to improve our Homes and Sites. Development pipelines include:

- 112-bed Home in Camberwell, Victoria
- 120-bed Home Toowong, Queensland
- 105-bed Home in Belrose, New South Wales.

Recently acquired, Regis Ayr and Regis Home Hill will both be having refurbishments in early FY22 in order to improve fire safety. In Western Australia, the six-storey retirement living property located in Nedlands has been cleared to rejuvenate the area. Our Home Care Services across Mildura have grown; therefore we have increased our office space from 97 to 230 sqm. This will enable us to service the expanding needs of the Mildura community.

Our environment

As a leading Australian aged care provider, Regis recognises our important role in sustainability. The growth of the aged care sector provides a sound social, environmental and economic basis to address sustainability in the sector.

Sustainability is using natural resources to best effect and striving – through all our decisions, behaviours and activities – to be environmentally sound and economically viable.

Sustainability Strategy

The Regis Sustainability Strategy creates an actionable plan to align company practices with clear environmental sustainability goals and objectives. It is supported by a well-defined leadership structure and a robust management approach.

The Strategy has four pillars:

- Policies and Reporting
- Sustainable Operations
- Healthy Homes
- Engagement and Education.

Policies and reporting

Regis energy performance

As part of the Sustainability Strategy, Regis is committing to a combined 10% energy reduction target by FY24 (against a FY19 baseline).

METRIC	FY20*	FY21*
Energy Consumption (GJ)	260,485	239,491
Energy Consumption (CO2-e tonnes)	40,592	35,484

* Excludes Regis Home Hill and Regis Ayr. Adjustments made in respect for ramp up sites.

Source: Bid Energy



TAKE2 Pledge

Regis joined the Victorian State Government's climate change pledge program TAKE2, that provides Victorian businesses, local governments, community organisations and individuals with information to act on climate change.

Regis is one of over 1,000 businesses taking the pledge to work towards two targets by 2050: achieving zero net emissions and keeping global temperature rise to under two degrees. As part of the program, Regis has made a number of commitments towards implementing more sustainable practices, including:

- continuing to install solar panels
- replacing high-energy use lighting with LEDs
- educating our employees and community on reducing their environmental impact.

Effects of Climate Change – Climate Exposure Assessment

In FY21, we undertook a Climate Exposure Assessment to identify the potential climate risk hotspots across our Homes and Sites. The assessment employed two climate change scenarios across the short (2030) and medium (2050) term, as well as an analysis of historic climate hazard data. The key findings of the assessment highlighted the Homes that are most exposed to the effects of climate change.

Sustainable Operations

Solar Panel improvements

In FY19 and FY20, we installed 3.6 mega watts of solar panels across the country to reduce our environmental footprint and our dependence on non renewable sources of energy. Throughout FY21 this continued to offset electricity consumption with a total of 4,951,738 kilowatt hours of electricity being generated through this renewable source.

Healthy Homes

Upcycling Competition

March 2021 was Sustainability Month. We held an Upcycling Competition open to Regis employees, volunteers, residents and clients. The idea was to create something new out of something old and breathe new life into unwanted items or materials to create awareness of opportunities to improve sustainability in our Homes and Sites.

Bamboo Toothbrushes

We've partnered with kidpreneur Ned Heaton and his Turtle Tribe to replace approximately 30,000 plastic toothbrushes with sustainable, biodegradable bamboo alternatives every three months. Switching to bamboo toothbrushes can have an enormous impact on the planet. We're thrilled to be a part of this sustainable change away from plastic. Our residents love the change to biodegradable bamboo toothbrushes and the chance to do their part for the planet.

"I find using the bamboo toothbrush a very good alternative to using plastic. The bristles are a little softer which I prefer, and I like the head size and handle shape."

Pam, Regis Ringwood

"Regis Aged Care is delighted to be working with kidpreneur Ned Heaton to reduce plastic toothbrush waste and support local innovation. We know sustainability is very important to our residents, clients, families, employees and shareholders. Providing our residents with a new high-quality bamboo toothbrush every three months is great for oral health as well as the environment. We are keen to support and partner with other Australian entrepreneurs to improve products and services for older people."

Linda Mellors, Regis Managing Director and Chief Executive Officer



ENGAGEMENT AND EDUCATION

IMPLEMENTING NATIONAL SUSTAINABLE INITIATIVES EVERY DAY.

Sustainability Superhero

Each Home identifies a Sustainability Superhero to encourage residents, employees and family members to support sustainability initiatives.

Zamir and Brewster at Regis Armadale are maintaining their Sustainability Superhero titles. Zamir has countless garden beds and pots of fresh herbs and tomatoes growing on the balcony that are regularly harvested for use by the kitchen; and Brewster is helping the Home collect and recycle batteries.

Clean Up Australia Day

Regis residents and employees get involved in Clean Up Australia Day activities within the Homes and even in the community.

Battery Collection Program

Battery collection boxes are placed in every foyer. There's an element of competition to see which Home can collect the most.

In FY21, Regis collected more than 200kgs of batteries across our Homes and Sites.

With 'Sustainability Superhero Stuart's' help Regis East Malvern collected 10kg of batteries in May 2021.

Regis Garden Program

Gardens, combined with worm farms and compost bins, allow residents to get outdoors, learn new skills, and use expertise from their younger days, all while nurturing the garden. This has proved to be very popular, as well as boosting the supply of fresh vegetables and cheery flowers.

Regis Eastern Shore refreshed a garden area in their Dementia Support Unit (DSU) to include two Regis Gardens and a chicken coop. Residents living in the DSU regularly harvest vegetables, herbs and fresh eggs for the kitchen.

Resi@Home

We encourage residents to be responsible for their own environmental impact by taking small actions like turning off electrical items when not in use, recycling and reducing waste.

Resident Steve at Regis Ontario worked with the Maintenance Officer to design, create and paint a wishing well out of old tyres for residents and their families to enjoy in the garden as part of the Regis Spirit Upcycling Competition. Fred at Regis Eastern Shore regularly takes apart and refurbishes old furniture to give it a new life within the Home.

Employee Waste Pledge

Regis is committed to reducing our carbon footprint and strengthening sustainability across our support office, all our aged care Homes, home care sites and retirement villages. Our employees and residents are invited to show their commitment to creating a more sustainable future by pledging to make changes in their daily activities and ideas in our Homes. Some of our notable successes include:

- making reusable bees wax wraps
- reduction in printing
- recycling bottle tops
- donating newspapers and old blankets to animal shelters
- upcycling items or waste into another useful objects such as:
 - toilet rolls and soft drink cans into bird feeders
 - recycling newspapers to make seed bombs
 - milk containers into garden scoops
 - making fertiliser from old coffee grounds.

Save the Gorillas – 'Answer the Call'

As part of Zoos Victoria's efforts to raise money and awareness for the preservation of gorillas, Regis runs an annual drive at all Homes and offices to bring in old mobile phones and other small electronic items for collection and recycling. Monies go towards health checks and medical care for gorillas in the wild.

In FY21 Regis collected more than 75 mobile phones, seven devices and more than 20kg of electronic equipment for Zoos Victoria's Save the Gorillas campaign.





Environmental Leadership Award in the National Regis Care Awards 2020

Now in its third year, the Environmental Leadership Award goes to a person or team that demonstrates significant and voluntary contribution to environmental sustainability. Their actions have had a meaningful outcome and enhanced quality of life for residents, or a project with positive impacts on the environment.

Regis Inala Lodge in Victoria was our 2020 winner. The team built three garden beds for the residents to grow fruit, vegetables and herbs. The residents love to water the plants, use the produce in meals and compost the green waste.

Recycling and upcycling is also important for our team at Inala Lodge. Utilising various 70s vintage donated items such as cookbooks, an old telephone and milkshake maker, Inala recreated a 70s themed kitchen for the residents to enjoy.

At Inala Lodge, they believe the Regis Way is about social sustainability and they are committed to living by this approach. Many activities across the Home use recycled boxes and second hand items as a way to focus on reducing consumption of new materials.

Our community

Supporting local communities is important to us. Now more than ever, we are looking at ways to engage with our communities. Our commitment goes beyond providing the best care to residents: we want to support local businesses.

We take pride in serving wholesome and nutritious meals, going above and beyond to use the very best seasonal produce.

As part of our community commitment, Regis proactively engages with local producers across Australia to supply our Homes with fresh produce. These relationships mean the freshest food possible for our residents while reducing our food miles and carbon footprint.

**THANK YOU TO OUR SUPPLIERS
IN OUR LOCAL COMMUNITIES
WHO HELP MAKE REGIS
INCREDIBLE.**

Ken Little's Fruit & Veg

Ken has been in the greengrocer game for over 40 years and partners with Regis in Port Macquarie, NSW. Ken knows his apples from his oranges and helps us choose the best fruit and veg for our residents.

Express Fresh

Express Fresh started from humble beginnings working in the Fremantle Markets during the 80s – owners Sam and Charlie Anile know a thing or two about fresh produce. They know exactly what our catering team needs to create fresh, nutritious meals.

Cheffields Providore

Our suppliers are a critical component for success in continually improving processes. Cheffields is one of Gippsland's finest producers of meat, milk and cheese – they regularly visit our Homes to better understand what our residents want.

Stroke Foundation's 2021 Stroke Awards

Team Regis Finalist for Fundraiser of the Year

A much-loved employee named Max survived a stroke at work because his colleague Stan knew what to do and called an ambulance. The Mobile Stroke Unit attended within minutes and transported Max to hospital for specialist treatment.

Team Regis wanted to show appreciation in honour of Max and chose the Stroke Foundation, which funds the Mobile Stroke Units.

The team demonstrated true passion, commitment and dedication to move 3,500km collectively, raising almost \$15,000. Team Regis also held a virtual quiz night and hosted a StrokeSafe Speaker to raise awareness of stroke.

We stand with our colleague and our wider community who have been touched by stroke to build awareness and contribute to stroke prevention and research.



CORPORATE GOVERNANCE

Our commitment

The Regis Board is committed to maximising performance to: deliver quality care and services to our residents and clients, generate shareholder value and financial return, and sustain company growth and success.

With these objectives in mind, the Board of Directors seeks to ensure that Regis, its Directors, officers and personnel operate in an appropriate corporate governance environment.

Details of our compliance with the ASX Corporate Governance Council Principles and Recommendations, 4th edition is available via the Regis Healthcare Corporate Governance Statement at www.regis.com.au/corporate-governance

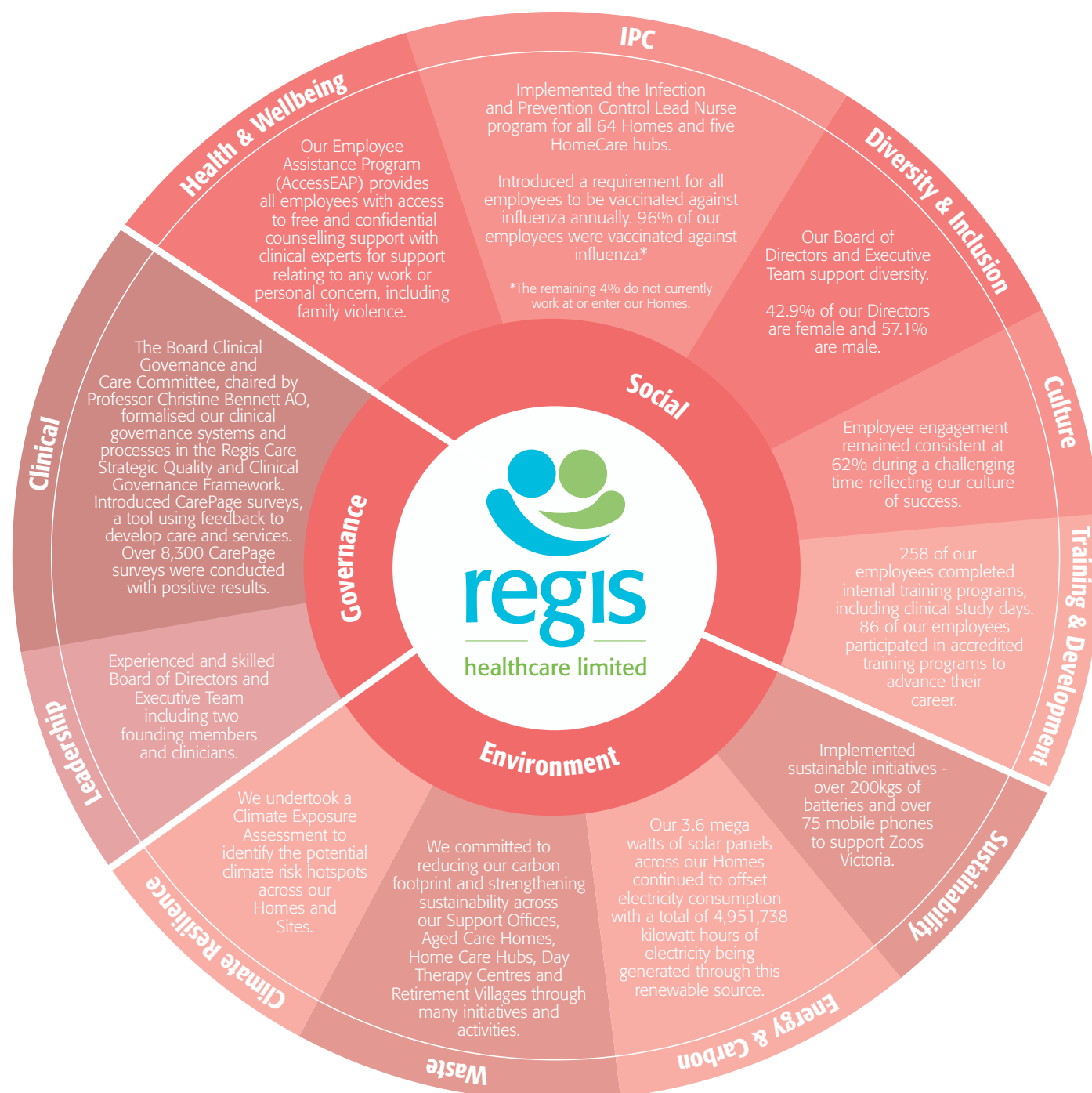


Governance

Our Strategic Plan for Financial Years 2022 to 2024 sets out what is important to Regis – our residents, clients, their loved ones and our employees - and the steps to support them. Our strategy is to always deliver excellent and sustainable outcomes for our residents, clients, employees, shareholders and the community (see Page 20).

Environment, Social and Governance

Regis maintains its key focus on our Environment, Social and Governance impact. Our key highlights in FY21 are:



OUR LEADERS



Graham Hodges



Dr Linda Mellors



Professor Christine Bennett AO



Bryan Dorman



Sylvia Falzon



Matthew Quinn



Ian Roberts

Board of Directors

Graham Hodges

Chairman Independent Non-Executive Director

Graham has been a Non-Executive Director since August 2017 and was appointed Chairman on 1 July 2018. He has extensive international experience in the financial services industry with a career spanning more than 40 years. He commenced his career in Commonwealth Treasury, Canberra, where he worked for approximately 10 years before being seconded to the International Monetary Fund in Washington for several years.

For 28 years, Graham built an executive career at the Australian and New Zealand Banking Group Limited and was formerly the Deputy Chief Executive Officer, ANZ Banking Group Ltd. Graham is currently a Director of AmBank Holdings Berhad (stepping down on 2 September 2021) and Assemble Communities Pty Ltd, and was previously Chairman of ANZ SAM Board (Special Assets Management), Esanda, ANZ Wealth, and a member of the Australian Government's Aged Care Financing Authority.

Graham holds a Bachelor of Economics (Hons) degree from Monash University.

Dr Linda Mellors

Managing Director and Chief Executive Officer

Linda has been Managing Director and Chief Executive Officer since September 2019. Linda has nearly 20 years of executive experience in health and aged care. Prior to joining Regis, Linda held a range of roles in hospital and health systems predominantly in Victoria, as well as a national aged care service.

Linda is currently a Board Director of Mackillop Family Services and inaugural Chair of the Aged Care Reform Network. Linda was formerly the Chair of the Aged Care Guild, Co-Chair of the Victorian Metropolitan Hospital Chief Executive group, Chair of the North Eastern Metropolitan Integrated Cancer Service, Board Member of the Parent Infant Research Institute and Board Director of the South West Melbourne Medicare Local.

Linda has a PhD in cardiac physiology, Bachelor of Science with first class Honours, Bachelor of Arts and is a Graduate of the Australian Institute of Company Directors. She is also a graduate of the Williamson Community Leadership Program, operated by Leadership Victoria.

Professor Christine Bennett AO

Independent Non-Executive Director

Appointed to the Board in March 2018, Christine is a specialist paediatrician with over 30 years' health industry experience in clinical care and governance, strategic planning, executive management, teaching and research. Christine is Deputy Vice Chancellor Enterprise & Partnerships and Head of the School of Medicine, Sydney, at The University of Notre Dame Australia. Christine is also Convenor of the Champions of Change Coalition Health Group and joined the Telstra Health Board in July 2020.

Previously, Christine was a Group Executive and Chief Medical Officer at both MBF Limited and Bupa Australia, a Partner in the KPMG Health and Life Sciences Practice, CEO of Westmead Hospital, Chair of the Sydney Children's Hospitals Network and Non-Executive Director of Digital Health CRC Limited.

From 2008 to 2010, Christine was Chair of the National Health and Hospitals Reform Commission to provide advice on a long-term plan for the future of the Australian health and aged care system. Christine was awarded an Officer of the Order of Australia in recognition of her distinguished service to medicine and health care leadership in 2014.

Christine holds a Bachelor of Medicine and Bachelor of Surgery from the University of Sydney and a Master of Paediatrics from the University of New South Wales. She is a Fellow of the Royal Australasian College of Physicians and a Graduate of the Australian Institute of Company Directors.

Non-Executive Director

Bryan was a Director of the Group on listing on 7 October 2014. Prior to listing, Bryan had been a Director of Fairway Investment Holdings Pty Ltd¹ since May 2007.

Bryan has considerable experience working in and growing enterprises across a broad range of industry sectors, including residential aged care, manufacturing, property development, asset investment and business services. Bryan was a Partner in Melbourne accounting firm Rees Partners from 1977 until 2000 and is a qualified accountant. Bryan is a founding Director and shareholder of Regis. From its commencement in the early 1990s until 2014, Bryan was Chairman (and Executive Chairman until 2008), during which time he oversaw the management and growth of the Group. Bryan was also the National President of the former aged care industry body, The Aged Care Association of Australia, from 2004 to 2012, and was actively involved in the development of the industry and shaping its future.

Bryan holds a Bachelor of Business (Accounting).

Sylvia Falzon

Independent Non-Executive Director

Appointed to the Board in September 2014, Sylvia brings to Regis valuable experience in the areas of business development, marketing, brand management, customer service, and risk and compliance, together with remuneration and people strategies.

Sylvia has held senior executive positions within the financial services industry over a 30-year career. Through her executive and non-executive career, she has gained extensive experience working in large consumer-facing and highly regulated businesses within the financial services, healthcare, retail and aged care sectors.

Currently an Independent Non-Executive Director of ASX listed companies Premier Investments Limited, Suncorp Group Limited and Zebit Incorporated, Sylvia is also Chairman of Cabrini Australia, a large not-for-profit health, technology and outreach organisation and was formerly a Non-Executive Director of Perpetual Limited.

Sylvia holds a Master's degree in Industrial Relations and Human Resource Management (Hons) from the University of Sydney and a Bachelor of Business from the University of Western Sydney. She is a Senior Fellow of the Financial Services Institute and a Fellow of the Australian Institute of Company Directors.

Matthew Quinn

Independent Non-Executive Director

Appointed to the Board in March 2018, Matthew has a track record of strategy development, delivering financial results and driving operational efficiency as a senior real estate and property development executive. This, together with his deep understanding of strategic M&A, capital markets and regulatory environments enables him to make a significant contribution to the Board.

Matthew was Managing Director of Stockland for 13 years and is currently a Non-Executive Director of CSR Limited and Elders Limited, and Chairman of Class Limited and TSA Management Group Holdings Pty Ltd.

Matthew holds a Bachelor of Science in Chemistry with Management (1st Class Honours) from Imperial College London and is a qualified Chartered Accountant.

Ian Roberts

Non-Executive Director

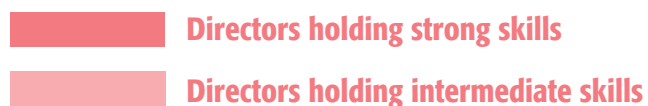
Ian was a Director of the Group on listing on 7 October 2014. Prior to listing, Ian had been a Director of Fairway Investment Holdings Pty Ltd¹ since May 2007.

Ian has over 30 years' experience in the real estate sector including 20 years in residential aged care. Prior to co-leading the Regis journey, Ian was involved in property development (sub-divisional and commercial) in South East Queensland. As a founding shareholder and Director of Regis (Executive Director prior to 2008), Ian headed up the property division with oversight of the development and implementation of the strategy that saw the business grow to in excess of 4,500 beds nationally. Ian is currently a Non-Executive Director of several property and property services enterprises. Ian holds a Bachelor of Science (Surveying) from the Royal Melbourne Institute of Technology.

¹ Fairway Investment Holdings Pty Ltd converted to Regis Healthcare Limited on listing in October 2014.

Board skills and experience

The Board has strong expertise across key areas through the mix of Directors.



Skills or Experience

LEADERSHIP AND CULTURE	6	1
EXPERIENCE ON OTHER BOARDS	6	1
AGED/HEALTHCARE	5	2
STRATEGY	6	1
CLINICAL GOVERNANCE	4	1
RISK AND COMPLIANCE MANAGEMENT	6	1
LISTED COMPANY GOVERNANCE	4	2
BUILDING/FACILITIES	3	3
PROPERTY DEVELOPMENT	3	3
ACCOUNTING AND FINANCE	6	1
MERGERS AND ACQUISITIONS AND CAPITAL MARKETS	3	3
PUBLIC/GOVERNMENT RELATIONS	5	2
STAKEHOLDER MANAGEMENT	7	
MARKETING AND COMMUNICATIONS	2	5
BUSINESS DEVELOPMENT	5	2
INFORMATION TECHNOLOGY	1	6
PROJECT MANAGEMENT	5	2
HUMAN RESOURCES	6	1
REMUNERATION	3	3
SUSTAINABILITY/CORPORATE SOCIAL RESPONSIBILITY	4	3
HEALTH AND SAFETY	5	2

Shareholder engagement

The Board is committed to ensuring shareholders are informed of developments affecting the Company, including access to the information necessary to assess Directors' performance.

The company recognises that current and potential shareholders may wish to access information about Regis beyond our continuous disclosure obligations. Our investor relations program, led by our Chief Financial Officer (CFO), communicates information regularly to shareholders and other stakeholders. Our forums and publications include:

- Annual Report distributed to shareholders
- Half-Yearly Report available online
- Annual General Meeting (AGM)
- ASX announcements and analysis posted online after release by ASX
- Investor updates and a direct shareholder contact via www.regis.com.au.

The program encourages two-way communication with investors – shareholders can contact the CFO directly, ask questions via our website and communicate with Directors at the AGM.

In FY21 the company plans to hold a virtual AGM. Online access is expected to boost shareholder participation rates in the meeting.

Board Committees

The Board recognises the importance of an appropriate committee structure to assist in the efficient and effective operation of the Board. We have established:

- Audit, Risk and Compliance Committee
- People and Remuneration Committee
- Clinical Governance and Care Committee.

Our three Board Committees enable Directors with particular skills and expertise to have a primary role in considering specific areas of operations or governance. Best practice corporate governance is applied. Committees report back to the full Board and other Directors can question and test the Committee recommendations.

Each Committee has adopted a formal Board-approved Charter that details its: role, authority, responsibilities, membership and operations. The Regis Committee structure complies with all ASX governance recommendations.

Audit, Risk and Compliance Committee

Key responsibilities and functions are to oversee:

1. relationship with the external auditor and the external audit function
2. relationship with the internal audit function
3. preparation of the financial statements and reports
4. financial controls and systems
5. identification and management of risk.

People and Remuneration Committee

The People function of the Committee assists the Board with:

- employee engagement, talent management and employee relations strategies
- organisational culture
- diversity and inclusion.

The Remuneration function of the Committee assists the Board with:

- succession planning
- remuneration of the Managing Director/CEO
- remuneration of Executives reporting to the Managing Director/CEO.

Clinical Governance and Care Committee

Key responsibilities and functions are to:

1. provide effective clinical governance and quality improvement policies and frameworks
2. ensure systems and processes are appropriate to deliver safe and effective clinical and personal care services – meeting legislative requirements and ensuring the best outcomes for residents and clients
3. oversee transparent and consistent processes within defined clinical governance structures
4. oversee robust monitoring, audit and quality improvement processes across clinical and personal care services
5. ensure effective engagement with residents and clients, their representatives and clinical employees regarding the quality of clinical and personal care.

Diversity

The Board has formally approved a Diversity Policy which enables our commitment to create an inclusive culture that acknowledges and embraces differences. We recognise our differences and celebrate the many cultures found in our residents, clients and employees. Through recognition of national holidays and celebrations with food and special events such as Australia Day, NAIDOC Week, National Reconciliation Week, Ramadan, Christmas, Easter and Anzac Day, we showcase the multiplicity of ethnic origins and beliefs in our community.

At Board and management level we also support diversity in a number of different factors including gender, ethnicity, disability, age and educational experience. In FY21, as in previous years, gender was identified as a key area of focus and the Company committed to address the representation of women in management positions and on the Board to actively facilitate a more diverse and representative management and leadership structure.

Under the Policy, the Board set measurable objectives with a view to progressing towards a balanced representation of women at a Board and management level.

The Diversity Objectives are:

- to maintain representation of women and men in management positions and Board level
- gender equity in remuneration for all like roles
- support of employees experiencing domestic and family violence
- achieve a more diverse and representative management and leadership structure
- promote a diverse and inclusive workplace through inclusive recruitment and employment strategies.

The Company's achievement against the Diversity Priorities in FY21 was:

PRIORITY	OUTCOME
Not less than 30% of Regis' Directors of each gender	42.9% female, 57.1% male
Pay equity to be reviewed annually with corrective action to be implemented in the event of any anomalies	Pay equity across all roles is reviewed annually upon completion of the Workplace Gender Equality Agency (WGEA) Report with corrections as needed
Monitor the proportion of diverse backgrounds across management levels	Monitoring commenced during the year





Catherine Buttigieg



Filomena Ciavarella



Adjunct Professor Gaylene Coulton



Gregg Funston



Imtiaz Bhayat



Martin Bede



Melissa McDonald



Michael Horwood



Paul Cohen



Rick Rostolis

Executive Leadership Team

THE COMPANY HAS A SKILLED AND EXPERIENCED EXECUTIVE LEADERSHIP TEAM LED BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, DR LINDA MELLORS.

Catherine Buttigieg

Executive General Manager People and Culture

Catherine commenced with Regis in December 2020. Catherine has a strong background in people and culture roles across private and public industries – including regulatory authorities, multinationals and private equity. Catherine has worked in aged care, healthcare, business to business, business to consumer, FMCG, retail, sales, supply chain, warehousing, financial services, IT and insurance. Her qualifications include a Bachelor of Business (Human Resources and Industrial Relations), and she is a graduate of the Australian Institute of Company Directors. Catherine's focus is for Regis to become a leader in attracting, developing and retaining the best talent across all roles. She is passionate about developing contemporary and fit-for-purpose people and culture systems to ensure our teams have the right tools, skills and capability.

Filomena Ciavarella

Executive General Manager Strategy, Quality and Improvement

Filomena commenced at Regis in August 2020. Filomena has over 20 years of experience in the health sector, working in various executive management and senior leadership roles across many health services, including the Royal Children's Hospital, Peter MacCallum Cancer Centre, Monash Health, Austin Health and Mercy Health. Filomena has extensive experience in the development and implementation of clinical governance, strategic management, quality management, risk management and improvement frameworks.

Filomena ensures that we have robust quality systems in place and provides leadership for the four Regis Care goals – personal care, safe care, effective care and integrated care – and that these goals are delivered for our residents and clients. Filomena is passionate about consumer engagement – that residents, clients, families and community members have a voice across the different levels of the organisation, and that this voice drives all that we do.

Adjunct Professor Gaylene Coulton

Executive General Manager Operations – QLD/NSW/NT/Retirement Living

Gaylene commenced with Regis in August 2020. Gaylene has 20 years of experience across the health sector in executive management and senior leadership roles. Prior to joining Regis, Gaylene held Chief Executive positions in regional primary health care organisations, including a Primary Health Network in the ACT, a Medicare Local in Melbourne, and a Division of General Practice in Brisbane.

Gaylene brings extensive leadership experience in strategic planning and business development, corporate and clinical governance, advocacy for primary care and vulnerable populations, and innovative mental health, aged care and multidisciplinary modes of care.

Prior to Gaylene's management career, she specialised in palliative care nursing in the community. Gaylene is a Registered Nurse, holds a Master of Nursing Leadership and is an Adjunct Professor at the University of Canberra, Faculty of Health. She is an integral part of the Regis team in the provision of high-quality and safe care for all residents, building a strong values-based culture for our employees and the continued positioning of Regis as an innovative leader in the care of older people.

Gregg Funston

Executive General Manager Support Services

Joining Regis in 2010 in a General Manager's role, Gregg has since held a range of positions including Regional Manager, Operations Manager, National Manager Operations Support and Acting Executive General Manager Operations, Southern Region.

In his current position, Gregg has responsibility for a number of corporate and operations support functions including marketing, communications, catering, lifestyle, advice and staffing services. Gregg's priorities are to ensure that home-based teams have the required tools, expert advice and support to provide outstanding care and services to our residents. The Support Services team focuses on delivering innovative programs built in consultation with both employees and residents that enable the achievement of individual and team goals.

Gregg's qualifications include a Diploma of Business Management. He has over 25 years of operational, business development and management experience across the hospitality and aged care sectors.

Chief Information Officer

Imtiaz commenced at Regis as Interim CIO in October 2020 before transitioning into the permanent role. Imtiaz has a 20-year track record in using technology to transform organisations and improve outcomes. As a leader with broad commercial experience in tier 1 consulting, Imtiaz is known for identifying and building high performing teams that deliver great results.

Imtiaz holds a Master of Commerce (University of Sydney), Master of Research (Macquarie University), a Bachelor of Commerce (Western Sydney University), is a Lean Six Sigma Black Belt (project management), a CPA and a Graduate of the Australia Institute of Company Directors.

Max Girard*

Chief Information Officer and General Manager – Projects

Max joined Regis in 2017 to lead the National Program Office and was later appointed to the Executive Team as Chief Information Officer and GM – Projects. Max led a variety of strategic initiatives across major business change and information technology that supported the Company, employees and our residents and clients. Max has significant international IT and business leadership experience across diverse and highly regulated industries including aviation, financial services, social housing and aged care.

* Max left in June 2021.

Martin Bede*

General Counsel and Company Secretary

Martin has been with Regis since April 2010. He has responsibility for the provision of internal legal services to the company, managing legal risk and legislative compliance.

Martin's focus is on enabling the company to pursue its strategic priorities in a way that manages legal risk, and to support the effectiveness of the Board and Executive Leadership Team.

Martin's qualifications include law and commerce degrees from the University of Melbourne and a Graduate Diploma in Corporate Governance from the Governance Institute of Australia. Prior to joining Regis, he held senior legal and governance positions in the private and public sector including at Dairy Australia Limited and Victorian Rail Track Corporation.

*Martin left in July 2021.

Melissa McDonald

Executive General Manager Clinical and Care Practice

Melissa joined Regis in March 2020 as the inaugural Executive General Manager Clinical and Care Practice. Melissa has responsibility for strategic leadership in the delivery of high-quality contemporary clinical care and practice, and for the professional stewardship of our nurses and clinical teams. She is committed to ensuring that all care and practice is considered, evidence-based and always with the resident or client at the centre of decision making and care delivery practices.

Melissa's priorities are ensuring that the clinical practice, processes and structures are developed and embedded across the company to ensure the delivery of safe, high-quality care.

Melissa has over 30 years of experience in the private and public healthcare sectors and has held a number of senior leadership roles including with Mercy Health and Ramsay Health. Melissa holds a Masters of Enterprise (University of Melbourne), Graduate Diploma Business Administration (Swinburne University), Bachelor of Health Science, Nursing (Monash University) and a Professional Certificate in Health Systems Management (University of Melbourne).

Executive General Manager Property

Michael joined Regis in July 2010 as the Executive General Manager Property. He is responsible for executing the growth strategy through land acquisition and property development. He also leads the property management team ensuring homes are well-maintained, safe and comfortable.

Passionate about the built environment and the positive impact it can have on residents, his priority is ensuring the property portfolio is designed, built and maintained to the highest quality.

Michael has over 30 years of experience in the property development, construction and facilities management industries, including 20 years specialising in residential aged care and retirement living. He has held senior roles in several listed and private Australian companies. Michael holds a Master of Project Management and a Bachelor of Construction Management from the Queensland University of Technology and is a registered builder. Michael is also a Graduate of the Australian Institute of Company Directors.

Paul Cohen

Executive General Manager Operations – VIC/SA/WA/TAS/Home Care

Paul joined Regis in April 2020 as the Executive General Manager, Operations for the Southern Region. Paul's priorities are to ensure that our Home Care clients nationally receive safe, high-quality services, that residents in our Homes are safe, supported and happy, and frontline employees are supported in their daily work. Paul believes these priorities will maintain a strong brand that demonstrates living in a residential aged care home remains a better choice despite the global pandemic.

Paul has 30 years of experience as a leader in the health industry in New Zealand and Australia across Government, hospitals and aged care. This experience has reinforced the need to focus on the wellbeing of the people we deliver care to develop stronger, more financially successful and vibrant organisations.

Rebecca Dean

Acting General Counsel and Company Secretary

Rebecca Dean was appointed Acting Company Secretary effective 16 July 2021. With experience in both private practice and in-house legal roles, Rebecca holds a Bachelor of Arts and Bachelor of Commerce from Monash University and a Bachelor of Laws (Honours) from La Trobe University.

Rick Rostolis

Chief Financial Officer

Rick joined Regis in March 2020. He has responsibility for accounting and finance, investor relations, mergers and acquisitions and procurement activities across the business.

Rick's priorities include ensuring adequate funding for the business, improving systems of internal control and developing appropriate financial policies and procedures.

Rick has over 10 years of experience in CFO and CEO roles in ASX listed companies, including Pro-Pac Packaging Limited and SMS Management & Technology Limited. Rick has also held several senior management roles with ASX-listed Pacific Brands Limited.

Rick is a Chartered Accountant and holds a Bachelor of Business degree. He is a Fellow of Chartered Accountants, Australia and New Zealand.

VALUES & ETHICS

OUR CORE VALUES ARE SET OUT IN THE 'REGIS WAY', A GUIDE TO THE VALUES AND EXPECTATIONS OF REGIS EMPLOYEES, EXECUTIVES AND DIRECTORS.



Regis Code of Conduct

Regis has a formal Code of Conduct which outlines how Regis expects its representatives to behave and conduct business in the workplace. It includes requirements around legal compliance and guidelines on appropriate ethical standards.

All Regis employees — including temporary employees, contractors, Executives and Directors — must comply with the Code of Conduct.

Whistle-Blower Reporting

Employees are encouraged to report unlawful or unethical conduct to the Company Secretary or independent reporting hotline.

Under the Company's Whistle-blower Protection Policy, the Company Secretary reports all whistle-blower reports to the Board.

Consumer Reporting using Regis Shareline

In 2019, Regis implemented an independent reporting line called Regis Shareline for residents, clients and their families. In FY21, there have been 61 reports made to Regis Shareline.

Operated by a third-party provider, members of the Regis community can raise concerns about care and services with an independent reporting service. Reports to Regis Shareline are passed onto the Regis Advice Team to manage as part of our complaints and feedback processes. Regis Shareline can be contacted via phone, mail, email, app and shareline.stoplinereport.com.

Modern Slavery

Regis strongly supports the objectives of the *Modern Slavery Act 2018 (Cth)*. We are committed to acting legally, ethically and with integrity in our business relationships.

Examples of Modern Slavery include servitude, forced labour and people trafficking.

We comply with and report various statutory obligations, including the assessment, risks, identification and remediation (as required) of all forms of Modern Slavery in our supply chains.

Modern Slavery Code of Conduct

Modern Slavery — in the context of the legislation — is any situation of serious exploitation where coercion, threats, abuse of power or deception are used to exploit victims and undermine or deprive them of their freedom.

A condition of all Regis contracts is that suppliers and service providers adhere to the Code of Conduct and supply compliance information on request.

While no instances of Modern Slavery in our supply chain have been identified, we continue to monitor our supply chain for Modern Slavery risks. If Modern Slavery is identified, Regis will implement the Modern Slavery Remediation Policy.

Our Modern Slavery Statement can be found on our website: <https://www.regis.com.au/investor-information/corporate-governance/>



Continuous Disclosure Policy

Regis places a high priority on shareholder communication — and its obligations under the Corporations Act and the ASX Listing Rules — to keep the market fully informed of any information that is not generally available and that a reasonable person would expect to have a material effect on the price or value of Regis securities.

The Regis Healthcare Board has adopted a Continuous Disclosure Policy that establishes procedures to ensure that Directors and senior management are aware of and fulfil their obligations for timely disclosure of material price-sensitive information.

Dealing in Securities Policy

The Regis Healthcare Board Policy for Dealing in Securities sets out the types of conduct in dealings in securities prohibited under the Corporations Act. It also establishes a best practice procedure for trading securities that protects Regis, Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Policy applies to all Directors, Officers and Senior Executives of Regis Healthcare and its related bodies corporate, other designated employees specified by the Board and connected persons of Directors, Officers, Senior Executives and designated employees.

Corporate Information

Directors

Graham K Hodges	Chairman, Non-Executive Director
Linda J Mellors	Managing Director and Chief Executive Officer
Christine C Bennett AO	Non-Executive Director
Bryan A Dorman	Non-Executive Director
Sylvia Falzon	Non-Executive Director
Matthew J Quinn	Non-Executive Director
Ian G Roberts	Non-Executive Director

Company Secretary

Rebecca Dean (acting)

Registered Office

Level 2, 615 Dandenong Road,
Armadale VIC 3143

Principal Place of Business

Level 2, 615 Dandenong Road
Armadale VIC 3143

Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3000
Phone: 1300 554 474

Stock Exchange

Regis Healthcare Limited shares are listed on the
Australian Securities Exchange (ASX code: REG).

Solicitors

King & Wood Mallesons
Level 50, 600 Bourke St
Melbourne VIC 3000

Auditors

Ernst & Young Australia
8 Exhibition St
Melbourne VIC 3000

Directors' Report

Your Directors present their report on Regis Healthcare Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2021.

Board of Directors

The names of Directors (collectively, the Board) in office at any time during or since the end of the financial year are:

Graham Hodges

Chairman, Independent Non-Executive Director

Graham has been a Non-Executive Director since August 2017 and was appointed Chairman on 1 July 2018. He has extensive international experience in the financial services industry with a career spanning more than 40 years. He commenced his career in Commonwealth Treasury, Canberra, where he worked for approximately 10 years before being seconded to the International Monetary Fund in Washington for several years.

For 28 years, Graham built an executive career at the Australian and New Zealand Banking Group Limited and was formerly the Deputy Chief Executive Officer, ANZ Banking Group Ltd. Graham is currently a Director of AmBank Holdings Berhad (stepping down on 2 September 2021) and Assemble Communities Pty Ltd, and was previously Chairman of ANZ SAM Board (Special Assets Management), Esanda, ANZ Wealth, and a member of the Australian Government's Aged Care Financing Authority.

Graham holds a Bachelor of Economics (Hons) degree from Monash University.

Special responsibilities:

- Chairman of the Board
- Member of the Audit, Risk & Compliance Committee
- Member of the People and Remuneration Committee

Linda Mellors

Managing Director and Chief Executive Officer

Linda has been Managing Director and Chief Executive Officer since September 2019. Linda has nearly 20 years of executive experience in health and aged care. Prior to joining Regis, Linda held a range of roles in hospital and health systems predominantly in Victoria, as well as a national aged care service. Linda was also the Co-Chair of the Victorian Metropolitan Hospital Chief Executive group.

Linda is currently a Board Director of Mackillop Family Services and Chair of the Aged Care Reform Network.

Linda was formerly Chair of the Aged Care Guild, Chair of the North Eastern Metropolitan Integrated Care Service, Board Member of the Parent Infant Research Institute and Board Director of the South West Melbourne Medicare Local. Linda has a PhD in cardiac physiology, Bachelor of Science with first class Honours, Bachelor of Arts and is a Graduate of the Australian Institute of Company Directors. She is also a graduate of the Williamson Community Leadership Program, operated by Leadership Victoria.

Christine Bennett AO

Independent Non-Executive Director

Appointed to the Board in March 2018, Christine is a specialist paediatrician with over 30 years' health industry experience in clinical care and governance, strategic planning, executive management, teaching and research. Christine is Deputy Vice Chancellor Enterprise & Partnerships and Head of the School of Medicine, Sydney, at The University of Notre Dame Australia. Christine is also Convenor of the Champions of Change Coalition Health Group and joined the Telstra Health Board in July 2020.

Previously, Christine was a Group Executive and Chief Medical Officer at both MBF Limited and Bupa Australia, a Partner in the KPMG Health and Life Sciences Practice, CEO of Westmead Hospital, Chair of the Sydney Children's Hospitals Network and Non-Executive Director of Digital Health CRC Limited.

From 2008 to 2010, Christine was Chair of the National Health and Hospitals Reform Commission to provide advice on a long-term plan for the future of the Australian health and aged care system.

Christine was awarded an Officer of the Order of Australia in recognition of her distinguished service to medicine and health care leadership in 2014.

Christine holds a Bachelor of Medicine and Bachelor of Surgery from the University of Sydney and a Master of Paediatrics from the University of New South Wales. She is a Fellow of the Royal Australasian College of Physicians and a Graduate of the Australian Institute of Company Directors.

Special responsibilities:

- Chairman of the Clinical Governance and Care Committee

Directors' Report

Bryan Dorman

Non-Executive Director

Bryan was a Director of the Group on listing on 7 October 2014. Prior to listing, Bryan had been a Director of Fairway Investment Holdings Pty Ltd¹ since May 2007.

Bryan has considerable experience working in and growing enterprises across a broad range of industry sectors, including residential aged care, manufacturing, property development, asset investment and business services.

Bryan was a Partner in Melbourne accounting firm Rees Partners from 1977 until 2000 and is a qualified accountant.

Bryan is a founding Director and shareholder of Regis. From its commencement in the early 1990s until 2014, Bryan was Chairman (and Executive Chairman until 2008), during which time he oversaw the management and growth of the Group.

Bryan was also the National President of the former aged care industry body, The Aged Care Association of Australia, from 2004 to 2012, and was actively involved in the development of the industry and shaping its future.

Bryan holds a Bachelor of Business (Accounting).

Special responsibilities:

- Member of the Audit, Risk and Compliance Committee
- Member of the Clinical Governance and Care Committee

Sylvia Falzon

Independent Non-Executive Director

Appointed to the Board in September 2014, Sylvia brings to Regis valuable experience in the areas of business development, marketing, brand management, customer service, and risk and compliance, together with remuneration and people strategies.

Sylvia has held senior executive positions within the financial services industry over a 30-year career. Through her executive and non-executive career, she has gained extensive experience working in large consumer-facing and highly regulated businesses within the financial services, healthcare, retail and aged care sectors.

Currently an Independent Non-Executive Director of ASX listed companies Premier Investments Limited, Suncorp Group Limited and Zebit Incorporated, Sylvia is also Chairman of Cabrini Australia, a large not-for-profit health, technology and outreach organisation and was formerly a Non-Executive Director of Perpetual Limited.

Sylvia holds a Master's degree in Industrial Relations and Human Resource Management (Hons) from the University of Sydney and a Bachelor of Business from the University of Western Sydney. She is a Senior Fellow of the Financial Services Institute and a Fellow of the Australian Institute of Company Directors.

Listed company directorships (last 3 years):

- Perpetual Limited (November 2012 to October 2019)
- Premier Investments Limited (appointed 16 March 2018)
- Suncorp Group Limited (appointed 1 September 2018)
- Zebit Incorporated (appointed 12 August 2020)

Special responsibilities:

- Chairman of the Audit, Risk and Compliance Committee since 1 July 2018
- Member of the People and Remuneration Committee

Matthew Quinn

Independent Non-Executive Director

Appointed to the Board in March 2018, Matthew has a track record of strategy development, delivering financial results and driving operational efficiency as a senior real estate and property development executive. This, together with his deep understanding of strategic M&A, capital markets and regulatory environments enables him to make a significant contribution to the Board.

Matthew was Managing Director of Stockland for 13 years and is currently a Non-Executive Director of CSR Limited and Elders Limited, and Chairman of Class Limited and TSA Management Group Holdings Pty Ltd.

Matthew holds a Bachelor of Science in Chemistry with Management (1st Class Honours) from Imperial College London and is a qualified Chartered Accountant.

Listed company directorships (last three years):

- Elders Limited (2020 to present)
- CSR Limited (2013 to present)
- Chairman of Carbonxt Group Limited (2013 to 28 November 2018)
- Class Limited (2015 to present, Chairman, February 2017 to present)

Special responsibilities:

- Chairman of the People and Remuneration Committee since 23 November 2018
- Member of the Clinical Governance and Care Committee since 23 November 2018

¹ Fairway Investment Holdings Pty Ltd converted to Regis Healthcare Limited on listing in October 2014

Directors' Report

Ian Roberts

Non-Executive Director

Ian was a Director of the Group on listing on 7 October 2014. Prior to listing, Ian had been a Director of Fairway Investment Holdings Pty Ltd² since May 2007.

Ian has over 30 years' experience in the real estate sector including 20 years in residential aged care.

Prior to co-leading the Regis journey, Ian was involved in property development (sub-divisional and commercial) in South East Queensland.

As a founding shareholder and Director of Regis (Executive Director prior to 2008), Ian headed up the property division with oversight of the development and implementation of the strategy that saw the business grow to in excess of 4,500 beds nationally.

Ian is currently a Non-Executive Director of several property and property services enterprises.

Ian holds a Bachelor of Science (Surveying) from the Royal Melbourne Institute of Technology.

Special responsibilities:

- Member of the People and Remuneration Committee

Interests in the Shares of the Group

As at the date of this report, the interests of the Directors in the ordinary shares of Regis Healthcare are the same as those disclosed on page 78 of the Remuneration Report.

Rebecca Dean

Acting Company Secretary

Rebecca Dean, Deputy Company Secretary, was appointed Acting Company Secretary effective 16 July 2021. With experience in both private practice and in-house legal roles, Rebecca holds a Bachelor of Arts and Bachelor of Commerce from Monash University and a Bachelor of Laws (Honours) from La Trobe University.

Martin Bede

Former Company Secretary

Martin Bede was appointed Company Secretary on 29 April 2010 and resigned from his role on 15 July 2021.

Martin holds a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Principal Activities

The Group's principal activity during the year was the provision of residential aged care services. No significant changes occurred to these activities during the year.

² Fairway Investment Holdings Pty Ltd converted to Regis Healthcare Limited on listing in October 2014

Directors' Report

Operating and Financial Review

As at 30 June 2021, the Group owned and operated 64 residential aged care homes with over 7,100 operational places, and provided services in six States and the Northern Territory. In addition, Regis, through retirement living, manages over 570 retirement village units across eight retirement villages and three affordable housing communities. Regis also offers home care services that have been identified for strategic growth over the medium-term.

Business Model

Regis aims to provide quality care to meet the growing needs of Australia's elderly population. This is achieved through a focus on the following core areas:

- **Care delivery:** Supporting care and clinical staff to deliver quality care outcomes for residents and clients consistent with their expectations and those of their families and loved ones.
- **Focused and well-resourced risk management:** Regis has robust systems and processes in place to manage clinical care and governance and the broader business' operational risks, including those that relate to aged care legislative compliance and health and safety.
- **Vertical integration:** The spectrum of activities Regis undertakes includes analysis of each proposed residential aged care facility's catchment area, site identification, site acquisition, brownfield/greenfield development, facility operation and asset renewal.
- **Strong cash flow generation:** Regis aims to achieve and maintain strong cash flow from operations, which it augments with a focus on the receipt and profitable use of Refundable Accommodation Deposits (RADs). The Group leverages its RAD cash inflows from developments to facilitate the repayment of acquisition and development related debt.
- **High quality portfolio:** Facilities are primarily located in metropolitan areas with high median house prices. The facilities are typically modern with a high proportion of single rooms and an emphasis on lifestyle and supported living.
- **Scalable platform:** Regis has invested in scalable business processes supported by IT systems, and in-house resources, to facilitate growth through acquisitions and developments.

Review and Results of Operations

To assist in the evaluation of the financial performance of the Group, certain measures are used that are not recognised under Australian Accounting Standards or International Financial Reporting Standards ('IFRS') and therefore, these are considered to be non-IFRS measures. Earnings before interest, tax, depreciation and amortisation ('EBITDA')³ is reported in order to provide a greater understanding of the performance of the Group. All other amounts reported below are recognised and measured in accordance with Australian Accounting Standards.

A summary of the financial results for the year ended 30 June 2021 is set out below:

	2021	Restated ⁴ 2020	
For the year ended	\$'000	\$'000	% Change
Revenue from services	701,365	677,872	3.5%
Other income	83,037	72,334	14.8%
EBITDA	137,840	141,637	(2.7%)
Net profit after tax	19,949	(716)	2,886%
Basic earnings per share	6.63 cents	(0.24 cents)	2,863%

³ Non-IFRS financial information has been prepared in accordance with ASIC Regulatory Guide 230 - Disclosing non-IFRS financial information, issued in December 2011. Non-IFRS financial information, while not subject to an audit or review, has been extracted from the Financial Report, which has been subject to review by the Group's external auditors. A reconciliation of profit before income tax to EBITDA is provided on page 58.

⁴ Comparative information has been restated to account for: (i) revised method of calculating imputed interest income and expense on RADs and Bonds per AASB 16 Leases, and (ii) potential underpayment of employee entitlements. Refer to Note A5 of the Financial Report.

Directors' Report

Operating and Financial Review (continued)

Review and Results of Operations (continued)

A summary of revenue from services for the year ended 30 June 2021 is set out below:

	2021 \$'000	Restated ⁵ 2020 \$'000
For the year ended		
Government funded revenue	499,864	471,136
Resident basic daily fee revenue	117,442	116,750
Other resident revenue	76,287	78,266
Other operating revenue	5,870	9,540
Deferred management fee revenue	1,902	2,180
Revenue from services	701,365	677,872

Revenue from services for the year ended 30 June 2021 included:

- \$6,813,000 (30 June 2020: \$6,448,000) of COVID-19 Government funding received in October 2020
- \$913,000 (30 June 2020: \$1,762,000) of COVID-19 temporary uplift in the Aged Care Funding Instrument (ACFI)
- \$5,400,000 (30 June 2020: \$nil) of Government funding received in April 2021

A summary of other income for the year ended 30 June 2021 is set out below:

	2021 \$'000	Restated ⁵ 2020 \$'000
For the year ended		
Imputed income on RADs and Bonds ⁶	64,389	67,044
Interest income	14	45
Government grants	4,156	-
Profit on disposal of property, plant and equipment	2,818	612
Change in fair value of investment properties	11,660	81
Gain on acquisition	-	4,552
Other income	83,037	72,334

Included in other income was COVID-19 related Government grants of \$4,156,000.

The change in fair value of investment properties represents the gain recognised as a result of the 30 June 2021 external valuation of the Group's retirement villages and retirement village development sites.

During the financial year, the Group continued to face increases in staff expenses and other costs, which were only partially offset by the indexation increase applied by the Australian Government to aged care funding. In addition, during the financial year the Group incurred direct COVID-19 related costs of \$11,800,000, including additional staff and related costs, personal protective equipment, cleaning and security expenses. Despite the impact of COVID-19, occupancy rates across the residential aged care portfolio improved to an average of 88.9% for the year ended 30 June 2021 (30 June 2020: 88.2%). Throughout this difficult period, management has remained focused on improved operational and clinical effectiveness and performance.

The current challenges of the COVID-19 pandemic and negative consumer sentiment have compounded the underlying long-standing issues that continue to threaten the sustainability of the aged care sector. The community is demanding more staff and better facilities and additional funding will be required to enable providers to meet community expectations in relation to the level of care. The Group welcomed the Royal Commission's Final Report in March 2021 and the Australian Government's commitment to increase investment in the sector.

5 Comparative information has been restated to account for: (i) revised method of calculating imputed interest income and expense on RADs and Bonds per AASB 16 *Leases*, and (ii) potential underpayment of employee entitlements. Refer to Note A5 of the Financial Report.

6 Following adoption of AASB 16 *Leases* effective 1 July 2019, profit before income tax for the financial year ended 30 June 2021 includes income on RADs and Bonds of \$64,389,000 (2020: \$67,044,000) and, correspondingly, finance costs of \$64,389,000 (2020: \$67,044,000) with no net impact on profit or loss. The Group also recognised depreciation and interest costs totalling \$993,000 (2020: \$947,000) and \$381,000 (2020: \$417,000) respectively. Prior to the introduction of AASB 16 *Leases*, the Group would have recognised an operating lease expense of \$1,383,000 (2020: \$1,300,000).

Directors' Report

Operating and Financial Review (continued)

Review and Results of Operations (continued)

The profit before income tax of the Group for the year ended 30 June 2021 was \$29,150,000 (30 June 2020: \$5,718,000).

A reconciliation of profit before income tax to EBITDA⁷ is set out below:

For the year ended	2021 \$'000	Restated 2020 ⁸ \$'000
Profit before income tax	29,150	5,718
<i>Add back/(deduct):</i>		
Depreciation and amortisation ⁹	43,893	44,066
Finance costs ⁹	73,997	78,806
Finance income	(14)	(45)
Impairment loss	-	20,566
Royal Commission related expenses	-	1,273
Acquisition costs	-	1,162
Gain on acquisition of LBHA (net of costs)	-	(4,552)
COVID-19 Government funding and grants	(11,882)	(8,210)
COVID-19 expenses	11,800	3,465
Profit on sale of assets	(2,818)	(612)
Cyber-security costs	672	-
Net fair value gain on investment properties (refer Note C8 to Financial Report)	(9,158)	-
Impact of regulatory penalties	2,200	-
EBITDA	137,840	141,637

Potential Employee Entitlement Underpayments

Regis announced to the ASX on 9 August 2021 that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements.

These payment shortfalls have arisen because some employee entitlements due under various enterprise agreements were recorded inaccurately in the payroll system. This has led to incorrect payments to a number of employees.

Regis, with the assistance of external advisors, has commenced a review to determine the extent of the underpayments looking back 6 years. While this review is ongoing, based on preliminary analysis, Regis has provided \$35,000,000 in other provisions as at 30 June 2021 in relation to the issue.

The impact of the potential underpayment on profit before income tax for the financial year ended 30 June 2021 was \$7,100,000 (30 June 2020: \$6,400,000) with the remaining amount recorded as a prior period restatement in accordance with Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

7 EBITDA includes the impact of AASB 16 *Leases*, but excludes one-off / non-recurring items.

8 Comparative information has been restated to account for: (i) revised method of calculating imputed interest income and expense on RADs and Bonds per AASB 16 *Leases*, and (ii) potential underpayment of employee entitlements. Refer to Note A5 of the Financial Report.

9 Following adoption of AASB 16 *Leases* effective 1 July 2019, profit before income tax for the financial year ended 30 June 2021 includes income on RADs and Bonds of \$64,389,000 (2020: \$67,044,000) and, correspondingly, finance costs of \$64,389,000 (2020: \$67,044,000) with no net impact on profit or loss. The Group also recognised depreciation and interest costs totalling \$993,000 (2020: \$947,000) and \$381,000 (2020: \$417,000) respectively. Prior to the introduction of AASB 16 *Leases*, the Group would have recognised an operating lease expense of \$1,383,000 (2020: \$1,300,000).

Directors' Report

Operating and Financial Review (continued)

Cash Flow and Capital Expenditure

The Group's principal source of funds was its cash flow from operations (including RADs). Net cash flows from operating activities in the financial year ended 30 June 2021 were \$105,030,000 (30 June 2020: \$127,235,000). Net cash inflows were negatively impacted by COVID-19, particularly in Victoria. RAD and accommodation bond net inflows were \$37,732,000 (30 June 2020: \$69,847,000).

In February 2021, the Group completed a \$515,000,000 refinancing of its syndicated bank debt facilities. Under the terms of the agreement, \$150,000,000 matures in March 2023 and \$365,000,000 matures in March 2024. The Group's available debt facilities are expected to provide sufficient liquidity to meet the Group's currently anticipated cash flow requirements.

During the year, the Group invested \$18,636,000 in capital expenditure for ongoing maintenance and refurbishment of existing facilities. Capital expenditure in the prior year of \$43,965,000 included land acquisition, development, refurbishment and ongoing maintenance of existing facilities.

Investment in new homes slowed due to the lack of certainty in future Federal Government funding and policy. Accordingly, the Group paused several projects in its development program.

For the remaining developments in the pipeline, activities such as preparing land for commencement, development approvals, design documentation and arranging licences required are underway in readiness to commence construction once conditions are more favourable.

During the year, the Group repaid \$100,367,000 (30 June 2020: \$71,000,000) of bank borrowings assisted by net RAD inflows. Net debt at 30 June 2021 was \$142,462,000 (30 June 2020: \$236,683,000), a reduction of \$94,221,000 (39.8%) on the prior corresponding period, and represented a leverage ratio¹⁰ of 2.0 times (30 June 2020: 3.0 times).

Cyber-Security Incident

On 3 August 2020, the Company advised the ASX that it had been the target of a cyber-security attack. The Company promptly implemented its back-up and business continuity systems and the incident did not affect the delivery of resident care or services. The incident did not materially impact the Company's day-to-day operations.

Washington H. Soul Pattinson (WHSP) Proposals to Acquire Regis

On 30 September 2020, the Company received an initial, confidential, non-binding indicative proposal from WHSP to acquire Regis for \$1.65 per share. Subsequently, on 19 November 2020, WHSP announced a non-binding indicative proposal to acquire Regis for \$1.85 per share.

Both proposals were rejected on the basis that they materially undervalued the Company. WHSP formally withdrew its proposals on 20 January 2021.

Oneview Healthcare PLC

On 21 December 2020, Oneview Healthcare PLC lodged a claim in the Supreme Court of Victoria against the Group seeking damages for alleged breach of a collaboration agreement between the two parties. Regis has engaged external legal counsel and continues to strongly defend the matter.

Sanctioned Homes

On 23 January 2021, the Aged Care Quality and Safety Commission ('ACQSC') applied regulatory penalties to Regis Nedlands of a Sanction and a Notice to Agree. Regis complied with all actions and requirements stipulated by the ACQSC, including the appointment of an independent advisor and weekly reporting to the ACQSC. The Company incurred a one-off negative impact of \$2,200,000 (including lost occupancy, external advisor fees and additional staff costs) for the period 23 January 2021 to 30 June 2021. The sanction expired on 23 July 2021.

On 24 April 2021, ACQSC applied regulatory penalties to Regis Tiwi of a Sanction and a Notice to Agree. Regis is complying with all actions and requirements stipulated by the ACQSC, including the appointment of an independent advisor and weekly reporting to the ACQSC. The sanction is due to expire on 24 October 2021.

¹⁰ Leverage ratio is based on rolling 12-month EBITDA (pre-AASB 16 *Leases*) as a ratio of net debt. Net debt is calculated as interest-bearing liabilities, less cash and cash equivalents.

Directors' Report

Operating and Financial Review (continued)

COVID-19 Pandemic

As the impact of the COVID-19 pandemic continues to be felt across the industry, the Company remains vigilant with infection prevention and control measures. These measures continue to be monitored and refined across all homes in response to health directions, various outbreaks, lockdowns or "hot spot" activity.

Regis has in place robust operational controls and detailed business continuity plans. The Company continues to review the progress of the COVID-19 pandemic and will take necessary steps to protect the health, well-being and safety of residents, clients and employees. In 2020, the Company established and implemented an Outbreak Management Plan which positioned the Company well to respond to the ongoing COVID-19 pandemic. Executive and senior management teams continue to meet regularly to monitor, assess and amend the stringent access controls across all homes and have been well supported by the Board of Directors.

Residents of aged care homes were provided with vaccination against COVID-19 through an Australian Government program. The Company has since been successful in securing Department of Health approval to partner with a third-party contractor to provide two doses of vaccine to every Regis residential aged care employee and volunteer, and any willing resident yet to be vaccinated. The Company expects that this program will be completed by mid-September. Following this, residents, employees and volunteers will access vaccination through their general practitioner or public clinics.

Royal Commission into Aged Care Quality and Safety

The Australian Government called the Royal Commission into Aged Care Quality and Safety for the purposes of ensuring that the oldest and most vulnerable Australians receive care that supports and respects their dignity and recognises the contribution they have made to society. The Royal Commission Final Report made 148 recommendations.

The 2021-22 Federal Budget proposed a \$17.7 billion aged care reform package designed to deliver sustainable quality and safety in home care and residential aged care services. The funding is to be provided over 5 years from 2020/21 to 2024/25.

The reforms are split across five key pillars:

- Pillar 1 - \$7.5 billion for Home Care.
- Pillar 2 - \$7.8 billion for Residential Aged Care Services & Sustainability, including \$3.9 billion to increase the amount of front-line care (care minutes) delivered to residents and \$3.2 billion to support providers to deliver better care and services through the Government funded Basic Daily Fee Supplement from 1 July 2021.
- Pillar 3 - \$942 million for Residential Aged Care Quality and Safety.
- Pillar 4 - \$652 million support for the Workforce including the creation of a single assessment workforce to undertake all assessments that will improve assessment experience for senior Australians and to provide registered nurses working for the same aged care provider over a 12-month period with financial support.
- Pillar 5 - \$698.3 million to improve quality aged care services for consumers in regional, rural and remote areas, as well as new governance and advisory structures.

A new Aged Care Act will underpin the reforms.

Regis continues to work with consumers, the Australian Government and stakeholders on advancing aged care reform. Regis is committed to delivering consistently high quality and safe care to its residents.

Clinical Governance Framework

In the prior year, the Group formalised its clinical governance systems and processes in the Regis Care Strategic Quality and Clinical Governance Framework. The framework provides information to guide everyone involved with the Group to play their role in delivering great care. This includes residents and clients and their support networks who receive and partner in care and services, employees and contractors who provide direct care and services, employees who support care and service delivery, service managers and leaders, and those who govern the framework.

Directors' Report

Operating and Financial Review (continued)

Acquisitions and Development

In the prior year (1 March 2020), the Group acquired two aged care homes with a total capacity of 173 beds from Lower Burdekin Home for the Aged Society ("LBHA") in Queensland. The two homes, situated in Ayr and Home Hill, add to the Group's current offering in Northern Queensland. LBHA represented 100% of the available places in the local market.

During 2021, the Group focused on ensuring that it continues to have a stable foundation for growth when it is appropriate to again invest in new developments.

Dividends

Due to the uncertainty surrounding the aged care sector in the current climate, the Board made the decision on 1 April 2020 to defer the payment of the 2020 interim dividend. This was paid on 30 September 2020. No 30 June 2020 final dividend was declared. An interim dividend of 2.00 cents per ordinary share totalling \$6,016,000 (50% franked) for the half-year ended 31 December 2020 was paid on 8 April 2021.

On 31 August 2021, the Board of Directors declared a final dividend of 4.63 cents per ordinary share totalling \$13,926,000 (50% franked) for the year ended 30 June 2021 payable on 30 September 2021. This takes full-year dividends to 6.63 cents per ordinary share representing approximately 100% of net profit after tax.

Outlook

Given the current macro-economic environment, including the ongoing impact of the COVID-19 pandemic, the Board does not believe it to be prudent to put forward any earnings guidance at this stage. A business update will be provided at the Annual General Meeting to be held on 26 October 2021.

Likely Developments and Expected Results

The Group's growth strategy continues to include the following four levers:

- Greenfield aged care and retirement living developments
- Aged care facility and home care acquisitions
- Expansion and reconfiguration of existing facilities
- Aged care portfolio acquisition opportunities as they arise.

Other than the likely developments disclosed above and elsewhere in this report, no matters or circumstances have arisen which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

Significant Changes in the State of Affairs

No other changes in the state of affairs arose during the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Subsequent Events

On 9 August 2021, the Group released a public statement regarding potential employee entitlement underpayments (refer page 58).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Directors' Report

Key Business Risks

The following risks identified by the Group represent threats to its growth strategy. The Group has a risk management framework in place to manage the risks identified.

Risk description	Mitigant
Changes to the Regulatory Framework	
<p>The Australian Aged Care industry is highly regulated by the Australian Government.</p> <p>Regulatory change to the aged care industry may have an adverse impact on the way the Group promotes, manages and operates its facilities and on its financial performance.</p> <p>The introduction of new legislation or changes in Government policies in relation to any or all of the existing legislation, including fees and charges, may adversely impact Regis' financial performance and future prospects. This includes the introduction of a new consumer-focused Aged Care Act and fee structure as announced by the Government in response to the recommendations of the Royal Commission into Aged Care Quality and Safety.</p>	<p>The Group has robust systems and processes in place to manage business operational risks, including those that relate to aged care legislative compliance.</p>
Regis' RADs level may fluctuate	
<p>The value of Regis' RADs (formerly known as Accommodation Bonds) may fluctuate due to a range of factors. RADs are refunded after a resident's departure.</p> <p>While individual RADs are generally replaced in a short period of time, often with a RAD of equal or higher value, Regis is exposed to risks associated with repayment and future sale of RADs.</p> <p>The effect of these risks may be that the value and number of new RADs Regis receives may be reduced and it may take longer for Regis to reach agreement with new residents or collect RADs.</p>	<p>The Group monitors its RAD level and liquidity risk through monthly reporting and rolling cash flow forecasts.</p> <p>The Group maintains a liquidity management strategy to ensure that it has sufficient liquidity to enable it to refund RAD and accommodation bond balances that are expected to fall due within at least the next 12 months.</p>
Occupancy levels may fall	
<p>In the ordinary course of business, Regis faces the risk that occupancy levels at any of its individual facilities may fall below expectations due to a number of factors, including adverse consumer sentiment to the industry generally or Regis specifically, reputational damage, and loss of accreditation.</p> <p>Reduced occupancy levels at a number of facilities may adversely affect Regis' revenue and general financial performance as it would reduce the amount of funding Regis is entitled to, and the number and value of RADs.</p>	<p>Demographic factors will lead to significant demand in service provision.</p> <p>The Group operates a large and geographically diversified portfolio of well located, high quality facilities with a history of providing excellent care.</p> <p>The reputation of individual facilities is central to Regis' sales and marketing strategy, which is complemented by the quality of the Group's facility staff, supporting sales and marketing applications and the strength of Regis' relationship with intermediaries including placement agents and medical professionals.</p>

Directors' Report

Key Business Risks (continued)

Risk description	Mitigant
Facilities may lose their approvals or accreditation	
<p>Aged care homes are required to hold approvals and be accredited in various ways, including clinical care requirements. These approvals are generally subject to periodic review and may be revoked in certain circumstances.</p> <p>Aged care homes need approvals and accreditations to attract funding. If Regis does not comply with regulations and is unable to secure accreditation for the operation of its aged care homes and resident places in the future, or if any of its existing approvals are adversely amended or revoked, this may adversely impact Regis' financial performance.</p> <p>Further, if Regis is required to undertake facility refurbishments or make significant structural changes to facility buildings in order to retain its approvals or accreditations, the cost of those works may impact its profitability.</p>	<p>Regis has policies and procedures in place that align with the accreditation standards.</p> <p>Service delivery is monitored through the Quality Indicator program, audit and review processes, consumer feedback and experience mechanisms and care planning and assessment tools, to ensure ongoing compliance with clinical care and other requirements for accreditation.</p> <p>Regis has developed and delivered training to ensure that employees understand the key role they play in upholding these standards.</p>
Regis' reputation may be damaged	
<p>Regis operates in a commercially sensitive industry in which its reputation could be adversely impacted should it or the aged care industry generally, suffer from any adverse publicity.</p> <p>Examples of adverse publicity may include reports of inappropriate care of residents, inquiries or investigations relating to the operation of aged care homes or incidents at aged care homes, health and safety issues affecting residents, staff or visitors, failure to ensure homes are well maintained or poor service delivery at homes.</p> <p>If there were to be any such adverse publicity, this may reduce the number of existing residents at Regis' homes or Regis' ability to attract new residents to its homes, both of which may adversely impact Regis' profitability.</p> <p>Adverse media coverage may also lead to increased regulatory scrutiny which could have a material adverse effect on Regis' revenue and profitability by, for example, increased compliance costs.</p>	<p>The Group seeks to avoid reputational damage through a strong control environment and enforcement of robust policies and procedures, to meet community and stakeholder expectations.</p> <p>In addition to upholding the accreditation standards, Regis has policies and processes in place addressing a range of topics including, but not limited to, health and safety management, bullying and harassment, and bribery and corruption.</p> <p>Incidents or potential incidents that occur at a home level are escalated to the Executive. Investigations are conducted and actions implemented as findings indicate.</p>

Directors' Report

Key Business Risks (continued)

Risk description	Mitigant
Information technology and cyber risks	
<p>Cyber threats are constantly evolving, including from foreign groups targeting individuals and companies based in Australia and sophisticated phishing scams and cyber-attacks targeting the critical infrastructure that Regis manages.</p> <p>The privacy and security of resident and corporate information may be compromised in many ways, including a breach of IT systems and vendors' systems, unauthorised or inadvertent release of information or human error.</p> <p>Should the Group's systems be compromised, it could impact residents' trust, damage the Group's brand and reputation, and potentially significantly disrupt operations.</p>	<p>Hardware and software obsolescence are being addressed with various measures including an assessment to move to a Cloud environment where appropriate, modernise data centres and upgrade applications.</p> <p>The Group has a number of strategies to manage cyber threats, which include access security controls, security monitoring, business continuity management, disaster recovery processes and off-site back-up facilities. The strength and effectiveness of these strategies are regularly assessed and improved as appropriate.</p>
Increased competition may affect Regis' competitive position	
<p>Each aged care home has its own character and is effectively operating in its own local area (referred to as a catchment area). The competition faced by aged care operators is mainly experienced at the home level within the relevant catchment area.</p> <p>A substantial increase in the level of competition Regis faces across its portfolio of homes could result in, among other things, Regis experiencing lower than anticipated occupancy rates, reduced revenue and margins and loss of market share.</p> <p>This may have a material adverse effect on Regis' financial performance at the home level, and if this was to occur across a number of homes, this may reduce Regis' ability to achieve its strategic objectives.</p>	<p>The residential aged care sector is highly regulated by the Government in relation to both the supply of new places and the ongoing operation of homes, creating natural barriers to entry for incoming market participants. These barriers include:</p> <ul style="list-style-type: none">- Government's policy of controlled release of new aged care places;¹¹- Obtaining initial places and high levels of ongoing regulatory compliance;- Initial capital investment requirement for new entrants;- Access to specialist skill set required to operate facilities;- Annual competitive process for new places which favours established, reputable and compliant operators.
Regis may not be able to retain key management	
<p>Regis relies on a specialised management team with significant aged care industry knowledge and experience.</p> <p>If Regis is not able to retain key members of its management team, Regis may not be able to operate its business to the current standard, which may undermine Regis' ability to comply with regulations and may reduce demand for Regis' services from existing and prospective residents. These occurrences may adversely impact Regis' business operations including its ability to grow.</p>	<p>The Group has several core programs that are designed to identify and develop employees with specialist skill sets required for key management and leadership positions.</p> <p>Annual surveys are conducted to regularly evaluate culture and employee engagement.</p>

11 As part of the response to the Royal Commission's Final Report, the Australian Government announced its intention to discontinue Aged Care Approvals Round (ACAR) from 1 July 2024.

Directors' Report

Key Business Risks (continued)

Risk description	Mitigant
Regis may face medical indemnity and public liability claims, litigations and coronial enquiries	
<p>Aged care service providers such as Regis are exposed to the risk of medical indemnity and public liability claims, litigation and coronial inquests. Subject to the insurance arrangements that Regis has in place at the relevant time, any actual or threatened medical malpractice or public liability litigation against Regis could cause Regis to incur significant expenditure and may adversely impact Regis' future financial performance. If the costs of medical malpractice or public liability insurance were to rise, this could also adversely affect Regis' financial performance. If Regis is involved in actual or threatened litigation or coronial enquiries, the cost of such actions may adversely affect Regis' financial performance and may also give rise to adverse publicity.</p>	<p>Clinical governance is an integral component of the Group's corporate governance framework. It ensures that all members of the Group, from frontline clinicians to members of the Board are accountable to care recipients and their representatives for assuring the delivery of safe, effective and continuously improving clinical and personal care services.</p> <p>The Group has a Clinical Governance and Care Committee, which comprises members of the Board and is chaired by Professor Christine Bennett AO.</p> <p>Regis has a robust framework in place to learn from incidents that have occurred, including deaths that have been reported to the Coroner. Remedial actions are implemented across the business if gaps in care are identified. Open disclosure forms an integral part of this framework.</p>
Employees may leave and Regis may not be able to attract new skilled and trained employees	
<p>Regis' business is dependent on its specialised health and aged care staff. There is a risk that Regis may not be able to maintain or expand an appropriately skilled and trained workforce that is able to meet the existing or future care needs of residents. If this type of risk was to eventuate, it may increase Regis' costs and reduce its profitability.</p>	<p>Regis is committed to shaping its future workforce, attracting and retaining the right people through its Diversity Policy and professional development programs, and providing meaningful career paths and opportunities.</p> <p>The Group provides training to all staff to ensure they are equipped with the specialised skills required to deliver quality aged care.</p> <p>The Group develops strategies to address any risks identified as a result of regular employee engagement surveys conducted.</p>
COVID-19 Pandemic	
<p>The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. Residents in residential aged care are highly vulnerable to the serious effects of COVID-19 infection. The pandemic has created significant uncertainty for the residential aged care sector. The unprecedented nature of the pandemic makes it impossible to know when this uncertainty will be resolved.</p> <p>Regis has experienced COVID-19 outbreaks at several of its Victorian homes during the second wave of the virus. The spread of COVID-19 in a home may lead to a sizeable decline in occupancy if resident discharges are not matched by new resident admissions. Staff shortages may result from workers contracting the virus or from a requirement to self-isolate after exposure to the virus. In addition, the Group may have difficulty retaining staff for its own homes if an outbreak occurs across multiple homes within a region.</p>	<p>A key focus of the Group is clinical leadership and clinical governance.</p> <p>Overseen by Regis' Pandemic Planning Committee and supported by the Board of Directors, Regis has in place robust operational controls including detailed Outbreak Management Plans for each facility.</p> <p>Regis has partnered with a Workplace Occupational Health Provider experienced in running complex vaccination programs for large, national institutions to implement a nationwide COVID-19 staff vaccination program.</p> <p>As at 27 August 2021, 78% of all residents and 58% of all staff are fully vaccinated. 86% of all residents and 86% of all staff have had one dose. Regis homes have infection and prevention control nurses assigned to this role.</p>

Directors' Report

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings		Audit, Risk and Compliance Committee		People and Remuneration Committee		Clinical Governance and Care committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
L Mellors	15	15	-	-	-	-	5	5
C Bennett	15	15	-	-	-	-	5	5
B Dorman*	15	13	4	3	-	-	5	5
S Falzon	15	15	4	4	4	4	-	-
G Hodges	15	15	4	4	4	4	-	-
M Quinn	15	15	-	-	4	4	5	5
I Roberts	15	15	-	-	4	4	-	-

* For governance reasons, Mr Dorman did not attend the November Board and Audit, Risk and Compliance Committee meetings.

Indemnification and Insurance of Directors and Officers

The constitution of the Company provides for the Company to indemnify Directors and executive officers of the Company and its related bodies corporate against liability incurred in their capacity as an officer of the Company or related body corporate, except as may be prohibited by law.

Premiums have been paid by Regis Aged Care Pty Ltd, a 100% owned subsidiary company, with regard to Directors' and officers' liability insurance to insure each of the Directors and officers of the Company against certain liabilities incurred by them arising out of their conduct while acting in the capacity of Directors or officers of the Company or its related bodies Corporate. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premiums.

Indemnification of Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Directors' Report

Environmental Regulations and Performance

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Rounding

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 79.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received the following amounts for the provision of non-audit services:

	\$'000
Tax compliance	53
Other services	39
Total	92

Signed in accordance with a resolution of the Directors.



Graham K Hodges
Chairman
Melbourne,
31 August 2021

Remuneration Report

Message from the Chairman of the People and Remuneration Committee

Dear Shareholders

On behalf of your Board, I am pleased to present our Remuneration Report (the Report) for the year ended 30 June 2021.

The Report communicates important information about our remuneration framework and how we set and assess performance measures under the Variable Reward and Retention Plan (VRRP) incentive scheme for the CEO and Senior Executives.

Regis' remuneration and reward framework is designed to motivate our CEO, Senior Executives and other employees and align their interests with that of our residents, clients and shareholders. The Board considers the framework to be integral to encourage and sustain a culture that is aligned to the Group's values and which supports the Group's strategic objectives and long-term financial success. To this end, the framework must appropriately incentivise positive risk behaviour and improved investor and resident outcomes and encourage sound management of both financial and non-financial risks.

An important component of the VRRP is the 'Care and Compliance Gateway'. This gateway must be met for a participant to be eligible for the cash component of performance-based remuneration. This reflects the Board's view in relation to the critical importance of quality of care to our residents and other stakeholders and to the success of the Group.

In relation to remuneration outcomes for the financial year ended 30 June 2021, the Board determined that no cash component of the award will be made under the VRRP, due to the Care and Compliance Gateway not being met.

The Committee regularly reviews the Group's remuneration and reward framework. The Committee believes it remains fit for purpose and has therefore not made any material changes during the year.

We trust that our shareholders and other stakeholders find the Report informative and we welcome any feedback.



Matthew Quinn
Chairman of the People and Remuneration Committee

Remuneration Report

Remuneration Report - Audited

The Directors of Regis Healthcare Limited present the Remuneration Report ('the Report') for the period 1 July 2020 to 30 June 2021. This Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001 (Cth).

The Report includes details of the remuneration strategies and outcomes for Key Management Personnel ("KMP"), comprising the Non-Executive Directors (NEDs), the Chief Executive Officer (CEO) and those persons with authority and responsibility for planning, directing and controlling the activities of the Company during the year. The KMP, other than the NEDs and CEO, are referred to throughout this Report as Senior Executives.

The names and positions of the KMP are:

Non-Executive Directors

Graham Hodges	Independent Non-Executive Chairman
Christine Bennett	Independent Non-Executive Director
Bryan Dorman	Non-Executive Director
Sylvia Falzon	Independent Non-Executive Director
Matthew Quinn	Independent Non-Executive Director
Ian Roberts	Non-Executive Director

CEO and Senior Executives

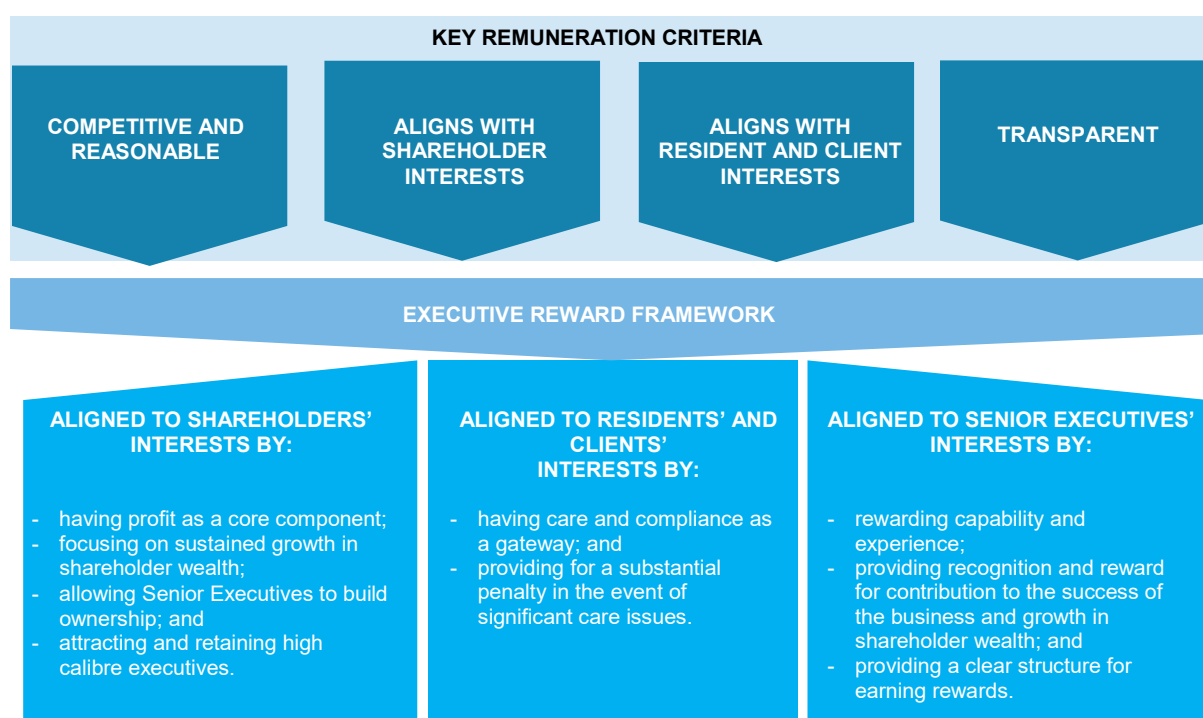
Linda Mellors	Managing Director and Chief Executive Officer
Rick Rostolis	Chief Financial Officer

A. Principles used to Determine the Nature and Amount of Remuneration

Executive Remuneration

The Group's executive remuneration framework aims to ensure that reward is competitively based to secure high calibre people and incentivise performance within an appropriate risk framework. It also aims to ensure that the quantum of remuneration is appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, the provision of quality care and services to care recipients, the creation of value for shareholders and sound management of both financial and non-financial risks. It provides a mix of fixed and variable pay, delivered in a combination of cash and deferred equity.

The diagram below provides an overview of the executive reward framework.



Remuneration Report

Executive Remuneration (continued)

The key component of the executive remuneration framework is the Variable Reward and Retention Plan (VRRP).

The VRRP is structured to align the CEO and Senior Executives with shareholders through a simple and transparent model which rewards performance over both the short and long-term. The Board continuously reviews executive remuneration structures and believes the VRRP is best suited for Regis.

To be eligible for the cash component of the VRRP, the 'Care and Compliance Gateway' must be met. Performance within the VRRP is then assessed over a 12-month period against short and long-term measures directly linked to the Group's strategic plan and the award is delivered in a combination of cash (40%) and Share Rights (60%). The cash component is paid following release of the audited financial statements. The Share Rights vest in three tranches of 10%, 20% and 30% of the total award deferred for one, two and three years respectively after the delivery of the cash component, subject to continued employment.

The Share Rights ensure the CEO and Senior Executives are invested in the sustainable long-term performance of the Group, have aligned interests with shareholders and are encouraged to remain committed to Regis.

To further align executives and shareholders, the Group has an Executive Minimum Shareholding Policy. Under the Policy, the CEO and Senior Executives are required to accumulate and maintain a holding in shares equivalent to at least 100% of Total Fixed Remuneration (TFR) in the case of the CEO and 50% of TFR in the case of Senior Executives. It is expected that executives will achieve compliance with the Policy by regularly accumulating shares under the VRRP.

Non-Executive Director Remuneration

To maintain Director independence, NED remuneration is not linked to Group performance and is comprised solely of Directors' fees (including superannuation). The fees comprise base fees plus additional fees for chairing or being members of the Board committees.

NED fees are set at a level to attract and retain suitably qualified and experienced Directors having regard to:

- market benchmarks for ASX listed companies;
- the size and complexity of the Company's operations; and
- responsibilities and work requirements.

To align NED and shareholder interests, the Group has a NED Minimum Shareholding Policy requiring NEDs to achieve a minimum shareholding of 100% of base fees by the later of:

- 1 May 2024; or
- 5 years from the relevant Director's appointment.

All NEDs either currently hold or are on track to hold the minimum shareholding required by the Policy.

Remuneration Governance Framework

The People and Remuneration Committee ('the Committee'), is responsible for developing and reviewing remuneration policies and practices. It also makes specific recommendations to the Board on remuneration packages and other terms of employment/appointment for NEDs, the CEO and the CEO's direct reports.

The Group's Corporate Governance Statement provides further information on the role of the Committee and can be found on the Group's website at <https://www.regis.com.au/corporate-governance/>.

Remuneration Consultants and Other Advisors

To assist in performing its duties and in making recommendations to the Board, the Committee may seek independent advice from remuneration consultants and other advisors on various remuneration-related matters. When doing so, the remuneration consultants and other advisors are required to engage directly with the Chairman of the Committee as the first point of contact. The Group did not incur any fees in relation to remuneration consultants or other advisors on remuneration-related matters during the year ended 30 June 2021.

Remuneration Report

Group Performance

The following table sets out the Group's financial and share price performance for the financial year ended 30 June 2021 and the four previous years.

Key Performance Indicators	Financial Year Ended 30 June				
	2021	Restated ¹² 2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	701,365	677,872	646,855	593,990	593,990
Net profit before tax	29,150	5,718	69,627	76,772	87,718
Net profit/(loss) after tax	19,949	(716)	50,897	53,869	61,101
Share price at beginning of year	\$1.41	\$2.63	\$3.28	\$3.93	\$4.69
Share price at end of year	\$1.95	\$1.41	\$2.63	\$3.28	\$3.93
Dividends per share	6.63 cents	4.02 cents	15.23 cents	17.93 cents	20.34 cents
Basic earnings per share	6.63 cents	(0.24) cents	16.93 cents	17.93 cents	20.34 cents
Diluted earnings per share	6.63 cents	(0.24) cents	16.91 cents	17.91 cents	20.32 cents

The financial year ended 30 June 2021 was a challenging one for the Group. In addition to the challenge of the COVID-19 pandemic, the Group continued to face the ongoing effect of cuts to Australian Government aged care funding and employee and other costs increased at a faster rate than the indexation increase applied to its aged care funding.

B. Remuneration Structure - CEO and Senior Executives

The remuneration framework for the CEO, Dr Linda Mellors, and CFO, Mr Rick Rostolis comprises:

- TFR; and
- Performance based (at risk) remuneration delivered through the VRRP.

The mix of TFR versus maximum potential performance-based remuneration for participants in the VRRP in the financial year ended 30 June 2021 was:

	% of Total Remuneration	
	TFR	Maximum Potential Performance-Based Remuneration (VRRP)
Linda Mellors	60.0%	40.0%
Rick Rostolis	60.2%	39.8%

TFR is reviewed as required to ensure it remains competitive to attract and retain high calibre executives and is commensurate with the responsibilities of the position.

¹² Comparative information has been restated to account for: (i) revised method of calculating imputed interest income and expense on RADs and Bonds per AASB 16 *Leases*, and (ii) potential underpayment of employee entitlements. Refer to Note A5 of the Financial Report.

Remuneration Report

The structure of the VRRP is set out in the following table:

Structure of VRRP	Participants are eligible to receive an annual award of cash and Share Rights subject to meeting financial and non-financial performance measures.
Performance Measures	<p>The 2021 VRRP was subject to the following performance measures determined by the Board:</p> <ul style="list-style-type: none"> • EBITDA (30%); • Net Refundable Accommodation Deposit (RAD) cash flow (30%); • Lost Time Injury Frequency Rate (10%); and • KPIs specific to each Senior Executive's strategic objectives (30%). <p>The Board chose these measures as they support short-term financial performance and the achievement of the Group's long-term strategic objectives.</p>
Assessment of Performance Measures	<p>Assessment of performance measures occurs annually as part of the broader performance review process for participants.</p> <p>For the purposes of testing financial hurdles, financial results are assessed by reference to the Group's audited financial statements.</p> <p>This method of assessing performance was chosen because it is, as far as practicable, objective and fair. The use of financial statements ensures the integrity of the measure and alignment with the true financial performance of the Group.</p>
Split of Cash and Share Rights	<p>The percentage of the maximum opportunity achieved by participants is determined by the Board at the end of the financial year against the above measures.</p> <p>Awards under the VRRP comprise 40% in cash and 60% in Share Rights.</p> <p>The Share Rights vest in three tranches of 10%, 20% and 30% of the total award deferred for one, two and three years respectively after the delivery of the cash component, subject to continued employment.</p>
Care and Compliance Gateway	<p>Payment of the cash component is subject to a "Care and Compliance" Gateway. The Care and Compliance Gateway for 2021 was as follows:</p> <ul style="list-style-type: none"> • All service accreditations received • All undertakings to remedy for a notice of non-compliance are met; and • No services sanctioned. <p>For the full-year, if one service is sanctioned, 50% of the cash component is forfeited and if two services are sanctioned, 100% of the cash component is forfeited.</p>
Number of Share Rights Awarded	<p>The number of Share Rights granted is calculated by dividing the face value of the Share Rights component by the volume weighted average price of the Company's shares on the ASX over the 5 trading days commencing on the day after the ex-dividend date for the final dividend. In the event that the Board decides to not pay a final dividend, the Board will select a date for commencement of the 5 trading day period used for determining the face value of a Share Right.</p> <p>Each Share Right entitles the holder to acquire a fully paid ordinary share in the Company for nil consideration at the end of the vesting period, subject to their continued employment.</p> <p>The Share Rights do not carry dividends or voting rights prior to vesting.</p>

Remuneration Report

Cessation of Employment	<p>Unless the Board determines otherwise, if a participant's employment is terminated for cause or they resign:</p> <ul style="list-style-type: none"> before the end of the performance period or before the cash component of the VRRP is paid, the entitlement to receive any VRRP award and any unvested Share Rights will lapse; after the end of the performance period and after the cash component of the VRRP is paid and Share Rights granted, any unvested Share Rights will lapse. <p>Where employment ceases for any other reason including retirement, total and permanent disablement or death:</p> <ul style="list-style-type: none"> before the end of the performance period or before the cash component of the VRRP is paid and Share Rights are granted, a pro-rata portion of the VRRP award (calculated by reference to the portion of the performance period that has elapsed up to the date of cessation) will remain on foot and any award will be paid in cash; and after the end of the performance period and after the cash component of the VRRP is paid and Share Rights granted, unvested Share Rights will remain on foot and vest in accordance with the vesting schedule.
Restrictions on Dealing	<p>Participants must not sell, transfer, encumber, hedge or otherwise deal with Share Rights. Participants are free to deal with the shares allocated on vesting of the Share Rights, subject to the requirements of the Group's Policy for Dealing in Securities.</p>
Change in Control	<p>The Board has discretion to determine whether or not vesting of some or all of a Participant's Share Rights should be accelerated. Where only some of the Share Rights are vested, the remainder will immediately lapse.</p>

C. Performance Outcomes

This section outlines performance outcomes for the financial year ended 30 June 2021 against the scorecard used for the VRRP.

Quality care of residents is Regis' fundamental critical success factor, above all else, and it is for this reason that the Care and the Compliance Gateway is a key part of the remuneration framework. The gateway was not met in 2021:

Care and Compliance Gateway		Outcome
All accreditations received	✓	<p>Gateway achieved.</p> <p>All 15 homes subject to accreditation were successfully re-accredited</p>
All undertakings to remedy for a notice of non-compliance are met	✓	<p>Gateway achieved.</p> <p>8 of Regis' 64 homes received a Notice to Agree, Directions Notice or Notice of Non-Compliance during the year (excluding sanctions). All homes are compliant with the rectification requirements.</p>
No sanctions	X	<p>Gateway not achieved.</p> <p>2 homes were sanctioned: Regis Nedlands and Regis Tiwi</p>

Remuneration Report

The Board assessed 2021 performance against the VRRP performance measures as follows:

Performance Measure	Weighting	Target	Outcome	Result
Target EBITDA (pre-AASB 16)	30%	\$92.1m	Not achieved	0%
Positive RAD cashflow	30%	\$26.1m	\$37.7m	30%
Lost Time Injury Frequency Rate (LTIFR)	10%	10% reduction on FY20 LTIFR	Reduction not achieved	0%
Role Specific Individual Strategic Objectives	30%	Role specific targets include staff engagement, clinical governance, strategic and operational imperatives, workplace health and safety and business stabilisation during COVID-19	Partial	20-30%
		100%		50% - 60%

The VRRP outcomes for the CEO and CFO for the financial year ended 30 June 2021 are set out in the following table:

	Award	Maximum Potential Award	Amount Awarded	% of Maximum Achieved	% of Maximum Award Forfeited
Linda Mellors	VRRP	\$480,000	\$158,400	33%	67%
Rick Rostolis	VRRP	\$330,000	\$118,800	36%	64%

The amount awarded represents the portion of the award comprising Share Rights (60% of the overall amount assessed) as the cash component is forfeited due to failure to meet the Care and Compliance Gateway.

D. Key Terms of Executive Service Agreements

The CEO and CFO have written executive service agreements with Regis Aged Care Pty Ltd, a subsidiary of Regis Healthcare Limited.

Key Terms of the Executive Service Agreement (ESA) for CEO and CFO:

Name	Linda Mellors	Rick Rostolis
Role	CEO	CFO
Commencement	5 August 2019	16 March 2020
Term	No fixed term	No fixed term
Notice of termination by Company	6 months written notice	6 months written notice
Notice of termination by Employee	6 months written notice	6 months written notice
Termination for serious misconduct	At any time without notice and with immediate effect.	At any time without notice and with immediate effect.
Termination Entitlements	Payment in lieu of notice based on total fixed remuneration, and accrued but untaken leave entitlements. Incentive arrangements under VRRP will be determined in accordance with the terms of the plan.	Payment in lieu of notice based on total fixed remuneration, and accrued but untaken leave entitlements. Incentive arrangements under VRRP will be determined in accordance with the terms of the plan.
Post-employment restraint	Non-compete and non-solicitation period of 6 months post-employment within Australia.	Non-compete and non-solicitation period of 6 months post-employment within Australia.
Change of Control	Agreement continues to apply	Agreement continues to apply

Remuneration Report

E. Remuneration Structure - Non-Executive Directors

NED fees reflect the workload and responsibilities of Directors and are reviewed periodically by the Board relative to market conditions and fees paid by comparable listed companies. There were no changes to NED base fees in the current year.

Directors' Fees

Under the Constitution, the Board may decide the amount of each NED's remuneration, however, the total amount paid to NEDs must not exceed the amount approved by shareholders at a general meeting, being \$1.2 million.

Annual NED fees (inclusive of superannuation) are:

Role	Annual Fees
Chairman	\$240,000
Other NEDs	\$110,000
Chairs of Board Committees ¹³	\$30,000
Members of Board Committees	\$20,000

Directors are reimbursed for reasonable travel and other expenses incurred in attending to the Group's affairs, including attending Board and shareholder meetings.

Retirement Allowances for Directors

NEDs do not participate in any performance-based share plans, retirement schemes or receive any other benefits.

¹³ There are three Board Committees - Audit, Risk and Compliance Committee, People and Remuneration Committee and Clinical Governance and Care Committee. The fees for Chairman and members are the same for all three Board Committees

Remuneration Report

F. Statutory Remuneration Disclosures

Details of the remuneration of NEDs, CEO and Senior Executives in accordance with Australian Accounting Standards are set out in the following table:

KMP Remuneration - Statutory Remuneration Table

Name	Role	Year	Short-Term Benefits			Post-Employment	Other Long-Term Benefits	Share-Based Payments			Total
			Salary & Fees	Non-Monetary Benefits	VRRP Cash Bonus	Superannuation	Long Service Leave	Termination payments	Performance Rights and Share Rights Granted under VRRP Plans	Shares	
			\$	\$	\$	\$	\$	\$	\$	\$	
Non-Executive Directors											
Graham Hodges	NED	FY21	255,708	-	-	21,694	-	-	-	-	277,402
		FY20	255,708	-	-	21,003	-	-	-	-	276,711
Christine Bennett	NED	FY21	127,854	-	-	12,146	-	-	-	-	140,000
		FY20	127,854	-	-	12,146	-	-	-	-	140,000
Bryan Dorman	NED	FY21	136,986	-	-	12,513	-	-	-	-	149,499
		FY20	136,986	-	-	13,014	-	-	-	-	150,000
Sylvia Falzon	NED	FY21	156,263	-	-	3,737	-	-	-	-	160,000
		FY20	146,119	-	-	10,144	-	-	-	-	156,263
Matthew Quinn	NED	FY21	146,119	-	-	13,881	-	-	-	-	160,000
		FY20	146,119	-	-	13,881	-	-	-	-	160,000
Ian Roberts	NED	FY21	118,721	-	-	11,279	-	-	-	-	130,000
		FY20	118,721	-	-	11,279	-	-	-	-	130,000
Sub-Total Non-Executive Directors		FY21	941,651	-	-	75,250	-	-	-	-	1,016,901
		FY20	931,507	-	-	81,467	-	-	-	-	1,012,974

Remuneration Report

KMP Remuneration - Statutory Remuneration Table (continued)

	Role	Year	Short-Term Benefits			Post-Employment	Other Long-Term Benefits	Share-Based Payments			Total
			Salary & Fees	Non-Monetary Benefits	VRRP Cash Bonus	Superannuation	Long Service Leave	Termination payments	Performance Rights and Share Rights Granted under VRRP Plans	Shares	
\$	\$	\$	\$	\$	\$	\$	\$	\$			
Executive Directors											
Linda Mellors ¹⁴	MD/CEO	FY21	698,306	-	-	21,694	1,732	-	45,392	-	767,124
		FY20	643,267	-	-	18,579	531	-	-	-	662,377
Ross Johnston ¹⁵	MD/CEO	FY21	-	-	-	-	-	-	-	-	-
		FY20	144,447	-	-	4,078	-	247,520	-	-	396,045
Executives											
Rick Rostolis ¹⁶	CFO	FY21	478,306	-	-	21,694	947	-	34,044	-	534,991
		FY20	146,269	-	-	5,655	112	-	-	-	152,036
Darren Lynch ¹⁷	CCO	FY21	-	-	-	-	-	-	24,112	-	24,112
		FY20	359,402	-	-	17,206	-	418,298	92,080	-	886,986
David Noonan ¹⁸	CFO	FY21	-	-	-	-	-	-	-	-	-
		FY20	148,936	-	-	5,897	-	42,187	-	-	197,020
Sub-Total Executives		FY21	1,176,612	-	-	43,388	2,679	-	103,548	-	1,326,227
		FY20	1,442,321	-	-	51,415	643	708,005	92,080	-	2,294,464
Total Remuneration		FY21	2,118,263	-	-	118,638	2,679	-	103,548	-	2,343,128
		FY20	2,373,828	-	-	132,882	643	708,005	92,080	-	3,307,438

¹⁴ Linda Mellors commenced on 5 August 2019 as CEO Designate and was appointed CEO on 4 September 2019. Linda was appointed Managing Director on 20 September 2019

¹⁵ Ross Johnston resigned on 3 September 2019

¹⁶ Rick Rostolis commenced on 16 March 2020

¹⁷ Darren Lynch exited the Group on 24 April 2020

¹⁸ David Noonan resigned on 4 October 2019

Remuneration Report

KMP Shareholdings

The following table summarises the movements in shareholdings of KMP (including their related entities) for the reporting period.

	Held at 1 July 2020 ¹⁹	Received on vesting of STI / VRRP	Received as remuneration	Other net change	Held at 30 June 2021	Held nominally at 30 June 2021 ²⁰
Non-Executive Directors						
Graham Hodges	110,000	-	-		110,000	-
Christine Bennett	61,000	-	-	21,500	82,500	-
Bryan Dorman	81,910,479	-	-	-	81,910,479	-
Sylvia Falzon	27,397	-	-	-	27,397	-
Matthew Quinn	64,000	-	-	20,000	84,000	-
Ian Roberts	81,910,479	-	-	-	81,910,479	16,699
CEO and Senior Executives						
Linda Mellors	158,000	-	-	-	158,000	-
Rick Rostolis	-	-	-	42,750	42,750	-

Transactions with the Group

No Director or other KMP (including their related parties) has entered into a contract with the Company or a subsidiary during the reporting period other than as disclosed in this Remuneration Report.

Loans with the Group

No Director or other KMP (including their related parties) has entered into a loan made, guaranteed or secured, directly or indirectly, by the Group during the reporting period.

End of Audited Remuneration Report

¹⁹ Comparative amounts are revised, if required, based on latest information and to conform with current year presentation.

²⁰ Shares held 'nominally' means shares held indirectly or by a KMP's close family members or entities over which the KMP or family member has control.

Auditor's independence declaration to the directors of Regis Healthcare Limited

As lead auditor for the audit of the financial report of Regis Healthcare Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Regis Healthcare Limited and the entities it controlled during the financial year.



Ernst & Young



BJ Pollock
Partner
31 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

		2021	Restated ²¹ 2020
	Note	\$000	\$000
Revenue from services	B1	701,365	677,872
Other income	B1	83,037	72,334
Total revenue from services and other income		784,402	750,206
Expenses			
Staff expenses	A5	(521,068)	(498,657)
Resident care expenses		(53,366)	(42,544)
Administration expenses		(39,551)	(38,275)
Occupancy expenses		(23,377)	(21,574)
Depreciation and amortisation		(43,893)	(44,066)
Impairment losses	C7	-	(20,566)
Profit before income tax and finance costs		103,147	84,524
Finance costs	D3	(73,997)	(78,806)
Profit before income tax		29,150	5,718
Income tax expense	B3	(9,201)	(6,434)
Profit / (loss) for the period		19,949	(716)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net movement in fair value of cash flow hedge reserve, net of tax		-	64
Other comprehensive income, net of tax for the period		-	64
Total comprehensive income, net of tax for the period		19,949	(652)
Profit / (loss) for the period attributable to:			
Equity holders of the parent entity		19,949	(652)
Total comprehensive income, net of tax attributable to:			
Equity holders of the parent entity		19,949	(652)
Earnings per share (EPS) attributable to equity holders of the parent:		Cents	Cents
Basic EPS (cents per share)	B4	6.63	(0.24)
Diluted EPS (cents per share)	B4	6.63	(0.24)

The accompanying notes form part of the consolidated financial statements.

21 Refer to Note A5 for details relating to the restatement of prior year comparative.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2021

		30 June 2021 \$'000	Restated ²² 30 June 2020 \$'000	Restated ²² 1 July 2019 \$'000
	Note			
Assets				
Cash and cash equivalents	D1	3,889	3,801	1,774
Trade and other receivables	C1	9,086	9,747	10,723
Inventories	C3	4,367	1,147	1,341
Non-current assets held for sale	C2	-	1,154	-
Other current assets	C4	4,593	3,855	3,959
Income tax receivable		-	8,322	6,430
Total current assets		21,935	28,026	24,227
Property, plant and equipment	C5	1,101,582	1,147,384	1,147,692
Right-of-use assets	C6	4,997	5,990	6,303
Operational places and goodwill	C7	463,737	463,737	479,617
Investment property	C8	158,646	148,129	143,375
Total non-current assets		1,728,962	1,765,240	1,776,987
Total assets		1,750,897	1,793,266	1,801,214
Liabilities				
Bank overdraft	D1	14,920	7,885	1,934
Trade payables and other liabilities	C9	52,715	51,539	55,824
Lease liabilities	C6	1,087	1,041	1,030
Provisions	C10	112,087	96,673	81,661
Other financial liabilities	D4	1,227,852	1,196,012	1,126,920
Other liabilities	D8	-	12,084	-
Income tax payable		2,094	-	-
Total current liabilities		1,410,755	1,365,234	1,267,369
Interest-bearing loans and borrowings	D2	131,431	232,599	303,080
Lease liabilities	C6	5,968	7,016	7,470
Provisions	C10	7,338	4,249	6,012
Deferred tax liabilities	B3	53,440	56,379	55,226
Total non-current liabilities		198,177	300,243	371,788
Total liabilities		1,608,932	1,665,477	1,639,157
Net assets		141,965	127,789	162,057
Equity				
Contributed equity	D7	273,519	273,485	273,233
Reserves	D9	(97,253)	(97,462)	(97,118)
Retained earnings / (accumulated losses)		(34,301)	(48,234)	(14,058)
Total equity		141,965	127,789	162,057

The accompanying notes form part of the consolidated financial statements.

22 Refer to Note A5 for details relating to the restatement of prior year comparative.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Cash Flow Hedge Reserve	Remuneration Reserve	Acquisition Reserve	Retained Earnings / (Accumulated Losses)	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 30 June 2019, as previously reported	273,233	(64)	4,443	(101,497)	2,530	178,645
Adjustment related to potential employee entitlement underpayments ²³	-	-	-	-	(15,050)	(15,050)
Restated balance at 30 June 2019	273,233	(64)	4,443	(101,497)	(12,520)	163,595
Adjustment related to new accounting standard (AASB 16)	-	-	-	-	(1,538)	(1,538)
Adjusted balance at 1 July 2019	273,233	(64)	4,443	(101,497)	(14,058)	162,057
Net profit / (loss) for the period	-	-	-	-	(716)	(716)
Other comprehensive income	-	64	-	-	-	64
Total comprehensive income for the year	-	64	-	-	(716)	(652)
Dividends paid or provided for	-	-	-	-	(33,460)	(33,460)
Equity settled share-based payment	-	-	(156)	-	-	(156)
Transfer from remuneration reserve	252	-	(252)	-	-	-
Balance as at 30 June 2020	273,485	-	4,035	(101,497)	(48,234)	127,789
At 1 July 2020	273,485	-	4,035	(101,497)	(48,234)	127,789
Net profit for the period	-	-	-	-	19,949	19,949
Total comprehensive income for the year	-	-	-	-	19,949	19,949
Dividends paid or provided for	-	-	-	-	(6,016)	(6,016)
Equity settled share-based payments	-	-	243	-	-	243
Transfer from remuneration reserve	34	-	(34)	-	-	-
Balance as at 30 June 2021	273,519	-	4,244	(101,497)	(34,301)	141,965

The accompanying notes form part of the consolidated financial statements.

²³ Refer to Note A5 for details relating to the restatement of prior year comparative.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

		2021	Restated ²⁴ 2020
	Note	\$000	\$000
Cash flows from operating activities			
Receipts from residents and Government subsidies		692,845	666,300
Government grants received		3,656	-
Payments to suppliers and employees		(620,291)	(584,526)
Finance income		14	45
Finance costs		(9,166)	(11,243)
RAD and accommodation bond inflows		370,448	377,950
RAD and accommodation bond outflows		(332,716)	(308,103)
ILU/ILA entry contribution inflows		5,852	3,874
ILU/ILA entry contribution outflows		(3,888)	(8,278)
Income tax received / (paid)		(1,724)	(8,784)
Net cash flows from operating activities	F2	105,030	127,235
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(17,277)	(39,292)
Purchase of investment property		(1,359)	(4,673)
Proceeds from sale of property, plant and equipment		26,134	1,057
Purchase of business, net of cash acquired		-	5,003
Net cash flows from / (used in) investing activities		7,498	(37,905)
Cash flows from / (used in) financing activities			
Proceeds from borrowings		172,395	290,000
Repayment of borrowings		(272,762)	(361,000)
Payment of lease liabilities		(1,008)	(878)
Dividends paid on ordinary shares		(18,100)	(21,376)
Net cash flows used in financing activities		(119,475)	(93,254)
Net decrease in cash and cash equivalents		(6,947)	(3,924)
Cash at the beginning of the financial period		(4,084)	(160)
Cash at the end of the financial period	D1	(11,031)	(4,084)

The accompanying notes form part of the consolidated financial statements.

²⁴ Refer to Note A5 for details relating to the restatement of prior year comparative.

Notes to the Consolidated Financial Statements

A. Basis of Preparation	85	D. Capital Structure and Financing	107
A1. Statement of compliance	85	D1. Cash and cash equivalents	107
A2. Going concern	85	D2. Interest-bearing loans and borrowings	107
A3. New standard interpretations and amendments adopted by the Group	85	D3. Finance costs	108
A4. Key judgements, estimates and assumptions	85	D4. Other financial liabilities	109
A5. Impact of Prior Year Restatement	86	D5. Financial risk management and objectives	110
B. Results for the Year	88	D6. Fair value of financial instruments	113
B1. Revenue from services and other income	88	D7. Contributed equity	114
B2. Segment information	91	D8. Dividends paid and proposed	114
B3. Income tax	92	D9. Reserves	115
B4. Earnings per share	94	E. Group Structure	116
C. Operating Assets and Liabilities	95	E1. Parent entity information	116
C1. Trade and other receivables	95	E2. Subsidiaries	117
C2. Non-current assets held for sale	96	E3. Business combinations	118
C3. Inventories	96	F. Other Disclosures	119
C4. Other current assets	96	F1. Related party disclosures	119
C5. Property, plant and equipment	97	F2. Cash Flows from Operating Activities	119
C6. Leases	99	F3. Share-based payment plans	120
C7. Operational places and goodwill	101	F4. Auditor's remuneration	121
C8. Investment property	103	F5. Commitments	121
C9. Trade payables and other liabilities	105	F6. Contingent liabilities	122
C10. Provisions	106	F7. Other accounting policies	122
		F8. Accounting standards issued but not yet in effect	122
		F9. Subsequent events	122
		Directors' Declaration	123
		Independent Auditor's Report	124
		Glossary	131

Section A: Basis of Preparation

IN THIS SECTION

This section sets out the basis on which the Group's financial report is prepared. A glossary containing acronyms and defined terms is included in the back of this report.

Regis Healthcare Limited ('Company') is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activity during the year was the provision of residential aged care services.

The consolidated financial statements of Regis Healthcare Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 31 August 2021.

A1. Statement of Compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except investment property, independent living unit and apartment entry contributions and derivative financial instruments, which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated in accordance with Instrument 2016/91 issued by the Australian Securities and Investments Commission.

A2. Going Concern

The Group is in a net current asset deficiency position. This deficiency principally arises due to refundable accommodation deposits ('RADs'), accommodation bonds and independent living unit and independent living apartment ('ILU'/'ILA') entry contributions being recorded as current liabilities as required under Australian Accounting Standards. However, in practice, RADs / accommodation bonds that are repaid are generally replaced by RADs from incoming residents in a short timeframe.

The Group generated positive cash flows from operations of \$105,030,000 during the year (2020: \$127,235,000). Undrawn syndicated bank facilities of \$361,367,000 (2020: \$261,000,000) (refer Note D2) are also available should they need to be drawn. In addition, the Group has the ability to refinance its existing borrowings and raise new external debt if required. Based on the cash flow forecasts for the next 12 months, the Group will be able to pay its debts as and when they become due and payable. Accordingly, the financial report has been prepared on a going concern basis. The impact of COVID-19 has been taken into consideration in preparing the financial report on a going concern basis.

A3. New Standards, Interpretations and Amendments Adopted by the Group

A number of amendments and interpretations have been applied for the first time in this reporting period but did not have a material impact on the consolidated financial statements of the Group.

A4. Key Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to exercise judgement and make estimates and assumptions in applying the Group's accounting policies which impact amounts reported for assets, liabilities, income and expenses. Actual results may differ from these judgements, estimates and assumptions. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Information about significant areas of estimation uncertainty and critical assumptions are described in the following notes:

- Receivables - assumptions underlying expected credit losses - refer Note C1
- Property, plant and equipment - useful life assessment and assumptions underlying recoverable amount assessments - refer Note C5
- Operational places and goodwill - assumptions underlying recoverable amount assessments - refer Note C7
- Investment property - assumptions underlying the assessment of fair value - refer Note C8
- Share-based payments - determination of valuation model and assumptions about achievement of performance hurdles - refer Note F3.

Section A: Basis of Preparation

A5. Impact of Prior Year Restatement

Imputed interest income and expense on RADs and Bonds

The Group adopted AASB 16 *Leases* from 1 July, 2019, where it concluded that it is a lessor where a resident has chosen a RAD or Bond arrangement under which to receive residential aged care services. The arrangement is accounted for by recognising a non-cash increase in income, with a corresponding non-cash increase in finance costs on the outstanding RAD liability with no net impact on the result for the period.

This imputed interest income was calculated in the prior year ended 30 June 2020 by applying current Maximum Permissible Interest Rates (MPIR) applicable to the period, however, the Group has reviewed the calculation and determined that the MPIR rates applicable at the date of entry for each resident should have instead been applied.

This has been corrected by restating each of the affected financial statement line items for the prior year. There is no impact to the Group's consolidated statement of financial position, and the following table summarises the impact on the Group's consolidated financial statements:

	Impact of restatement		
	As previously reported	Adjustments	As restated
For the year ended 30 June 2020	\$'000	\$'000	\$'000
Imputed income on RADs and Bonds	57,508	9,536	67,044
Imputed interest charge on RADs and Bonds	(57,508)	(9,536)	(67,044)

There is no impact on the Group's reported net profit after tax for the year ended 30 June 2020, and therefore has no impact on basic or diluted earnings per share. As the adjustment relates to non-cash items, there is also no impact on the total operating, investing or financing cash flows for the year ended 30 June 2020.

Potential employee entitlement underpayments

Regis announced to the ASX on 9 August 2021 that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements. These payment shortfalls have arisen because some employee entitlements due under various enterprise agreements were recorded inaccurately in the payroll system.

This has led to incorrect payments to a number of employees. Regis, with the assistance of external advisors, has commenced a review to determine the extent of the underpayments looking back 6 years. While this review is ongoing, based on preliminary analysis, Regis has provided \$35,000,000 in other provisions in the Financial Report in relation to the issue.

The impact of the potential underpayment on profit before income tax for the financial year ended 30 June 2021 was \$7,100,000 (2020: \$6,400,000) with the remaining amount recorded as a prior period restatement in accordance with Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Section A: Basis of Preparation

A5. Impact of Prior Year Restatement (continued)

Potential employee entitlement underpayments (continued)

The Group's best estimate for the potential employee entitlement underpayments for prior periods, and the impact on the Group's Consolidated Financial Statements in the reporting periods to which they relate, are outlined below.

Consolidated Statement of Profit or Loss

		Impact of restatement	
	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
For the year ended 30 June 2020			
Staff expenses	(492,257)	(6,400)	(498,657)
Income tax expense	(8,354)	1,920	(6,434)
Profit for the period	3,764	(4,480)	(716)

Consolidated Statement of Financial Position

		Impact of restatement	
	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
At 30 June 2020			
Deferred tax liabilities	64,749	(8,370)	56,379
Provisions - current	68,773	27,900	96,673
Net assets	147,319	(19,530)	127,789
Retained earnings / (accumulated losses)	(28,704)	(19,530)	(48,234)
Total equity	147,319	(19,530)	127,789

The impact of the restatement as at 1 July 2019 was a decrease of \$6,450,000 to deferred tax liabilities and an increase of \$21,500,000 to other provisions, resulting in a net adjustment to retained earnings / (accumulated losses) of \$15,050,000.

Section B: Results for the Year

IN THIS SECTION

This section explains the results and performance of the Group.

This section provides additional information about those individual line items in the financial report that the Directors consider most relevant in the context of Regis' operations, including:

- Accounting policies that are relevant for understanding the items recognised in the financial report; and
- Analysis of the results for the period by reference to key areas, including revenue and taxation.

B1. Revenue from Services and Other Income

	2021 \$000	Restated 2020 \$000
Revenue from services		
Government funded revenue	499,864	471,136
Resident basic daily fee revenue	117,442	116,750
Other resident revenue	76,287	78,266
Other operating revenue	5,870	9,540
Deferred management fee revenue	1,902	2,180
Total revenue from services	701,365	677,872
Other income		
Imputed income on RADs and Bonds	64,389	67,044
Government grants	4,156	-
Interest income	14	45
Gain on acquisition	-	4,552
Gain on disposal of non-current assets	2,818	612
Change in fair value of investment property	11,660	81
Total other income	83,037	72,334
Total revenue from services and other income	784,402	750,206

Residential Aged Care and Home Care

The Group recognises revenue from aged care and home care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care and home care services performed are recognised as contract liabilities and are included within Trade and Other Payables.

Bond retention fees are recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data.

Retirement Living

Revenue arises from deferred management fees and short-term rentals, as agreed in a single contract with the resident. Revenue from deferred management fees is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data, including industry data. The difference between revenue recognised and contractual deferred management fees earned is recognised as deferred revenue (contract liabilities) within Trade and Other Payables.

Revenue from short-term rentals is recognised on a daily basis as services are provided.

Section B: Results for the Year

B1. Revenue from Services and Other Income (continued)

Nature of revenue and cash flows

Residential aged care and home care revenue is disaggregated based on the nature of funding. Revenue is recognised based on the terms and conditions for discretionary and non-discretionary services agreed in a single contract with the resident, which are enforceable primarily on a daily basis. Government funded revenue includes COVID-19 and other Australian Government funding of \$13,126,000 (2020: \$8,210,000).

Imputed income on RADs and Bonds

Other income includes imputed income from the provision of accommodation, which is accounted for as a Lease under AASB 16 *Leases*. Under AASB 16 *Leases*, the fair value of non-cash consideration (in the form of an interest-free loan) received from a resident that has elected to pay a RAD or accommodation bond is required to be recognised as income and correspondingly, interest expense (Note D3) with no net impact on profit or loss.

Change in fair value of investment property

The change in fair value of investment property of \$11,660,000 represents the non-cash revaluation gain associated with the Group's retirement living property portfolio, as assessed by an independent valuer.

Government grants

Government grants which are monetary in nature are recognised when all conditions attached to the grant will be met and the grant will be received. The monetary grant is recognised at an amount equivalent to what will be received, being net of related expenses. These amounts are considered as other income.

Government grants include COVID-19 related grants of \$4,156,000.



Key judgement, estimate and assumption: Interest rate applicable to RADs and Bonds

The Group has determined the use of the Maximum Permissible Interest rate ('MPIR') as the interest rate to be used in the calculation of the imputed income on RADs and Bonds. The MPIR is a rate set by the Australian Government and is used to calculate the Daily Accommodation Payment ('DAP') to applicable residents.

Summary of sources of revenue

Source of Revenue	Description	Type of Services
Government funded revenue	<p>Government funded revenue reflects the Group's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Revenue funded by the Australian Government is derived under the Group's contracts with customers.</p> <p>The Australian Government funded revenue comprises basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short term 'respite' residents and other Government incomes. Revenue is recognised over time as services are provided. Funding claims are submitted / updated daily, and the Australian Government funded revenue is usually received within approximately one month of services having been performed.</p>	Aged care and home care
Resident basic daily fee revenue	<p>Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident basic daily fees is regulated by the Australian Government and typically increases in March and September each year.</p> <p>Resident basic daily fee revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and cash is usually received within 30 days.</p>	Aged care and home care

Section B: Results for the Year

B1. Revenue from Services and Other Income (continued)

Summary of sources of revenue (continued)

Source of Revenue	Description	Type of Services
Other resident revenue	<p>Other resident revenue represents other fees charged to residents in respect of care and accommodation services provided by the Group and includes means tested care fees, DAP / Daily Accommodation Contribution ('DAC') revenue, additional services revenue and other income.</p> <p>Other resident revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and cash is usually received within 30 days.</p>	Aged care and home care
Other operating revenue	<p>Other operating revenue comprises aged care bond retention amounts and other sundry revenue. Revenue is recognised over time as services are provided. Residents are typically invoiced on a monthly basis and cash is usually received within 30 days.</p>	Aged care, home care and retirement living
Deferred management fee ('DMF') revenue	<p>DMF revenue represents a fee that is contractually deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village. DMF revenue is recognised over the expected length of stay of a resident.</p>	Retirement living

Section B: Results for the Year

B2. Segment Information

The Group operates predominantly in one business and geographical segment, being the provision of residential aged care services in Australia. Operating segments are reported in a manner consistent with the internal reporting to the Managing Director and Chief Executive Officer (the chief operating decision maker ('CODM')) who is responsible for allocating resources and assessing performance of the operating segments.

In previous periods, the Group's state/territory based operating segments were aggregated into one reportable segment on the basis that Regis operated predominantly in one business and geographical segment. From 1 July 2020, the Group revised its internal reporting to the CODM so as to report based on the residential aged care facility portfolio ('Aged Care') and the retirement living and home care services ('Retirement Living and Home Care') operating segments respectively. There was no change to the Group's reportable segment.

Segment performance is measured by EBITDA adjusted to exclude one-off items ('EBITDA')²⁵. EBITDA represents a non-IFRS earnings measure. A reconciliation of profit before income tax to EBITDA is set out below:

For the year ended	2021 \$'000	Restated 2020 \$'000
Profit before income tax	29,150	5,718
<i>Add back/(deduct):</i>		
Depreciation and amortisation ²⁶	43,893	44,066
Finance costs ²⁶	73,997	78,806
Finance income	(14)	(45)
Impairment loss	-	20,566
Royal Commission related expenses	-	1,273
Acquisition costs	-	1,162
Gain on acquisition of LBHA (net of costs)	-	(4,552)
COVID-19 Government funding and grants	(11,882)	(8,210)
COVID-19 expenses	11,800	3,465
Profit on sale of assets	(2,818)	(612)
Cyber-security costs	672	-
Net fair value gain on investment properties (refer Note C8)	(9,158)	-
Impact of regulatory penalties	2,200	-
EBITDA	137,840	141,637

Revenue from one source, being the Australian Government, constitutes or provides greater than 10 per cent of total revenues received. The amount of revenue recognised from the Australian Government is \$499,864,000 (2020: \$471,136,000), being revenue as described in Note B1.

²⁵ EBITDA includes the impact of AASB 16 *Leases*, but excludes one-off items.

²⁶ Following adoption of AASB 16 *Leases* effective 1 July 2019, profit before income tax for the year includes income on RADs and Bonds of \$64,389,000 (2020: \$67,044,000) and, correspondingly, finance costs of \$64,389,000 (2020: \$67,044,000) with no net impact on profit or loss. The Group also recognised depreciation and interest costs totalling \$993,000 (2020: \$947,000) and \$381,000 (2020: \$417,000) respectively. Prior to the introduction of AASB 16 *Leases*, the Group would have recognised an operating lease expense of \$1,383,000 (2020: \$1,300,000).

Section B: Results for the Year

B3. Income Tax

Reconciliation of the Group's applicable tax rate to the effective tax rate

	2021 \$'000	Restated 2020 \$'000
Profit before income tax	29,150	5,718
At Australia's corporate tax rate of 30% (2020: 30%)	8,745	1,715
Adjustments in respect of current income tax of previous years	-	(23)
Relating to origination and reversal of temporary differences	383	(245)
Other non-assessable income/non-deductible expenses	73	4,987
Income tax expense reported in the statement of profit or loss	9,201	6,434

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Major components of income tax expense

	2021 \$'000	Restated 2020 \$'000
Current income tax expense	12,140	6,901
Adjustments in respect of current income tax of previous years	-	(23)
Deferred tax expense	(2,939)	(444)
Income tax expense reported in profit or loss	9,201	6,434

Section B: Results for the Year

B3. Income Tax (continued)

Major components of deferred tax

	Statement of financial position		Statement of profit or loss	
	2021 \$'000	Restated 2020 \$'000	2021 \$'000	Restated 2020 \$'000
Deferred tax liabilities				
Property, plant and equipment	(17,445)	(14,347)	3,098	1,747
Investment property	(8,605)	(4,957)	3,648	(174)
Independent living unit and apartment entry contributions	(3,077)	(4,079)	(1,002)	(38)
Interest rate swaps	-	-	-	27
Deferred revenue	(134)	-	134	-
Intangible assets	(64,343)	(64,343)	-	1,406
Deferred tax assets:				
Employee benefits	24,260	21,958	(2,302)	(1,838)
Provisions	14,726	8,370	(6,356)	(1,920)
Deferred revenue	-	1,105	1,105	196
Other	1,178	(86)	(1,264)	1,088
Net deferred tax liabilities	(53,440)	(56,379)		
Adjusted for items not impacting profit or loss				
Tax effect of new accounting standard changes			-	659
Acquisition of businesses			-	(1,597)
Deferred tax expense			(2,939)	(444)

Deferred tax

Deferred tax is measured at the tax rates and laws that are enacted or substantively enacted at the reporting date and are expected to apply to the year when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carried forward unused tax assets and unused tax losses only if it is probable that taxable profit will be available to utilise them.

Deferred tax relating to items recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity.

The group is subject only to Australian tax legislation.

Section B: Results for the Year

B3. Income Tax (continued)

Tax consolidation

In 2007, for the purpose of income taxation, Regis Healthcare Limited and its 100% owned subsidiaries formed a tax consolidated group. The entities in the tax group have entered into a tax sharing agreement to limit the joint and several tax liability of 100% owned subsidiaries in the event of a default by the head entity, Regis Healthcare Limited. The tax consolidated group has applied the "Separate Taxpayer within Group" approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Entities within the tax consolidated group have entered into a tax funding arrangement with the head entity.

Under the terms of the tax funding arrangement, Regis Healthcare Limited and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to, or from, the head entity, based on the current tax liability or current tax asset of the entity. Amounts are reflected in amounts receivable from, or payable to, other entities in the tax consolidated group.

B4. Earnings Per Share (EPS)

	2021	Restated 2020
EPS for profit attributable to the ordinary equity holders of Regis Healthcare Limited		
Profit / (loss) for the period from continuing operations (\$'000)	19,949	(716)
Weighted average number of ordinary shares for basic EPS (shares, thousands)	300,773	300,727
Adjustment for effect of share-based payment arrangements (shares, thousands)	85	62
Weighted average number of ordinary shares for diluted EPS (shares, thousands)	300,858	300,789
Basic earnings per share (cents per share)	6.63	(0.24)
Diluted earnings per share (cents per share)	6.63	(0.24)

Calculation methodology

EPS is the profit after tax (from continuing operations) attributable to ordinary equity holders of Regis Healthcare Limited, divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated on the same basis except that it includes the impact of any potential commitments the Group has to issue shares in the future.

Between the reporting date and the issue date of the 30 June 2021 Financial Report, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of EPS disclosed in the table above.

Section C: Operating Assets and Liabilities

IN THIS SECTION

This section explains the Group's operating assets used to generate the Group's trading performance and the liabilities incurred as a result.

C1. Trade and Other Receivables

	2021 \$'000	Restated 2020 \$'000
Trade receivables	8,288	6,417
Allowance for impairment loss	(754)	(511)
Other receivables	1,552	3,841
Total trade and other receivables	9,086	9,747

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

Opening balance	511	572
Amounts written-off	(221)	(98)
Net remeasurement of loss allowance	464	37
Closing balance	754	511

Receivables and expected credit loss

Receivables are recognised at their transaction price and subsequently measured at amortised cost using the effective interest rate method less any allowance under the expected credit loss ('ECL') model. Regis applies the simplified approach to the ECL calculation used for trade receivables, lease receivables and contract assets, and measures the ECL allowance at an amount equal to lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. A write-off of a financial asset is recognised when the Group has no reasonable expectations of recovering the contractual cash flows of a financial asset in its entirety or a portion thereof.



Key judgement, estimate and assumption: Expected credit loss

The Group determined that the risk characteristics of its customers were not significantly impacted by COVID-19 during the period. The Group observed there to be no significant change in customer payment patterns and performance following the declaration of the COVID-19 pandemic that would materially impact the ability to collect outstanding trade receivable balances.

The Group considers a financial asset in default when contractual payments are 365 days past due.

Section C: Operating Assets and Liabilities

C1. Trade and Other Receivables (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix. The provision excludes trade receivables from the Australian Government and other state revenue offices, which are considered of low credit risk:

	Total	0-30 Days	31-60 Days	61-90 Days	91-150 Days	151-365 Days	>365 Days
At 30 June 2021							
Gross carrying amount at 30 June 2021 (\$'000)	4,064	1,484	618	313	449	558	642
Expected credit loss rate (%)		0.5%	1.1%	2.9%	5.3%	11.6%	100%
Expected credit loss (\$'000)	754	7	7	9	24	65	642
At 30 June 2020							
Gross carrying amount at 30 June 2020 (\$'000)	4,591	1,653	519	666	697	740	316
Expected credit loss rate (%)		0.4%	1.0%	3.2%	6.0%	16.2%	100%
Expected credit loss (\$'000)	511	7	5	21	42	120	316

C2. Non-Current Assets Held for Sale

Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in their current condition rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell.

There are no assets held for sale at 30 June 2021. As at 30 June 2020, assets held for sale comprised three retail units in Port Coogee, Western Australia, which were constructed as part of the development of the Group's residential aged care home. These assets were subsequently sold with sales proceeds of \$2,703,000 resulting in a gain on sale of \$1,470,000.

C3. Inventories

	2021 \$'000	Restated 2020 \$'000
Consumables and medical supplies	4,367	1,147
Total inventories	4,367	1,147

Inventories represent consumables on hand, comprising personal protective equipment and medical supplies. Inventories are recorded at the lower of cost and net realisable value.

C4. Other Current Assets

	2021 \$'000	Restated 2020 \$'000
Prepayments	3,657	2,874
GST recoverable	936	981
Total other current assets	4,593	3,855

Section C: Operating Assets and Liabilities

C5. Property, Plant and Equipment

	Land & buildings	Plant & equipment	Motor vehicles	Fixtures & fittings	Leasehold improvements	Capital Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2021							
Cost	995,981	316,657	1,131	81,957	37	45,161	1,440,924
Accumulated depreciation	(141,967)	(163,223)	(926)	(33,207)	(19)	-	(339,342)
Net carrying amount	854,014	153,434	205	48,750	18	45,161	1,101,582
Carrying amount at 1 July 2020	870,313	162,553	243	50,504	19	63,752	1,147,384
Additions	53	11,332	-	2,875	-	3,133	17,393
Transfers from work in progress	368	2,263	2	51	-	(2,684)	-
Transfers to assets held for sale	-	-	-	-	-	-	-
Disposals	(591)	(481)	(10)	(172)	(1)	(19,040)	(20,295)
Depreciation expense*	(16,129)	(22,233)	(30)	(4,508)	-	-	(42,900)
Carrying amount at 30 June 2021	854,014	153,434	205	48,750	18	45,161	1,101,582
At 30 June 2020							
Cost	996,150	303,135	1,139	79,202	38	63,752	1,443,416
Accumulated depreciation	(125,837)	(140,582)	(896)	(28,698)	(19)	-	(296,032)
Net carrying amount	870,313	162,553	243	50,504	19	63,752	1,147,384
Carrying amount at 1 July 2019	878,810	167,901	212	50,132	20	50,617	1,147,692
Additions	-	1,851	102	2,058	-	31,086	35,097
Transfers from work in progress	189	15,393	-	2,369	-	(17,951)	-
Transfers to assets held for sale	(1,154)	-	-	-	-	-	(1,154)
Additions from business combinations	8,231	1,094	-	-	-	-	9,325
Disposals	(445)	-	(12)	-	-	-	(457)
Depreciation expense*	(15,318)	(23,686)	(59)	(4,055)	(1)	-	(43,119)
Carrying amount at 30 June 2020	870,313	162,553	243	50,504	19	63,752	1,147,384

* Excludes depreciation charge of \$993,000 (2020: \$947,000) in relation to right-of-use assets (refer Note C6).

Land and buildings relate to the Group's aged care facilities associated with the provision of aged care services.

A parcel of vacant land situated at Palm Beach, Queensland was sold for \$21,102,000 with proceeds received on 9 December 2020. A profit of \$1,298,000 was recognised as a result of the sale.

Section C: Operating Assets and Liabilities

C5. Property, Plant and Equipment (continued)

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment. Cost comprises of expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred that are eligible for capitalisation. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

During mobilisation of newly developed aged care facilities, buildings are depreciated under a usage method based on occupancy and, thereafter, on a straight-line basis over their estimated useful life of between 40 and 55 years.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment: 3 - 30 years
- Motor vehicles: 4 - 8 years
- Fixtures and fittings: 3 - 10 years
- Leasehold improvements: 3 - 10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss when the item is derecognised.

Property, plant and equipment is tested for impairment at the individual cash generating unit ('CGU') level.

Where there is an indication that an asset or CGU to which an asset belongs may be impaired (which is assessed at least at each reporting date) an impairment test is performed by comparing the recoverable amount of a CGU against its carrying amount as described in Note C7.

No indicators of impairment were identified for property, plant and equipment for the year ended 30 June 2021.

Assets under construction

Property, plant and equipment under construction is included within 'capital work in progress'. Capital expenditure incurred in the course of development activities are carried at cost, less any recognised impairment loss. Cost includes construction costs, professional fees, internal wage expenses directly attributable to the development activities and, for qualifying assets borrowing costs capitalised in accordance with the Group's accounting policy (refer Note D3). Upon completion, the asset is reclassified as land and buildings, plant and equipment, or fixtures and fittings as applicable. During the year, the Group completed refurbishments. Such projects are short-term in nature. On completion, the cost of the asset is classified within plant and equipment or fixtures and fittings.

Section C: Operating Assets and Liabilities

C6. Leases

(a) Regis as lessee

Amounts recognised in the consolidated statement of financial position

	2021 \$'000	Restated 2020 \$'000
Right-of-use assets		
Property leases	4,309	4,932
Plant and equipment and motor vehicles	688	1,058
Total right-of-use assets	4,997	5,990
Lease liabilities		
Lease liabilities - current	1,087	1,041
Lease liabilities - non-current	5,968	7,016
Total lease liabilities	7,055	8,057

There were no additions to the right-of-use assets during the year (2020: \$ 674,000).

Amounts recognised in the statement of profit or loss and other comprehensive income

	2021 \$'000	Restated 2020 \$'000
Depreciation expense of right-of-use assets		
Property leases	623	622
Plant and equipment and motor vehicles	370	325
Total depreciation expense of right-of-use assets	993	947
Other expenses relating to leases		
Interest expense (included in finance costs)	381	417
Total other expenses relating to leases	381	417

Total cash outflow for leases for the year was \$1,383,000 (2020: \$1,300,000).

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration cost. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of estimated useful life and the lease term.

The lease term is the non-cancellable period of a lease together with the lease period under reasonably certain extension options and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Each right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The Group's right-of-use assets relate to office premises and are depreciated over 15 years.

Regis tests right-of-use assets for impairment where there is an indicator that the asset may be impaired in accordance with impairment testing detailed at Note C7.

Section C: Operating Assets and Liabilities

C6. Leases (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments to be made over the lease term discounted using the interest rate implicit in the lease. If that cannot be determined, Regis' incremental borrowing rate is used.

Lease payments used in calculating the liability include:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that depend on an index or a rate at commencement date
- Lease payments to be made under options for extension which are reasonably certain to be exercised
- Payments of penalties for terminating a lease, if the lease term reflects Regis exercising that option
- Amounts expected to be paid under residual value guarantees

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications. Interest on the lease liability and any variable lease payments not included in the measurement of the lease liability are recognised as an expense in the period which the event or condition that triggers the payment occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with lease terms of 12 months or less and leases of low value assets are recognised in profit or loss, when the expense is incurred.



Key judgement, estimate and assumption: lease term and incremental borrowing rate

Lease term

The term of each lease was based on the non-cancellable lease term unless management was 'reasonably certain' to exercise options to extend the lease. The Group has lease contracts that include extension options. These options are negotiated to provide flexibility in managing the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised such as the cost of relocation and has included such options within the lease term.

Incremental borrowing rate

The Group uses an incremental borrowing rate ('IBR') if the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates, when available and is required to make certain estimates specific to the Group such as a subsidiary's stand-alone credit rating.

(b) Regis as lessor

Contracts with residents contain provisions for accommodation, use of common areas/facilities for provision of care and other services. The Group's contractual arrangements relating to the provision of residential aged care and retirement living accommodation are leases pursuant to AASB 16 *Leases*, being the exclusive right to the use of a room/unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or accommodation bond, the Group receives a financing benefit, being non-cash consideration, in the form of an interest-free loan. Under AASB 16 *Leases*, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest-free loan financing benefit received on RADs and accommodation bonds) as disclosed in Note B1 and, correspondingly, interest expense (to record the financial liability associated with RADs and accommodation bonds at fair value) as disclosed in Note D3 with no net impact on profit or loss.

Section C: Operating Assets and Liabilities

C7. Operational Places and Goodwill

	Operational places \$000	Goodwill \$000	Total \$000
At 30 June 2021			
Cost	229,973	262,173	492,146
Accumulated depreciation and impairment	(6,174)	(22,235)	(28,409)
Net carrying amount	223,799	239,938	463,737
Carrying amount at 1 July 2020	223,799	239,938	463,737
Additions	-	-	-
Carrying amount at 30 June 2021	223,799	239,938	463,737
At 30 June 2020			
Cost	229,973	262,173	492,146
Accumulated depreciation and impairment	(6,174)	(22,235)	(28,409)
Net carrying amount	223,799	239,938	463,737
Carrying amount at 1 July 2019	219,113	260,504	479,617
Additions	4,686	-	4,686
Impairment	-	(20,566)	(20,566)
Carrying amount at 30 June 2020	223,799	239,938	463,737

Available operational places

An 'available operational place' refers to a place that was allocated and has since become available for a person to receive residential aged care. Available operational places are assessed as having an indefinite useful life as they are issued for an unlimited period. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. Available operational places are initially measured at historical cost or, if acquired in a business combination, at fair value as at the date of acquisition. Following initial recognition, the operational places are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment testing is performed as described in the '*Impairment testing of goodwill and operational places*' section below.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquiree at the date of acquisition.

Goodwill, that has an indefinite life, is not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. Impairment testing is performed as described in the '*Impairment testing of goodwill and operational places*' section below.

Future deregulation of operational places

In the May 2021 Federal Budget, the Australian Government announced its intention to deregulate operational places (bed licences) by 1 July 2024, with the current system remaining in place until 30 June 2024. As the scope and extent of the reforms remain unknown, there has been no change to accounting treatment of operational places for the year ended 30 June 2021.

Section C: Operating Assets and Liabilities

C7. Operational Places and Goodwill (continued)

Impairment testing of goodwill and operational places

Goodwill and operational places are allocated entirely to the Aged Care operating segment from 1 July 2020 for the purposes of impairment testing because it is this CGU that is expected to benefit from these assets. As detailed in Note B2, from 1 July 2020, the Group revised its internal reporting to the Chief Operating Decision Maker ('CODM') such that the Group's operating segments are considered to comprise the Aged Care and the Retirement Living and Home Care operating segments. From 1 July 2020, these operating segments form the basis of management internal monitoring for the recoverability of identified goodwill and operating places.

Regis performs impairment testing of goodwill and operational places annually and when indicators of impairment exist by comparing the recoverable amount of the CGU against its carrying value. An impairment loss is recognised for the amount by which the CGU's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of the CGU's fair value less costs of disposal and value-in-use. The carrying value of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying value of the CGU represents those assets that can be directly attributed or allocated on a reasonable and consistent basis.



Key judgement, estimate and assumption: Recoverable amount

Valuations have an element of uncertainty and therefore may not reflect the actual values of these assets in the future. The assessment of the recoverable amount of goodwill and operational places involves significant areas of estimation and judgement by management. These judgements relate to the level of future Australian Government funding and market conditions including facility occupancy levels. The key assumptions considered by management are detailed in the table on the following page.

The recoverable amount of a CGU is determined on a value-in-use calculation basis using discounted cash flow projections from financial forecasts approved by management covering a five-year period, after which a terminal value is applied, based on management's view of the longer-term growth profile of the business. The recoverable amount used to test the carrying amount is based on forward-looking assumptions which are uncertain. The key assumptions include:

Assumption	Description
Discount rate	The discount rate (pre-tax) of 11.2% (2020: 11.2%) applied to the cash flows for the CGU represents the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and the individual risks of the underlying assets that have not been incorporated into the cash flow estimates, including uncertainty associated with COVID-19. Further changes to the discount rate may be necessary in the future to reflect changing risks of the CGU and changes in the weighted average cost of capital.
Long-term growth rate	The long-term growth rate of 2.0% (2020: 2.0%) reflects an assessment of inflation and perpetual growth using economic data.
Net RAD and accommodation bond cash flow	Based on internal expectations in relation to potential RAD movements and adjusted accordingly considering the average value of RADs received.

Impairment test

Based on the results of impairment testing, no impairment of goodwill or operational places has been recognised in the current year. No reasonably possible changes in key assumptions that would result in an impairment were identified by management.

An impairment of goodwill of \$20,566,000 was recognised in the prior year.

Section C: Operating Assets and Liabilities

C8. Investment Property

Investment property relates to interests in operating retirement villages (comprising independent living units and apartments) and retirement village development sites held to earn revenue and capital appreciation over time.

	2021 \$'000	Restated 2020 \$'000
Carrying amount at beginning of financial year	148,129	143,375
Additions in capital expenditure	1,359	4,673
Amounts written-off	(2,502)	-
Change in fair value of investment property development sites	6,431	-
Change in fair value of operating investment properties (i)	5,229	81
Carrying amount at the end of the financial year	158,646	148,129

- (i) The change in fair value of the operating investment properties in both current and prior periods relates to the retirement living operations in Queensland that were acquired in 2016 and the retirement living operation in Tasmania.
- (ii) The change in fair value of the investment property development sites in the current period relates to the Blackburn South retirement village property in Melbourne and the Nedlands retirement village property in Perth.

Investment property

Investment property is initially measured at cost, including transaction costs and subsequently at fair value with any change therein recognised in the statement of profit or loss. In addition, the tax base of the investment property is measured on the assumption that the carrying amount of the investment property will be recovered entirely through sale, rather than through use.

Fair value measurement, valuation techniques and inputs

Operating investment properties

Fair value of operating retirement villages has been determined by independent appraisers by using a discounted cash flow valuation methodology. These valuations are based on projected cash flows using current resident contracts and current available market data for similar retirement units / properties.

Investment property development sites

Development sites contain vacant land and are valued on the basis of vacant possession for redevelopment, which is consistent with their highest and best use.

Fair value has been determined based on external valuations performed by an independent appraiser with a recognised professional qualification and recent experience in the location and category of property being valued. Fair value of development sites was determined with regard to recent market transactions of similar properties in similar locations to the Group's development sites and discounted cash flows. Fair value varies depending on location and current market conditions.

For any investment properties under construction whereby the Group cannot reliably measure the property's fair value, the Group recognises that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).



Key judgement, estimate and assumption: Impact of COVID-19 on external valuations

The independent valuers stated in their valuation reports that the COVID-19 pandemic continues to cause uncertainty in some sectors of the local and global property markets, and therefore recommend periodic review of the property valuations.

Section C: Operating Assets and Liabilities

C8. Investment Property (continued)



Key judgement, estimate and assumption: Investment property valuation assumptions

Investment property valuations are subject to key market-based assumptions including discount rates, the current market value of residential units and the growth in those values over time. Given the volatility in markets and the lack of certainty around economic recovery, it is possible there will be movements in these key inputs after 30 June 2021. Demand may also be positively or negatively impacted by potential residents' perceptions of the advantages and disadvantages of living in a retirement community at this time.

To illustrate the exposure of the carrying amount of investment properties at 30 June 2021 to further fair value movements as a result of changes in the economic environment, a sensitivity analysis of fair value has been prepared for the key value drivers, as disclosed in the table below. While it is unlikely that these drivers would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual driver has on the fair value. These assumptions do not represent management's estimate at 30 June 2021.

Investment properties are classified as Level 3 in the fair value hierarchy as defined at Note D6.

The following significant unobservable inputs are used to measure the fair value of the investment properties:

Operating investment properties		
Inputs used to measure fair value	30 June 2021	Sensitivity
Discount rate	9% - 15%	Increasing / decreasing the discount rates by 50 basis points would decrease / increase fair value by \$788,000 and \$859,000 respectively
Property price growth rates - medium term	1.50% - 3.50%	Increasing / decreasing the property price growth rates by 50 basis points would increase / decrease fair value by \$1,959,000 and \$1,754,000 respectively.
Property price growth rates - longer term	1.50% - 3.50%	
Investment property development sites		
Inputs used to measure fair value	30 June 2021	Sensitivity
Discount rate	7% - 10%	Increasing / decreasing the discount rate by 50 basis points would decrease / increase fair value by \$1,793,000 and \$1,856,000 respectively
Property price growth rates - medium term	Nil	Increasing / decreasing the property price growth rates by 50 basis points would increase / decrease fair value by \$2,015,000 and \$1,950,000 respectively
Property price growth rates - longer term	Nil	
Average tenure of residents	6.5 - 8 years	Increasing / decreasing the average tenure period by 6 months would decrease / increase fair value by \$3,056,000 and \$3,185,000 respectively.

Section C: Operating Assets and Liabilities

C9. Trade Payables and Other Liabilities

	2021 \$'000	Restated 2020 \$'000
Trade payables	9,038	10,271
Other payables	35,519	32,657
Deferred revenue	3,602	4,422
Fees received in advance	4,556	4,189
Total trade payables and other liabilities	52,715	51,539

Trade payables and other payables

Liabilities for trade and other payables are recognised initially at fair value less transaction costs and are subsequently carried at amortised cost. All amounts are non-interest bearing and have an average term of 30 days.

Deferred revenue and fees received in advance

Deferred revenue includes bond retention fees and deferred management fees and are expected to be recognised as revenues over a period of 1 to 9 years. Decreases in these balances generally represent the recognition of revenues. Increases in the balance for deferred management fees generally represent deferred management fees contractually accruing.

Deferred revenue and fees received in advance are contract liabilities.

Fees received in advance are expected to be recognised as revenues within one year. Decreases in this balance represent the recognition of revenues and increases represent fees received through Australian Government and resident funding.

Revenue recognised from amounts included in contract liabilities at the beginning of the financial year was \$1,386,000 (2020: \$2,002,000).

The carrying amount of payables at balance date approximates their fair value.

Section C: Operating Assets and Liabilities

C10. Provisions

	2021 \$'000	Restated 2020 \$'000
Current		
Employee entitlements	73,748	68,773
Other provisions	38,339	27,900
Total current provisions	112,087	96,673
Non-Current		
Employee entitlements	7,338	4,249
Total non-current provisions	7,338	4,249

The current provision for employee entitlements includes annual leave entitlements, which are presented as current although the Group does not expect to settle the full amount within the next 12 months. The amount of annual leave that is not expected to be settled within the next 12 months is \$15,826,000.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.

Annual leave, long service leave and other employee entitlements

Provisions are recognised for annual leave, long service leave and long-term incentives.

For employee benefits expected to be paid within twelve months, the liability is measured at the amount expected to be paid. The liability expected to be paid after twelve months is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The liability that has vested at the reporting date is included in the current provision for employee entitlements. The liability that has not vested at the reporting date is included in the non-current provision for employee entitlements.

Potential Employee Entitlement Underpayments

Regis announced to the ASX on 9 August 2021 that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements. These payment shortfalls have arisen because some employee entitlements due under various enterprise agreements were recorded inaccurately in the payroll system. This has led to incorrect payments to a number of employees. Regis, with the assistance of external advisors, has commenced a review to determine the extent of the underpayments looking back 6 years.

While this review is ongoing, based on preliminary analysis, Regis has provided \$35,000,000 (2020: \$27,900,000) in other provisions in the Financial Report for the year ended 30 June 2021 in relation to the issue. The impact of the potential underpayment on profit before income tax for the financial year ended 30 June 2021 is \$7,100,000 (2020: \$6,400,000) with the remaining amount recorded as a prior period restatement in accordance with Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to Note A5 for details.

Section D: Capital Structure and Financing

IN THIS SECTION

This section outlines how Regis manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Board determines the appropriate capital structure of Regis; specifically, how much is raised from securityholders (equity) and how much is borrowed from financial institutions and capital markets (debt), in order to finance Regis' activities both now and in the future. The Board considers Regis' capital structure and its dividend and distribution policy at least twice a year ahead of announcing results, in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan

D1. Cash and Cash Equivalents

	2021 \$'000	Restated 2020 \$'000
Reconciliation of cash and cash equivalents		
Cash at bank	3,596	3,545
Cash on hand	293	256
Bank overdraft	(14,920)	(7,885)
Total cash and cash equivalents	(11,031)	(4,084)

Included in cash at bank as at 30 June 2021 is \$2,712,000 (2020: \$2,712,000) bequeathed from a former resident.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank, cash on hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The weighted average effective interest rate applicable to cash and cash equivalents for the year was 0.36% (2020: 0.24%).

D2. Interest-Bearing Loans and Borrowings

	2021 \$'000	Restated 2020 \$'000
Current		
Bank overdraft - secured	14,920	7,885
Non-current		
Bank loans - secured	131,431	232,599
Total loans and borrowings	146,351	240,484

Loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less directly attributable transaction costs and are subsequently stated at amortised cost. Any difference between amortised and redemption value is recognised in profit or loss over the period of the borrowing using the effective interest rate method. The effective interest rate amortisation is included in finance costs in profit or loss. The carrying amount of interest-bearing loans and borrowings is materially the same as the fair value.

The interest expense on these instruments is shown in Note D3. The weighted average effective interest rate applicable to debt for the year was 1.49% (2020: 2.46%).

Section D: Capital Structure and Financing

D2. Interest-Bearing Loans and Borrowings (continued)

Bank facilities

In February 2021, the Group entered a \$515 million long-term syndicated debt facility, replacing the existing debt facility. As at 30 June 2021, the Group has syndicated bank debt of \$131,431,000 comprising the following:

	Maturity in the financial year ending	Facility limit \$'000	Utilised at balance date \$'000	Unused at balance date \$'000
Facility A	March 2023	150,000	117,000	33,000
Facility B	March 2024	275,000	-	275,000
Facility C	March 2024	70,000	16,633	53,367
Bank guarantee facility	March 2024	20,000	334	19,666
Total syndicated bank debt facilities		515,000	133,967	381,033
Add: Overdraft facility	July 2022	25,000	14,920	10,080
Total facilities		540,000	148,887	391,113
Less: Bank guarantee facility			(334)	(19,666)
Less: Overdraft facility			(14,920)	(10,080)
Less: Establishment costs			(2,202)	-
Total loans and borrowings			131,431	361,367

D3. Finance Costs

	2021 \$'000	Restated 2020 \$'000
Interest expense on bank loans and overdrafts	2,882	6,344
Interest on refundable RADs	3,282	4,495
Imputed interest charge on RADs and Bonds	64,389	67,044
Interest expense on lease liabilities	381	417
Other	3,931	2,202
Total finance costs	74,865	80,502
Less borrowing costs capitalised	(868)	(1,696)
Total finance costs	73,997	78,806

Section D: Capital Structure and Financing

D3. Finance Costs (continued)

Interest income is recognised in profit or loss as it accrues using the effective interest rate method.

Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset such as investment properties or capital works in progress. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

Borrowing costs are capitalised to the cost of the assets while in active development until the assets are ready for their intended use or sale. Total interest capitalised does not exceed the net interest expense in any period. Capital development project carrying values recognised in Capital Work in Progress, including all capitalised interest attributable to projects, continue to be recoverable based on the latest project feasibility studies. In the event the development is suspended for an extended period of time or the decision is taken to dispose of the asset, the capitalisation of borrowing costs is also suspended. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 2.52% (2020: 2.73%).

D4. Other Financial Liabilities

	2021 \$'000	Restated 2020 \$'000
Refundable accommodation deposits (RADs) and bonds	1,188,278	1,157,541
Independent living unit and apartment (ILU/ILA) entry contributions	39,574	38,471
Total other financial liabilities	1,227,852	1,196,012

Refundable accommodation deposits

A Refundable Accommodation Deposit ('RAD') is a non-interest-bearing deposit paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility.

Prior to 1 July 2014, lump sum RADs were referred to as accommodation bonds. Accommodation bonds were not payable by residents paying a high care accommodation payment. From 1 July 2014, under the Living Longer Living Better reforms, residents can choose to pay a full lump sum ('RAD'), a regular rental-type payment called a Daily Accommodation Payment ('DAP'), or a combination of both.

Accommodation bond balances are reduced by annual retention fees charged in accordance with the Aged Care Act 1997. However, retention fees are not applicable to post 1 July 2014 RADs.

RADs are refunded after a resident departs a facility in accordance with the Aged Care Act 1997. RAD refunds are guaranteed by the Australian Government under the prudential standards legislation. Approved Providers are required to have sufficient liquidity to ensure they can refund RAD balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. As there is no unconditional right to defer payment for 12 months, RAD liabilities are recorded as current liabilities.

The RAD liability is spread across a large portion of the resident population and therefore the repayment of individual balances that make up the current balance will be dependent upon the actual tenure of individual residents. Tenure can be more than ten years but averages approximately three years. Usually (but not always), when an existing RAD is repaid it is replaced by a new RAD from an incoming resident.

RADs and accommodation bonds are recognised initially at fair value (being the cash received) and subsequently measured at amortised cost using the effective interest rate method. Due to the short-term nature of RADs, their carrying value at balance date approximates their fair value.

Section D: Capital Structure and Financing

D4. Other Financial Liabilities (continued)

Independent living unit and apartment entry contributions ('Entry Contributions')

Entry Contributions relate to Independent Living Unit ('ILU') and Independent Living Apartment ('ILA') residents. An Entry Contribution is the amount a resident lends to Regis, equivalent to the market value of the ILU/ILA in exchange for a lease to reside in the facility and have access to community facilities owned and maintained by Regis.

Entry Contributions are non-interest bearing and are recognised at fair value through profit or loss with resulting fair value adjustments recognised in profit or loss. Fair value is the amount payable on demand and is measured as the principal amount plus the resident's share of any increases in the market value of the occupied ILU/ILAs (for contracts that contain a capital gain share clause) net of deferred management fees contractually accruing up to reporting date and other amounts owing by residents, which are deducted from the loan on repayment following the resident's departure.

Entry Contributions are settled after a resident vacates the property and the terms and conditions are governed by applicable Australian state-based Retirement Village Acts.

Entry contributions are classified as level 2 in the fair value hierarchy as defined in Note D6.

D5. Financial Risk Management and Objectives

The Group's principal financial liabilities comprise of trade and other payables, accommodation bonds, refundable accommodation deposits (RADs), independent living unit and apartment (ILU/ILA) contributions and interest-bearing loans and borrowings which are held mainly to finance the Group's operations. The Group's principal financial assets include trade and other receivables (excluding GST and prepayments), and cash and cash equivalents that are derived directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk.

Primary responsibility to review, oversee and report to the Board on the Group's financial risk management systems and strategies rests with the Audit, Risk & Compliance Committee operating within an approved policy under the authority of the Board. The Group uses various methods to measure and manage different types of risks to which it is exposed. The Board ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives which have been agreed upon by the Board. These are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and resident accommodation prices. Financial instruments affected by market risk include cash, loans and borrowings, RADs and DAPs and derivative financial instruments. Market risk is managed and monitored by using sensitivity analysis, and minimised through ensuring that all operational activities are undertaken in accordance with established internal and external guidelines, financing and investment strategies of the Group.

Interest rate risk

The Group's exposure to interest rate risk primarily relates to the Group's bank loans and borrowings when drawn. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. When bank borrowings are drawn, the Group reviews its exposure on a monthly basis and monitors its position in respect of fixing interest rates, leaving them as floating rates or a combination of both. The Group constantly monitors its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing options and the mix of fixed and variable interest rates.

The Group primarily manages this risk exposure through entering into interest rate swaps from time to time, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. There are no open interest rate swaps at the reporting date (2020: nil).

The Group's exposure to interest rate risks and the effective interest rate of financial assets and liabilities both recognised and unrecognised at the reporting date are disclosed in the table below. All other financial assets and liabilities are non-interest bearing.

At reporting date, all of the Group's cash and cash equivalents (Note D1) and interest-bearing loans and borrowings (Note D2) are exposed to Australian variable interest rate risk.

Section D: Capital Structure and Financing

D5. Financial Risk Management and Objectives (continued)

Interest rate risk (continued)

As at 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post-tax profit		Equity	
	Higher / (lower)		Higher / (lower)	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Consolidated				
+1% (100 basis points)	(1,354)	(1,814)	(1,354)	(1,814)
-1% (100 basis points)	1,354	1,814	1,354	1,814

Price risk

The Group's exposure to price risk primarily relates to the risk that the Australian Government, through the Department of Health, alters the rate of funding provided to Approved Providers of residential aged care services. A fluctuation in the rate of Government funding may have a direct material impact on the revenue of the Group. In addition, the Department of Health also administers the pricing of resident contributions.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, thus leading to a financial loss. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the asset. The Group does not hold any credit derivatives to offset its credit exposure. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The current economic environment, including the impact of COVID-19, has been considered in determining the Group's exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through monitoring forecast cash flows and ensuring adequate access to financial instruments that are readily convertible to cash. In addition, the Group maintains sufficient cash and cash equivalents to meet normal operating requirements. Also, as part of the Group's compliance with the *User Rights Principles 1997* (made under the *Aged Care Act 1997*), the Group maintains a liquidity management strategy to ensure that it has sufficient liquidity to enable it to refund RAD and accommodation bond balances that are expected to fall due within at least the next 12 months.

The following table reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2021. The undiscounted cash flows for the respective upcoming financial years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June 2021.

Section D: Capital Structure and Financing

D5. Financial Risk Management and Objectives (continued)

The Group monitors its liquidity risk through rolling cash forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of debt finance and operational cash flow. Access to sources of funding is sufficiently available with the Group being able to refinance debt when it becomes due. Maturity analysis of financial assets and liabilities is as follows:

	Note	1-12 Months \$'000	1-5 Years \$'000	More than 5 Years \$'000	Total \$'000
30 June 2021					
Financial assets					
Cash and cash equivalents	D1	3,889	-	-	3,889
Trade and other receivables	C1	9,086	-	-	9,086
Other current assets	C4	4,593	-	-	4,593
Financial liabilities					
Bank overdraft	D1	(14,920)	-	-	(14,920)
Trade payables and other liabilities	C9	(52,715)	-	-	(52,715)
Lease liabilities	C6	(1,087)	(4,003)	(1,965)	(7,055)
Other financial liabilities	D4	(1,227,852)	-	-	(1,227,852)
Interest bearing loans and borrowings	D2	-	(131,431)	-	(131,431)
Net exposure		(1,279,006)	(135,434)	(1,965)	(1,416,405)
30 June 2020					
Financial assets					
Cash and cash equivalents	D1	3,801	-	-	3,801
Trade and other receivables	C1	9,747	-	-	9,747
Other current assets	C4	3,855	-	-	3,855
Financial liabilities					
Bank overdraft	D1	(7,885)	-	-	(7,885)
Trade payables and other liabilities	C9	(51,539)	-	-	(51,539)
Lease liabilities	C6	(1,041)	(4,036)	(2,980)	(8,057)
Other financial liabilities	D4	(1,196,012)	-	-	(1,196,012)
Other liabilities	D8	(12,084)	-	-	(12,084)
Interest bearing loans and borrowings	D2	-	(232,599)	-	(232,599)
Net exposure		(1,251,158)	(236,635)	(2,980)	(1,490,773)

Cash flows from refundable accommodation deposits (RADs), accommodation bonds and ILU/ILA entry contributions are classified as a current liability as the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. When an existing RAD/accommodation bond is repaid it is usually replaced by a new RAD from an incoming resident. A major risk facing residential aged care providers is that the spread of COVID-19 in a facility may lead to a sizeable decline in occupancy if resident discharges are not matched by new resident admissions. This may in turn adversely impact RAD cash flows.

Section D: Capital Structure and Financing

D5. Financial Risk Management and Objectives (continued)

Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent entity. The primary objective of the Group's capital management is to maximise shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the banking syndicate to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2021 and 30 June 2020.

D6. Fair Value of Financial Instruments

Measurement of fair value financial instruments

The financial instruments on the balance sheet are measured at either fair value or amortised cost. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The measurement of this fair value may in some cases be subjective and may depend on the inputs used in the calculations. The different valuation methods are called hierarchies and are described below:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2021					
Assets/(liabilities) measured at fair value					
Independent living unit and apartment (ILU/ILA) entry contributions	D4	-	(39,574)	-	(39,574)
Investment property	C8	-	-	158,646	158,646
Assets/(liabilities) for which fair value is disclosed					
Interest-bearing loans and borrowings	D2	-	(131,431)	-	(131,431)
RADs and accommodation bonds	D4	-	(1,188,278)	-	(1,188,278)
Total			(1,359,283)	158,646	(1,200,637)
30 June 2020					
Assets/(liabilities) measured at fair value					
Independent living unit and apartment (ILU/ILA) entry contributions	D4	-	(38,471)	-	(38,471)
Investment property	C8	-	-	148,129	148,129
Assets/(liabilities) for which fair value is disclosed					
Interest-bearing loans and borrowings	D2	-	(232,599)	-	(232,599)
RADs and accommodation bonds	D4	-	(1,157,541)	-	(1,157,541)
Net exposure		-	(1,428,611)	148,129	(1,280,482)

Refer to the relevant note for information on how the fair values of the above financial instruments were derived. There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements during the year ended 30 June 2021.

Section D: Capital Structure and Financing

D7. Contributed Equity

Movements in ordinary shares

	Ordinary Shares, issued and fully paid			
	Grant Date Fair Value	Date	No.	\$'000
At 30 June 2020			300,748,426	273,485
Share issue - performance rights	1.055	20 September 2020	32,147	34
At 30 June 2021			300,780,573	273,519

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new shares are shown in equity as a deduction net of tax, from the proceeds.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid on the shares held.

D8. Dividends Paid and Proposed

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent entity when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A corresponding entry is recognised directly in equity.

	2021 \$'000	Restated 2020 \$'000
Provision for dividend - interim dividend	-	12,084
Total	-	12,084

Dividends declared and paid during the period

During the year ended 30 June 2021, the 2020 interim dividend 4.02 cents per share totalling \$12,084,000 (50% franked) was paid on 30 September 2020 and the 2021 interim dividend of 2.00 cents per share totalling \$6,016,000 (50% franked) was paid on 8 April 2021. No final dividend was declared in respect of the year ended 30 June 2020.

Dividends proposed and not recognised as a liability

On 31 August 2021, the Board of Directors declared a final dividend of 4.63 cents per share totalling \$13,926,000 (50% franked) for the year ended 30 June 2021, payable on 30 September 2021. As the final dividend was declared by Directors after the year-end, the final dividend has not been recorded as a liability at 30 June 2021.

Franking account balance

	2021 \$'000	Restated 2020 \$'000
The amount of franking credits available for the subsequent financial period are:		
Franking account balance as at the end of the financial year at 30%	2,013	4,174
Franking credits that may arise from the payment/(refund) of the amount of the income tax payable	2,094	(7,121)
Total franking account credit / (deficit)	4,107	(2,947)

Section D: Capital Structure and Financing

D9. Reserves

	Cash flow hedge reserve	Acquisition reserve	Remuneration reserve	Total
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021				
Opening balance at 1 July 2020	-	(101,497)	4,035	(97,462)
Net gain / (loss) on cash flow hedge	-	-	-	-
Equity settled share-based payments expense	-	-	243	243
Transfers from remuneration reserve	-	-	(34)	(34)
At 30 June 2021	-	(101,497)	4,244	(97,253)
At 30 June 2020				
Opening balance at 1 July 2019	(64)	(101,497)	4,443	(97,118)
Net gain / (loss) on cash flow hedge	64	-	-	64
Equity settled share-based payments expense	-	-	(156)	(156)
Transfers from remuneration reserve	-	-	(252)	(252)
At 30 June 2020	-	(101,497)	4,035	(97,462)

Hedge reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Acquisition reserve

The acquisition reserve is used to accumulate the difference between the cost of shares issued by the Group and share buy-backs.

Remuneration reserve

The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in profit or loss. Refer Note F3 for further details of these plans.

Section E: Group Structure

IN THIS SECTION

This section includes information about the parent entity, Regis' subsidiaries and business combinations.

E1. Parent Entity Information

The following information has been extracted from the books and records of Regis Healthcare Limited ('Parent Entity') and has been prepared in accordance with Australian Accounting Standards.

	2021 \$'000	Restated 2020 \$'000
Information relating to Regis Healthcare Limited		
Assets		
Current assets	1,523	9,048
Non-current assets	493,652	498,011
Total assets	495,175	507,059
Liabilities		
Current liabilities	1,972	14,099
Non-current liabilities	-	-
Total liabilities	1,972	14,099
Equity		
Issued capital	478,350	478,316
Reserves	4,244	4,035
Retained earnings	10,609	10,609
Total equity	493,203	492,960
Profit of the parent entity	6,016	12,084
Total comprehensive income of the parent entity	6,016	12,084

There are no contractual commitments, guarantees or contingent liabilities with respect to the Parent Entity.

Section E: Group Structure

E2. Subsidiaries

The consolidated financial statements include Regis Healthcare Limited (ultimate parent entity, otherwise known as the Parent Entity) and the following wholly-owned subsidiaries. The subsidiaries are primarily engaged in the principal activity of owning and operating residential aged care facilities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control exists where the Company has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

	Country of incorporation	2021 %	2020 %
Regis Aged Care Pty Ltd	Australia	100	100
Paragon Group Investments Pty Ltd	Australia	100	100
Regis Group Proprietary Ltd	Australia	100	100
Regis Allora Pty Ltd ATF Allora Lodge Unit Trust	Australia	100	100
Regis Caboolture Pty Ltd	Australia	100	100
Regis Gatton Pty Ltd	Australia	100	100
Regis Grange - Wellington Point Pty Ltd	Australia	100	100
Regis Group Properties Pty Ltd	Australia	100	100
Regis Ferny Grove Pty Ltd	Australia	100	100
Regis Investments Pty Ltd ATF Regis Investments Trust	Australia	100	100
Regis Lakeside Pty Ltd	Australia	100	100
Regis Management Pty Ltd	Australia	100	100
Regis Salisbury Pty Ltd	Australia	100	100
Regis Shelf Pty Ltd	Australia	100	100
Retirement Properties of Australia Proprietary Limited	Australia	100	100
Allora Drive Pty Ltd ATF Allora Drive Unit Trust	Australia	100	100
Clover Brae Pty Ltd ATF Clover Brae Unit Trust	Australia	100	100
Clover Side Pty Ltd ATF Clover Side Unit Trust	Australia	100	100
Dawson Drive Pty Ltd ATF Dawson Drive Unit Trust	Australia	100	100
Lakeside Way Pty Ltd ATF Lakeside Way Unit Trust	Australia	100	100
Lillian Avenue Ltd ATF Lillian Avenue Trust	Australia	100	100
MacGregor Drive Pty Ltd ATF MacGregor Unit Trust	Australia	100	100
Mewetts Road Pty Ltd ATF Mewetts Road Unit Trust	Australia	100	100
Carers Connect Pty Ltd	Australia	100	100
Settlement Road Pty Ltd ATF Settlement Road Unit Trust	Australia	100	100
Retirement Care Australia Holdings Pty Ltd	Australia	100	100
Retirement Care Australia Operations Pty Ltd	Australia	100	100
Retirement Care Australia (Inala) Pty Ltd	Australia	100	100
Retirement Care Australia (Parklyn) Pty Ltd	Australia	100	100
Retirement Care Australia (Sunset) Pty Ltd	Australia	100	100
Retirement Care Australia (Hollywood) Pty Ltd	Australia	100	100
Retirement Care Australia Operations (2) Pty Ltd	Australia	100	100
Retirement Care Australia (Hurstville Gardens) Pty Ltd	Australia	100	100
Retirement Care Australia (Preston) Pty Ltd	Australia	100	100
Retirement Care Australia (Port Macquarie Gardens)	Australia	100	100
Retirement Care Australia (Logan) Pty Ltd	Australia	100	100
RAC Fiduciary Pty Ltd	Australia	100	100

A deed of cross guarantee exists between Regis Aged Care Pty Limited (a subsidiary of Regis Healthcare Limited) and certain other subsidiaries. Regis Healthcare Limited is not a party to this deed and therefore the disclosure requirements of the deed are not applicable to these financial statements.

Section E: Group Structure

E3. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in other expenses. When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the business acquired, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration, then the gain is recognised in profit or loss.

30 June 2021

No business combinations have taken place in the year ended 30 June 2021.

30 June 2020

Acquisition of Business Assets - Lower Burdekin Home for the Aged Society

On 1 March 2020, the Group acquired two aged care facilities near Townsville, Queensland, comprising 173 aged care places. The Group has acquired the trade and net assets of the business in line with its growth strategy. The acquisition is expected to generate synergies and other benefits from combining the assets and activities with those of the Group.

As the business was loss-generating, it resulted in the fair value of net assets acquired exceeding the purchase price. There was no contingent consideration or contingent liabilities associated with the transaction. Acquisition-related costs of \$1,162,000 were incurred as part of this transaction and included Government charges, professional fees and legal expenses. These costs were recognised in 2020 within other expenses in profit or loss. The Consolidated Statement of Profit or Loss and Other Comprehensive Income includes revenue and a net loss for the year ended 30 June 2020 of \$4,766,000 and \$376,000 respectively, as a result of the acquisition. Had the acquisition occurred at the beginning of the 2020 reporting period, the Consolidated Statement of Profit or Loss and Other Comprehensive Income would have included revenue and a net loss of approximately \$14,083,000 and \$1,453,000 respectively.

Due to the acquisition taking place on 1 March 2020, the initial accounting for the business combination was provisional, based on information available at 30 June 2020. No changes were made upon finalisation of the acquisition accounting in the year ended 30 June 2021. The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition are set out in the following table:

	Date of acquisition \$000
Cash and cash equivalents	5,003
Property, plant and equipment	9,325
Operational places	4,686
Total assets	19,014
Refundable accommodation deposits (RADs) and accommodation bonds	10,946
Trade and other payables	71
Provisions	1,848
Deferred tax liabilities	1,597
Total liabilities	14,462
Fair value of identifiable net assets	4,552
Gain on acquisition	4,552
Purchase consideration transferred	-

Section F: Other Disclosures

IN THIS SECTION

This section includes information about the financial performance and position of Regis, that must be disclosed to comply with Australian Accounting Standards, the Corporations Act 2001 and the Corporations Regulations 2001.

F1. Related Party Disclosures

Compensation of key management personnel of the Group

	2021 \$'000	Restated 2020 \$'000
Short-term employee benefits	2,118	2,374
Post-employment benefits	119	133
Long-term employee benefits	3	1
Share-based payments	103	92
Termination payments	-	708
Total compensation of key management personnel	2,343	3,308

F2. Cash Flows from Operating Activities

Reconciliation of net profit after tax to net cash flows from operations

	2021 \$'000	Restated 2020 \$'000
Net profit after tax	19,949	(716)
<i>Non-cash items</i>		
Depreciation and impairment of non-current assets	43,893	64,632
Bond retention and deferred management fee income	(2,366)	(3,280)
Imputed income on RADs and Bonds	(64,389)	(67,044)
Imputed interest charges on RADs and Bonds	64,389	67,044
Profit on disposal of property, plant and equipment	(2,818)	(612)
Gain on acquisition	-	(4,552)
Change in fair value of investment properties	(11,660)	(81)
Share-based payment expenses	243	(156)
Other non-cash items	2,886	(2,214)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	418	915
(Increase)/decrease in inventories	(3,220)	194
(Increase)/decrease in other current assets	(738)	104
(Increase)/decrease in income tax receivable	10,416	(1,640)
(Decrease)/increase in deferred tax liabilities	(2,939)	1,211
(Decrease)/increase in trade payables and other liabilities	623	2,955
(Decrease)/increase in RADs, accommodation bonds and ILU/ILA entry contributions	31,840	65,443
(Decrease)/increase in provisions	18,503	5,032
Net cash flow from operating activities	105,030	127,235

Section F: Other Disclosures

F2. Cash Flows from Operating Activities (continued)

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows. Inflows and outflows of RADs, accommodation bonds and ILU/ILA entry contributions are classified as cash flows from operating activities as they are considered part of the operational business model. Upon entering a facility, a non-supported resident has a choice to pay either a RAD, DAP or combination RAD/DAP. If the resident pays a DAP then this is classified as revenue and forms part of the cash flows from operating activities.

F3. Share-Based Payment Plans

	2021 \$'000	2020 \$'000
Expense arising from equity-settled share-based payments expense	243	(156)
Total share-based payments	243	(156)

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a risk neutral valuation model. That cost is recognised, together with a corresponding increase in the remuneration reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

All schemes are settled by physical delivery of shares.

Movements in share-based payment equity instruments

The number for each equity-settled share-based payment scheme outstanding as at 30 June 2021 is set out below.

	LTI Number	STI VRRP Number
Outstanding at 1 July 2020	-	116,310
Granted during the year	-	-
Vested during the year	-	(32,147)
Forfeited during the year	-	-
Lapsed during the year	-	-
Outstanding at 30 June 2021	-	84,163
Outstanding at 1 July 2019	144,886	208,837
Granted during the year	-	172,555
Vested during the year	-	(48,373)
Forfeited during the year	(46,364)	(216,709)
Lapsed during the year	(98,522)	-
Outstanding at 30 June 2020	-	116,310

A description of key terms of share-based payment plans is disclosed in the Remuneration Report.

Section F: Other Disclosures

F3. Share-Based Payment Plans (continued)

Valuation Assumptions and Fair Value of Equity Instruments Granted



Key judgement, estimate and assumption: fair value at grant date

The assessment of the fair value at grant date involves significant estimation and judgement by management. Valuations have an element of uncertainty and therefore may not reflect the actual values in the future.

No performance rights were granted during the year ended 30 June 2021. The model inputs for performance rights granted during the year ended 30 June 2020 were as follows:

	STI VRRP	STI VRRP	STI VRRP
	12 months	24 months	36 months
Grant Date	26/09/2019	26/09/2019	26/09/2019
Vesting Date	20/09/2020	20/09/2021	20/09/2022
Fair Value	\$2.62	\$2.70	\$2.67
Grant Date Share Price	\$2.77	\$2.77	\$2.77
Exercise Price	Nil	Nil	Nil
Life Assumption (Years)	1.0	2.0	3.0
Expected Dividend Yield	5.5%	5.5%	5.5%

F4. Auditor's Remuneration

	2021	2020
	\$'000	\$'000
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group, auditing the statutory financial reports of any controlled entities and COVID-19 grant audits	681	704
Fees for assurance services that are required by legislation to be provided by the auditor:		
– Prudential reporting to the Department of Health	40	40
Fees for other services:		
– Tax compliance	53	61
– Capital and debt advisory services	-	80
– Regulatory advice	9	16
– Streamlined financial reporting	30	-
– Modelling assistance	-	62
Total auditor's remuneration	813	963

F5. Commitments

Capital expenditure commitments

As at 30 June 2021, capital commitments amounted to \$225,000 (2020: \$431,000). The capital commitments relate to ongoing aged care development activity.

Section F: Other Disclosures

F6. Contingent Liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is more than remote but is not considered probable or cannot be reliably measured.

Contingencies are not recognised in the statement of financial position but are disclosed as follows:

Bank Guarantees

As at 30 June 2021, the Group has bank guarantees totalling \$334,241 (30 June 2020: \$3,414,000).

While the Group has provided these guarantees, the probability of having to make payments under these guarantees is considered remote.

Oneview Healthcare PLC

On 21 December 2020, Oneview Healthcare PLC lodged a claim in the Supreme Court of Victoria against the Group seeking damages for alleged breach of a collaboration agreement between the two parties. Regis has engaged external legal counsel and continues to strongly defend the matter.

F7. Other Accounting Policies

Treatment of Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- In circumstances where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office, in which case, the GST is to be recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Consolidated Statement of Financial Position.

F8. Accounting Standards Issued but not yet in Effect

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

There are no standards, amendments or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

F9. Subsequent Events

On 9 August 2021, the Group released a public statement regarding potential employee entitlement underpayments (refer Note A5).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Directors' Declaration

In accordance with a resolution of the Directors of Regis Healthcare Limited, I state that:

1. In the opinion of the Directors:
 - (a) the consolidated financial statements and notes as set out on pages 80-122 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
 - (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note A1; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board



Graham K Hodges
Chairman
Melbourne, 31 August 2021

Independent Auditor's Report to the Members of Regis Healthcare Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Regis Healthcare Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Employee entitlements remediation

Why significant

As disclosed in Note A5 the Group identified that certain current and former employees were not paid in full compliance under the relevant enterprise agreement ("EA").

At 30 June 2021, the Group has estimated the total cost to remediate payment shortfalls associated with 2021 and prior years, including interest and other associated costs, to be \$35 million before tax.

The estimated cost of remediation is based on a significant volume of historical data from a number of different sources, involves a high degree of complexity, interpretation and application of relevant EA clauses which requires, judgement, estimation and remains subject to further analysis.

As required by Australian Accounting Standards, \$27.9 million of this was accounted for as a prior period error and the Group has restated each of the affected 2020 financial statement line items.

The provision for underpayment of current and former employees is a key audit matter given it is material to the profit and loss of the Group in the current and prior periods and the determination of the provision is subject to significant judgements and estimates.

How our audit addressed the key audit matter

Our procedures included but were not limited to:

- Developing an understanding of the basis for management's best estimate of the provision and the key areas of judgement applied in determining the provision.
- Evaluating the competence, capabilities and objectivity of the Group's external experts used to assist management in the interpretation of the enterprise agreements and to prepare the diagnostic model used to identify potential areas of non-compliance with those interpretations.
- Obtaining and assessing the assumptions used by management and their experts in developing the estimated cost of remediation.
- On a sample basis, evaluating the accuracy and completeness of the historical data used in the calculation of the provision.
- Considering the appropriateness of the extrapolation of data, statistical methods used and assumptions made in respect of employees and periods for which detailed calculations have not yet been performed at the reporting date.
- On a sample basis, recalculating the remediation estimate for a sample of affected employees.
- Assessing the appropriateness of the disclosures included in Note A5.

Impairment of non-current assets, including goodwill and operational places

Why significant

At 30 June 2021 the carrying value of the Group's plant and equipment of \$1,102 million and goodwill and operational places of \$464 million as disclosed in Note C7 represent 89% of total assets.

As required by Australian Accounting Standards, the Group assesses at the end of each reporting period whether there is any indication that its non-current assets may be impaired. In addition, goodwill and indefinite life intangibles are tested for impairment at least annually.

How our audit addressed the key audit matter

We assessed the appropriateness of the allocation of goodwill and operational places to the Group's CGUs and the composition of the carrying amount of the CGUs. Involving our valuation specialists, our audit procedures included the following:

- Testing the mathematical accuracy of the discounted cash flow models.
- Assessing the key assumptions such as Board-approved forecast cash flows, including working capital levels and cash flows related to refundable accommodation deposits.

Why significant

The Group has used a discounted cash flow model to estimate the value in use of the Group's cash generating units ("CGUs"). The estimates are based on conditions existing and emerging at 30 June 2021.

The impairment testing of non-current assets, including goodwill and operational places was considered a key audit matter due to the significance of these balances and the complex judgements in the impairment assessment process such as forecast occupancy Government funding outcomes and refundable accommodation deposit cash flows that are affected by future market or economic conditions, including COVID-19.

The Group has disclosed in Note C7 the Group's impairment approach, including the significant underlying assumptions, the results of the assessment and impairment loss.

How our audit addressed the key audit matter

- Assessing the impact of COVID-19 based on conditions existing and emerging at 30 June 2021 on forecast revenues, operating costs and the effect of changes in residency mix over time.
- Assessing the Group's current year actual results in comparison to prior year forecasts to assess forecast accuracy.
- Assessing the Group's assumptions for long term growth rates in the discounted cash flow model in comparison to economic and industry forecasts.
- Assessing the adequacy of the estimated capital expenditure.
- Assessing the discount rates through comparing the weighted average cost of capital for the Group with comparable businesses.
- Considering earnings multiples of comparable businesses as a valuation cross check to the Group's determination of recoverable amount.
- Performing sensitivity analysis in respect of the assumptions noted above to ascertain the extent of changes in those assumptions which either individually or collectively would materially impact the recoverable amount of the CGU. We assessed the likelihood of these changes in assumptions arising.
- Assessing the impact of the announcements by the Federal Government in response to recommendations from the Royal commission into Aged Care Quality and Safety, including their intention to abolish the Aged Care Allocation Round and associated supply restrictions on bed licences, noting that legislation has not yet been drafted or passed to give effect to this intention and the exact nature of any changes to the licencing regime remained uncertain as at 30 June 2021.
- Assessing the adequacy of the financial report disclosures regarding the impairment testing approach and key assumptions as disclosed in Note C7.

Capitalisation of aged care development costs

Why significant

At 30 June 2021 the carrying value of capitalised aged care development costs in progress ("Work in Progress") amounted to \$45.2 million, as disclosed in Note C5.

Work in Progress relates to development of new aged care facility sites and refurbishment of existing aged care facilities. Costs incurred during the year that were capitalised to Capital Work in Progress amounted to \$3.1 million.

The specific criteria to be met for capitalisation of development costs in accordance with Australian Accounting Standards involves judgement, including the feasibility of the project, intention and ability to complete the construction, ability to use or sell the assets, generation of future economic benefits and the ability to measure the costs reliably.

Determining the recoverable amounts of projects under development requires judgement and the use of assumptions that are affected by future market conditions or economic developments, including the impact of COVID-19.

Capitalisation of Work in Progress was considered a key audit matter due to the quantum of the balance and judgement required in applying the capitalisation criteria and carrying out the impairment analysis.

The Group has disclosed in Note C5 the accounting policy for the capitalisation of development costs.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Agreeing a sample of additions to supporting documentation and assessed whether the amounts capitalised were in accordance with the Accounting Standards.
- Evaluating key assumptions used and estimates made for amounts capitalised, including the feasibility of the project, the stage of completion for projects in the development phase and the measurement and completeness of costs included.
- Assessing whether costs were transferred to appropriate asset categories when ready for use on a timely basis and that appropriate depreciation and amortisation rates were applied.
- Assessing whether the capitalised costs of projects that are less likely to proceed have been appropriately impaired and reduced from the balance.
- Considering whether there were any indicators of impairment present after examining the business case documentation of development projects, enquiries of executives responsible for management of the projects and comparing the cost of development to forecasts.
- Assessing the key inputs in the determination of the recoverable amount of ongoing projects under construction and performing sensitivity analysis in respect of these inputs.
- Assessing the adequacy of the Group's financial report disclosures in Note C5.

Fair value of investment properties

Why significant

As at 30 June 2021 the recorded amount of investment property was \$158.6 million, as disclosed in Note C8.

Investment property, which relates to the Group's retirement villages, is measured at fair value.

The Group engaged an external party to perform independent valuations of the Group's investment property.

We considered this to be a key audit matter given the significance of the balance and the complex judgements involved in valuing the investment property. Judgements include estimating the starting value of units, occupancy forecasts, growth rates, capital expenditures, sales price and application of discount rates.

Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. This means there is a wider range of possible assumptions and values than at other valuation points in the past. In addition, property values may change unexpectedly over a relatively short period of time. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the property valuations and the market conditions at 30 June 2021.

For these reasons we consider it important that attention is drawn to the information in Note C8 in assessing the property valuations at 30 June 2021.

How our audit addressed the key audit matter

We assessed the assumptions and estimates made by the Group in estimating the fair value of investment property.

Involving our real estate valuation specialists, our audit procedures included the following:

- Evaluating the competence, capabilities and objectivity of the external valuation expert.
- Assessing the valuation methodology used against generally accepted valuation practices.
- Assessing the results of the expert's analysis of comparable properties and analysis of other market evidence used as valuation cross-checks.
- In respect of information provided to the valuer by the Group our procedures included:
 - Assessing the land area used in the valuation.
 - Assessing the starting value of units.
 - Testing a sample of resident contracts to occupancy data used in the valuation.
 - Assessing capital expenditure, demolition and remediation costs and sales cost estimates in light of historical data.
 - Evaluating the growth rates and discount rates used in the valuation.
- Assessing the adequacy of financial report disclosures regarding the valuation assumptions as disclosed in Note C8.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

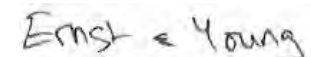
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 68 to 78 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Regis Healthcare Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



BJ Pollock
Partner
Melbourne
31 August 2021

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Glossary

AASBs or Accounting Standards	Australian Accounting Standards issued by the Australian Accounting Standards Board
ACFI	Aged Care Funding Instrument
Aged Care Act	Aged Care Act 1997. The Aged Care Act is the main law that sets out the rules for Government-funded aged care including funding, regulation, approval of providers, subsidies and fees, standards, and quality of care.
Approved Provider	An aged care provider as accredited by the Department under the Aged Care Act
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
DAP	Daily accommodation payment
DMF	Deferred management fee from residents within retirement living accommodation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
Home Care Services	Provision of services to support older people with complex care needs to live independently in their own homes
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB')
ILA	Independent living apartment
ILU	Independent living unit
NPAT	Net profit after tax
Regis or Parent Entity	Regis Healthcare Limited
RAD	Refundable accommodation deposit
Aged Care Royal Commission	Royal Commission into Aged Care Quality and Safety
2021 Annual Financial Report	Financial report for the year ended 30 June 2021

SHAREHOLDER INFORMATION

The Company's shares are listed on the Australian Securities Exchange (ASX) under the issuer code REG. The Company is not currently conducting an on market buy-back of shares. There are no shares subject to voluntary escrow as at 31 July 2021.

At a general meeting of shareholders each shareholder is entitled to one vote on a show of hands and one vote per fully paid ordinary share on a poll.

Top 20 Shareholders as at 31 August 2021

RANK	SHAREHOLDER	31 AUG 2021 BALANCE	% ISSUED CAPITAL
1	GALABAY PTY LTD ACN 010 849 153	81,910,479	27.23
1	ASHBURN PTY LTD ACN 005 883 438	81,910,479	27.23
2	CITICORP NOMINEES PTY LIMITED	26,330,445	8.75
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,550,947	7.50
4	BUTTONWOOD NOMINEES PTY LTD	13,768,346	4.58
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,717,028	2.90
6	MR DAVID QIAN LEE	5,303,888	1.76
7	BNP PARIBAS NOMS PTY LTD	3,501,408	1.16
8	MR ROSS JAMES JOHNSTON	2,245,000	0.75
9	MR VINCENT MICHAEL O'SULLIVAN	2,192,000	0.73
10	BKI INVESTMENT COMPANY LIMITED	1,807,428	0.60
11	BNP PARIBAS NOMINEES PTY LTD	1,763,889	0.59
12	CS FOURTH NOMINEES PTY LIMITED	1,447,626	0.48
13	NATIONAL NOMINEES LIMITED	1,298,033	0.43
14	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,246,449	0.41
15	UBS NOMINEES PTY LTD	1,165,082	0.39
16	BUNDARRA TRADING COMPANY PTY LTD	852,671	0.28
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	850,000	0.28
18	BALLIAN INVESTMENTS PTY LTD	787,934	0.26
19	CANTO HOLDINGS PTY LTD	785,548	0.26
20	NETWEALTH INVESTMENTS LIMITED	783,742	0.26

Holding distribution as at 31 August 2021

RANGE	SECURITIES	%	NUMBER OF HOLDERS	%
100,001 and Over	270,309,437	89.87	60	1.19
10,001 to 100,000	17,862,141	5.94	719	14.27
5,001 to 10,000	6,231,108	2.07	810	16.07
1,001 to 5,000	5,641,755	1.88	2,002	39.72
1 to 1,000	736,132	0.24	1,449	28.75
Total	300,780,573	100.00	5,040	100.00

Substantial shareholders as at 31 August 2021

SHAREHOLDER	NUMBER OF SHARES	ISSUES CAPITAL %
GALABAY PTY LTD ACN 010 849 153	81,910,479	27.23
ASHBURN PTY LTD ACN 005 883 438	81,910,479	27.23

Share Rights

CLASS OF SECURITY	NUMBER OF HOLDERS	NUMBER
Share rights	2	84,163



GLOSSARY

OF TERMS

ABN	Australian Business Number
ACAR	Aged Care Approvals Round is a competitive process under which approved providers may be granted aged care places
ACFI	Aged Care Funding Instrument
ACN	Australian Company Number
ACCOMMODATION BOND	The term used prior to 1 July 2014 to refer to a lump sum refundable accommodation deposit
ACQSC	Aged Care Quality and Safety Commission
ACQUISITION	Purchase of individual or a portfolio of existing operational aged care facilities
ADDITIONAL SERVICES	Services that are additional to care and services specified in the <i>Quality of Care Principles 2014</i> . Providers may charge a fee for additional service by agreement with the resident
ADL	Activities of Daily Living (i.e. showering, assistance with going to the toilet, assisting to eat and drink)
AGED CARE ACT	Aged Care Act 1997 (Cth)
APPROVED PROVIDER	An aged care provider as accredited by the Department under the Aged Care Act
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BED LICENCE	An allocated place under the Aged Care Act, being a place that (when operational and occupied) is capable of attracting residential care subsidy on a per resident, per day basis (also referred to as a place)
BOARD	The Board of Directors
BROWNFIELD	An aged care development on a Regis site that adjoins an existing development
CGU	Cash-generating unit
CHC	Complex Health Care
CLIENT	A person to whom home care services are provided
COMPANY	Regis Healthcare Limited (ABN 11 125 203 054)
CONSTITUTION	The constitution of the Company as amended from time to time
CORPORATIONS ACT	Corporations Act 2001 (Cth)
DAP	A daily accommodation payment
DEPARTMENT	Department of Health
DIRECTORS	The Directors of the Company
DTC	Day Therapy Centre

EBITDA	Earnings before interest, tax, depreciation and amortisation
GOVERNMENT	The Commonwealth Government of Australia
GREENFIELD	A new aged care development or an additional stand-alone building on a Regis site that does not adjoin an existing facility
GROUP	The Company and its subsidiaries
GST	Goods and services tax as levied under the GST Law
GST LAW	GST Law as defined in section 195-1 of A New Tax System (Goods and Services Tax) Act 1999
ILU	An independent living unit designed for retirees who generally do not require assistance with day-to-day living
MPIR	Maximum permissible interest rate as defined in section 6 of the Fees and Payments Principles 2014 (No.2)
MYEFO	The Mid-Year Economic and Fiscal Outlook is issued by the Commonwealth Government six months after the Budget to update economic and fiscal prospects
NPAT	Net profit after tax
OCCUPANCY RATE	The proportion of operational places occupied by residents
OPERATIONAL PLACE	A place available for occupancy by a resident
PLACE	An allocated place under the Aged Care Act, being a place that (when operational and occupied) is capable of attracting the residential care subsidy on a per resident, per day basis
RAD	A refundable accommodation deposit, being an amount of money that does not accrue daily and is paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. A RAD is repayable when the resident dies; the resident ceases to be provided with care by the Approved Provider; or the service ceases to be certified. Prior to 1 July 2014, lump sum refundable accommodation deposits were referred to as Accommodation Bonds
REGIS	The business carried on by the Company and its controlled entities
REGIS CLUB SERVICES	Provides top of the range additional hotel-style services such as on-site café, hairdressing salon and private cinema and dining room
REGIS RESERVE SERVICES	Provides additional services such as superior accommodation, menu choices and dedicated dining and living areas
RESIDENT	A person who occupies a place within an aged care facility
ROYAL COMMISSION	Royal Commission into Aged Care Quality and Safety
RV	Retirement Village
SHARE	A fully paid ordinary share in the capital of the Company
SHAREHOLDER	A holder of shares
SIGNIFICANT REFURBISHMENT	Refurbishment of a facility that meets the criteria in the Subsidy Principles 2014 qualifying the facility for a higher level of funding for Supported Residents
SUPPORTED RESIDENT	A resident assessed as eligible for an accommodation supplement or concessional resident supplement. In this report, unless otherwise specified, a reference to a 'Supported Resident' includes 'concessional', 'assisted', 'supported' and 'low means' residents as defined under the Aged Care Act 1997 and the Aged Care (Subsidy, Fees and Payments) Determination 2014
TRANSITIONAL CARE	Short term residential aged care which assists older people who are discharged from hospital to prepare to return home



CORPORATE INFORMATION

**Regis Healthcare Limited**

ABN 11 125 203 054

**Registered Office/Principal
Place of business**

Level 2, 615 Dandenong Road,
Armadale, Victoria, 3143
Telephone: 03 8573 0444
Website: www.regis.com.au
ASX code: REG

Auditor

Ernst and Young
8 Exhibition Street
Melbourne, Victoria 3000

Share Registry

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne, Victoria 3000
Telephone: 1300 554 474



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