



**OUR
PURPOSE**

Personalised
and respectful care
that embraces the
experience of
ageing

Macquarie Australia Conference

4 May 2023

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Regis Overview

Network of 63 Homes Across Australia

Key statistics

One of the largest providers in Australia¹



6,960 available operational places



63 residential aged care homes
(63 freehold sites)²



~6,000 number of single rooms



111 average number of places per home

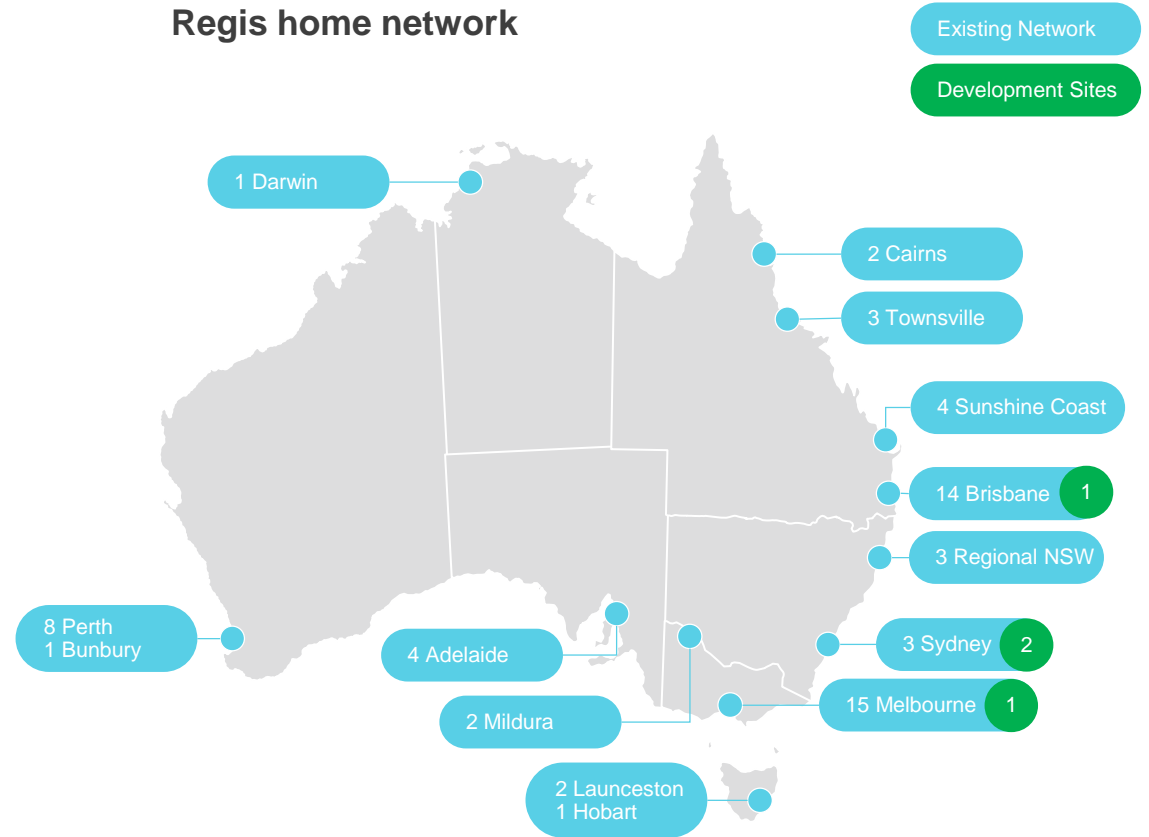


92% single rooms as a percentage of total rooms



~8,000 employees

Regis home network



¹Based on number of operational places

²Residential Aged Care Home in Belmore, New South Wales, closed in January 2023 (reducing number of homes from 64 to 63)

Leading Provider of Residential Aged Care

Regis is one of the largest quality aged care providers in the Australian market

Systemised quality, risk management and governance frameworks

- ▶ **Proven systems** and procedures in place to ensure that Regis is governed by a robust risk management framework
- ▶ **Strong quality outcomes** driven by dedicated clinical leadership and governance and compliance function
- ▶ Provision of **high quality care and support** for our residents and clients at the centre of everything we do

Attractive long-term industry themes

- ▶ **Ageing population** with acute and sub-acute healthcare needs set to support demand
- ▶ **Government support** continues with **AN-ACC funding model implemented** by Department of Health and Aged Care (DHAC) and pricing to be recommended by independent body (IHACPA)
- ▶ **Industry consolidation** continues, large Non-For Profit providers and Private Equity businesses active

Portfolio of quality homes with significant capital investment

- ▶ **63 freehold properties** providing security and flexibility in financing and capital management initiatives
- ▶ **Scale portfolio of homes** predominantly situated in attractive, higher socioeconomic locations - very difficult to replicate
- ▶ Regis **continues to invest** in refurbishment and strategic development of homes to “future proof” portfolio
- ▶ **Single rooms** comprise **92% of available rooms**

Experienced and committed workforce

- ▶ Dedicated and resilient front-line workforce
- ▶ Extensive **market experience and executive bench strength**
- ▶ **Deep experience in activity-based funding models**
- ▶ **Focus on regulatory compliance and quality of care**, with strong commitment to resident and client outcomes
- ▶ **Demonstrated track record acquiring and integrating acquisitions** plus ramping up development projects

Robust financial profile

- ▶ **Profitability maintained** through COVID-19 and various regulatory changes
- ▶ **Strong net cash RAD inflow**
- ▶ **Robust balance sheet** with well managed debt and long-maturity bank debt profile

Identifiable levers for value accretion

- ▶ **Increasing opportunities for industry consolidation** due to fragmentation and changes to regulatory landscape
- ▶ **Earnings and cashflow uplift** through occupancy uplift and RAD generation
- ▶ **Development land secured** with **450 new operational places** to be developed across four RAC greenfield development sites
- ▶ **Sale of non-income producing assets**

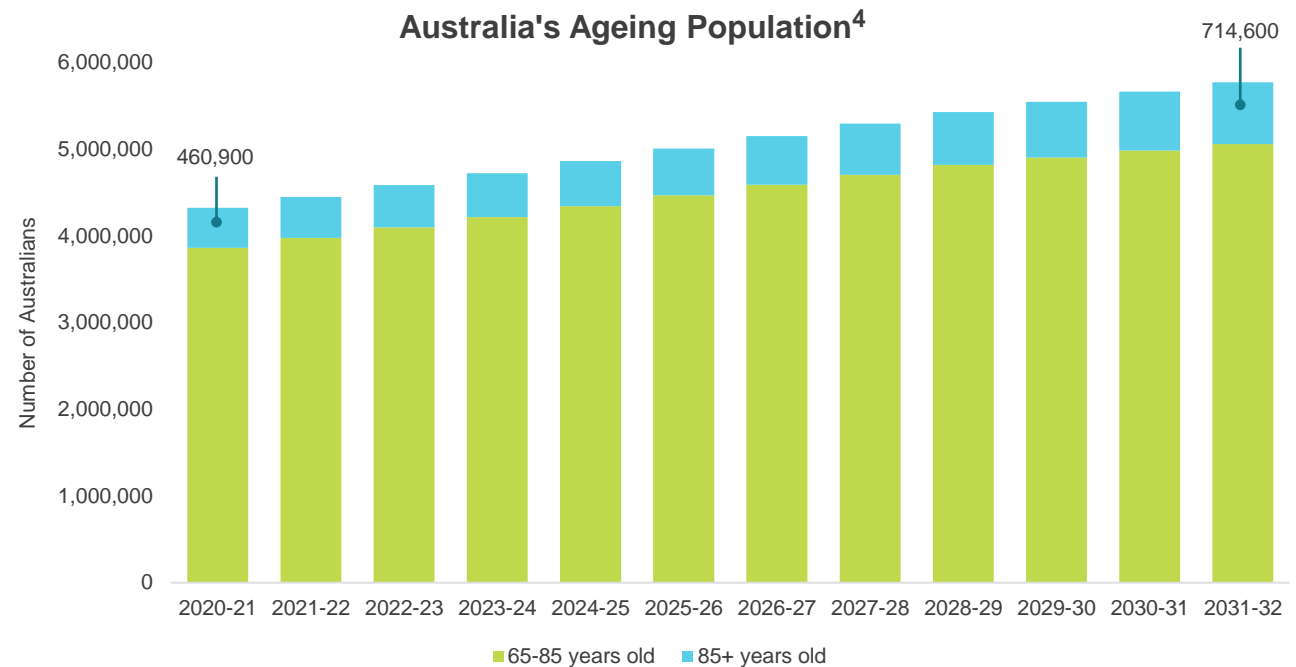


Industry Overview

Ageing Population Driving Increased Demand for Aged Care

- ▶ Over the past two decades, the population aged 85 years and older increased by 110% compared with total population growth of 35%²
- ▶ Younger population cohorts are having fewer children, which among other things, means they will have fewer voluntary carers to draw on as an older person³
- ▶ Baby Boomer generation will expect higher quality and more premium service offering
- ▶ Approx. 25% of current accommodation is no longer fit for purpose

The number of Australians aged 85+ years is projected to **increase** from ~2.0% of the population 2018-19 to ~3.7% of the population by 2058¹



¹Royal Commission into Aged Care Quality and Safety: Background Paper 2. Medium and long-term pressures on the system: the changing demographics and dynamics of aged care

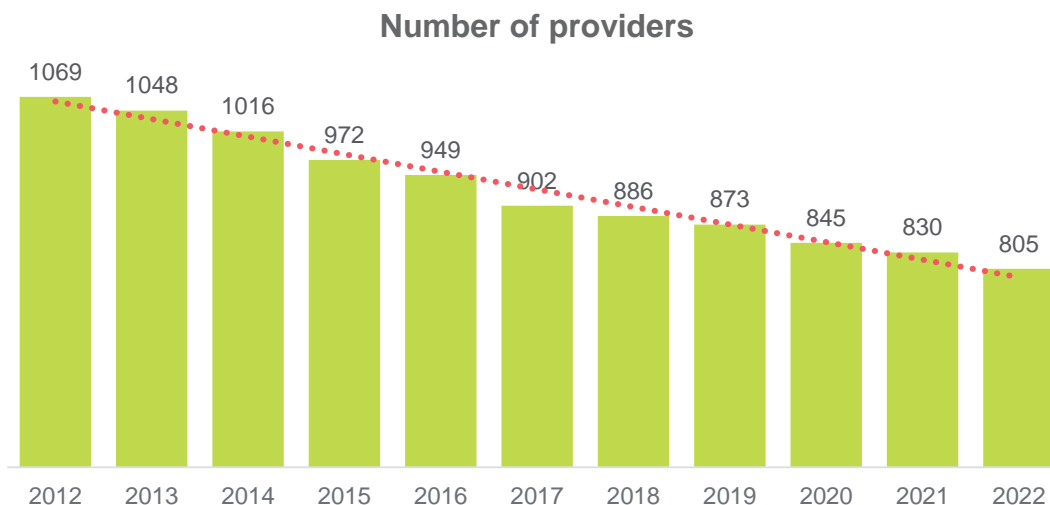
²ABS: Twenty years of population change (17 December 2020)

³Older person is defined by the ABS as people over the age of 65 years

⁴Older Australian Government Centre for Population - National age and sex structure 2020-21 to 2031-32

Consolidation Continues

Aged Care Industry Consolidation^{1,2,3}



- ▶ At 30 June 2022 there were 805 residential care providers, down from 830 in 2021, continuing the consolidation of providers over the last 10 years
- ▶ Industry consolidation is being driven by providers seeking greater efficiencies through scale as Government regulation increases
- ▶ Whilst large not-for-profit providers (religious, charitable and community-based organisations) continue to represent over 50% of total providers, a significant number of smaller operators remain in the market, providing opportunity for further consolidation
- ▶ Australian healthcare has seen significant consolidation occur in private hospital and pathology segments. Result is a smaller number of larger, highly profitable businesses (Ramsay Health Care, Sonic Healthcare)

¹ Aged Care Financing Authority's (ACFA) 2021 Report

² Department of Health: Report on the Operation of the Aged Care Act 1997 (2020-2021)

³ Department of Health and Aged Care: Report on the Operation of the Aged Care Act 1997 (2021-2022)

Reform and Sector Performance

Industry Reforms

- ▶ AN-ACC current average funding to providers is \$215 per resident per day¹
- ▶ Independent Health and Aged Care Pricing Authority (IHACPA) is determining the cost of care under new funding model
- ▶ Bed licence deregulation from 1 July 2024 expected to be an advantage for larger providers

Care Minutes

- ▶ Mandated from 1 October 2023
- ▶ Staffing care minutes are reported quarterly to the Department of Health & Aged Care (DHAC)
- ▶ Requirements are for a mandated average of 200 minutes per resident per day of direct care, in addition to providing allied health, recreation, lifestyle and management services
- ▶ AN-ACC subsidy provides funding for direct care minutes (Registered Nurses/Enrolled Nurses/Personal Care Workers)

Star Ratings

- ▶ Introduced December 2022, ahead of mandated care minutes from 1 October 2023
- ▶ Designed to support consumer choice and comparison of aged care homes
- ▶ Each home is assigned an overall star rating evaluating four sub-categories: resident experience, compliance, staffing and quality measures
- ▶ Regis' homes are rated 3 stars on average which is considered an acceptable quality of care. The Company rates an average of 4 stars for Compliance

Sector Performance

- ▶ 63% of aged care homes operated at a loss (60% at Dec-21)¹
- ▶ COVID-19 and poor recent sector performance has seen limited investment in new facilities and beds in recent years
- ▶ Loss-making providers will look to exit the sector supporting consolidation behind the larger quality providers
- ▶ Introduction of AN-ACC has had a transitional financial benefit due to the mandated direct care minutes not being obligatory until 1 October 2023¹

¹StewartBrown Aged Care Sector Report - 6 months ended 31 December 2022

Potential Funding Reforms

Additional Government funding to increase staff remuneration and benefits

- ▶ Australian Government has committed to funding 15% interim increase in pay (including on-costs) determined by the Fair Work Commission's Work Value Case

Funding to correlate to direct costs of care

- ▶ Introduction of Independent Hospital and Aged Care Pricing Authority (IHACPA) from 1 July 2024 will allow for more comprehensive and detailed review of actual pricing/costing data
- ▶ Should improve Government funding to meet higher costs of care provision (such as increased staff costs through EA and minimum wage increases) replacing inadequate COPE indexation in recent years

Deregulation of Basic Daily Fee

- ▶ Deregulation of the resident funded Basic Daily Fee would allow for more choice for residents through increased competition and improved service offerings and amenities

Resident co-contribution

- ▶ Greater level of consumer co-contribution is required to adequately fund residential aged care; Ease Government financial burden
- ▶ Safety net must remain in place to protect consumers without financial means to contribute

Means-tested care fee

- ▶ Residential aged care requires adequate levels of contribution by consumers
- ▶ Tune Review recommended full value of owner's home in means-test and sought abolishment of annual and lifetime caps



Regis Elernore Vale, New South Wales

Company Update

H1 FY23 Recap

- ▶ Revenue from services of \$380.4 million, up 4.4% on pcp
 - Average occupancy 91.1%
- ▶ Underlying EBITDA¹ of \$45.1 million
- ▶ NPATA² of \$11.3 million
 - Excludes COVID-19 outbreak and other one-off costs
 - Excludes amortisation of operational places of \$28.5 million (net of tax)
- ▶ Net operating cash flow of \$62.0 million included net RAD receipts of \$8.7 million
- ▶ Net debt of \$67.6 million³, increase of \$6.8 million on pcp
 - Impacted by approximately \$32.4 million of COVID-19 outbreak costs claimed/to be claimed not received from Government
- ▶ Capital expenditure of \$18.8 million includes property development and refurbishment together with strategic technology investment

Revenue from Services	Average Occupancy
\$380.4 million ▲	91.1% ▲
Underlying EBITDA ¹	Net Loss After Tax
\$45.1 million ▲	\$25.9 million ▲
COVID-19 Outbreak Costs	NPATA ²
\$13.0 million ▲	\$11.3 million ▼
Net Operating Cash Flow	Net RAD Receipts
\$62.0 million ▼	\$8.7 million ▼
Net Debt ³	Interim Dividend
\$67.6 million ▲	2.00 cents ▼

¹Underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation, excluding imputed income on RADs and Bonds, COVID-19 outbreak expenses and other one-off items, and including operating lease expense

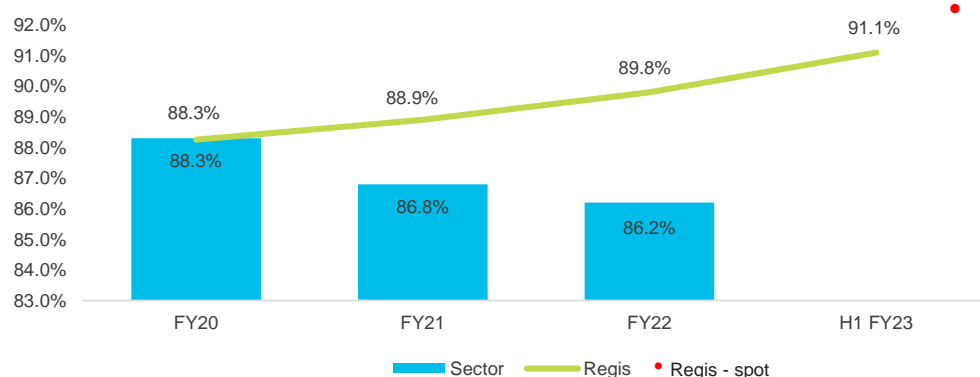
²NPATA refers to net profit after income tax before amortisation of operational places and excluding COVID-19 outbreak costs

³Included Government funding received in advance for January 2023 of \$44.0 million

Q3 FY23 Update

Operational Statistics	Q3 FY23	Q2 FY23	Q1 FY23	FY22
Average available operational places (#) ¹	6,960	7,000	7,004	7,057
Total occupied bed days ²	573,252	586,919	585,998	2,312,826
Average occupancy (%)	91.5	91.2	90.9	89.8
Aged care Government revenue per occupied bed day (\$) ²	233.04	227.66	219.80	219.40
Net RAD cash inflow	13.7	23.6	(14.9)	83.9

Occupancy³



- ▶ Spot occupancy improved to 92.6% at 30 April 2023
- ▶ Government revenue per occupied bed day increased again to \$235.75 at 30 April 2023
- ▶ Organisational redesign continues to assist with direct care minutes improvement
- ▶ Net debt lower at \$102.9 million at 31 March 2023, reduced from \$111.6 million¹ at 31 December 2022
- ▶ Continued identification and realisation of non-income producing assets

¹Excludes Government funding received in advance for January 2023 of \$44.0 million

²Q1 FY23: 92 days, Q2 FY23: 92 days, Q3 FY23: 90 days

³Sector occupancy - Productivity Commission (2023) Report on Government Services - 2022

Strategic Priorities

Current Priorities

Regis Culture of Care

Regis continues to deliver care that is safe, effective, integrated and personal

- ▶ Major upgrade to Clinical Management System complete to support enhanced care planning
- ▶ Electronic Medication Management System (EMMS) implementation completed
- ▶ Wound management improvement program commenced
- ▶ Regis partnership with the Digital Health CRC to implement a data standards and interoperability solution for quality of care benchmarking
- ▶ Expansion of Consumer Advisory Committees, including consumer representatives at clinical governance meetings
- ▶ Pilot of wearables and nearables technology to support falls prevention
- ▶ Continued focus on pandemic responsiveness, including vaccination program

Positive People and Practice

Regis People - attracting, developing, empowering and retaining the best talent

- ▶ Early intervention program showing positive impact on lost time injuries and return to work
- ▶ Operating model and organisational design project underway to optimise structure for delivery of care minutes
- ▶ Investment in learning and development framework
- ▶ Expansion of talent acquisition capability
- ▶ New business resilience framework implemented, inclusive of emergency management, business continuity and scenario planning exercises
- ▶ New Aged Care Code of Conduct and key personnel suitability requirements implemented
- ▶ Prevention of occupational violence and aggression taskforce in place

Enhancing our Future

Transformational change through digital enablers, operational excellence and growth

- ▶ New systems and processes to support activity based funding model implemented
- ▶ Rationalisation of non-income producing assets
- ▶ Construction of Regis Camberwell on target
- ▶ Continuation of digital transformation program
- ▶ Focus on data and predictive analytics including upgrade to business intelligence portal
- ▶ Lean/six sigma improvement training program commenced
- ▶ Review of ESG indicators and performance
- ▶ Home care strategy review

Other Company Matters

COVID-19 Outbreak Grants

- ▶ Regis has been advised by DHAC of delays in processing COVID-19 outbreak claims
- ▶ Regis has submitted claims of approximately \$32.4m in relation to H2 FY22 and H1 FY23 COVID-19 outbreak costs
- ▶ Outbreak costs continue to decline
 - ▶ January - March 2023: \$1.0 million

COVID-19 Outbreak Costs	31 March 2023 \$m
Claims submitted	32.4
- Approved	4.7
- Reviewed (awaiting approval)	17.9
- Yet to be reviewed	9.8

Potential Employee Entitlement Underpayments

- ▶ As previously reported, 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
- ▶ Regis, with the assistance of external advisors, continues to determine the extent of the underpayments. Based on additional analysis undertaken during the period, Regis has maintained a provision of \$37.7 million at 31 December 2022
- ▶ Expect remediation to occur in latter half of 2023

Growth Program - Greenfield Developments

Regis has four greenfield development sites located in premium metropolitan suburbs

Development	State	Net Additional Places	Club Services	Development Approval	Update
Regis Camberwell	VIC	112	✓	✓	► Commenced Q1 FY23
Regis Toowong	QLD	123	✓	✓	► Tendered Q3 FY23
Regis Belrose	NSW	105	✓	✓	► To be tendered FY24
Regis Carlingford	NSW	110	✓	✓	► To be tendered FY24
Total Greenfield		450			

Camberwell specifications:

- 112 beds
- 4-level residence
- Land area ~4,300 sqm
- ~\$40 million investment estimate (excl. land)
- Various room types: standard and large single ensuite rooms



Artist's impression of Regis Camberwell (VIC)

Growth Program - Future Greenfield Developments

Toowong specifications:

- ▶ Inner-west riverside suburb in Brisbane
- ▶ 123 beds
- ▶ 5-level residence
- ▶ Land area ~5,248 sqm
- ▶ Various room types: standard single ensuite rooms and large suites



Artist's impression of Regis Toowong (QLD)

Belrose specifications:

- ▶ Northern beaches of Sydney with ocean views
- ▶ 105 beds
- ▶ 3-level residence
- ▶ Land area ~21,451 sqm
- ▶ Various room types: standard and deluxe single ensuite rooms



Artist's impression of Regis Belrose (NSW)

Carlingford specifications:

- ▶ West Sydney designed with large outdoor landscaped areas and communal activity spaces
- ▶ 110 beds
- ▶ 3-level residence
- ▶ Land area ~7,065 sqm
- ▶ Various room types: standard and deluxe single ensuite rooms



Artist's impression of Regis Carlingford (NSW)



Regis East Malvern, Victoria

Conclusion

Summary

Positive Industry Dynamics

- ▶ Supportive industry tailwinds: **ageing population**, Baby Boomer cohort approaching residential aged care
- ▶ **Limited supply** of quality new beds entering market in recent years; aged stock needs to be replaced
- ▶ Government funding improving under **AN-ACC**. Further reform required
- ▶ Certainty returning to **regulatory landscape** (star ratings, care minutes, abolition of ACAR places)
- ▶ Introduction of **IHACPA** to better inform Government of pricing/costs involved in delivering high quality care

Regis Competitive Position

- ▶ **High quality portfolio** all owned; primarily single ensuite rooms located in premium metropolitan suburbs
- ▶ **Clinical governance and quality focus** - industry leading, continually looking to improve and innovate for care of our residents and clients, and to support our front line employees
- ▶ **Growth agenda has resumed. Strong balance sheet** to support:
 - ▶ Camberwell greenfield development and plans progressing across further owned sites
 - ▶ Quality M&A opportunities
- ▶ **Realisation of non-income producing assets**