

Chairman's message

22 September 2023

Dear Regis Healthcare Shareholder,

It is my pleasure to invite you to the 2023 Annual General Meeting of Regis Healthcare Limited ("the meeting").

The meeting will be conducted as a hybrid event at 10.00 am (AEDT) on Tuesday 24 October 2023. The 'in person' component of the meeting will be held at our National Office at Level 2, 293 Camberwell Road, Camberwell, Victoria. Shareholders wishing to participate in the meeting using the online platform may do so by logging in to Regis Healthcare's Share Registry's online platform at <https://meetings.linkgroup.com/REG23>

The Notice of Meeting, Virtual Annual General Meeting Online Guide and Annual Report can be viewed and downloaded at: <https://www.regis.com.au/investor-information/forward-calendar/>

The Notice of Meeting sets out the formal business to be dealt with at the meeting and information about how to participate in person and virtually.

At the meeting, we will consider the following items of business:

- The Annual Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2023.
- Re-election of Graham Hodges as a Director.
- Approval to increase the Non-Executive Directors' fee pool.
- Adoption of the Remuneration Report for the year ended 30 June 2023.
- Approval to grant performance rights to the Managing Director and Chief Executive Officer under the FY2024 LTI Plan.

The Board is currently in the process of appointing an additional independent Non-Executive Director to return to a majority of independent Directors, however no appointment has, as of yet, been made. The proposed increase in the Non-Executive Directors' fee pool will ensure sufficient headroom in the fee pool for an additional Non-Executive Director.

Your participation is important to the Board. Even if you plan to attend at our National Office or participate via the online meeting platform, I encourage you to submit a directed proxy in advance of the meeting. This will ensure your votes are counted even if for any reason you cannot participate on the day of the meeting.

Please note your proxy must be received by Link Market Services no later than 10.00 am (AEDT) on Sunday 22 October 2023, to be valid for the meeting.

On behalf of my fellow Directors, I thank you for your continued support and I look forward to welcoming you to the 2023 Regis Healthcare Limited Annual General Meeting.

Yours sincerely



Graham Hodges
Chairman

REGIS HEALTHCARE LTD

ABN 11 125 203 054

National Office
Level 2, 293 Camberwell Road
Camberwell, VIC 3124

t. 03 8573 0444

regis@regis.com.au
regis.com.au



Notice of Annual General Meeting 2023



Notice of Annual General Meeting

Notice is given that the 2023 Annual General Meeting (AGM or meeting) of Regis Healthcare Limited (Regis or the Company) will be held at Level 2, 293 Camberwell Road, Camberwell, Victoria on Tuesday, 24 October 2023 at 10.00am (AEDT).

Shareholders are also able to participate in the AGM using the online platform at: <https://meetings.linkgroup.com/REG23>

Shareholders should monitor the Company's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

How to participate in the 2023 AGM in person

If you choose to attend the meeting at Regis' office in Camberwell, please bring the proxy form with you to assist your registration and entry to the meeting.

Location:

Regis Healthcare Limited
Level 2, 293 Camberwell Road
Camberwell 3124 VIC

Parking:

On street parking

Public Transport:

Timetables can be found on <https://www.ptv.vic.gov.au/> with options of catching the train, tram or bus. The closest train station is Camberwell.

How to participate in the 2023 AGM using the online platform

Shareholders and proxyholders, who are unable to attend the AGM in person, can watch, vote, and ask questions during the AGM in real time via the online platform at: <https://meetings.linkgroup.com/REG23>

To do this, you will need a computer or mobile/tablet device with internet access.

We recommend logging on to our online platform at least 15 minutes prior to the scheduled start time.

Shareholders: When you log on to the online platform, you will need to provide your details (including Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to be verified as a Shareholder.

Proxyholders: When you log onto the online platform, you will need your proxy code which Link Market Services will provide via email no later than 24 hours prior to the meeting.

Further information on how to use the AGM online platform to participate in the meeting is available in the Virtual Annual General Meeting Online Guide at <https://www.regis.com.au/investor-information/forward-calendar/>

Other Options for Voting

Shareholders who are unable to participate in person or online on the day of the AGM are encouraged to appoint a proxy to attend and vote on your behalf. If you direct your proxy how to vote, your votes will be cast at the meeting in accordance with your directions.

Shareholders can appoint a proxy online at www.linkmarketservices.com.au or by following the instructions on the proxy form. The proxy appointment must be received by Link Market Services no later than 10.00 am (AEDT) on Sunday, 22 October 2023 to be valid.

Even if you plan to attend at Regis' office in person or participate in the meeting online, you are still encouraged to submit a directed proxy in advance of the meeting. This will ensure your votes can still be counted if for any reason you cannot participate on the day of the meeting.

Options for asking questions

All Shareholders attending in person or participating online will have a reasonable opportunity to ask questions during the AGM, including an opportunity to ask questions of the Company's external auditor, Ernst & Young.

Shareholders who are participating using the online platform will be able to ask a question by following the prompts in the online platform.

Shareholders who prefer to submit questions in advance of the AGM to the Company or to the auditor are invited to do so. Questions to the auditor should relate to the content of the Auditor's Report or the conduct of the audit.

Written questions must be received by the Company or Link Market Services Limited by no later than 5.00pm (AEDT) on Tuesday, 17 October 2023, and can be submitted by email: companysecretary@regis.com.au

Shareholders who are unable or do not wish to attend the meeting in person or access the meeting online will be able to participate by teleconference by dialling 1800 497 114 or +61 2 9189 1123 (outside Australia) at least 10 minutes before the AGM starts. You will need to obtain a personalised PIN number to register. To request a PIN please contact Link Market Services on 1800 990 3630 or +61 1800 990 363 (outside of Australia). If your holding cannot be verified by the telephone moderator, you will attend the meeting by telephone as a visitor. Those participating in the meeting by teleconference will be able to ask verbal questions during the AGM. To do this, select star 1 on your phone keypad and you will receive instructions on how to ask a question during the meeting from the phone moderator.

The Company will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available during the meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

Technical Difficulties

Technical difficulties may arise during the course of the AGM. The Chair has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where considered appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are

encouraged to lodge a proxy by 10.00am (AEDT) on Sunday, 22 October 2023, even if they plan to participate in the meeting online.

Agenda items

1. ANNUAL FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2023.

2. ELECTION OF DIRECTORS

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Graham Hodges, being eligible, be re-elected as a Director of the Company.

3. NON-EXECUTIVE DIRECTORS' FEE POOL

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of rule 8.3 of the Company's Constitution and ASX Listing Rule 10.17 and all other purposes, the maximum aggregate amount of remuneration payable by the Company to the Non-Executive Directors be increased from \$1,200,000 per annum to a maximum of \$1,400,000 per annum (inclusive of superannuation contributions).

Note: A voting exclusion statement applies to this resolution (see Item 2 of the notes relating to voting).

4. REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution: That the Remuneration Report for the year ended 30 June 2023 be adopted.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution (see Item 2 of the notes relating to voting).

5. APPROVAL OF FY2024 GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER UNDER THE LONG-TERM INCENTIVE PLAN

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Dr Linda Mellors as her Long-Term Incentive (**LTI**)

for the year ending 30 June 2024 under the Company's LTI Plan on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

Note: A voting exclusion statement applies to this resolution (see Item 2 of the notes relating to voting).

The notes relating to voting and the Explanatory Memorandum form part of this Notice of Meeting.

By Order of the Board

Date: 22 September 2023



Malcolm Ross
Company Secretary

Notes relating to voting

1. ENTITLEMENT TO VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7:00 pm (AEDT) on Sunday 22 October 2023 will be entitled to attend and vote at the AGM as a Shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy, by attorney, or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

On a poll, Shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

2. VOTING EXCLUSIONS

Resolution 3

The Company will disregard any votes on resolution 3:

- cast in favour of the resolution by or on behalf of a Director or an associate of a Director, regardless of the capacity in which the vote is cast; or
- cast as a proxy by a person who is a member of the Company's key management personnel (**KMP**) at the date of the meeting or their closely related parties,

unless the vote is cast on resolution 3:

- as proxy or attorney for a person entitled to vote in accordance with a direction given to the proxy or attorney to vote on the resolution in that way;
- by the Chair of the meeting as proxy for a person entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides (even though resolution 3 relates to the remuneration of a member of KMP); or
- by a holder acting solely as a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4

The Company will disregard any votes cast on resolution 4:

- by or on behalf of a member of the Company's KMP named in the Company's Remuneration Report for the year ended 30 June 2023 or their closely related parties regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 4:

- in accordance with a direction in the proxy form; or
- by the Chair of the meeting pursuant to an express authorisation in the proxy form to exercise the proxy even though resolution 4 is connected with the remuneration of the Company's KMP.

Resolution 5

The Company will disregard any votes cast on resolution 5:

- in favour of the resolution by or on behalf of Dr Mellors, or any of her associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast on resolution 5:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chair of the meeting as proxy for a person entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides (even though resolution 5 relates to the remuneration of a member of the KMP); or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. VOTING BY PROXY

A Shareholder entitled to participate and vote has a right to appoint a proxy to participate and vote instead of the Shareholder. A proxy may, but need not be, a Shareholder and can be either an individual or a body corporate. A Shareholder can appoint a proxy by completing and returning a signed proxy form (see section 4 of these notes related to voting, and the proxy form).

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

Unless the Chair of the meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on resolution 3, 4 or 5 unless you direct them how to vote. If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, you should ensure that you direct that person how to vote on resolution 3, 4 or 5.

If you intend to appoint the Chair of the meeting as your proxy, you can direct the Chair how to vote by marking the boxes for the relevant resolution (for example, if you

wish to vote 'for', 'against' or to 'abstain' from voting). If you do not mark a box next to resolution 3, 4, or 5 then by signing and submitting the proxy form, you will be expressly authorising the Chair to vote as they see fit in respect of resolution 3, 4 or 5 even though it is connected with the remuneration of the Company's KMP.

Each of the resolutions set out in this Notice of Meeting will be decided on a poll. On a poll, if:

- a Shareholder has appointed a proxy (other than the Chair of the meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that Shareholder's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chair of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the Shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that Shareholder.

Please note that for proxies without voting instructions that are exercisable by the Chair of the meeting, the Chair intends to vote all available proxies in favour of each resolution.

4. SUBMITTING A PROXY

A proxy can be submitted in one of the following ways:

Online:

www.linkmarketservices.com.au

Mail:

Regis Healthcare Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Fax: +61 2 9287 0309

By Hand:

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or Level 12,
680 George Street, Sydney NSW 2000

To be effective, a proxy must be received no later than 10.00am (AEDT) on Sunday, 22 October 2023.

5. CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the AGM. The appointment must comply with the requirements of section 250D of the *Corporations Act 2001* (Cth). Evidence of the

appointment, including any authority under which it has been signed, must be received by the Company prior to the commencement of the meeting, unless it has previously been given to the Company.

6. VOTING BY ATTORNEY

A Shareholder entitled to participate and vote may appoint an attorney to act on their behalf at the AGM. An attorney may, but need not be, a member of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company by 10:00 am (AEDT) on Sunday, 22 October 2023.

Explanatory memorandum

This Explanatory Memorandum has been prepared to help Shareholders understand the items of business at the 2023 AGM.

1. ANNUAL FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT

The *Corporations Act 2001* (Cth) requires:

- the reports of the Directors and Auditor; and
- the Annual Financial Report, including the Financial Statements of the Company for the year ended 30 June 2023,

to be laid before the AGM. Neither the *Corporations Act* nor the Company's Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given an opportunity to raise questions or comments on the management of the Company.

A reasonable opportunity will be given to Shareholders as a whole at the meeting to ask the auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Statements and the independence of the auditor in relation to the conduct of the audit.

The Annual Report is available on the Company's website at <https://www.regis.com.au/investor-information/publications/>

2. ELECTION OF DIRECTORS

Re-election of Graham Hodges

The Company's Constitution and Listing Rule 14.4 states that no Non-Executive Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

In accordance with the Company's Constitution, Mr Graham Hodges will stand for re-election as Non-Executive Director, having last been elected by Shareholders on 27 October 2020.

Prior to submitting himself for re-election, Mr Hodges confirmed that he will continue to have sufficient time to fulfil his duties as a Non-Executive Director of the Company.

The Board has reviewed the performance of Mr Hodges and is satisfied that he continues to bring diligence, commitment, valuable expertise and experience to the deliberations of the Board and its Committees.

Graham has been a Non-Executive Director since August 2017 and was appointed Chair 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.

Graham built an executive career at the Australian and New Zealand Banking Group Limited (**ANZ**) and was formerly the Deputy Chief Executive Officer, ANZ.

Graham is currently a Director of Assemble Communities Pty Ltd and Non-Executive Director of ANZ and ANZ BH Pty Ltd. He was previously Chair of ANZ SAM Board (Special Assets Management), Esanda, and ANZ Wealth, a Director of AmBank Holdings Berhad and a member of the Australian Government's Aged Care Financing Authority.

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

Currently, Graham is the Chair of Regis Healthcare's Board, Chair of the People and Remuneration Committee and a member of the Audit, Risk and Compliance Committee.

The Board considers Graham to be independent.

Recommendation

The Board (with Graham Hodges abstaining) recommends that Shareholders vote **in favour** of resolution 2.

3. NON-EXECUTIVE DIRECTORS' FEE POOL

It is proposed that the fee pool for Non-Executive Directors be increased from \$1,200,000 to \$1,400,000 per annum (an increase of \$200,000). The fee pool is inclusive of statutory superannuation contributions.

In accordance with the Constitution and ASX Listing Rule 10.17, the Company must not increase the aggregate fee pool for Non-Executive Directors' remuneration without the approval of Shareholders. If Shareholder approval is obtained, the fee pool will be increased to \$1,400,000. If Shareholder approval is not obtained, the current fee pool of \$1,200,000 will continue to apply.

The reasons for the proposed increase are as follows:

- The Board is currently in the process of appointing an additional independent Non-Executive Director to return the Board to a majority of independent Directors (as required under the new Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022). The proposed increase in the fee pool will ensure sufficient headroom in the fee pool for this additional Non-Executive Director.
- A Property Committee has been established since the fee pool was approved in 2014, bringing the number of Board Committees to four.
- With a new director and the additional Committee, the remaining capacity within the existing cap has been almost fully utilised leaving little flexibility for other adjustments.
- The proposed increase to the Non-Executive Director fee pool will:
 - Provide the Board with flexibility to support succession planning strategies for Non-Executive Directors;
 - Enable the Board to attract and retain Non-Executive Directors with appropriate skills and experience;
 - Allow a planned review of Board and Committee fees in FY2024.

The fees paid to Non-Executive Directors are set out in the Remuneration Report each year. Directors' annual fees (inclusive of superannuation) have not increased since listing of the Company in 2014. The annual fees paid to Non-Executive Directors for the year ended 30 June 2023 are as follows:

Role	Annual Fees
Chair	\$240,000
Other NEDs	\$110,000
Chair of Board Committees	\$30,000
Membership of Board Committees	\$20,000

Non-Executive Directors are not entitled to short term incentives, or equity incentive plan participation. Accordingly, no securities have been issued to Non-Executive Directors under ASX Listing Rules 10.11 and 10.14 in the last three years.

Recommendation

The Board recommends that Shareholders vote **in favour** of resolution 3.

4. REMUNERATION REPORT

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report on pages 84 to 96 of the Company's Annual Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 30 June 2023.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the meeting into account in setting the remuneration policy for future years.

Recommendation

The Board recommends that Shareholders vote **in favour** of the resolution 4.

5. APPROVAL OF FY2024 GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER UNDER THE LONG-TERM INCENTIVE PLAN

Why is Shareholder approval being sought?

ASX Listing Rule 10.14.1 requires that Shareholder approval be obtained for the acquisition of securities by a Director under an employee incentive scheme.

Pursuant to ASX Listing Rule 10.14, the Company is seeking Shareholder approval for the grant of performance rights to Dr Linda Mellors, Managing Director and Chief Executive Officer under the Company's LTI Plan.

Subject to Shareholder approval, the performance rights will be granted to Dr Mellors shortly after the meeting, and in any event, within 12 months of the meeting.

What will happen if the resolution is, or is not, approved?

The FY2024 grant of performance rights to Dr Mellors under the LTI Plan is conditional on receiving Shareholder approval. If Shareholder approval is obtained, 333,838 performance rights will be granted to Dr Mellors under the LTI Plan.

If Shareholders do not approve the proposed grant of performance rights to Dr Mellors under the LTI Plan, the proposed grant of performance rights will not proceed. In that circumstance, the Board would then need to consider alternative arrangements to appropriately remunerate the MD.

Overview of the FY2024 LTI Plan

The LTI Plan is structured to align senior executives with Shareholders through rewarding the achievement of long-term sustainable growth and positive results.

The FY2024 LTI Plan has a performance period ending 30 June 2026, and will be delivered in performance rights.

Each performance right generally entitles the holder to one fully-paid ordinary share in the Company following vesting. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares.

The Company uses LTI performance rights to ensure senior executives are invested in the sustainable long-term performance of the Company, are encouraged to remain committed to the Company and have aligned interests with Shareholders. Prior to vesting, performance rights do not carry any dividend or voting rights.

Further information about the LTI Plan can be found in the Company's 2023 Remuneration Report.

Performance Conditions

The FY2024 LTI Plan will be subject to the following performance measures:

1. EPS (50% of LTI performance rights):

Regis' FY26 EPS (cents per share)	Percentage of performance rights in this tranche that vest
Less than 9.43	Nil
Equal to 9.43	50%
Greater than 9.43 up to 11.5	Straight line pro-rata 50% to 100%
At or above 11.5	100%

2. Star Rating Improvement (25% of LTI performance rights):

Improvement in Regis' average Star Rating across all facilities over the performance period.	Percentage of rights in this tranche that vest
Calculation compares average at commencement of Star Rating program, to average Star Rating at 30 June 2026.	
Star Rating decrease	Nil
Maintain average Star Rating throughout period	50%
Improve Star Rating average by up to Growth Target	Straight line pro-rata 50% to 100%
Improve Star Rating average by Growth Target or more	100%

For the FY2024 LTI Plan, the Growth Target will be set at 3.52 as at 30 June 2026 (being 3% growth over the FY2023 LTI Plan target).

3. Relative Star Rating (25% of LTI performance rights):

Company's average star rating relative to residential aged care provider group determined by the Board, as at 30 June 2026.	Percentage of rights in this tranche that vest
Less than median of comparator group	Nil
At median of comparator group	50%
Between median and 75th percentile of comparator group	Straight line pro-rata 50% to 100%
Greater than 75th percentile of comparator group	100%

The Comparator Group will comprise large residential aged care providers, as determined by the Board and disclosed in the 2024 Remuneration Report.

Star Ratings provide information about the quality of care an aged care home delivers and how they compare to others. The Star Ratings comprise four sub-categories:

1. Staffing Minutes
2. Compliance
3. Residents' Experience
4. Quality Measures.

Each sub-category is weighted with respect to its contribution to the overall star rating, with capping rules also applying for some elements.

Each sub-category receives its own rating, with one star representing significant improvement needed in a home, three being acceptable and five representing excellence. The four sub-category assessments will result in an overall Star Rating for the approved provider. The Star Rating information and methodology is publicly available and measured independently by the regulator.

Consistent with its approach in FY2023, the Board has chosen to incorporate Star Ratings into the FY2024 LTI Plan as it considers this measure to be an appropriate way to assess the Company's medium term and long-term performance in relation to the quality and safety of care provided by the Company to its residential aged care residents.

FY2024 LTI award

Based on performance against the above performance conditions, the MD is eligible to receive a maximum LTI award of \$816,000 for FY2024.

Subject to Shareholder approval, Dr Mellors will be granted 333,838 LTI performance rights.

The number of LTI performance rights to be granted to the MD was determined by dividing the face value of the LTI of \$816,000 by the volume weighted average price of the Company's shares traded on the ASX over the 5 trading days commencing on the trading day after release of the Company's full year FY23 results, rounded up to the nearest whole number of performance rights.

As the LTI performance rights form part of the MD's remuneration, they will be granted at no cost and there will be no amount payable on vesting.

Summary of other key terms of the LTI performance rights**Cessation of employment**

Unless the Board determines otherwise, if the MD ceases employment during the performance period as a 'good leaver' (i.e. as a result of retirement, genuine redundancy, death, terminal illness, total and permanent disablement, or any other reason as determined by the Board), a pro-rata amount of LTI performance rights (based on the proportion of whole months employed by the Company during the performance period) will remain on foot and will be tested in the ordinary course.

Unless the Board determines otherwise, if employment is terminated in circumstances in which the MD is not considered a 'good leaver' (e.g. resignation, or termination of employment other than where such termination is as a good leaver), LTI performance rights will immediately lapse.

Notwithstanding the above, the Board may, subject to any requirement for Shareholder approval, determine to treat LTI performance rights in a different manner to that set out above upon cessation as an employee.

Change of control

The Board has discretion to determine whether or not vesting of some or all of the MD's performance rights should be accelerated on a change of control.

Clawback

The Board may clawback or adjust any awards as a result of a material misstatement in, or omission from, the financial statements or otherwise as a result of fraud, dishonesty or breach of obligations. The Board has discretion to adjust any conditions applicable to an LTI award, if considered appropriate in the above circumstances.

Restrictions on dealing

The MD must not sell, transfer, encumber, or otherwise deal with LTI performance rights.

The MD will be free to deal with the shares allocated on vesting of the LTI performance rights, subject to the requirements of the Company's Policy for Dealing in Securities.

Additional information provided in accordance with ASX Listing Rule 10.15

- The MD's total remuneration package for FY2024 is \$2,040,000 comprising \$816,000 as total fixed remuneration (inclusive of superannuation) and \$408,000 under the Company's STI Plan and \$816,000 under the LTI Plan.
- Dr Mellors is currently the only Director entitled to participate in the FY2024 LTI Plan.
- No loan will be made by the Company in relation to the acquisition of LTI performance rights or allocation to the MD of any shares on vesting of those rights.
- Details of any securities issued under the LTI Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTI Plan after the resolution is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule.

Dr Mellors has been previously granted:

- 76,893 performance rights under the previous VRRP Plan in FY2021
- 98,754 performance rights under the previous VRRP plan in FY2022
- 375,000 LTI performance rights in FY2023

No amounts were payable by Dr Mellors for the grant of these performance rights.

Recommendation

The Board (with Dr Mellors abstaining) recommend that Shareholders vote **in favour** of resolution 5.

