

ASX Announcement

13 July 2020

Estia Health – Market Update

Estia Health Ltd (**ASX: EHE**) (Estia or the Company) provides the following update on key operational and financial matters.

Non-Cash Impairment

As a result of ongoing uncertainty of future sector funding and financing, exacerbated by the issues arising from the COVID-19 pandemic, the Company expects to report a non-cash impairment charge, primarily on goodwill arising from historical acquisitions, in its full year results for the year ended 30 June 2020 of between \$124m and \$148m. This non-cash charge is a provisional estimate and is still subject to finalisation and audit prior to the completion of the FY20 financial results. The impairment is non-cash in nature, has no impact on the Company's debt facilities, compliance with banking covenants or its ability to undertake capital management initiatives.

Occupancy

Occupancy in mature homes, representing 5,946 operational beds, was 92.7% at 30 June 2020, having improved gradually since May 2020 in line with the easing of home and community restrictions arising from the COVID-19 pandemic. Second half occupancy was 92.6% over the 6 month period, and full 12 month occupancy was 93.2%.

The new homes at Southport and Maroochydore ended the financial year at occupancy rates of 100% and 70.6% respectively. The spot occupancy rate at 10 July 2020, including these two homes, was 92.6%, with 5,728 of the Company's total 6,183 operational beds being occupied.

Government Additional Revenue Funding

The previously announced Government one-off payment to assist providers in covering additional costs of caring for the health and wellbeing of residents during the pandemic of either \$900 or \$1,350 (depending on location) for each resident was received during June 2020 and totalled \$5.8m.

RAD Balances

The movement in occupancy rates since the COVID-19 pandemic was declared has not had a material impact to date on the Company's balance of RADs and bonds. The total RAD/bond liability of the Company increased by \$9.8m from 31 December 2019 to be \$836.3m at 30 June 2020, of which \$99.9m was represented by probate liabilities. During the second half of the financial year net inflows from the two homes at Southport and Maroochydore in ramp up were \$14.0m, net outflows from mature homes were \$2.9m and probate decreased by \$3.5m from 31 December 2019.

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Net Bank Debt

Under the Company's \$330m bank facility, net bank debt at 30 June 2020 was \$99.4m. The Company was in full compliance with its banking covenants as at 30 June 2020 and has not sought covenant relief.

COVID-19

The Company has had no known instance of COVID-19 infection amongst its past or current residents at the present time.

Strict protocols and testing remain in place at all homes and will do so for the foreseeable future, including testing of all new admissions. The Company's admission and visitation pathways are continuously reviewed to reflect the extent of the incidence of COVID-19 in the areas in which we operate and in accordance with State Directions.

As a result of the increased community infection rates in Victoria, the decision was taken on 29 June to re-introduce visitor restrictions in the Company's 19 Melbourne metropolitan homes except on compassionate grounds. All of these homes have iPads and other forms of electronic access available to residents and families and we continue to employ additional staff to assist with resident/family communications. The residents continue to enjoy normal activities and movement within the homes.

Currently two staff working across three of the Company's homes have tested positive to COVID-19. Neither employee worked while showing symptoms of the illness. All infection control precautions were put in place immediately upon notification and we are working with the Victorian Health Public Health Unit and the Commonwealth Department of Health to monitor this situation.

Full Year Results

The Company expects to release its FY20 full year results to the ASX on 18 August 2020.

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Approved for release by the Board of Directors of Estia Health Limited

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