

27 May 2021

## MARKET UPDATE

Japara Healthcare Limited (“Japara” or “Company”) (ASX: JHC) provides the following market update.

### Operational Update

Operating conditions in the aged care sector have shown some improvement over recent months as the COVID-19 situation has stabilised and economic conditions in Australia have improved.

Japara’s occupancy levels have moderately increased, with portfolio occupancy as at 26 May 2021 at 89.0%. Further occupancy details are provided in Table 1 below. Net Refundable Accommodation Deposit and Independent Living Unit resident loan inflows of \$9.0 million have been received between 1 January 2021 and 30 April 2021 compared to \$2.4 million for 1H FY2021.

**Table 1 – Portfolio Occupancy**

	31 December 2020 <sup>1</sup>	19 February 2021 <sup>1</sup>	26 May 2021
Operational places	4,479	4,479	4,479
Occupied places	3,900	3,911	3,984
Portfolio occupancy	87.1%	87.3%	89.0%
Victorian Homes	85.2%	85.5%	87.9%
Non-Victorian Homes	90.7%	90.9%	91.1%

1. As disclosed in Japara’s FY2021 half year results presentation

### COVID-19 Government Support

Federal Government Grant Programs were made available during 2020 to help aged care providers manage the financial impact of COVID-19.

Japara applied for reimbursement of COVID-19 outbreak expenses under the Federal Government Aged Care Support Program and to date has had Grant claims totalling \$6.9 million approved. Further Grant claims of \$0.3 million have been lodged and are awaiting approval.

The Aged Care Support Program Grant approvals received are in line with the amount announced with the 31 December 2020 half year financial results, in which an amount of \$1.6 million was recognised. The balance of the Grant income of up to \$5.6 million will be recognised in the 2H FY2021 financial results.

Japara has also applied for reimbursement under the Support for Aged Care Workers in COVID-19 program. A claim for \$2.4 million has been lodged with \$1.3 million previously recognised in 1H FY2021 and the balance of up to \$1.1 million to be recognised in the 2H FY2021 financial results once approved.

## **Aged Care Developments**

In line with previous announcements, Japara's newest home, Trugo Place in Newport, Victoria, opened in February 2021 and is currently home to 80 residents. Residents from Japara's nearby Yarra West home have been relocated to Trugo Place and the Yarra West home has been closed, with consideration currently being given to the refurbishment and redevelopment of this leased site.

Japara's greenfield development at Belrose, NSW has reached practical completion and is due to open in early June 2021. As previously advised, all other greenfield and brownfield construction projects remain on hold.

## **Portfolio Management**

Japara has continued with its ongoing portfolio management of real estate assets and advises it has entered into agreements to sell two properties.

Japara has entered into an agreement to sell and lease back the underlying real estate of the Japara Capel Sands residential aged care home, located in Capel Sound, Victoria. The sale proceeds are approximately \$8.0 million net of costs and reflect a yield of 6.4%. The initial lease term is six years and the lease includes three extension options of four years each. A deposit of 10% has been received with settlement scheduled for late June or early July 2021, subject to purchaser finance. A pre-tax profit on sale of \$1.3 million is expected to be recognised.

Japara has also entered into an agreement to sell a vacant site at 20 Berkeley Road, Glenning Valley, NSW. The sale proceeds are approximately \$1.0 million net of costs. A deposit of 10% has been received and settlement is scheduled for late May 2021.

In addition, the previously advised divestment of Japara's closed Wyong home settled in April 2021 with net proceeds of \$1.6 million received.

## **Non-binding indicative proposal to acquire Japara**

Japara and its advisers are currently finalising their evaluation of the previously disclosed non-binding indicative proposal ("Indicative Proposal") from Little Company of Mary Health Care Ltd (Calvary) with regard to the Company's recent operating performance, the Federal Government's response to the Royal Commission into Aged Care Quality and Safety and the Federal Government's proposed funding of the aged care sector as set out in the 2021-22 Budget.

Japara expects to be in a position to inform shareholders of the outcome of its consideration of the Indicative Proposal in the near future.

Shareholders do not need to take any action in relation to the Indicative Proposal and are reminded there can be no certainty that the Indicative Proposal will result in a transaction.

For further information:

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This document was authorised for release by the Board of Japara