Our approach is to work collaboratively with your management and staff to support them to focus on service delivery at a granular level. This purposeful focus will address the most common issues of quality, people and performance outcomes.

The increased burden of Aged Care, disease, health reform and the cost to care for such activity requires innovative models of care, financial rigour and strategic service planning.

Aged Care Reform is driving consolidation, revenue pressure and consumer choice.

It is now paramount for aged care providers to understand their future activity and to plan for both activity, facility and resource needs.

Over the next 40 years the proportion of the population over 65 years will double to 25% driving the need for more effective models of care and increased bed numbers.

This means that the number of Australians aged over 65 years is expected to increase from 2.5 million in 2020 to 6.2 million in 2047.

The “old old” group (>85 years) is expected to increase more rapidly from 1.7% to 5.6% of the total population over this period.

### Optimising Aged Care Services

#### Why it's important

- The increased burden of Aged Care, disease, health reform and the cost to care for such activity requires innovative models of care, financial rigour and strategic service planning.
- Aged Care Reform is driving consolidation, revenue pressure and consumer choice.

#### Issues to Overcome

Rising staffing costs, reduced revenue from ACFI, reduced occupancy, and non-compliance against the standards of the aged care regulatory framework.

Driving factors that impact outcomes:

- Reduce variation in practices
- Reduce variation in, and increase, staff skill base
- Increase knowledge in relation to ACFI
- Effectively manage increasing acuity in Residents

### Integrated Service Offering

Our focus includes services to help organisations transform, position and prepare for the dynamic and challenging aged care market.

Services that include the following types of support:

- Strategic
- Future focused care and asset positioning
- Care delivery model and workforce development
- Funding and financial improvement
- Buy and sell side stewardship

### Asset Portfolio Services

- Through our knowledge of and experience with health and aged care we can provide independent advice to help you with your decision to participate in this market, value, enhance and transact your assets, work with you to determine optimal structures to operate within such as fund concepts, sale/leaseback arrangements and joint ventures.

### Sale and Acquisition support

- With our integrated offerings described above and our deep experience we are perfectly positioned to manage and maximise your sale or acquisition.

### Finance & Debt Offering

- Having managed and advised some of the largest transactions within Aged Care over the last five years we have the experience and access to investors, financiers and the private equity market to meet any of your strategic financial needs.

### Optimised Quality of Care

- Care in the hands of staff who know about their personal situation, issues, triggers and preferences
- Structural care delivery - They know what care is required - greater routine in their day
- Care delivery that is highly aligned with personal
- Improved quality of care
- Improved resident satisfaction

### Higher Quality and Staff Satisfaction

- More time to care for residents
- Greater certainty in their day
- Ready access to the information required to do their job
- Improved outcomes
- Greater resident satisfaction
- Improved staff satisfaction and reduced attrition

### Site Operational & Financial Improvement

- The knowledge that resident needs and preferences are met
- The knowledge that there is greater structure in relation to day to day care delivery - reduces errors, complaints, less stress in case of audit visits from the Department of Health and Ageing
- The knowledge that ACFI revenue is optimized and can be validated
- Greater workforce efficiency - staff is matched to workflows required to optimise resident care

### Sustained Improvements

- Tools to ensure internal capability continues to grow overtime to maintain a high standard of care and ACFI optimisation
Our team can access investors, financiers and the private equity market to meet any of your strategic financial and capital funding needs. We are ideally placed to support you in such processes because:

1. **We understand Aged Care**
   - We understand the current regulatory framework and the current funding mechanisms (i.e. accommodation bonds)

2. **We take a professional approach**
   - Including preparation of financial models, presentations and information memorandums, and advice on term sheet and loan documentation negotiations

3. **We know the market**
   - Through our direct relationships with all relevant banks and non-bank/institutional financiers throughout the Australian and NZ markets, we understand market appetite for transactions and can fully test and deliver a tailored funding structure

4. **We provide independent advice**
   - As independent debt advisors we are not linked to any financiers and are completely product-agnostic, seeking only the most suitable market solution for our clients

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### Sale and Acquisition Support

Our approach to successful delivery (example only)

Our divestment approach involves a private marketing campaign inviting offers from the market that puts interested parties through two evaluation stages:

**Stage 1:** Following the marketing campaign, interested parties put forward firm non-binding offers based on detailed information.

**Stage 2:** Limited parties are invited to undertake confirmatory due diligence and inspections and submit unconditional binding offers.

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<th>III: Submissions/DD</th>
<th>IV: Final Offers</th>
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<td>• Stage 1 – Private EOI</td>
<td>• Evaluate indicative first Stage offers submitted</td>
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<td>• Identify key bidding buyers</td>
<td>• Contact buyers and advise of the opportunity and send CA to contacts:</td>
<td>• Price</td>
<td>• Prepare recommendation of preferred party to negotiate with</td>
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<td>• Prepare marketing material</td>
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<td>• Maintain competitive tension while negotiating terms with preferred buyer</td>
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<td>• Prepare detailed information Memorandum</td>
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<td>• Property details</td>
<td>• Distribute Information Memorandum and Returnable Schedule</td>
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### Our service offerings in the health and aged care market include:

**Real estate valuations**
- Mortgage security valuations
- Financial reporting valuations
- Purchase/sale decision valuations

**Real estate advisory services**
- Market and risk analysis studies
- Cash flow modelling and sensitivity analysis
- Portfolio review and restructuring advice
- Fee certification/benchmarking
- Distressed asset and work out advisory

**Real estate transaction and capital markets services**
- Funding identification studies and advice
- Transaction strategy – acquisitions and divestment
- Real estate due diligence
- Lead transaction management of assets and/or entities

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**Our value proposition**

**Why is Ernst & Young the team for the job?**

**Our ‘A’ team committed to the project**

**Core service**
- No receivership involvement

**No Agent Required**

**EY will ensure probity, confidentiality and due process are adhered to**

**EY ability to structure transactions, including**
- Tax Position
- Discount framework
- GAIC, stamp duty, rates, etc

**EY brand & personnel involved will maximise interest & value**

**Fees & advice minimised. EY experience will leverage on existing structuring knowledge and not rely on other consultants**

**Ability to integrate with our Operations Improvement services to maximise value**

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About Ernst & Young
Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 180,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve potential.

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