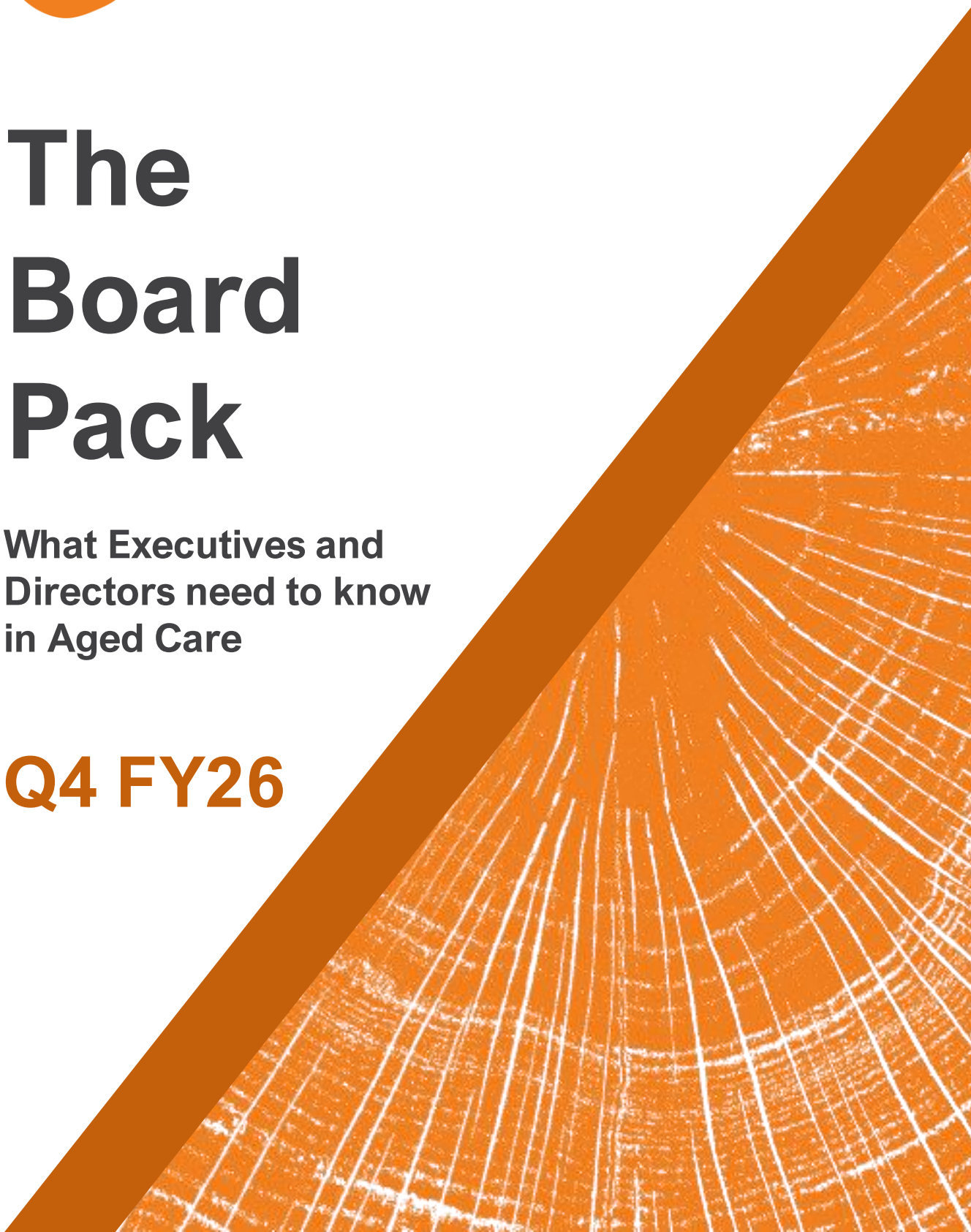
Ansell Strategic

The Board Pack

What Executives and Directors need to know in Aged Care

Q4 FY26



Q4 Highlights

Ansell Strategic

The key shifts this quarter.

The questions to put on your next Board agenda.

SUPPORT AT HOME

Co-contributions are changing consumer behaviour.

We now have evidence on how the Support at Home (SAH) program is changing consumer decision making. This will impact all providers as access constraints, co-contributions and higher prices are pushing clients to change how they use the system to make it work for them.

ASK: Have we noticed a drop in utilisation of specific services? If so, which services are our clients dropping first? And what does that do to our operating model, revenue mix and their risk of decline?

RESIDENTIAL CARE

High demand is colliding with low returns.

Demand and occupancy keep climbing while margins stay under pressure at a time when Australia desperately needs new capacity.

ASK: At today's returns, would we build? If not, what must change before we can grow?

REGULATION & LEGAL

Compliance exposure extends beyond the Commission.

Higher Everyday Living Fees and Care Minutes are under regulatory scrutiny, while class actions and broader Senate scrutiny mean that commercial and operational decisions increasingly carry clinical, legal and reputational consequences.

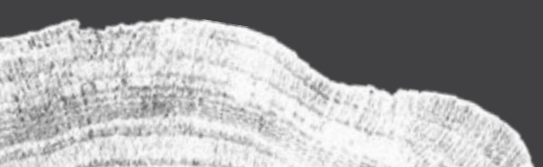
ASK: Have we stress tested our pricing decisions from more than just a financial perspective? What about a clinical, legal and reputational standpoint?

WORKFORCE

Care minute compliance becoming a complex risk decision

Only 63.6% of homes met both total care and RN minute targets in Q3 FY26 despite the introduction of financial penalties. This quarter has seen two large providers facing separate class actions in relation to the allocation of their care minutes.

ASK: Have we reconciled our care minutes inclusions with the requirements? Are we in that 63.6% meeting the minutes and what will it cost us to stay there?



From Implementation to Consequences

This Board Pack edition represents something of a line in the sand. After several years preparing for reform, we can finally start to see how the changes are affecting consumers, providers and the broader aged care system. Uunfortunately, just as understanding these impacts becomes increasingly important, the Government sector performance reports for Q2 have only just been released this week 9 months after the period to which they relate, requiring us to again draw on industry benchmarks to assess emerging performance in this edition.

Some of the consumer responses we anticipated under **Support at Home** are beginning to emerge, particularly in relation to co-contributions. Our analysis suggests that consumers are using their discretion to reduce or avoid services that attract a contribution. Our concern has always been that foregoing relatively inexpensive preventative and independence supports may ultimately contribute to deterioration and the need for more intensive and expensive care. While we continue to advocate for system change, providers cannot afford to wait. Service mix, pricing, workforce and operating models need to adapt to how consumers are actually responding to the new system.

Within **residential aged care**, demand and occupancy continue to increase while operating performance and margins remain under pressure. The sharp market response to the AN-ACC determination last week demonstrates how sensitive investor confidence is to margin compression. At precisely the time Australia needs significant additional capacity, the economics of developing and operating that capacity remain highly challenging.

Providers are also navigating an increasingly complex balance between financial sustainability and compliance. Care minute requirements continue to place pressure on direct care costs, while the implementation of HELF demonstrates the challenges of generating additional revenue within an increasingly scrutinised environment. With class actions and unions joining the Commission in challenging provider practices, Boards need to consider financial and operational decisions through clinical, regulatory, legal and reputational lenses.

These pressures are particularly challenging for smaller providers, especially those juggling multiple service lines. Our M&A team has been very busy supporting organisations considering growth, restructuring and exit. This Board Pack highlights the latest ownership changes, with a more comprehensive analysis to follow in our FY26 Deal Tracker next month.

For those that remain, reform will continue to evolve as policy settings encounter the realities of consumer behaviour, workforce availability and provider economics. I expect proactive providers that adapt early will continue to grow, while more reactive organisations will increasingly look to consolidate or exit. As demand continues to grow against increasingly constrained supply, providers should gain greater pricing influence and the economics of delivering new capacity will ultimately need to find an equilibrium. This helps explain why well-capitalised investors continue to pursue aged care assets despite the current challenges and uncertainty.

Until then, clear strategic direction, operational adaptability and an appetite to pursue opportunities will be paramount.

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Regulation & Reform

TOPIC	SUMMARY	ACTIONS
IHACPA	In Q1FY26 we reported on sector concerns following IHACPA's affirmation that its cost-based National Efficient Price does not include provider margins. Last week, IHACPA released the 2026-27 RAC Pricing Advice, incorporating recent Fair Work wage decisions and estimated non-labour cost escalation, but resulting in a negligible 2.6% increase in the headline AN-ACC price. The outcome reinforces our broader concern with the pricing model; as actual sector costs flow through a mechanism designed to fund the efficient cost of care with no provider margin, financial returns from care will progressively trend towards zero. This becomes particularly challenging where key inputs including care minutes, workforce qualifications and wages are increasingly prescribed, limiting providers' ability to innovate, substitute inputs or generate returns through greater efficiency. We have previously questioned whether a model that both constrains the inputs and removes the reward for outperforming the sector cost base, creates the right incentives for productivity, innovation and sustainable care delivery. It also raises serious questions about the willingness of providers to commit the capital required to expand and renew the sector's ageing asset base.	**Ask:** What strategic actions should we take if future AN-ACC funding increases continue to lag behind actual workforce and operating cost growth?
Spotlight on HELF	Recent media attention has placed a spotlight on the new Higher Everyday Living Fee (HELF) program as a class action is launched against Arcare pertaining to the organisation's Additional Services packages under the previous Act. In July 2026, the Aged Care Quality and Safety Commission (ACQSC) announced that they have launched several investigations against providers who are charging HELF in ways that are inconsistent with the rules outlined in the Aged Care Act. Examples cited in the release included "*removing televisions from vacant rooms with the intention to charge new residents to have a television installed*" and a provider who "*removed basic services and attempted to charge residents to have them reinstated*". The Commission also noted that they are concerned about the use of HELF in relation to meals stating "*many providers are putting in place Higher Everyday Living options and changing what were previously standard offerings*" the Commission reinforced that providers must offer meals that meet the nutritional needs, goals and preferences of residents as a minimum mandatory requirement and not as an additional service. The Commission will be closely monitoring compliance and are prepared to take regulatory action against providers who breach their obligations.	**Consider:** Has your organisation implemented a HELF program? What learnings can you take from recent media attention and regulatory action?

Regulation & Reform

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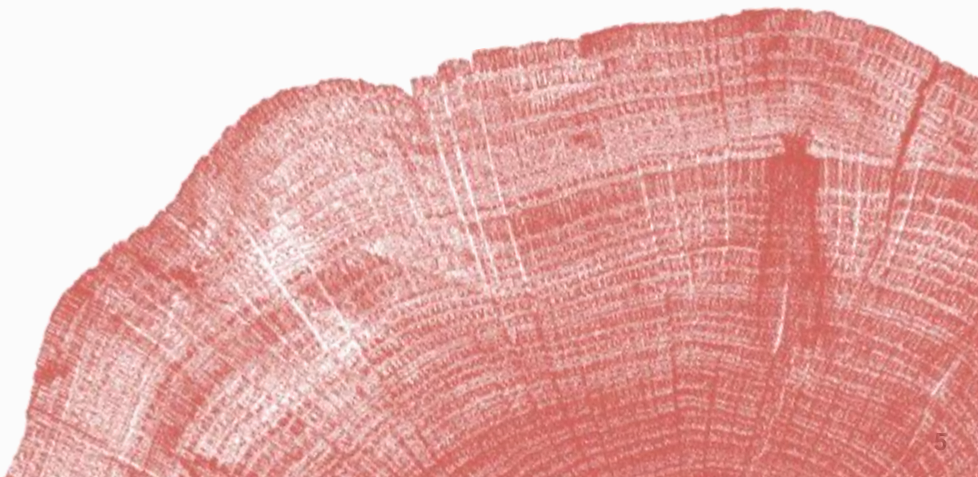
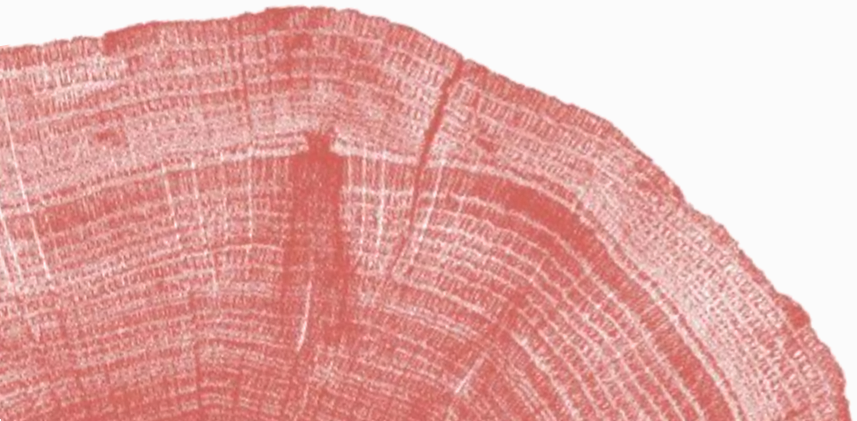
TOPIC	SUMMARY	ACTIONS
SAH Senate Enquiry	The Senate Inquiry into the operations of Support at Home (SAH) continues to hear about the issues which plague the program, including long wait times, interim funding arrangements, co-contributions, decline in package utilisation, and assessment issues. The recent hearing in Melbourne saw various stakeholders from providers, home care clients, Members of Parliament, Advocacy groups and State Governments present submissions. Two key concerns emerging in submissions include issues with access and affordability. The program has been overwhelmed with long wait times for assessments and packages, higher pricing to offset program changes and the implementation of co-contributions. All of these are significantly impacting affordability while hardship supports are reportedly too complex. The submissions touch on the effect of these issues with access delays denying older people the use of preventative support until it is urgent and placing significant pressure on unpaid carers. Furthermore, unaffordability due to higher pricing and co-contributions are resulting in older people delaying or declining critical preventative services (such as domestic assistance and respite) and providers are warning that insufficient prices or caps could cause service withdrawal and reduced choice due to viability concerns. The Department of Health, Disability and Ageing (DOHDA or the Department) has also provided a submission, which largely sidesteps the critiques and concerns which have been brought forward in the nine months since the program's introduction. Later in this pack we have included a discussion piece on some of the key trends we are seeing following the implementation of the SAH program as well as our review of the published financial performance data under the new program. The full list of submissions can be read here. The Senate Inquiry is due to deliver their report by 24 November 2026.	**Consider:** How is the SAH program impacting your business? Are there opportunities for you to help advocate for change?



Regulation & Reform

TOPIC	SUMMARY	ACTIONS
Compliance Star Rating Changes	From 1 November 2025 the ACQSC commenced assessing homes against the Strengthened Quality Standards. With this transition is the implementation of the redesigned rating system for the Compliance Star Rating. The key change means that full conformance with the Strengthened Standards will now result in a 4 Star rating. In order to achieve 5 stars, the home must demonstrate they are **exceeding expectations.** To achieve an exceeding grade, the home firstly must achieve a full conformance quality audit for all Strengthened Standards. Following this, the Commission will undertake a separate process to determine the exceeding grade which requires that the home can demonstrate it is: ✓ Excelling in active partnerships with older people and workers for better outcomes. ✓ Excelling in governance and clinical governance systems. ✓ Excelling in the dining experience.	**Consider:** Has your organisation reviewed the exceeding criteria? Is there evidence that can be collected to demonstrate you home is excelling in these areas?
Commonwealth Home Support Programme (CHSP)	The potential merger of the CHSP and the SAH program has again been delayed following the Department of Health Disability and Ageing (DOHDA or the Department) releasing a statement on 21 August 2026 that the program in its current state will be extended to 30 June 2029. Between now and then, the Department has indicated they will be undertaking consultation for long-term design with a focus on sustainability, fair and equitable contributions, early intervention, and ways to make the path to more complex services more seamless. While the extension to CHSP has been celebrated by some as a win, the system is chronically underfunded and facing mounting pressure with CHSP being used as “interim” support while people wait to access their approved package.	**Consider:** Is your organisation observing rising care needs in CHSP due to unavailability or lack of interest in SAH?



Regulation & Reform

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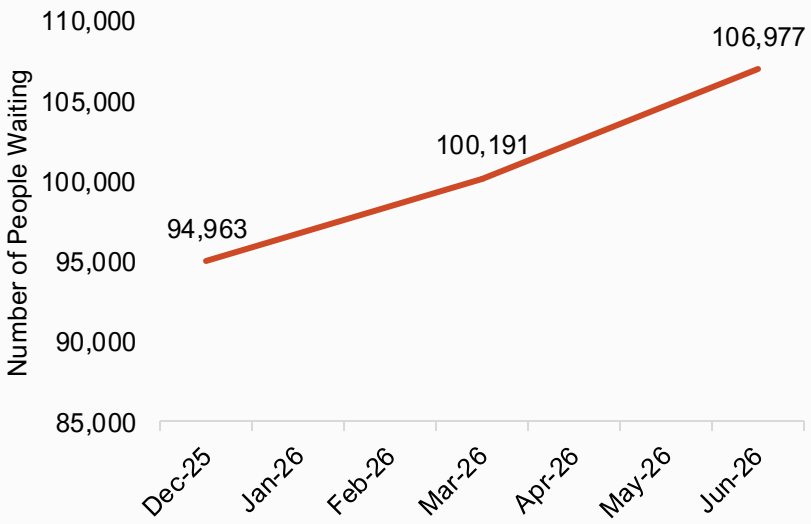
TOPIC	SUMMARY	ACTIONS
Aged Care Act Wait Times Report (Q4 FY26)	The latest *Aged Care Act 2024 Wait Times* Report reinforces provider and consumer reports that access to aged care services continues to be challenging, particularly for individuals seeking SAH. Sustained wait times across the broader system continue to reflect underlying capacity constraints and reinforce the need for additional investment in aged care infrastructure, workforce and service availability. Key findings include: ▪ The National median wait time from initial application through to commencement of aged care services was approximately 9 months, a 15% decrease from the previous quarter. ▪ For residential aged care (RAC) services specifically this increased 10% from the previous quarter to 5 months. SAH continues to experience the greatest delays, with a median and average wait time being approximately 10 months. ▪ The number of seniors waiting for SAH funding at their approved level has continued to increase despite the release of new packages, with ~107,000 people waiting for SAH funding at their approved level (30 June 2026). ▪ This number does not include those who are waiting on an assessment, ~99,000 people as of 31 March 2026 (this includes referrals for all levels of care). **Number of People Waiting for SAH Funding at Their Approved Level**  	**Ask:** Are there opportunities to expand interim service delivery in areas experiencing prolonged wait times?

Regulation & Reform

TOPIC	SUMMARY	ACTIONS
Government Response to the Interim First Nations Aged Care Commissioners Report	Close to a year and a half after its publication in February 2025, the Government has now responded to the Interim First Nations Aged Care Commissioner's report; Transforming Aged Care for Aboriginal and Torres Strait Islander People. The response included reference to the four recommendations included in the report, with the Government detailing: ▪ **Acceptance of Recommendation 1** (publishing the report, which occurred in February 2025). ▪ **Acceptance in principle for Recommendation 2 (**develop a 10-year transformation plan). The Government noted that the release of the Aboriginal and Torres Strait Islander Aged Care Framework 2025-35 provides a foundation for long-term sector transformation. ▪ **Acceptance of Recommendation 3**, to establish a permanent Aboriginal and Torres Strait Islander Aged Care Commissioner with legislation introduced to Parliament in July 2026. ▪ **Noting of urgent and time sensitive recommendations 4.1 to 4.26.** The Government reported on several actions that are currently underway and how these link to some (not all) of the urgent recommendations. These actions included issues such as improving the delivery of culturally safe aged care through training, as well as the launching the *Designing Culturally Safe Aged Care Homes for Aboriginal and Torres Strait Islander People* resource that we reported on in our previous Board Pack. There was an acknowledgement by Government that there is more to be done particularly referencing worker screening arrangements and entry and access requirements.	**Ask:** What opportunities exist to strengthen culturally safe care and improve outcomes for Aboriginal and Torres Strait Islander elders in your service?

Operations – SAH

Decision Making in the New Support at Home Landscape

Nine months into the SAH program, we are beginning to see a clearer picture of its impact on consumer behaviours and provider performance. While questions about the system's suitability and sustainability rightfully continue, older people can't delay support while policy catches up. Instead, **your clients are changing how they use the system to make it work for them**.

From full Pensioners to self-funded retirees, seniors are being asked to contribute 17.5% to 80% of everyday living service costs and 5% to 50% of independence costs. For most Australian seniors who rely on a Pension, this can present a major financial decision between essential living costs and access to support services.

In response, clients are using less of their package funds. StewartBrown reported an almost 10% decline in package utilisation from Mar-25 to Mar-26, with the **sharpest decrease in services which require co-contributions**. As former Inspector General of Aged Care Natalie Siegel-Brown pointed out in her latest address to the National Press Club, foregoing these services which help to prolong independence may increase seniors' risk of deterioration, and result in premature access to higher level care such as RAC.

In response to capped management fees, the cost of services offered through SAH has risen by an average of 38%. For self-funded retirees, it is often more cost effective to pay for private services than pay a co-contribution of up to 80% for non-clinical supports. When lower levels of utilisation and changing service profiles are met with operating models designed for the home care package system, not the new SAH system, **provider margins become seriously compromised**.

Co-contributions are also seeing older people get creative with the way that they use their packages. We have seen a rise in discussions around self management, which may allow seniors greater control over service pricing. Others are using their package to access clinical services which also support lower-level independence and daily living needs.

An example from HammondCare's submission to the SAH Senate enquiry described a client who has reclassified their services from shopping assistance (everyday living) to accompanied activities (independence) to reduce their contribution rate. However, clients' ability to exercise choice in their service mix relies on approval for a range of service types in their support plan, which feedback suggests has been restricted under SAH.

These changes in consumer behaviours are contributing to declining viability and sustainability for home care providers, which has been explored in the finance section of this Board Pack. Acknowledging that many of these issues are systemic and will take significant reform to address, we must focus on the things that we can control. **While we continue to advocate for change, our clients are already making changes to help SAH work for their individual circumstances.**

To quickly adapt and to meet them where they are, we recommend considering:

- **Staffing:** Does your staffing model have flexibility to adapt to changing utilisation trends?
- **Services:** Do your services align with the growing trend towards clinical and independence services? Is there any room for funded services which serve more than one client need?
- **Pricing:** Does your service pricing reflect the true cost of delivery? How does it compare with competitor and market rates?
- **Clients:** Are there opportunities to better understand, educate and mould your services to your target client demographic?

Funding & Finance

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Residential Aged Care

StewartBrown's March 2026 survey shows a YTD operating EBITDA of $13.94 per resident per day (prpd) for the first three quarters of FY26, broadly flat on the $13.24 prpd reported at H1 FY26, but well below the $19.79 prpd delivered for the full FY25 year. Once depreciation and finance costs are absorbed, the sector has moved into a clear operating deficit of -$9.16 prpd (–$3,178 PRPA), reversing the $0.91 prpd surplus recorded a year earlier.

The proportion of homes running an operating loss is now the majority (62% in Mar-26 up from 49% at Mar-25). Providers making an EBITDA (cash) loss has also risen to 35% from 27% for the same period.

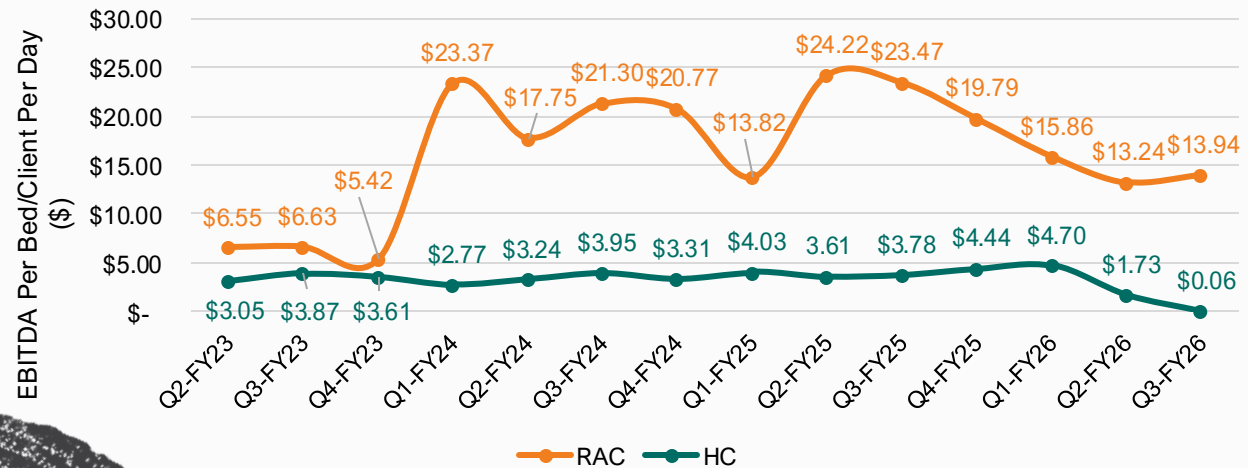
The primary driver of the decline remains direct care labour costs, which rose 11.9% year-on-year to $250.16 prpd as providers who were not yet achieving care minutes targets began to staff toward care minutes requirements. Total direct care expenditure (excluding overhead) increased 11.7% to $288.70 prpd, against direct care revenue growth of only 6.6% ($316.01 prpd).

The Government's Q2 FY26 Quarterly Financial Snapshot was only released in September 2026, some nine months after the period it covers. Given the significant administrative burden placed on providers to furnish this information to the Commonwealth, timely publication of sector performance results would seem a reasonable expectation, particularly as the financial and operational impacts of the new legislation begin to emerge.

As detailed in our previous pack, the AN-ACC base price increase on 1 October 2025, together with the everyday living support from the higher hotelling supplement, has been insufficient to offset cost growth. The direct care margin has fallen sharply to $5.91 prpd (from $18.46 prpd at Mar-25). We expect to see a further drop in the next quarter as the 1 April 2026 changes come into effect for MM1 homes.

In line with national demand pressures, occupancy for mature homes reached 95.2% in March 2026 (up from 94.2% at Mar-25). However, higher occupancy is not translating into financial sustainability, with EBITDA of $4,835 per resident per annum (prpa) remaining well short of the estimated $20,000 to $22,000 prpa the survey identifies as necessary to support reinvestment and new supply.

StewartBrown EBITDA PRPD/PCPD for RAC and Home Care, FY23 – FY26 (YTD)



Funding & Finance

Support at Home / Home Care

The Mar-26 StewartBrown Support at Home survey (89,777 packages, 26% of sector) is the first to capture a full quarter operating solely under Support at Home. The results highlight key issues arising as the consequences of changes under the new Aged Care Act begin to manifest in weakening provider viability.

The StewartBrown March 2026 quarter survey **results are the weakest in-home care result recorded in a decade**. The EBITDA per client day (pcd) for this quarter has fallen to just $0.06 pcd, derived from the reported $23 per client per annum (pcpa) EBITDA; the endpoint of a steep fall from $4.70 pcd only two quarters earlier, to $1.73 in Q2 and now $0.06, effectively breakeven before any allowance for the cost of capital.

The revenue model shift outlined in our last Board Pack has now flowed through in full, and it confirms volume is a fundamental issue. Direct care services revenue has risen and now makes up 85.4% of quarterly revenue against 68.1% for FY25, but that was outweighed by the loss of package management (down $5.90 pcd) and care management (down $3.24 pcd), a net $14.19 pcd fall in the quarter.

Revenue grew 10.3% since FY25 while prices rose around 38%, at the same time, package utilisation has dropped to 62.2% in the quarter from 85.2% in the first half of FY26.

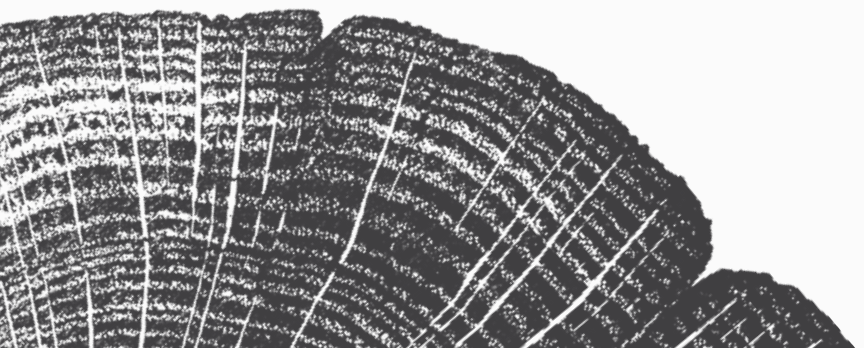
Care manager caseloads climbed to 53 clients from 38 pre-SAH. Fixed overheads are now spread across a lower volume base.

Amidst these financial challenges, we are also hearing reports of home care operators going into liquidation under financial pressure, with one Victorian operator closing overnight in mid-August.

One material development is the reclassification from 1 October 2026 regarding personal care (showering, dressing, continence, personal hygiene) which moves from the Independence category to Clinical Supports, meaning the government fully funds it and participants will pay no co-contribution.

As detailed in the Operations section of this pack, declining utilisation appears to be one of the consequences of the introduction of consumer co-contributions. As consumers are required to be more discerning with their funds and associated co-contributions, many potential clients may choose to leverage the open market for services that carry a co-payment or else forego services altogether. Therefore, any utilisation recovery for SAH providers is likely to come from a shift toward personal and clinical services that carry no co-payment.

While pricing caps remain deferred pending greater confidence in market stability, we recommend SAH providers continue to review pricing to align to the true cost of delivery which may include revision of volume assumptions moving forward.



Funding & Finance

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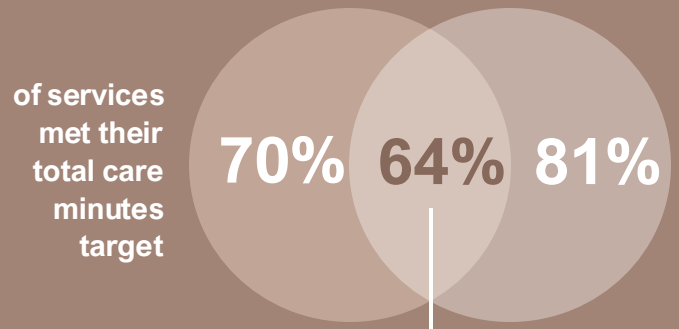
TOPIC	SUMMARY	ACTIONS
Financial Report on the Australian Aged Care Sector 2024-25	The FY25 Financial Report highlights continued structural shifts across RAC and HC, including ongoing industry consolidation, increasing RAC occupancy, subdued capital investment and sustained growth in HC amid a year of sector reform and change. Key themes and implications are summarised below. It's important to note that these results are prior to the commencement of the Aged Care Act. **Residential Aged Care** ▪ **Continued Sector Consolidation:** The number of RAC providers declined from 736 to 707 in FY25. This is also evident in the balance sheet, with goodwill assets increasing to $4.3 billion, reflecting ongoing M&A activity. ▪ **Occupancy:** RAC occupancy increased from 88% to almost 90% reflecting the broader demand increases arising from the ageing population. ▪ **Capital Investment Decreased:** Capital expenditure on new developments, rebuilds and upgrades declined slightly from $4.2 billion in FY24 to around $4.1 billion in FY25. This aligns to the findings that only 800 extra RAC beds were delivered 2024-25. Furthermore, with increased construction costs across the country and subdued financial returns, the decrease in investment is likely more pronounced. ▪ **Length of Stay (LOS) :** The Average LOS for RAC remained stable at 2.8 years. The median length of stay reported for the same period is much shorter at 20.1 months, however this is an increase on the previous year of 18.8 months. ▪ **Refundable Accommodation Deposit (RAD) Pool Continues to Grow:** The RAD pool increased from $42.2 billion to approximately $48 billion. Consumer preference for RAD payments also increased, rising from 40% to 42%, while preference for Daily Accommodation Payments (DAPs) declined from 40% to 38%. This aligns with the increase in the maximum room price limit without special regulatory approval to $750,000 resulting in higher average RADs combined with more people choosing to pay RADs. The preference for RADs rather than DAPs is likely because of the strong property market supporting people to more readily sell their home to fund a RAD, as well as the high MPIR which discourages people paying a DAP. **Home Care** ▪ **Providers Numbers Increase:** The number of HC providers increased from 909 to 923 in FY25. According to KPMG's Aged Care Market Analysis 2026, much of this growth has been driven by established aged care organisations expanding their service offerings to include home care rather than entirely new market entrants. ▪ **Improving Financial Performance**: Average EBITDA prpd increased from $4.88 to $5.19, with the top quartile reaching $16.81 prpd. Note, these results are prior to the SAH transition.	**Ask:** How is your organisation positioned to respond to ongoing sector consolidation and are there opportunities to participate in mergers, acquisitions or strategic partnerships? Is your organisation exploring capital investment opportunities? How is your organisation positioned to meet demand in a constrained supply environment?

Workforce

CARE MINUTE REQUIREMENTS Q3 2026



70% of services met their total care minutes target

81% of services met their RN care minutes target

64% of services met both care minutes targets

3% from Q2

CARE MINUTES Q3 2026

220.98 average total care minutes delivered

0.35 minutes from Q2

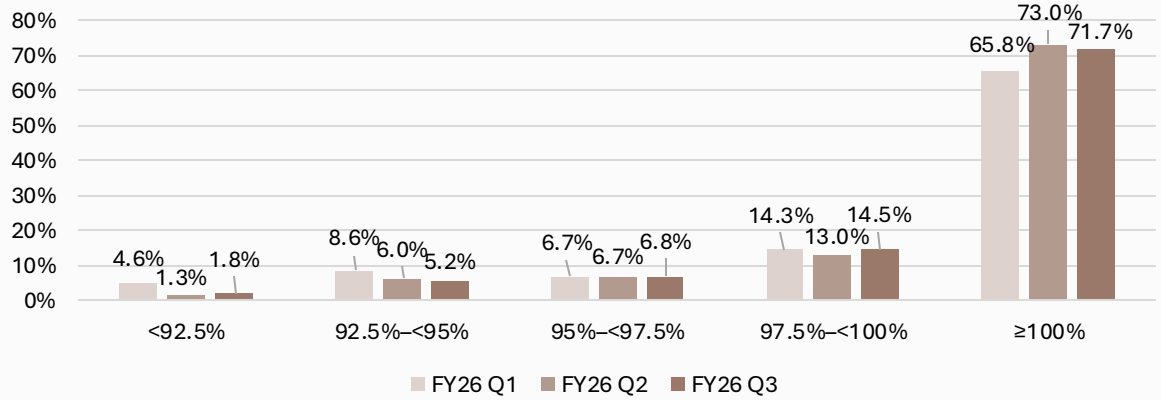
48.01 average RN care minutes delivered

0.53 minutes from Q2

Despite the introduction of financial penalties for MMM1 homes that do not meet care minute targets, overall, **fewer residential aged care homes met the mandatory care minute targets in this quarter relative to the last**. The proportion of homes achieving both the total care and RN minute targets fell from 66.8% in Q2 FY26 to 63.6% in Q3 FY26, marking the first decline in conformance since Q2 FY25.

When considering homes situated in MMM1 areas only, there has been a shift across the past 3 quarters to deliver care minutes closer to 100% of the targets, however, as seen in the graph below, the most recent quarter saw a slight decrease in 100% attainment and the proportion of homes staffing between 97.5% and 100% of the care minutes target has sustained into the second quarter.

Total Care Minutes Target Delivered, MM1 Homes, Quarters 1, 2 and 3 FY26

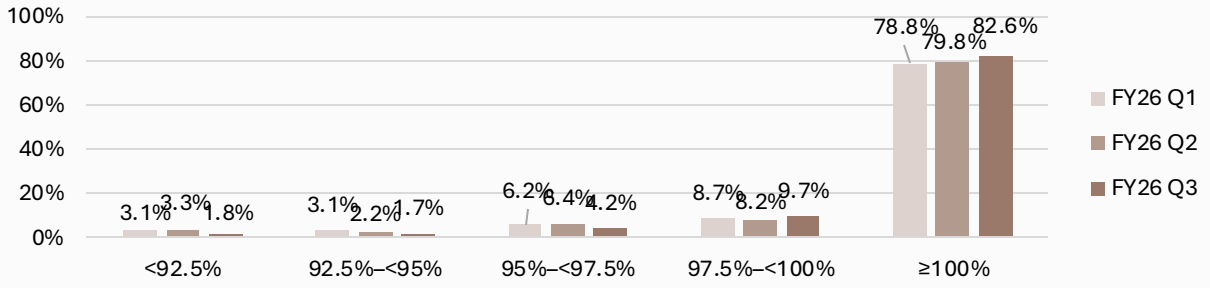


Sources: As reported in the Department's Care Minutes Dashboard for January to March (Q3), Published July 2026
Comparisons note the change from figures published in the previous quarter

Workforce

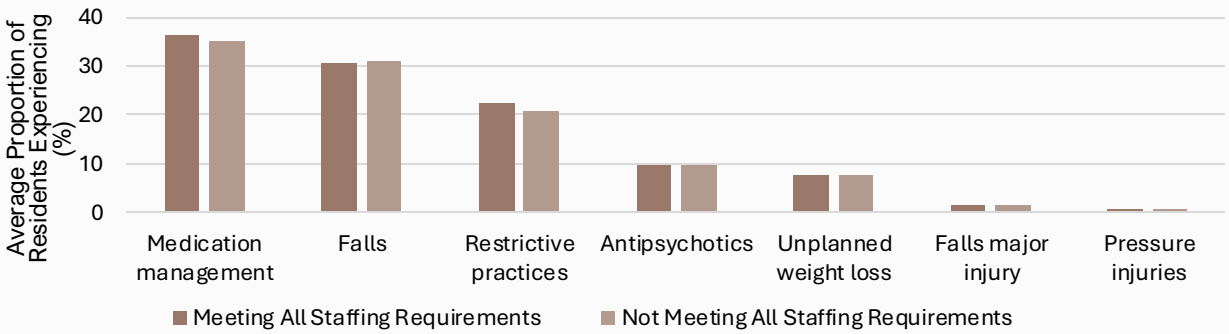
Interestingly, discussions with providers in the sector has found that some organisations are weighing up the cost of a marginal loss in the care minutes supplement when achieving 97.5 – <100% of the target, relative to the cost of staffing, including agency usage (which can impact continuity of care) to achieve 100% of the target. This sentiment appears to be evident in the data.

Total RN Minutes Target Delivered, MM1 Homes, Quarters 1, 2 and 3 FY26



Additionally, preliminary analysis by Ansell Strategic using the most recent publicly available My Aged Care data did not identify a clear association between providers meeting the staffing requirements (including total care minutes, RN care minutes and the 24/7 RN requirement) and better performance across the quality indicators examined. This research is part of an ongoing project testing the cost and benefits of reform initiatives, with more to come on this soon.

Staffing Mandate Compliance Against NQIP Outcomes, Data Extracted from MAC



A key challenge with the new system is the delayed impact of these approaches, as care minutes delivered in Quarter 3 will affect funding for Quarter 1 2027. Overall, the true financial and operational impact of not meeting the care minute targets is still continuing to emerge and as detailed in the financial section of this pack, direct care costs have increased at a rate higher than direct care revenue, compressing the direct care margin from $18.46 to just $5.91 per bed day. These results suggest that the cost of delivering mandated care minutes and absorbing workforce wage increases is increasingly outpacing available funding.

In addition to the financial implications, recent litigation against Bupa and Opal over care minute allocation and classification has exposed providers to scrutiny extending well beyond the Commission.

Consider:

- Has your organisation modelled the impacts of achieving 100% attainment of the care minutes target against the workforce costs required to achieve this?
- Does your organisation have a policy in place to best manage this approach?

Retirement Living

The PwC-Retirement Living Council Retirement Census 2025 was published this quarter shedding light on the retirement living sector as it stands today.

The report reinforced the trend of retirement living increasingly becoming entwined in the aged care services space as operators seek to enhance their value proposition by offering care services into retirement living. The most recent survey found 59% of villages reported offering Support at Home services, 30% reported having a co-located residential aged care service and 20% reported offering non-government funded aged care services. We expect this trend will continue increasing into the future as older people experience delays seeking aged care services, and are seeking to downsize, retirement living accommodation is increasingly becoming a desirable option to access care faster and retain your independence.

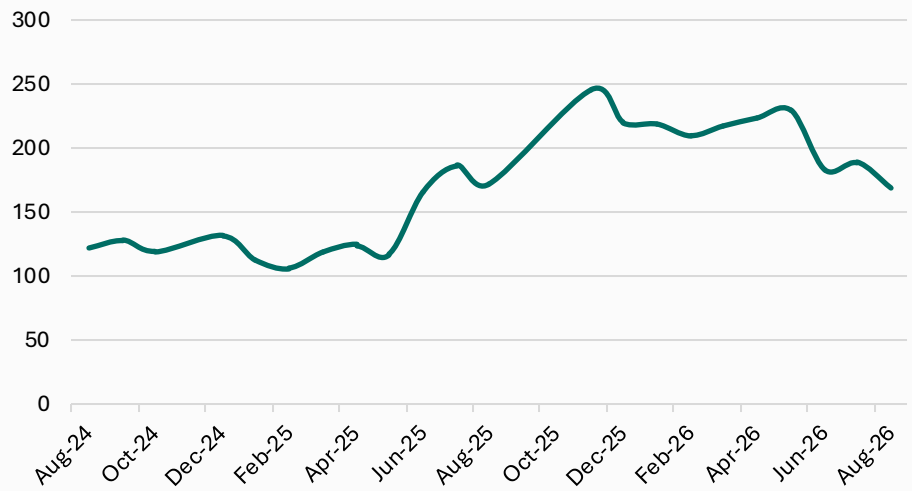
Key other insights detailed in the PwC-RLC Retirement Census Snapshot 2025 include:

- Average independent living unit (ILU) prices increased by 9.2% to $711,000 (from $651,000 in 2024), equivalent to 61% of the median house price nationally, up from 59% in 2024.
- Approximately 27,000 seniors are registered on retirement village waitlists nationally. More than a third of villages (38%) reported having an active waitlist, with 70% of waitlists associated with villages where the average ILU price is below $1 million. This suggests that many individuals are seeking modest units, rather than premium offerings. This is an increasing trend that is particularly important for older women. Oura recent research and modelling for the Property Council explored the Commonwealth Rent Assistance (CRA) settings that are contributing to housing insecurity among older women, in particular, that removing the retirement village CRA cap could support up to 320,000 women to access secure, long-term housing in age-friendly communities.
- The average age of new residents increased from 75 to 76 years, while the average age of existing residents remained stable at 81 years. Average length of stay declined slightly from 9.0 years to 8.8 years.
- Approximately 11,000 new retirement living units are forecast to be delivered between 2026 and 2031. However, only 27% of forecast units currently have confirmed development approvals.
- The average age of retirement villages increased from 29 years to 30 years. South Australia has the oldest average village age at 41 years, followed by Western Australia at 32 years.
- National retirement village vacancy increased from 4% to 6%. Victoria recorded the highest vacancy rate at 9%, while Western Australia and South Australia recorded the lowest vacancy rates at 3%.

Consider

- How does your portfolio compare against emerging industry benchmarks for pricing, occupancy, resident demographics and demand?
- Is your village portfolio positioned to meet increasing consumer expectations for ageing in place and integrated care services?
- What opportunities exist to strengthen future growth through redevelopment, expansion, asset renewal or new service models?

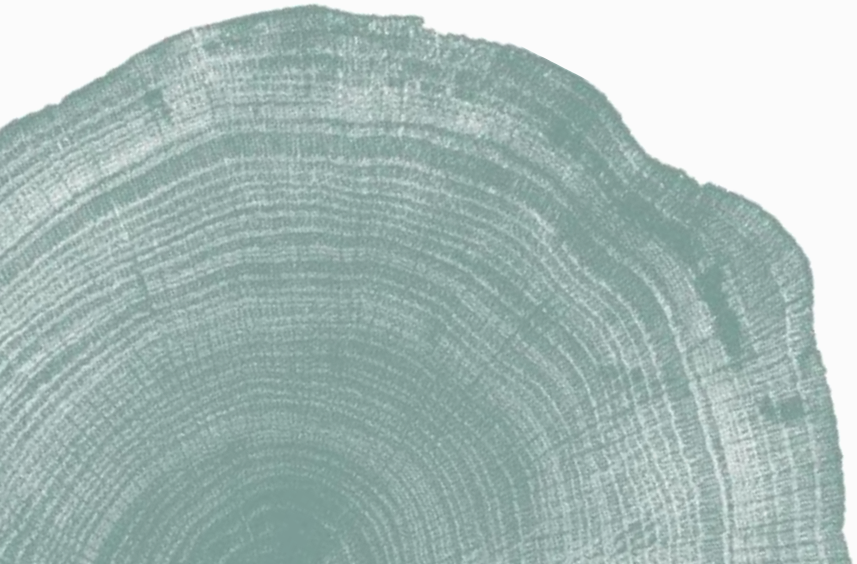
Mergers & Acquisitions

TOPIC	SUMMARY
NOTABLE TRANSACTIONS THIS QUARTER	Completed transactions in the residential aged care sector appeared to slow this past quarter with a reduction in the number of homes recording a transfer of ownership. However, we have noted that in previous months, we saw larger scale transactions occurring, whereas in recent months more smaller and single portfolio transactions are underway spanning RAC, HC and retirement living as operators and providers alike seek to gain scale in an increasingly challenging market environment. The number of deals is actually increasing, and we explore this in the FY26 Deal Tracker to be released next month. **Number of RAC Homes with a Transfer of Ownership Status on MyAgedCare[1]**  Notable recent transactions this past quarter include: ▪ **HammondCare** will acquire **Anglicare Sydney's home care business**, comprising approximately 1,800 Support at Home clients and 1,400 CHSP clients across Greater Sydney and the Illawarra. Completion is targeted for November 2026. ▪ **Respect** has acquired **McLean Care's 6 RAC homes** across NSW and QLD. McClean Care first announced that it was seeking a buyer in February. The transaction marks Respect's second biggest acquisition. ▪ **Roshana Aged Care** acquired **Bolton Clarke's Bolton Point community** in NSW, adding 89 RAC beds and 54 retirement living units to its portfolio.

[1] *Data sourced from MyAgedCare and may not reliably include all transactions. Reporting periods may vary from actual announcement and completion dates. Data represents total homes labelled as transfers for up to 12 months after the transaction occurs, not just transfers occurring in the latest month.*

Mergers & Acquisitions

TOPIC	SUMMARY
NOTABLE TRANSACTIONS THIS QUARTER	▪ **Calvary Health Care** acquired one of the largest Not-for-Profit aged care provider in Tasmania, **Southern Cross Care Tasmania. The acquisition will see** Calvary Health care gaining eight RAC facilities (635 beds), 13 retirement villages (682 units), and more than 300 SAH packages through the transaction. ▪ **Alino Living** has announced the transition of the group's co-located Adelene Village and Rumbalara House, to **Respect.** ▪ **Brightwater Care Group** acquired **Attadale Rehabilitation Hospital from Ramsay Health Care** and plan to convert it into a 39-bed RAC home, due to open early 2027. ▪ **Estia Health** has acquired **6 AnglicareSA RAC homes** comprising of 579 beds, increasing its national portfolio to 102 homes. ▪ **Aware Super** will acquire **Lendlease's remaining 25.1% interest in Keyton** for $525 million, increasing its ownership to 75% subject to regulatory approval, with completion set for 1H FY27. ▪ **Mercer Investments** has acquired **Mitsubishi Estate Asia's 49.9% interest in the Stockland Halcyon portfolio**, covering six land lease communities valued at approximately $500 million. ▪ **Teman Communities** has acquired the 89-unit **Jenny MacLeod Retirement Village in Wallsend**, expanding its retirement living presence in Newcastle. ▪ **Vision Lifestyle Projects** has acquired **Australian Unity's** 79-unit **Greglea Retirement Community** in Penshurst, NSW. ▪ **Life Without Barriers** (home care, disability services and foster care) has acquired **Mallacoota District Health & Support Service in Victoria** (including home care services) following ACCC approval. The transaction is reported to be valued at more than $200 million.



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