



ALLAMBIE HEIGHTS
Village Ltd.

Retirement Villages & Residential Aged Care Facility

Report of the Chief Executive Officer Annual General Meeting, 24 October 2018

Growth, development, high occupancy rates, quality care, quality accommodation, strong financial performance, respected reputation and increasing our State and National profile. These are just some of the hallmarks of an effective Company that represent the past year 2017-2018.

At the centre of all of this has been our residents. I thank all of you for choosing to live in our growing communities. There will come a time soon when we will no longer be 'The Best Kept Secret on the Northern Beaches'. I appreciate all that our residents bring to us and I am most proud that our residents are from 27 nations of the world. When we add the nationalities of our staff, both our residents and staff represent 33 nations of the world. What a remarkable journey we have made as a Company from our humble beginnings in 1966 consisting then of an almost single ethnic identity. We now represent the very best of diversity and multi-culturalism, multi-ethnicity and multi-denominations.

'Our Residents and Staff represent 33 Nations of the World'

Occupancy and Growth

I am delighted to report that Allambie Heights Village, Retirement Village is 100% full, Allambie Heights Village Residential Aged Care Facility is averaging 96% occupancy with targets of achieving 98-100% occupancy on a consistent basis and William Charlton Village, Retirement Village is at 96%, soon to be 100% following a program of renovation of many apartments.

As a Company, we are acutely aware of the need to grow to meet customer demand. Our acquisition of the William Charlton Village site in late 2016 was to achieve our strategy for such growth. In this regard, we have presented our Development Application for 24 premium apartments and amenities that will be the talk of the Northern Beaches and beyond once built. We aim with Development Consent achieved in 2019 to complete a building project by 2020, a 15 month building program. Our vision of how we believe people will wish to live over the next 30 years will be embedded in this Village, its presentation, its design, its smart technological capability, its environment sustainability, its beautiful location with views of the Pacific Ocean, Manly Dam Reserve, the City and Bondi Junction.

Our renovation work on William Charlton Village buildings, facades and gardens, a separate project to be completed by early 2019 will provide a marketing and promotional presence on the Allambie Road for our entire Company.

We continue to maintain the presentation of our Allambie Heights Village, Retirement Village and Residential Aged Care Facility and gardens to high standards. Our many visitors comment positively about how well our accommodation and surrounds look and more importantly about the great atmosphere which is a people-driven quality.

We look forward to an exciting and busy year ahead.

Getting it Right

Our consistently high occupancy rates reflect the quality of care and quality accommodation that is our Company brand.

‘Quality Care and Quality Accommodation’

These are driven by our great team of staff and management supported by our Board of Directors and Company Members. To all of you, thank you is insufficient wording to represent my heartfelt appreciation. It is an honour to be part of this great Company. Let us always aim for high standards and strive to be better.

During the year, we introduced some new staff to our team. This has involved important investment in human resources, our most valuable asset to service and care for our most valuable residents. We have increased staffing levels and hours in our Residential Aged Care Facility, increased nursing hours and extended our recreational activity program over 7 days until 9.00pm. Our staff come from 14 nations of the world.

‘Our Staff Come from 14 Nations of the World.’

Our food remains outstanding. Our nursing and care staff, housekeeping, maintenance, front of office, accounting and management teams are all functioning at high levels of performance supported in their work with general and specific training.

We have invested significantly in information and smart technology during the year to improve time and workload efficiencies so that we benefit our residents. This has involved new engagement with Telstra Health’s iCare Version 7 (software that we use for reporting on resident care); Telstra Medication Management which is linked directly to our off-site Pharmacist; Telstra Resident Manager which will streamline reception enquiries and communication and PainChek to enhance our diagnosis, prognosis and treatment of residents who have difficulties communicating such as people with dementia and who may be experiencing pain. We have increased our physiotherapy hours considerably.

‘Let Us Always Aim for High Standards and Strive to be Better’

We are a responsive, resident-focussed Company with major points of difference to our competitors and many valuable offerings. We continue to offer affordable accommodation options to our increasing number of residents.

Strong Financial Performance

I am very pleased to report a record financial performance for 2017-2018, the best in the history of the Company.

We are reporting an EBITDA of \$2,488,645 with a Net Profit of \$ 2,247,478 and Equity of over \$13.8 million.

Remember, my staff team all contribute to our performance. The money that we receive from our residents is protected under the responsible and skilled governance by our Board Directors, management and also by our wealth advisors.

We work hard to make our money and we want that money to work hard for us. We have never defaulted on any refund to a resident or their estate, we are highly regulated and transparent in our reporting and this should be reassuring to all parties.

Our high occupancy levels have resulted in increased operational revenue during the year and our attention to cost controls have been important drivers for our financial performance.

Our investment portfolios have also performed very well achieving approximately 13.3% and 13.2% respectively.

Compared with last year's results, this year:

- Total Equity increased by almost 24% (24.10%);
- Resident Revenue increased by 5% (5.14%);
- Net Profit increased by 34% (34.492%);
- Investment Income increased by 48% (48.30%).

We forecast improved operational revenue uplifts for the next financial year as we maximise occupancy levels. We project a decline in investment portfolio revenue and capital growth reflecting a projected downturn in global equity markets.

Our cash reserves, our strong and consistent financial performance, our assets, plant and equipment valuation and our management fundamentals make us attractive to the banks who are supportive of our capital development plans. We are well placed as a Company in our ability to discuss best terms and conditions for debt to fund some of our plans and its repayment while continuing to protect residents' funds.

I thank the Board Directors, my finance team and my entire staff team for your individual contribution to our financial performance this year.

‘EBITDA of \$2,448,645, Net Profit of \$2,247,478? and Equity of over \$13.8 Million’

Increasing Our State and National Profile

It was a pleasure to offer to our Company Members, residents, relatives, staff, volunteers and corporate partners, opportunities to come together during the year. We have never been as busy.

Our ‘Lecture on Dementia’ turned our community hall at Allambie Heights Village into a film studio and the quality of the edited videos are on our website for all to visit and see.

Our ‘Audience with The Honourable Brad Hazzard, MP for Wakehurst, Minister for Health and Minister for Medical Research’ was a delightful, entertaining and factual question and answer engagement enjoyed by all.

We partnered with the Macular Disease Federation of Australia by offering advice on their training video and staff training resource material which has been circulated to residential aged care facilities and to every staff member potentially across Australia who work with older persons. While our profile is enhanced nationally and professionally, we are proud of the contribution we are making to many more older persons in addition to the residents to whom we offer our care.

I met with Mayor Michael Regan, Northern Beaches Council and his Acting Chief Executive Officer and presented our Company as a responsible builder and creator of affordable accommodation options.

As a slight departure from our normal reporting on a financial year that has been, I have been encouraged by many to report on some excellent good news stories of recent months.

Channel 9 News featured our Company and our investment in innovative and therapeutic responses to our residents who can’t communicate when experiencing pain using PainChek software. We are one of the first Companies in Australia to use PainCheck. It was a really great news story which went national and promoted our staff and our Company. It was a great news story too for our wider aged care industry which endured some unbalanced and unrepresentative media reporting during the year.

I was interviewed by our Industry’s leading national magazine Aged Care Insight similarly about PainChek and was featured in their online podcast and magazine.

Westpac Bank interviewed me with the intention of featuring us as its innovative Australian Company in Aged Care in its forthcoming magazine publication which will go national across Australia. In the interview, I spoke about progressive trends in Aged

Care and my views and plans to create emerging care models. I spoke about how we will use information and artificial technologies in our future buildings and services, about our workforce challenges and some creative solutions. I spoke about how as providers of care and accommodation in retirement villages and residential aged care facilities, we need to crown our customers as our Kings and Queens. Our residents are our sole business and they are the only reason that we have our businesses. I spoke about my grave concern for the increasing numbers of people with dementia and those in frail conditions presenting to our services and the absence of responsible Government planning or funding. And I spoke about our exciting plans to create innovative buildings, environments and communities of the future.

I spoke about the balance of responsibilities that need to be affirmed in what I call in relation to our residential aged care facilities the Public, Private, Consumer Partnership.

There needs to be greater levels of respect between these three entities and when it comes to funding as Providers, we need to see a great deal more partnership, understanding, respect and planning from the Public by way of Government and public servants. We need to see great efficiencies from them.

The Consumer component of this partnership is going to become an increasingly important player and we all as consumers of care services need to face up to this. We have spent many years and are the envy of the World in having created a great superannuation system to fund our retirement needs. The new and absent area in our planning is our need to grasp the nettle now and start to plan for that next stage, when we will require care services and alternative care accommodation options. It is unfair to expect the tax payer to have to fund this when we have immense wealth invested in our current homes and dwellings. The general public and Governments need to face this reality and start to plan for it. That's real partnership, real accountability and taking responsibility for our own lives and destiny in our final years.

In relation to the recent announcement to hold a Royal Commission into Aged Care. Well, I don't believe that we needed this. It will be costly as Royal Commissions are which takes much needed funds away from our Industry which has seen successive Federal Governments withdraw \$3 billion from the residential aged care system over the last 5 years.

We are already over regulated and over governed which is taking valuable time away from our vulnerable residents, eroding energy, careers and businesses. We are one of the most regulated industries in Australia as I have reported many times before.

We are seeing record churn as staff, registered nurses, chief executive officers and Providers are leaving the industry. In the past 12 months, our Company alone and mostly our residential aged care facility was the subject of 24 regulating audit and reporting processes from Federal, State, Council Departments and independent auditors. It's time to turn the mirrors on those who seek to govern and to hold them to account. They make a lot of money from passing judgement and they cost us a lot of money. If they did their jobs correctly, there would not have been an argument for a Royal Commission.

But it is here and I welcome it. It will be a significant event for our Industry. It is a great opportunity to make the system better for the growing number of older Australians of which there are over 240,000 in permanent residential aged care and over 100,000 receiving home care packages. In addition, we have well over 360,000 people working in our Aged Care Industry. We will make sure that as Providers and as Operators, our arguments are heard for a better system and for a fairer system for all.

We will maintain our presence in promoting among political representatives the need for a fair and responsible focus of resources, reduction in bureaucratic red-tape and opportunities to collaborate to find solutions regarding our Industries, our communities, our staff workforce challenges and all of our people. And I encourage others to do so to.

It has been an amazing year for our Company and I thank our residents, relatives, corporate partners, contractors, volunteers, Members and Directors for all that you offer to our great Company.

To my staff team, all of you, heartfelt thanks. You make us better and I look forward to being part of what we do together in the protection of our residents and our Company resources, to exploring the future and imagining what we can do to enhance lives and build caring and wonderful communities and workplaces.

In the words of the fastest human ever, Usain Bolt, 'Anything is possible, don't think limits'

'Anything is Possible, Don't Think Limits'

Ciarán Foley
Chief Executive Officer.