



OCEANIA
HEALTHCARE

ANNUAL MEETING - CHAIR'S ADDRESS 24 SEPTEMBER 2020

2020 has certainly been an extraordinary year. Our priority over the last six months has been on protecting and keeping our residents and staff safe from the heightened risk of the COVID-19 pandemic. We recognise that our residents are some of the most vulnerable members of our community and we therefore put appropriate measures in place early on in order to keep COVID-19 out of our aged care centres and retirement villages. I am very proud of the achievements of our staff during this trying time and the Board thanks them for their outstanding efforts. Although we have successfully managed the risks associated with COVID-19 to date, the global pandemic will be with us for some time and we must therefore continue to be vigilant and maintain our robust safety standards across all of our aged care centres and retirement villages.

Given that the Government lockdown interrupted some of our business activities in the final quarter of the financial year, the Audited Underlying EBITDA from continuing operations of \$63.5m for the year ended 31 May 2020 was in line with the prior corresponding period. This was nonetheless a pleasing result considering the inability to complete retirement village unit sales due to the Government lockdown, which coincided with our usual peak sales season, and also given the increased costs that were incurred in our aged care centres in response to the COVID-19 threat. In effect, we reported revenue for a period of less than a full year but with more than a full year's worth of expenses.

Earl will take you through more detail of the financial result for the year ending 31 May 2020 shortly and also how we managed the COVID-19 risk in our business.

I would now like to provide an update on the execution of our strategy at Oceania Healthcare. At the time of our IPO in 2017, we announced to the market that we intended to use the proceeds raised in the IPO to reduce debt and provide financial flexibility to pursue future development projects.

Just over three years on and we are well underway with the execution of this strategy. In doing so, we are enhancing returns in our aged care business through the completion and sale of our care suites as well as constructing new high quality independent living units that meet the demands of the local markets in which our sites are located.

Since our IPO in May 2017, we have completed 668 new independent living units and care suites. This has included the opening of four new premium aged care centres at Meadowbank and The Sands (both in Auckland), The BayView (in Tauranga), Awatere (in Hamilton) and Green Gables (in Nelson). We have also delivered new apartment developments at Meadowbank, The Sands and Green Gables and new villas at Gracelands (in Hastings), Elderslea (in Upper Hutt), Woodlands (in Motueka) and Whitianga (in the Coromandel). Together, these developments added significant incremental value to the company.

Despite the challenges of COVID-19, we are continuing with the execution of our development pipeline and during FY2020 obtained resource consent to develop 229 independent living apartments and 100 care suites at our Elmwood village in The Gardens, Manurewa, Auckland. This redevelopment will build upon Elmwood's strong reputation for delivering the highest quality care to its residents.

Earl will provide a further update on our other development activity shortly.

As we noted in our Annual Report, we have made good progress on our integrated reporting journey during the year. Immediately prior to lockdown, management conducted a deep dive into what matters the most in our business to our key stakeholders – our residents and their families, our staff, our local communities, our suppliers, industry bodies and the Government. The results of this were then used to form our materiality matrix that we set out in the Annual Report.

We also measured our carbon footprint for the first time and are now putting emissions reduction programmes in place across the business. To do this, we will be measuring our success against the

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base year emissions calculated for the 2019 financial year. We completed a waste audit of one of our aged care centres to better understand the composition of our waste and to identify opportunities for waste diversion from landfill. The key finding from the audit was that a significant portion of the waste could be diverted from landfill, with most of this diverted waste able to be composted. The outcomes from the audit will be used to form waste reduction programmes at all sites going forward. And finally, we are starting to look at energy usage at a site level and are exploring opportunities to reduce consumption.

There has been a significant change in Oceania Healthcare's shareholding since last year's annual meeting. On 3 February 2020, Oceania Healthcare Holdings Limited sold its entire 40.94% stake in Oceania Healthcare. This sale marked the end of the involvement of the Macquarie Infrastructure and Real Assets division of Macquarie Group Limited with Oceania Healthcare which started in 2005. Following the sale, Hugh FitzSimons resigned as a Director of Oceania Healthcare. Hugh had been a Director since 2012 and made a significant contribution to Oceania Healthcare over his term, including being heavily involved in Oceania Healthcare's transition to a publicly listed company. The Board would like to thank Hugh for his service over many years.

Patrick McCawe has remained as an independent Director of Oceania Healthcare. Patrick brings a range of key skills to the Board, including broad experience with equity and debt markets, capital structuring and investment analysis. The Board decided not to replace Hugh FitzSimons given there were no skill gaps amongst the remaining Directors and to reduce governance costs.

During the year, and before lockdown, our Directors visited many of our sites around the country, either as a Board or individually, meeting with our staff and observing the culture and day-to-day operations at our sites. It is great to see the enthusiasm, energy and passion of our staff and the commitment that they have to providing top quality care to our residents. The Directors also had the pleasure of meeting with some of our village residents at Hutt Gables (in Upper Hutt), The Sands and Eden and discussing their experiences at our villages. We heard how our residents are enjoying living in our villages and we welcomed their feedback which has been incorporated into our continuous improvement processes. We are looking forward to resuming these visits in the coming months, provided it is safe to do so.

We were pleased to declare and pay a final dividend of 1.2 cents per share, which takes full year dividends (non-imputed) to 3.5 cents per share and represents 50% of Underlying Net Profit after Tax. The Dividend Reinvestment Plan for New Zealand and Australian shareholders also applied to this dividend and was well received by many of our shareholders.

As we noted in our Annual Report, we have received approval from the Commissioner of Inland Revenue to change our balance date going forward to 31 March. The reason for this change was to align our balance date with some of our industry peers and also to obtain better coverage from the investment community outside of the usual school holiday season. Looking ahead, we will be releasing our financial results for the six months to 30 November 2020 in late January 2021 and will then report the full year result (to 31 March) in late May 2021.

In closing, I would like to thank our team of talented staff across all of our sites. Without their expertise, enthusiasm and commitment we would not be able to deliver outstanding care and service to our residents and continue to keep them safe during these turbulent times.

I would also like to thank the Board. They bring a wealth of expertise and experience and their input is much appreciated.

Finally, I would like to thank you, our shareholders, for investing in Oceania Healthcare and attending this afternoon. The effects of COVID-19 and the resulting economic conditions will continue to create uncertainty over the medium term in New Zealand. However, with New Zealand's population continuing to age and with it demand increasing for aged care services, we consider Oceania Healthcare will continue to be resilient to economic uncertainty and grow, irrespective of the current global pandemic. We therefore remain fully committed to our brownfields redevelopment strategy, creating a superior portfolio of fully integrated retirement villages and aged care centres around New Zealand and within them delivering the highest levels of quality care and service to our residents.

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