

# PRODUCT DISCLOSURE STATEMENT

OFFER OF 7 YEAR SECURED  
FIXED RATE BONDS



OCEANIA  
HEALTHCARE

Issued by Oceania Healthcare Limited

Date: 25 September 2020

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

Oceania Healthcare Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.



# 1. Key information summary

## What is this?

This is an offer (**Offer**) of secured unsubordinated fixed rate bonds (**Bonds**). The Bonds are debt securities issued by Oceania Healthcare Limited (**Oceania Healthcare**). You give Oceania Healthcare money, and in return Oceania Healthcare promises to pay you interest and repay the money at the end of the term. If Oceania Healthcare runs into financial trouble, you might lose some or all of the money you invested.

## About Oceania Healthcare and its subsidiaries

Oceania Healthcare, together with its subsidiaries, is one of New Zealand's largest developers and operators of aged care centres and retirement villages. At the date of

this product disclosure statement (**PDS**) it has a total of 2,617 care beds and care suites and 1,313 units located at 44 sites in the North and South Islands.

Oceania Healthcare is listed on the NZX Main Board and the ASX. As at close of the Business Day before the date of this PDS, it has a market capitalisation on the NZX of approximately \$654 million.

## Purpose of this Offer

The proceeds of this Offer are expected to be used to repay a portion of Oceania Healthcare's existing bank debt, providing Oceania Healthcare with diversity of funding and tenor and helping facilitate Oceania Healthcare's further growth. See also section 4 of this PDS (*Purpose of the Offer*).

## Key terms of the Offer

<b>Issuer</b>	Oceania Healthcare Limited.
<b>Description of the Bonds</b>	Secured unsubordinated fixed rate bonds.
<b>Term</b>	7 years maturing on 19 October 2027.
<b>Offer amount</b>	Up to \$75 million (with the ability to accept oversubscriptions of up to an additional \$50 million at Oceania Healthcare's discretion).
<b>Interest Rate</b>	<p>The Bonds will pay a fixed rate of interest until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers and announced via NZX on the Opening Date (5 October 2020).</p> <p>The Interest Rate will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers on the Rate Set Date (9 October 2020) and will be the greater of:</p> <ul style="list-style-type: none"><li>- the minimum Interest Rate; and</li><li>- the sum of the Swap Rate on the Rate Set Date and the Issue Margin.</li></ul> <p>The Issue Margin will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. The Interest Rate will be announced via NZX on the Rate Set Date.</p>
<b>Interest payments</b>	Quarterly in arrear in equal payments on 19 January, 19 April, 19 July and 19 October in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 19 January 2021.
<b>Further payments, fees or charges</b>	<p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details.</p> <p>You are not required to pay brokerage or any other fees or charges to Oceania Healthcare to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.</p>
<b>Selling restrictions</b>	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS ( <i>Key features of the Bonds</i> ).
<b>Opening Date</b>	Monday, 5 October 2020.
<b>Closing Date</b>	Friday, 9 October 2020 at 12.00pm.
<b>Issue Date</b>	Monday, 19 October 2020.
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter.

## Who is responsible for repaying you?

Oceania Healthcare as Issuer is responsible for repaying, and paying interest on, the Bonds.

Payments on the Bonds are guaranteed by Oceania Village Company Limited (**Oceania Village**), Oceania Care Company Limited and Oceania Group (NZ) Limited (each a **Guarantor**), under a guarantee (the **Guarantee**) contained in the Global Security Deed described below. At the date of this PDS, no other subsidiaries of Oceania Healthcare are Guarantors.

Subsidiaries of Oceania Healthcare may become (or cease to be) Guarantors from time to time.

While the Guarantee is not subject to any limits, the ability of the Security Trustee to claim directly against Oceania Village under the Guarantee is in some cases limited by agreement with the relevant Statutory Supervisor. More information on the Guarantee can be found in section 5 of this PDS (*Key features of the Bonds*).

## How you can get your money out early

You have no right to require Oceania Healthcare to redeem the Bonds prior to the Maturity Date, except in the case of an Event of Default (as described below).

However Oceania Healthcare may elect (at its discretion) to redeem all, but not some only, of the Bonds on any Interest Payment Date after the third anniversary of the Issue Date by giving not less than 20 Business Days' notice of the redemption date. If the Bonds are redeemed early in this manner, they will be redeemed for the greater of their Principal Amount and their market price (excluding interest), in each case together with accrued interest as at the redemption date.

See section 5 of this PDS (*Key features of the Bonds*) for further details.

Oceania Healthcare intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of Oceania Healthcare and its subsidiaries and movements in the market interest rates. You may receive less than the full amount that you paid for them.

## How Bonds rank for repayment

The Bonds are secured on an equal ranking basis with certain other secured creditors, including Oceania Healthcare's bank lenders and hedge providers, under a security trust deed (the **Security Trust Deed**). On a liquidation of Oceania Healthcare as Issuer, the Bonds will rank:

- below liabilities which are preferred by law and liabilities secured by any limited permitted security interests granted by Oceania Healthcare (such as title retention arrangements entered in the ordinary course of trading on the supplier's usual terms of sale);
- equally with (and will be repaid at the same time and pro rata with) other liabilities secured under the Security Trust Deed, such as those owing to other Bondholders and Oceania Healthcare's bank lenders and hedge providers; and
- ahead of any other unsecured liabilities and shareholders of Oceania Healthcare.

Further important information on the ranking of the Bonds on the liquidation of Oceania Healthcare and its subsidiaries can be found in section 5 of this PDS (*Key features of the Bonds*). In particular, if Oceania Healthcare and its subsidiaries go into liquidation, claims against Oceania Village will generally rank below amounts owing to the relevant Statutory Supervisor and retirement village residents.

## What assets are these Bonds secured against?

The Bonds are secured, under the Security Trust Deed, by the following Security:

- Mortgages over certain Land owned by Oceania Village in favour of the Security Trustee (**Mortgages**), including:
  - Second Registered Mortgages in respect of Land used for the purposes of a Registered Retirement Village (**Retirement Village Land**). The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each such Mortgage, and first ranking mortgages in favour of the relevant Statutory Supervisor are typically also registered ahead of the Security Trustee.
  - First Registered Mortgages over certain Land that is not Retirement Village Land. This includes aged care facility freehold Land and Land held for development.
- General security over all the assets of Oceania Healthcare, Oceania Village and the other Guarantors under a guarantee and global security deed (the **Global Security Deed**). The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of security enforcement against the assets of each Registered Retirement Village operated by Oceania Village (**Retirement Village Assets**).

The Statutory Supervisors hold their security in connection with their appointment under the Deeds of Supervision and the Retirement Villages Act, to protect the interests of residents and intending residents of the Registered Retirement Villages. More information on the Security can be found in section 5 of this PDS (*Key features of the Bonds*).

## Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Oceania Healthcare does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Oceania Healthcare considers that the most significant risk factors are:

- **COVID-19 risks:** As a provider of aged care services, Oceania Healthcare's business could be adversely impacted by an outbreak of COVID-19 within the community, at any of its aged care centres or retirement villages or at any other aged care centre or retirement village not operated by Oceania Healthcare, as such an outbreak could lead residents to either choose not to move into an Oceania Healthcare aged care centre or retirement village, or they may not be permitted to move into an Oceania Healthcare aged care centre or retirement village if the outbreak is severe. This could have a significant negative impact on Oceania Healthcare's earnings. Similarly, Oceania Healthcare's business and profitability could be negatively impacted if Government imposed restrictions prevent or delay Oceania Healthcare from carrying out its development activities or if there is a downturn in the national or regional property markets.
- **Reputational damage or compliance breach:** Oceania Healthcare operates in a highly regulated industry. Failure to comply with applicable regulatory requirements could have consequences including loss of certification from the Ministry of Health in relation to the aged care business, or a suspension or cancellation of retirement village registration. This may in turn restrict Oceania Healthcare's business, lead to reputational harm or brand damage and have a significant impact on Oceania Healthcare's financial performance.
- **Changes in regulation:** Given the highly regulated industry in which it operates, Oceania Healthcare's business and profitability could be negatively impacted by any material change in the current regulatory regimes applying to aged care and retirement villages. Such changes could have an adverse impact on the way Oceania Healthcare provides care to residents or develops and operates its retirement villages, or otherwise increase costs or restrict Oceania Healthcare's ability to generate revenue.

- **Property market risk:** Oceania Healthcare's properties are concentrated in metropolitan areas, with earnings generated through the construction and sale and resale of retirement village units and care suites. Oceania Healthcare's retirement village earnings are therefore affected by prevailing national and regional property market conditions which are outside Oceania Healthcare's control. Any downturn in the property market could impact Oceania Healthcare's ability to sell or resell retirement village units or care suites, as well as the value that can be achieved on any such sale or resale, which could result in a significant negative impact on Oceania Healthcare's earnings.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 of this PDS (*Risks of investing*) and section 5 of this PDS (*Key features of the Bonds*).

## No credit rating

Oceania Healthcare's credit worthiness has not been assessed by an approved rating agency. This means that Oceania Healthcare has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

## Where you can find other market information about Oceania Healthcare

This is a short form offer document that Oceania Healthcare is permitted to use because these Bonds rank in priority to existing quoted financial products of Oceania Healthcare. The existing quoted financial products are ordinary shares in Oceania Healthcare, which are traded on the NZX Main Board. Oceania Healthcare is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Oceania Healthcare's page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at [www.nzx.com/companies/OCA](http://www.nzx.com/companies/OCA).

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# Letter from the Chair

## Dear Investor,

On behalf of Oceania Healthcare's directors, I am pleased to invite you to invest in this offer of secured fixed rate bonds to be issued by Oceania Healthcare Limited.

Oceania Healthcare, together with its subsidiaries, is one of New Zealand's largest residential aged care providers and retirement village operators. As at the date of this PDS, it provides accommodation to approximately 3,600 residents across 44 sites, which are primarily located in metropolitan areas throughout New Zealand.

Oceania Healthcare is an experienced and successful developer of new aged care and retirement village centres with an existing nationwide portfolio that includes substantial development potential at prime urban sites throughout New Zealand. As at the date of this PDS, Oceania Healthcare and its subsidiaries have sufficient land to build 1,764 new residences with 85.7% of those already consented. Oceania Healthcare prides itself on being a recognised industry leader in the provision of aged care to its residents.

Oceania Healthcare is seeking to raise up to \$75 million under the Offer, with an ability to accept up to an additional \$50 million in oversubscriptions. The proceeds will be used to repay a portion of Oceania Healthcare's existing bank debt, providing Oceania Healthcare with diversity of funding and tenor and helping to facilitate Oceania Healthcare's further growth.

There are risks associated with the Bonds that may affect your returns and repayment of your investment. An overview of these risks is set out in this PDS. I encourage you to seek financial, investment or other advice from a qualified professional adviser as you take the time to consider this Offer.

On behalf of Oceania Healthcare's directors, I welcome your participation in the Offer and your support of Oceania Healthcare. For more information on the Bonds, please visit our website:  
[www.oceaniahealthcare.co.nz/investor-centre/bonds](http://www.oceaniahealthcare.co.nz/investor-centre/bonds).

Yours sincerely



**Elizabeth Coutts**

Chair, Oceania Healthcare Limited



## 2. Key dates and offer process

<b>Opening Date</b>	Monday, 5 October 2020 The minimum Interest Rate and indicative Issue Margin will be determined and announced on this date.
<b>Closing Date</b>	Friday, 9 October 2020 at 12.00pm
<b>Rate Set Date</b>	Friday, 9 October 2020
<b>Issue Date and allotment date</b>	Monday, 19 October 2020
<b>Expected date of initial quotation and trading of the Bonds on the NZX Debt Market and earliest expected mailing of holding statements</b>	Tuesday, 20 October 2020
<b>Interest Payment Dates</b>	19 January, 19 April, 19 July and 19 October in each year.
<b>First Interest Payment Date</b>	19 January 2021
<b>Maturity Date</b>	19 October 2027

The timetable is indicative only and subject to change. Oceania Healthcare may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Oceania Healthcare reserves the right to cancel the Offer and the issue of the Bonds, in which case any application monies received will be refunded (without interest) as soon as practicable and in any event within 5 Business Days of the cancellation.

### 3. Terms of the Offer

<b>Issuer</b>	Oceania Healthcare Limited.
<b>Description of the Bonds</b>	Secured unsubordinated fixed rate bonds.
<b>Term</b>	7 years, maturing on 19 October 2027.
<b>Offer amount</b>	Up to \$75 million (with the ability to accept oversubscriptions of up to an additional \$50 million at Oceania Healthcare's discretion).
<b>Issue price</b>	\$1.00 per Bond, being the Principal Amount of each Bond.
<b>Interest Rate</b>	<p>The Bonds will pay a fixed rate of interest until the Maturity Date.</p> <p>The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers and announced via NZX on the Opening Date (5 October 2020).</p> <p>The Interest Rate will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers on the Rate Set Date (9 October 2020) and will be the greater of:</p> <ul style="list-style-type: none"><li>- the minimum Interest Rate; and</li><li>- the sum of the Swap Rate on the Rate Set Date and the Issue Margin.</li></ul> <p>The Issue Margin will be determined by Oceania Healthcare in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. The Interest Rate will be announced via NZX on the Rate Set Date.</p>
<b>Interest Payment Dates</b>	Quarterly in arrear on 19 January, 19 April, 19 July and 19 October in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 19 January 2021.
<b>Interest payments and entitlement</b>	<p>Regular scheduled payments of interest will be of equal quarterly amounts. Any other payment of interest on the Bonds will be calculated based on the number of days in the relevant period and a 365-day year.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.</p>
<b>Opening Date</b>	Monday, 5 October 2020.
<b>Closing Date</b>	Friday, 9 October 2020 at 12.00pm.
<b>Scaling</b>	Oceania Healthcare may scale applications at its discretion, but will not scale any application to below \$5,000 or to an amount that is not a multiple of \$1,000.
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter.
<b>How to apply</b>	<p>Application instructions are set out in section 11 of this PDS (<i>How to apply</i>).</p> <p>Oceania Healthcare reserves the right to refuse all or any part of any application for Bonds under the Offer without giving a reason.</p>
<b>No underwriting</b>	The Offer is not underwritten.



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**Quotation**

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.

NZX ticker code OCA010 has been reserved for the Bonds.

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**Transfer restrictions**

Oceania Healthcare may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

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**Ranking**

The Bonds are secured on an equal ranking basis with certain other secured creditors, including Oceania Healthcare's bank lenders and hedge providers, under the Security Trust Deed. On a liquidation of Oceania Healthcare as Issuer, the Bonds will rank:

- below liabilities which are preferred by law and liabilities secured by any limited permitted security interests granted by Oceania Healthcare (such as title retention arrangements entered in the ordinary course of trading on the supplier's usual terms of sale);
- equally with (and will be repaid at the same time and pro rata with) other liabilities secured under the Security Trust Deed, such as those owing to other Bondholders, Oceania Healthcare's bank lenders and hedge providers; and
- ahead of any other unsecured liabilities and shareholders of Oceania Healthcare.

Further important information on the ranking of the Bonds on the liquidation of Oceania Healthcare and its subsidiaries can be found in section 5 of this PDS (*Key features of the Bonds*). In particular, if Oceania Healthcare and its subsidiaries go into liquidation, claims against Oceania Village will generally rank below amounts owing to retirement village residents.

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**Guarantee and Security**

The Bonds have the benefit of:

- the Guarantee provided by (at the date of this PDS) Oceania Village, Oceania Care Company Limited and Oceania Group (NZ) Limited as Guarantors;
- Mortgages in favour of the Security Trustee, including:
  - Second Registered Mortgages over the Retirement Village Land. The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each such Mortgage; and
  - First Registered Mortgages over certain Land that is not Retirement Village Land. This includes aged care facility freehold Land and Land held for development; and
- the Global Security Deed, in respect of which the Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of security enforcement against Retirement Village Assets.

The Statutory Supervisors hold their security in connection with their appointment under the Deeds of Supervision and the Retirement Villages Act, to protect the interests of residents and intending residents of the Registered Retirement Villages. While the Guarantee is unlimited, the ability of the Security Trustee to claim against Oceania Village under the Guarantee is in some cases limited by agreement with the relevant Statutory Supervisor. More information on the Guarantee and the Security can be found in section 5 of this PDS (*Key features of the Bonds*).

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**Financial covenant  
(Loan to Valuation Ratio)**

Oceania Healthcare agrees to ensure that, on each Semi-annual Test Date, the total principal amount of financial indebtedness secured under the Global Security Deed is not more than 50% of the valuation of all properties owned by Oceania Healthcare and its subsidiaries, as described further in section 5 of this PDS (*Key features of the Bonds*).

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**Early redemption**

You have no right to require Oceania Healthcare to redeem the Bonds prior to the Maturity Date, except in the case of an Event of Default (as described below).

Oceania Healthcare may elect (at its discretion) to redeem all, but not some only, of the Bonds on any Interest Payment Date after the third anniversary of the Issue Date by giving not less than 20 Business Days' notice of the redemption date. If the Bonds are redeemed early in this manner, they will be redeemed for the greater of their Principal Amount and their market price (excluding interest), in each case together with accrued interest as at the redemption date.

See section 5 of this PDS (*Key features of the Bonds*) for further details.

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**Events of Default**

If an Event of Default occurs, and is continuing, the Bond Supervisor may in its discretion, and must in certain circumstances including upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Bonds to be immediately due and payable.

The Events of Default are set out in condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed, a copy of which is contained on the Disclose Register) and are summarised in section 5 of this PDS (*Key features of the Bonds*).

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**Further payments, fees or charges**

Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (*Tax*) for further details.

You are not required to pay brokerage or any other fees or charges to Oceania Healthcare to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.

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**Selling restrictions**

The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS (*Key features of the Bonds*).

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**Governing law**

New Zealand.

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**Bond Supervisor**

Public Trust.

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**Security Trustee**

New Zealand Permanent Trustees Limited.

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**Securities Registrar**

Computershare Investor Services Limited.

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## Documents

The terms of the Bonds, and other terms key to the Offer, are set out in:

- the Trust Deed, as supplemented by the Supplemental Deed;
- the Global Security Deed (including the Guarantee); and
- the Security Trust Deed.

You should read these documents. Copies may be obtained from the Disclose Register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

## 4. Purpose of the Offer

The proceeds of the Offer are expected to be used to repay a portion of Oceania Healthcare's existing bank debt, providing Oceania Healthcare with diversity of funding and tenor and helping facilitate Oceania Healthcare's further growth. This purpose will not change, irrespective of the total amount that is raised.

The Offer is not underwritten.

## 5. Key features of the Bonds

A number of key features of the Bonds are described in section 3 of this PDS (*Terms of the Offer*). The other key features of the Bonds are described below.

### The Bond Supervisor

A Bond Supervisor is appointed to act as supervisor and trustee for the Bondholders on the terms contained in the Trust Deed.

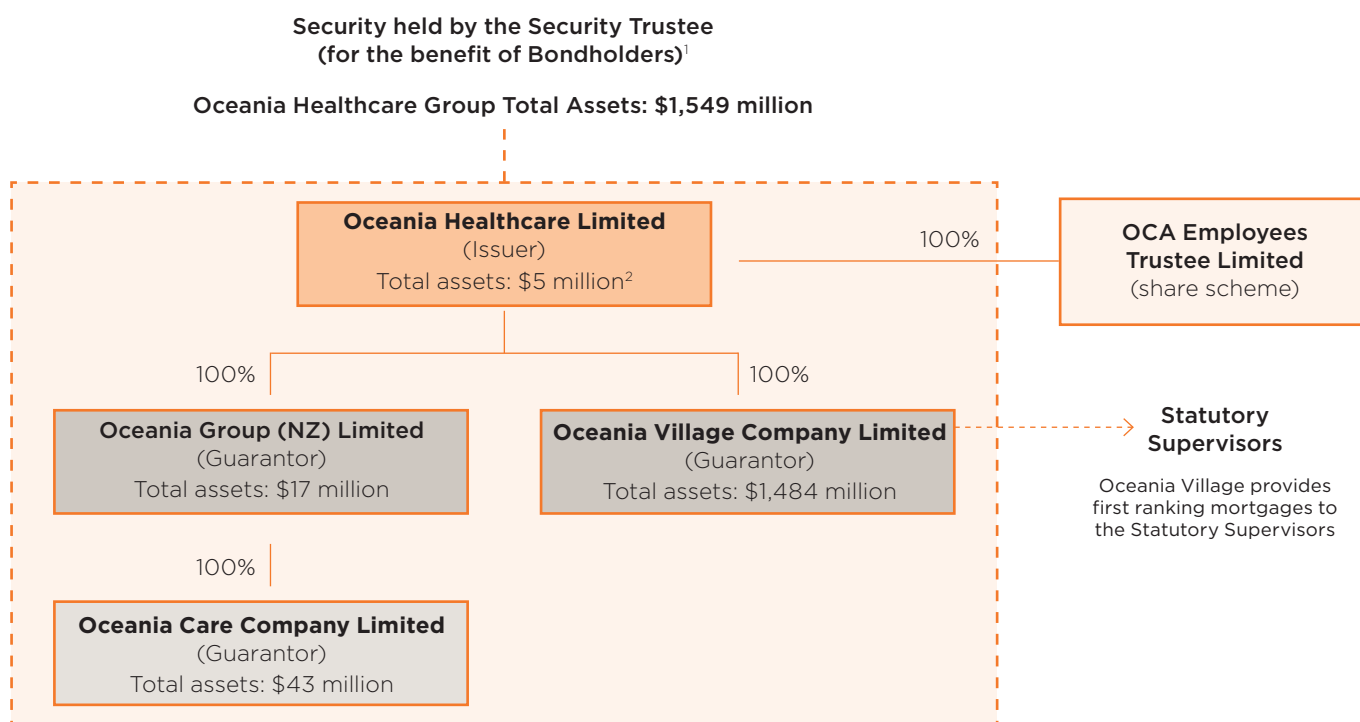
You can only enforce your rights under the Bonds, and under the Guarantee, the Security and other arrangements described below, through the Bond Supervisor. However you can enforce your rights under the Bonds only (but not the Guarantee, Security or other arrangements) against Oceania Healthcare directly if the Bond Supervisor is obliged to enforce but has failed to do so within a reasonable period.

### Ranking and Security

#### The security structure

The below diagram provides a summary of the Security at the date of this PDS. The figures in the diagram below are as at 31 May 2020.

**Figure One: Oceania Healthcare Security Structure**



Oceania Village owns the aged care and retirement village facilities and undertakes the retirement village operations. Oceania Village also typically undertakes the developments. Oceania Care Company Limited undertakes the aged care operations. Oceania Group (NZ) Limited provides corporate head office functions and operates the Wesley Institute of Learning to deliver postgraduate nursing and healthcare assistant training to Oceania Healthcare staff and the wider nursing and healthcare industry.

Further information on the Guarantors can be found under the heading “Guarantees” below.

OCA Employees Trustee Limited is a subsidiary of Oceania Healthcare that holds employee share scheme shares on behalf of participants. It is not a Guarantor and does not provide Security.

#### Notes:

<sup>1</sup> Dotted lines indicate security. Solid orange lines indicate ownership.

<sup>2</sup> Assets of Oceania Healthcare as Issuer are shown excluding amounts attributable to shares held in the Guarantors and other subsidiaries, but including \$3 million in relation to goodwill which arises on consolidation.

## Ranking

The ranking of the Bonds on a liquidation of Oceania Healthcare and its subsidiaries is summarised in the diagram below. The diagram is a summary of indicative amounts only and in the event of a liquidation of Oceania Healthcare and its subsidiaries, the actual priority amounts may differ.

**Figure Two: Diagram showing ranking of Bonds on liquidation of Oceania Healthcare and its subsidiaries**

	Ranking on liquidation	Type of liability/equity	Amount <sup>1,2</sup>
Higher ranking / Earlier priority	Liabilities that rank above the Bonds	Liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) <sup>3</sup>	\$19 million
		Liabilities to the Statutory Supervisors (including amounts owing to Registered Retirement Village residents) <sup>4</sup>	\$535 million
		Secured liabilities (other than liabilities to the Statutory Supervisors and liabilities that have the benefit of the Security) <sup>5</sup>	\$5 million
Lower ranking / Later priority	Liabilities that rank equally with the Bonds <sup>6</sup>	Bonds	\$75 million
		Other unsubordinated liabilities that have the benefit of the Security, including Oceania Healthcare's bank debt and hedging	\$262 million
Lower ranking / Later priority	Liabilities that rank below the Bonds	Unsubordinated and unsecured liabilities <sup>7</sup>	\$24 million
		Subordinated liabilities	Nil
		Equity <sup>8</sup>	Shares, reserves and retained earnings

### Notes:

- Amounts shown above are indicative based on the financial position of Oceania Healthcare and its subsidiaries as at 31 May 2020, adjusted for the issue of the Bonds. They are subject to rounding adjustments.
- An amount of \$34 million in relation to the deferred management fee liability on Oceania Healthcare's balance sheet is excluded from Figure Two above due to its nature as a non-cash liability, arising from differences in the treatment of deferred management fee for contractual and accounting purposes.
- Liabilities that may, depending on the source of payment, rank above the Bonds on liquidation include employee entitlements for unpaid salaries and wages, holiday pay and bonuses, and PAYE, and amounts owing to the Inland Revenue for unpaid taxes and goods and services tax. There are typically other liabilities which are preferred by law or secured, including enforcement costs and similar, which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.
- On liquidation the Statutory Supervisors have first rights to the proceeds of enforcement of the Second Registered Mortgages over Retirement Village Land and security enforcement against the Retirement Village Assets.
- Other secured liabilities include those secured over particular assets under a perfected purchase money security interest, such as finance leases and title retention arrangements. These are shown as ranking above the Bonds for reasons of simplicity, as on liquidation the secured party in relation to a perfected purchase money security interest has first rights to the particular asset or its sale proceeds.
- Assuming \$75 million of Bonds are issued under the Offer. The final size of the Offer will not materially impact this amount as the proceeds of the Offer are expected to be applied towards repaying a portion of bank debt which ranks equally with the Bonds.
- Unsubordinated and unsecured liabilities are shown as ranking below the Bonds because, although they are not legally subordinated to the Bonds (or other secured debt), they do not have the benefit of the Security. In effect the Bonds (and other secured debt, including bank debt) would have priority over unsubordinated and unsecured liabilities if the Security was enforced, to the extent of the Security proceeds the Security Trustee is entitled to.
- The amount of equity stated above includes an amount in relation to Oceania Healthcare's existing quoted equity securities (i.e. Oceania Healthcare's ordinary shares).

## The Security

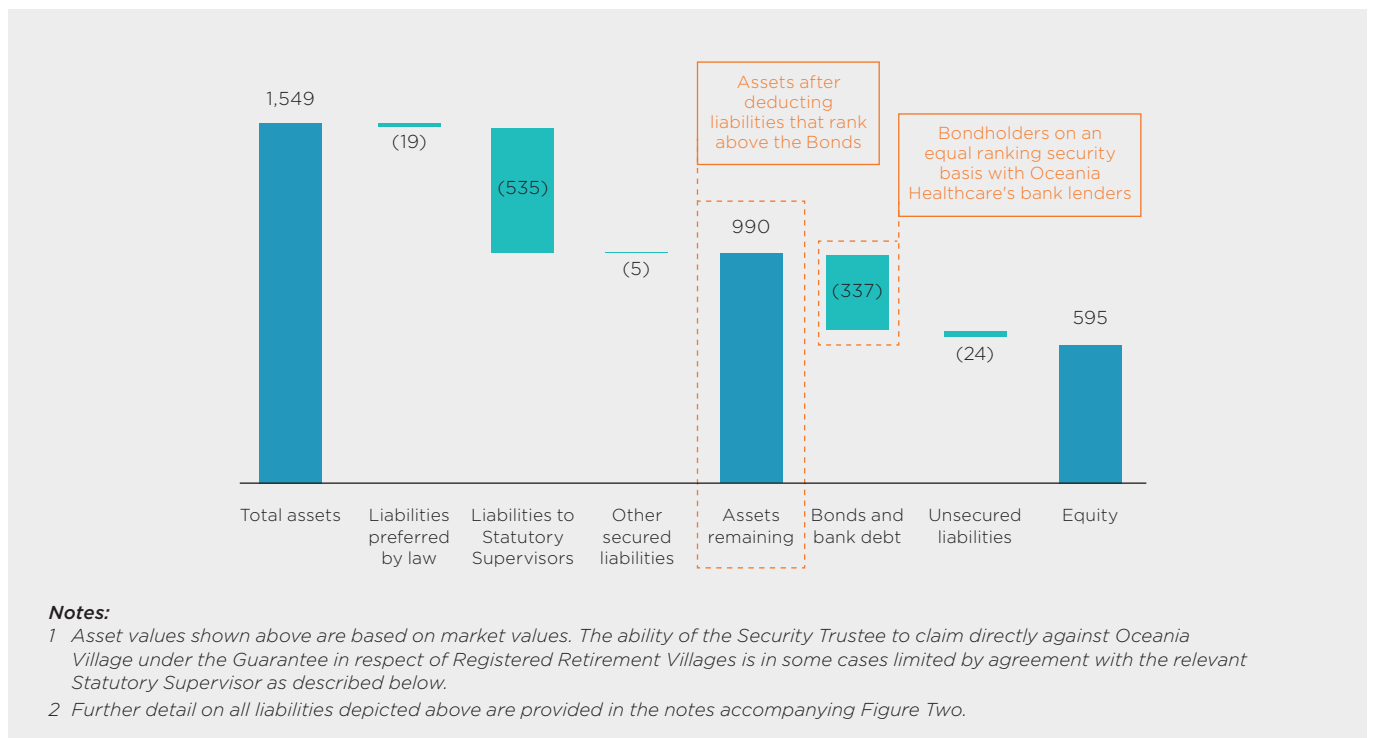
Oceania Healthcare and the Guarantors provide the following Security:

- Second Registered Mortgages in respect of the Retirement Village Land. The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each such Mortgage under the Security Sharing Deeds, and first ranking mortgages in favour of the relevant Statutory Supervisor are typically also registered ahead of the Security Trustee.
- First Registered Mortgages over certain Land that is not Retirement Village Land, including Land held for development or that is used for aged care facilities.

- General security over all the assets of Oceania Healthcare, Oceania Village and the other Guarantors under the Global Security Deed. Under the Security Sharing Deeds the Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of security enforcement against Retirement Village Assets.

The Statutory Supervisors hold their security in connection with their appointment under the Deeds of Supervision and the Retirement Villages Act, to protect the interests of residents and intending residents of the Registered Retirement Villages.

Figure Three: Ranking of Bonds on liquidation shown against assets of Oceania Healthcare and its subsidiaries



At the date of this PDS, all Mortgages are provided by Oceania Village. Oceania Village may acquire land or may dispose of any Land, or Land may become Retirement Village Land (such as on completion of a development), from time to time, in which case the Security may be amended accordingly. The Security Trustee may also require Oceania Village (or Oceania Healthcare or any other Guarantor) to grant a Mortgage over any Land owned from time to time.

The Security is provided to the Security Trustee, and Bondholders (and other relevant secured creditors) have its benefit under the Security Trust Deed.

Oceania Healthcare estimates that as at 31 May 2020:

- The total amount of liabilities secured by the Security was approximately **\$337 million**, with all secured creditors under the Security Trust Deed ranking equally. The issue of the Bonds will not materially impact this amount, as the proceeds of the issue are expected to be used to repay existing bank debt which also has the benefit of the Security. After the issuance, this amount will include the Bonds and amounts owed to Oceania Healthcare's bank lenders (as described in Figure Two).

- As discussed further in the table below, the total value of:
  - the assets subject to the Security was approximately **\$1,549 million**; and
  - the assets subject to the Security, after deducting amounts preferred by law and amounts to which the Statutory Supervisors or other secured creditors are entitled ahead of the Security Trustee as described above was approximately **\$990 million**.

The Security Trustee's ability to claim directly against Oceania Village under the Guarantee in respect of any Registered Retirement Village for which Trustees Executors Limited is Statutory Supervisor is limited by agreement with that Statutory Supervisor. While the Security Trustee may still be able to claim above the agreed limits, it may only do so with the consent of that Statutory Supervisor (not to be unreasonably withheld or delayed). As at the date of this PDS, application of this cap would reduce assets subject to the Security of **\$1,549 million to \$1,379 million**.

#### Figure Four: Value of Secured Assets

Details of the value of the secured assets as at 31 May 2020, as determined by Oceania Healthcare, are as follows. Asset values are shown based on market values. The ability of the Security Trustee to claim directly against Oceania Village under the Guarantee in respect of Registered Retirement Villages is in some cases limited by agreement with the relevant Statutory Supervisor as described above.

Description	Value
<b>Land and assets in which the Statutory Supervisors have first ranking interests</b> This includes: <ul style="list-style-type: none"> <li>- <b>Retirement Village Land and Retirement Village Assets</b> (\$1,366 million)                The Retirement Village Land and Retirement Village Assets are secured in favour of the Security Trustee under the Global Security Deed and (in the case of the Retirement Village Land) under the Second Registered Mortgages. As described under the heading "The Statutory Supervisors and Security Sharing Deeds" below, Registered Retirement Villages may only be disposed of as a going concern except in limited circumstances.</li> <li>- <b>Less: first ranking interests of the Statutory Supervisors to the Retirement Village Land and Retirement Village Assets</b> (\$535 million)                The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each Second Registered Mortgage over Retirement Village Land, and to the proceeds of security enforcement against the Retirement Village Assets.</li> </ul>	\$1,366 million <b>before</b> deducting first ranking interests of the Statutory Supervisors. \$831 million <b>after</b> deducting first ranking interests of the Statutory Supervisors.
<b>Mortgaged Land other than Retirement Village Land</b> Certain Land that is not Retirement Village Land (including aged care facility freehold Land and Land held for development) is subject to first ranking Mortgages in favour of the Security Trustee.	\$84 million
<b>Other assets</b> Other assets of Oceania Healthcare and the Guarantors (being assets other than Retirement Village Assets and unmortgaged Land) are secured under the Global Security Deed in favour of the Security Trustee. The Statutory Supervisors do not have first rights to enforcement of such assets.	\$99 million
<b>Less: Liabilities preferred by law</b> Liabilities that may, depending on the source of payment, rank above the Bonds on liquidation include employee entitlements for unpaid salaries and wages, holiday pay and bonuses, and PAYE, and amounts owing to the Inland Revenue for unpaid taxes and goods and services tax.	\$19 million
<b>Less: Other secured liabilities</b> As described in Figure Two, other secured liabilities include those secured over particular assets under a perfected purchase money security interest, such as finance leases and title retention arrangements.	\$5 million
<b>Total</b>	<b>\$990 million</b>

### The Security Trustee

A Security Trustee (currently New Zealand Permanent Trustees Limited) holds the Security for all creditors entitled to its benefit. This currently includes (in addition to the Bond Supervisor and the Bondholders) Oceania Healthcare's bank lenders and hedging providers. It is likely that further creditors will become entitled to the benefit of this Security in the future.

The basis on which the Security Trustee holds the Security, and otherwise acts for the creditors entitled to its benefit, is set out in the Security Trust Deed. More information on the Security Trust Deed can be found below in the section headed *Security Trust Deed*.

### The Statutory Supervisors and Security Sharing Deeds

Oceania Village is required to appoint a licensed statutory supervisor in respect of each Registered Retirement Village in accordance with the Retirement Villages Act. Trustees Executors Limited and Covenant Trustee Services Limited are each appointed as the Statutory Supervisor for various Registered Retirement Villages of Oceania Village.

The Statutory Supervisor for each Registered Retirement Village is appointed under a Deed of Supervision to protect the interest of residents and intending residents of that Registered Retirement Village, and is responsible for:

- providing a stakeholder facility for intending residents and residents who pay deposits or progress payments in respect of an occupation right agreement or uncompleted residential units or facilities at the Registered Retirement Village;
- monitoring the financial position of the Registered Retirement Village;
- reporting annually to the Registrar of Retirement Villages and residents on the performance of its duties and the exercise of its powers; and
- performing any other duties imposed on it from time to time under the Retirement Villages Act.

Under the relevant Security Sharing Deed, each Statutory Supervisor has first rights (ahead of the Security Trustee and Bondholders) to the proceeds of security enforcement over the Retirement Village Land and Retirement Village Assets for various amounts owing to that Statutory Supervisor or to any resident of a relevant Registered Retirement Village including under an occupation right agreement. These amounts secured in favour of the Statutory Supervisors include the Net Refundable Amount for each resident of the Registered Retirement Village. Further details of the payment of amounts received on enforcement are set out in each Security Sharing Deed.

However, each Statutory Supervisor's mortgages and entitlements under the relevant Security Sharing Deed are granted on a "village by village" basis. This means that the relevant Statutory Supervisor's mortgages and

entitlements in respect of each Registered Retirement Village only secure amounts owing to the relevant Statutory Supervisor and residents in relation to that particular Registered Retirement Village. They do not secure amounts owing in relation to other Registered Retirement Villages.

In addition to the Statutory Supervisors' security, the Retirement Villages Act requires a memorial to be placed on the title of any property or premises of Oceania Village used for any Registered Retirement Villages. This means that, unless all residents of the retirement village have received independent legal advice and at least 90% of those residents have consented in writing, the holder of a security interest or any receiver or liquidator or statutory manager of property comprising the Registered Retirement Village or of any operator of the Registered Retirement Village must not exercise any right to:

- dispose of the Registered Retirement Village other than as a going concern; or
- disclaim any occupation right agreement relating to the Registered Retirement Village as onerous property; or
- evict any resident or exclude any resident from the use of any facilities or any part of the Registered Retirement Village to which that resident is ordinarily entitled.

The Security Trustee is required to follow the procedures set out in the relevant Security Sharing Deed when enforcing the Security over Retirement Village Land or Retirement Village Assets, including:

- giving to the relevant Statutory Supervisor 5 business days' notice of the proposed appointment of any receiver and 21 days' notice of the exercise of any power of sale; or (as applicable) 20 business days' notice of the proposed appointment of any receiver; and
- obtaining the prior approval of the relevant Statutory Supervisor for any proposed purchaser of a Registered Retirement Village and any agreement for sale and purchase in relation to a Registered Retirement Village. The purchaser will be required to:
  - enter into a Deed of Supervision and comply with the Retirement Villages Act; and
  - ensure that any financier of the purchaser enters into a similar deed to the Security Sharing Deed.

Furthermore, any sale of a Registered Retirement Village by the Security Trustee will be subject to the Statutory Supervisor's mortgages and will be subject to the rights of and benefits of residents arising under occupation right agreements and under the relevant Deed of Supervision.

The Security Trustee may also need the prior approval of the relevant Statutory Supervisor before taking steps to remove or replace Oceania Village as the manager of the relevant Registered Retirement Village.

### Further borrowing and security

After the issue of the Bonds, Oceania Healthcare and its subsidiaries may (without the consent of Bondholders) borrow money or otherwise incur liabilities from time to time that:

- rank equally with the Bonds on liquidation of Oceania Healthcare and its subsidiaries. This may include, for example, further bank lending to Oceania Healthcare or further bonds issued by Oceania Healthcare; or
- rank above the Bonds on liquidation of Oceania Healthcare and its subsidiaries. This may include, for example, amounts owing to residents of retirement villages and secured in favour of a Statutory Supervisor, other borrowings with permitted security as described below and liabilities preferred by law.

The financial covenants and other terms described below limit the ability of Oceania Healthcare and its subsidiaries to:

- borrow money that ranks equally with, or above, the Bonds; or
- grant security which ranks equally with, or above, the Security.

### Restrictions on borrowing

The Loan to Valuation Ratio in the Bonds limits Oceania Healthcare's ability to borrow money which is secured by the Security, based on the value of the properties of Oceania Healthcare and its subsidiaries. Under the Loan to Valuation Ratio, Oceania Healthcare agrees to ensure that, on each Semi-annual Test Date, the total principal amount of financial indebtedness secured under the Global Security Deed is not more than 50% of the valuation of all properties owned by Oceania Healthcare and its subsidiaries. Semi-annual Test Dates are scheduled for 31 March and 30 September in each year. However, because Oceania Healthcare has recently changed its balance date from 31 May to 31 March in each year, the first Semi-annual Test Date will be 30 November 2020 (six months after Oceania Healthcare's last balance date on 31 May 2020). Thereafter, the Semi-annual Test Date will be 31 March and 30 September in each year.

For this purpose:

- "Financial indebtedness" includes the principal amount lent by Oceania Healthcare's bank lenders under the Bank Facility Agreement and the principal amount of the Bonds and any other borrowings secured under the Security Trust Deed from time to time. It does not include the marked to market value of any derivative transaction provided by Oceania Healthcare's hedge providers and secured under the Global Security Deed.
- The valuation of properties includes all of the Retirement Village Assets, Retirement Village Land as well as Land held for development or that is used for aged care facilities. Broadly, land under development is typically valued as follows:
  - Completed unsold land developments are valued on completion;

- Work in progress is valued on completion, less cost to complete; and
- Surplus land is valued at its current valuation.

The Loan to Valuation Ratio is substantially the same as the equivalent loan to valuation ratio in the Bank Facility Agreement. If the relevant definitions or method of calculating the loan to valuation ratio in the Bank Facility Agreement are amended (other than an amendment to the 50% limit or the testing frequency, or the removal of such financial covenant from the Bank Facility Agreement or termination of the Bank Facility Agreement), Oceania Healthcare will promptly notify the Bond Supervisor and the Loan to Valuation Ratio will be adjusted to be calculated and tested in a corresponding manner provided that Oceania Healthcare has certified that such adjustment will not have a material adverse effect on Bondholders (or any class of them) when compared with the effect on the bank lenders.

Further details of the Loan to Valuation Ratio are set out in condition 14 of the Bonds (as set out in Schedule 1 of the Trust Deed) and Schedule 2 of the Trust Deed.

If there is a breach of the Loan to Valuation Ratio:

- Oceania Healthcare must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach (or the date on which it should have been delivered, if earlier), remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 Business Days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and
- if the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur.

Therefore, a continued breach of the Loan to Valuation Ratio will be an Event of Default (approximately) 13 months after that breach is disclosed to the Bond Supervisor in a semi-annual compliance report. The Loan to Valuation Ratio and/or Oceania Healthcare's financial position and the value of the Security may worsen both before the semi-annual compliance report is delivered and during the 13-month period described above.

Certain terms in the Bank Facility Agreement limit the ability of Oceania Healthcare to borrow money (although Bondholders do not have the benefit of these, and they may be amended or waived by Oceania Healthcare's bank lenders). These terms currently include:

- a maximum loan to valuation ratio (calculated and tested in the same way and with the same 50% limit as the Loan to Valuation Ratio under the Trust Deed, as described above);
- a minimum interest cover ratio being (broadly) the ratio of adjusted EBITDA (a non-GAAP measure relating to earnings before interest, tax, depreciation, amortisation and goodwill impairment) of Oceania Healthcare and its subsidiaries, to certain of their interest charges and financing costs of 2.00:1, on a semi-annual basis; and



- a requirement to obtain consent from Oceania Healthcare's bank lenders before extending the Security to additional obligations under the Security Trust Deed.

Under the Deeds of Supervision and Security Sharing Deeds (as applicable), Oceania Village (as the operator of each Registered Retirement Village at the date of this PDS) is required to obtain the consent of each Statutory Supervisor before borrowing any money, varying the terms of any borrowing or guaranteeing or indemnifying the obligations of any other person. Bondholders do not have the benefit of these, and they may be amended or waived by the Statutory Supervisors.

### Restrictions on granting security

Under condition 13(b) of the Bonds (as set out in Schedule 1 of the Trust Deed), Oceania Healthcare agrees that it will not create or permit to subsist (and will procure that each Guarantor will not create or permit to subsist) any security interest over its assets, except to the Security Trustee or in certain other limited permitted instances. The permitted instances include:

- security required, in respect of assets forming part of Registered Retirement Villages only, to be granted to the Statutory Supervisor;
- liens arising by operation of law in the ordinary course of trading;
- netting and set off arrangements entered into in the ordinary course of banking arrangements;
- title retention arrangements entered in the ordinary course of trading on the supplier's usual terms of sale;
- security approved by or on behalf of the Bank Lenders under the Bank Facility Agreement; and
- other security that secures indebtedness not exceeding \$10 million in aggregate.

This summary does not cover all of the permitted instances. For full details see condition 13(b) of the Bonds (as set out in Schedule 1 of the Trust Deed).

Similar terms that limit the ability of Oceania Healthcare to grant security are also contained in the Bank Facility Agreement (although these are not terms of the Bonds so Bondholders do not have the benefit of these, and they may be amended or waived by Oceania Healthcare's bank lenders).

Under the Deeds of Supervision and Security Sharing Deeds (as applicable), Oceania Village (as the operator of each Registered Retirement Village at the date of this PDS) is required to obtain the consent of each Statutory Supervisor before using any Retirement Village Assets as security or otherwise further encumbering its assets. Bondholders do not have the benefit of these, and they may be amended or waived by the Statutory Supervisors.

## Guarantees

Oceania Healthcare as Issuer is responsible for repaying, and paying interest on, the Bonds. Payments on the Bonds are guaranteed by Oceania Care Company Limited, Oceania Village Company Limited and Oceania Group (NZ) Limited under the Guarantee contained in the Global Security Deed. At the date of this PDS, no other subsidiaries of Oceania Healthcare are Guarantors. Subsidiaries of Oceania Healthcare may be added or removed as Guarantors from time to time. Any person that becomes a guarantor of the Bank Facility Agreement under the Global Security Deed will also be a Guarantor of the Bonds.

The Guarantors guarantee (jointly and severally) the payment of all amounts owed by Oceania Healthcare to you in respect of the Bonds.

The Guarantee is not subject to any limits or conditions. However, the Security Trustee's ability to claim under the Guarantee in respect of any Registered Retirement Village for which Trustees Executors Limited is Statutory Supervisor is limited by agreement with that Statutory Supervisor. Under the relevant Security Sharing Deed, the Security Trustee has agreed not to claim, without the consent of that Statutory Supervisor (not to be unreasonably withheld or delayed), more against Oceania Village under the Guarantee in respect of each relevant Registered Retirement Village than certain caps. The cap for each such Registered Retirement Village includes amounts equal to the total of the purchase price, a portion of accrued interest costs, amounts borrowed under the Bank Facility Agreement for the purpose of capital expenditure in respect of that Registered Retirement Village, and reasonable enforcement costs.

The Guarantee is a cross guarantee. A cross guarantee is a document under which each guarantor guarantees each other guarantor's liabilities. Oceania Healthcare is also a guarantor under the Guarantee in the Global Security Deed (but, as Issuer, is not a Guarantor of the Bonds).

The obligations of any Guarantors under the Guarantee will be secured by the Global Security Deed and the mortgages from Oceania Village, as described above. There is no limit on the amount secured by the Security. Oceania Healthcare believes that the Security is sufficient and is reasonably likely to be sufficient to:

- repay the liability under the Guarantee; and
- pay all other liabilities that a security interest over any of the Security secures and that rank above, or equally with, the liability under the Guarantee.

## Early redemption by Oceania Healthcare

Oceania Healthcare may elect (at its discretion) to redeem all, but not some only, of the Bonds on any Interest Payment Date after the third anniversary of the Issue Date by giving not less than 20 Business Days' notice of the redemption date.

If the Bonds are redeemed early in this manner, they will be redeemed for the greater of:

- their Principal Amount; and
- their market price (excluding interest), calculated as the arithmetic average of the daily volume weighted average price (excluding interest) of Bonds traded through the NZX Debt Market over the 10 Business Days immediately prior to the date on which Oceania Healthcare gave the redemption notice (or, if the Bonds have not traded on the NZX Debt Market for at least half of such 10 Business Day period, the average price of the Bonds for that period will be determined by an independent adviser appointed in accordance with the Trust Deed (excluding interest)),

in each case together with accrued interest.

If Oceania Healthcare chooses to redeem the Bonds when prevailing interest rates are relatively low, you may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate as high as that of the Bonds.

## Events of Default

The Events of Default are contained in the Trust Deed. They include:

- A failure by Oceania Healthcare to make a payment on the Bonds (subject to applicable grace periods).
- A breach of the Loan to Valuation Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Bond Supervisor in a semi-annual compliance report.
- A breach by Oceania Healthcare of a material term of the Trust Deed or the Bonds, or by Oceania Healthcare or a Guarantor of a material undertaking in the Security Trust Deed, the Global Security Deed or the Security.
- A material misrepresentation by Oceania Healthcare or a Guarantor under the Trust Deed, the Bonds, the Security Trust Deed, the Global Security Deed or the Security (subject to applicable remedy periods).
- Indebtedness of more than \$5 million in respect of other borrowed money of Oceania Healthcare or a Guarantor is not paid when due (or within any applicable grace period), or is called up as a result of a default.
- Insolvency events that affect Oceania Healthcare or a Guarantor.
- Termination of the Security Trust Deed, Guarantee or Security.

This summary does not cover all of the Events of Default. For full details of the Events of Default see condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed).

If an Event of Default occurs, the Bond Supervisor may in its discretion, and must in certain circumstances including

upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Principal Amount and any accrued interest on the Bonds due and payable. If this occurs, Oceania Healthcare will need to repay the Principal Amount of the Bonds and any outstanding interest due. Outstanding interest will be calculated based on the number of days since the last Interest Payment Date and the total number of days in the current Interest Period.

Any enforcement of the Security must be by the Security Trustee, not the Bond Supervisor.

## Distribution restriction

Under the Trust Deed Oceania Healthcare is not permitted to make any distribution if an Event of Default has occurred and is continuing or if the making of the distribution would result in the occurrence of an Event of Default.

## Other relevant information about the Trust Deed and the Security Trust Deed

The Trust Deed for the Bonds contains a number of standard provisions, including in relation to the powers and duties of the Bond Supervisor, and the process for amending the Trust Deed. You can find a copy of the Trust Deed on the Disclose Register. You should read the Trust Deed for further information.

The Security Trust Deed sets out how the Security can be enforced by the Security Trustee on instructions from the Bond Supervisor and other secured creditors. In most circumstances the Security Trustee must act in accordance with instructions of the majority (being, for this purpose, more than 66.66%) of those creditors who have the benefit of the Security. As a majority of creditors is determined by respective credit exposures (which depending on the circumstances may be based on principal amount lent, or facility limits) Oceania Healthcare's bank lenders currently constitute the majority creditors for the purpose of giving instructions to the Security Trustee. This means that the Bond Supervisor and Bondholders may not be able to instruct the Security Trustee to enforce the Security if the majority creditors do not agree.

The Security Trust Deed contains a number of other important terms, including:

- The rules as to distribution of proceeds received by the Security Trustee on enforcement of the Security. To summarise, after paying costs (including those of the Security Trustee or any receiver), the creditors secured by the Security rank equally.
- The procedure by which Oceania Healthcare may extend the benefit of the Security to new creditors, who would then rank equally with the Bonds. Oceania Healthcare may generally do so provided it is permitted under existing secured finance documentation (including as described above) and a default does not exist.

- The ability of the majority creditors to require the Security Trustee to enforce the Security. In certain circumstances individual creditors or groups of creditors also have this right. An example of this is that, where there is a Major Default, the Bond Supervisor can require the Security Trustee to enforce the Security (unless other creditors give conflicting instructions (as to how, but not whether to enforce the Security) in accordance with the Security Trust Deed).
- The ability of the majority creditors to waive obligations under, or agree changes to, the Security Trust Deed (though if a waiver or change would have a material adverse effect on Bondholders as compared to its effect on other creditors, then approval of the Bondholders will be required).

## Selling Restrictions

Oceania Healthcare does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This PDS may not be published, delivered or distributed in or from any country other than New Zealand.

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Oceania Healthcare, the Bond Supervisor and the Joint Lead Managers and their respective directors, officers, employees and agents for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.

# 6. Risks of investing

## Introduction

This section 6 describes the following potential key risk factors:

- general risks associated with an investment in the Bonds; and
- specific risks relating to Oceania Healthcare's creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Bonds.

Before making any investment decision it is important that investors consider the suitability of an investment in the Bonds in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than Oceania Healthcare and its subsidiaries.

## General Risks

An investment in the Bonds is subject to the following general risks.

### Credit Risk on Oceania Healthcare

The risk that Oceania Healthcare becomes insolvent and is unable to meet its obligations under the Bonds. If the Security is insufficient to repay you in these circumstances, you might not recover the amount of your investment in the Bonds or receive the returns you expect.

### Secondary Market Risk

The risk that, if you wish to sell your Bonds before maturity:

- you may be unable to find a buyer; or
- the price at which you are able to sell them is less than the amount you paid for them.

These outcomes may arise because of factors related to Oceania Healthcare's creditworthiness, or because of other factors. These other factors may include the following:

- The fact that a trading market for the Bonds may never develop, or, if it develops, is not very liquid. Although permission is expected to be granted to quote the Bonds on the NZX Debt Market, this does not guarantee any trading market in the Bonds.
- The level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Bonds would typically be expected to go down and vice versa.
- The fact that Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those available to other Bondholders.

## Specific risks relating to Oceania Healthcare's creditworthiness

Oceania Healthcare considers that the circumstances which could significantly affect, either individually or in combination, the future financial position and financial performance of Oceania Healthcare and its subsidiaries, and therefore significantly increase the risk that Oceania Healthcare may default on its obligations under the

Bonds are as set out below. These circumstances, either individually or in combination, may affect Oceania Healthcare's ability to pay interest on, or repay, the Bonds.

### COVID-19 risks

COVID-19 has impacted the health and wellbeing of people around the world and the outbreak of COVID-19 and the restrictions put in place by Governments to fight the virus have had a major impact on the global economy. COVID-19 has created global uncertainty socially, politically and economically and may also affect policy making. The ongoing risks associated with COVID-19 could significantly affect the future financial position and financial performance of Oceania Healthcare and its subsidiaries, and therefore increase the risk that Oceania Healthcare may default on its obligations under the Bonds. This is particularly relevant to Oceania Healthcare as Oceania Healthcare is a provider of aged care and retirement living services.

An outbreak of COVID-19 in the community, at any of Oceania Healthcare's aged care centres or retirement villages, or a series of outbreaks at multiple aged care centres or retirement villages in New Zealand (whether or not those aged care centres or retirement villages are operated by Oceania Healthcare), could have a material impact on Oceania Healthcare's financial performance. Adverse publicity over the operator's management of an outbreak or allegations that residents are not being properly cared for during an outbreak could lead to a decline in demand for Oceania Healthcare's services as potential residents may choose not to move into an Oceania Healthcare aged care centre or retirement village, regardless of the operator's regulatory compliance. If there is an outbreak of COVID-19 at an Oceania Healthcare aged care centre in the future, Oceania Healthcare may not be permitted to take new admissions and this would adversely impact Oceania Healthcare's financial performance. In addition, the Government's ongoing border restrictions and immigration policy in response to the threat of COVID-19 are limiting the number of immigrants entering New Zealand. This could inhibit Oceania Healthcare's ability to recruit staff in the future. Oceania Healthcare has previously recruited significant numbers of overseas-trained nurses to fill vacancies.

A key feature of Oceania Healthcare's growth strategy is the continued execution of its brownfields development pipeline (as discussed below under "Development risk"). If the Government imposes Alert Level Four restrictions in a region in which Oceania Healthcare is undertaking development activity, the Government-imposed restrictions will delay completion and sell-down of that care centre and/or retirement village. Any delay in the completion and sell-down of a development project could affect cashflow and have an adverse impact on Oceania Healthcare's ability to service debt.

There is also a risk that COVID-19 could adversely affect national or regional property market conditions, as discussed below under "Property market risk".

It is not possible to quantify the potential impact of these risks as they are highly dependent on the nature, extent and duration of any future COVID-19 outbreak and the Government's response to such an outbreak. However, ongoing risks associated with COVID-19 could have a significant impact on Oceania Healthcare's financial performance.

Oceania Healthcare seeks to mitigate the risk of a COVID-19 outbreak in one of its aged care centres or retirement villages by having appropriate measures in place to protect residents and staff. These measures include restricting visitor access to sites during periods of an outbreak in the local community, taking regular declarations from staff and monitoring their travel, as well as enhancing infection control training.

Oceania Healthcare operates 44 aged care centres and retirement villages across the country. This geographical diversification mitigates the risk of an outbreak of COVID-19 in a region at any one time.

In addition, Oceania Healthcare's aged care business demonstrated resilience during the lockdown in March/April 2020 due to the 'needs-based' nature of this activity, with new admissions continuing to be taken and stable occupancy levels observed during this period. The higher weighting of Oceania Healthcare's portfolio in aged care relative to its peers is expected to assist to reduce the impact on the business of future economic uncertainty arising out of COVID-19.

### Risk of reputational damage or compliance breach

Aged care is Oceania Healthcare's core competency and Oceania Healthcare is focused on providing the highest quality of clinical care to its residents. In providing this care to its residents, Oceania Healthcare's business operates in a highly regulated industry. Oceania Care Company Limited, as the operator of Oceania Healthcare's care centres, must comply with the requirements of the Health and Disability Services (Safety) Act 2001 and be certified by the Ministry of Health. Oceania Care Company Limited must also be party to an age-related residential care contract with the relevant District Health Board for each care centre. The loss of certification from the Ministry of Health, or the termination of an age-related residential care contract by a District Health Board as a result of Oceania Care Company Limited failing to comply with applicable regulatory requirements represents a significant risk which would result in it no longer being able to provide care to its residents at the affected care centre or care centres.

Each retirement village operated by Oceania Village must be registered with the Registrar of Retirement Villages. A suspension or cancellation of a retirement village registration as a result of a compliance breach would result in Oceania Village no longer being able to offer licences to occupy units at the affected retirement village.

Any of the above events could have a significant impact on Oceania Healthcare's financial performance.

Any loss of registration or certification or any non-compliance with regulatory requirements could also result in Oceania Healthcare suffering reputational harm or brand damage. This in turn could have a significant impact on Oceania Healthcare's financial performance, particularly if the adverse publicity was as a result of inappropriate care of residents or a serious health and safety issue, as any of these events could lead to a decline in demand for Oceania Healthcare's services. It is not possible to quantify the potential impact of this risk as it is highly dependent on the specific circumstances, but a serious event in the future could have a significant impact.

Oceania Healthcare considers there to be a generally low likelihood of any of the above circumstances arising, however as described above the consequences of any single event may be significant. Oceania Healthcare seeks to mitigate these risks through its significant investment in staff (including its clinical governance team) who ensure continued compliance with the relevant regulatory requirements applicable to its operations, oversight by its Board Clinical and Health & Safety Committee and implementation of its clinical and village operations policies and procedures. Oceania Healthcare's customer focused management of issues and complaints (supported through internal policies including aged care and retirement village complaints policies and a whistleblowing policy) further mitigates the risk of adverse publicity, as does its practice of seeking feedback from its residents and their families on a regular basis (including initial welcome calls, twice yearly aged care residents' satisfaction surveys and annual retirement village resident surveys).

### Regulation risk

As noted above, Oceania Healthcare's business operates in a highly regulated industry. Future regulatory changes to the aged care industry in which the care and retirement village businesses operate may also have an adverse impact on Oceania Healthcare and the way it and its subsidiaries provide care to residents or develop and operate retirement villages. In the care business, a change in Government funding policy or a public inquiry could lead to a change in the business model, an increase in costs or a reduction in revenue and, in turn, adversely affect Oceania Healthcare's financial performance. The retirement village business could become subject to a greater degree of regulation as a result of additional consumer protection requirements. A regulatory change to the occupation right agreement model could restrict Oceania Healthcare's ability to generate revenue from its retirement village units.

Oceania Healthcare is a member of, and has Board representation on, both the New Zealand Aged Care Association and the Retirement Villages Association and this assists in keeping abreast of potential trends and future regulatory changes in the sector.

### Property market risk

Oceania Healthcare's properties (owned by Oceania Village) are concentrated in metropolitan areas, with 91% (by number of care beds, care suites and units) of properties situated in Auckland, Hamilton, Bay of Plenty, Hawkes Bay, Wellington, Nelson and Christchurch.

Oceania Healthcare's retirement village earnings are generated through the construction and sale and resale of retirement village units and care suites. Prevailing residential property market conditions affect both the value that can be achieved on a sale or resale of a retirement village unit and the ability of prospective residents to acquire the retirement village unit in a timely manner because incoming retirement village residents generally move into a retirement village unit following the sale of their family home. Any downturn in the residential property market in a region in which Oceania Healthcare operates (whether as a result of COVID-19 or otherwise) could lead to a reduction in sales by affecting the demand for, and Oceania Healthcare's ability to sell or resell, retirement village units, as well as the value that can be achieved on the sale or resale of a unit. Given the concentration of its properties, Oceania Healthcare is particularly sensitive to market changes in metropolitan areas. Further, prospective residents typically rely on the equity in their family home to fund the acquisition of a unit, so any downturn in the property market may result in fewer prospective residents being able to sell their family home in order to acquire a unit (or less equity being obtained by those prospective residents following a sale), which in turn affects the sale and resale rates of units.

These property market factors could affect sales of retirement village units and care suites, occupancy levels or revenue streams. A reduction in residential property market values or demand for retirement village units and care suites, particularly in metropolitan areas, is likely to adversely affect the value of Oceania Healthcare's properties as well as cash flows, which could impact Oceania Healthcare's ability to service debt.

As property market conditions are cyclical, Oceania Healthcare considers that a downturn in the property markets in which it operates may occur during the term of the Bonds, although the extent of its impact is unknown.

Oceania Healthcare mitigates its exposure to property market risk by diversifying the type of units it sells (both nationally and within each village), and the geographic spread of its villages. In addition, the composition of Oceania Healthcare's portfolio (with a higher weighting of aged care earnings than its peers) means that aged care earnings reduce potential earnings volatility and stabilise cashflow. A decision by a prospective resident to move into a care suite or a care centre is driven by the resident's immediate need for care, rather than it being a lifestyle living choice or influenced by residential property market conditions.

### Development risk

Oceania Healthcare's growth strategy involves the execution of its development pipeline. When developing new care centres and villages, Oceania Healthcare faces a range of risks which may be significant given the nature and extent of its development activities. These risks include construction risks arising from projects not being delivered within agreed timeframes, scope or budget and default risks arising from participants in the development process (including risks regarding the liquidity of the lead contractor). Such risks may impact Oceania Healthcare's financial performance.

Oceania Healthcare is exposed to these risks due to its ongoing development of care centres and retirement villages as part of its strategy. A delay in the completion and sell-down of a development project could have a substantial impact on Oceania Healthcare's financial performance. A delay in the completion of a development would also result in a delay in receiving the forecast sales proceeds.

An increase in construction cost will also have an impact on Oceania Healthcare's financial performance through increasing its debt levels and gearing prior to sell down. At the date of this PDS, Oceania Healthcare expects that a 5% increase in construction costs for its current and expected near term development could generally result in an increase in costs, and debt levels, of between approximately \$500,000 and \$2.5 million.

Oceania Healthcare seeks to mitigate these risks through its experienced internal property development team, which allows Oceania Healthcare to exercise a greater degree of control over the development and construction process. It also has a robust process in place for tendering projects and selecting skilled and qualified contractors, which further mitigates this construction and development risk. In addition, when construction commences at a site, Oceania Healthcare has to date implemented a "fixed price, lump sum" construction contract, with Oceania Healthcare not bearing the risk of price escalation through the construction programme.

### Risks associated with the cost and availability of labour

Aged care is very much a people-centred business. The risk of being unable to employ and retain qualified staff to deliver core operational tasks is a significant risk to Oceania Healthcare's business as it has a higher proportion of aged care beds compared to its listed peers.

Staff costs (including wages, salaries and other employment related expenses) are Oceania Healthcare's most significant cost item, driven by the 24-hour, high-service nature of residential aged care. A decline in aged care margins due to unfunded wage cost pressures would adversely affect Oceania Healthcare's financial performance as its aged care earnings make up a higher proportion of its earnings than other operators.

Oceania Healthcare seeks to mitigate these risks by rewarding its staff for their performance including offering wage rates for healthcare assistants and registered nurses so that they remain well-aligned with the public sector and among the highest in the aged care sector. Oceania Healthcare also provides formal learning and development programmes for its staff and is focused on developing career pathways for its registered nurses. Oceania Healthcare also offers an employee share scheme to all permanent employees.

## 7. Tax

If you are tax resident in New Zealand or otherwise receive payments of interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax will be deducted from payments of interest to you, unless you notify the Securities Registrar that you have RWT-exempt status (as that term is defined in the Income Tax Act 2007) and that status remains valid on the record date for the relevant payment date.

If you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, an amount equal to any approved issuer levy (**AIL**) payable will be deducted from payments of interest to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and Oceania Healthcare agrees, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, Oceania Healthcare will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate.

If the AIL regime changes, Oceania Healthcare reserves the right not to pay AIL. See the Trust Deed for further details.

### Indemnity

If, in respect of any of your Bonds, Oceania Healthcare becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Oceania Healthcare in respect of such liability. Any amounts paid by Oceania Healthcare in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

### Generally

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

## 8. Who is involved?

	Name	Role
<b>Issuer</b>	Oceania Healthcare Limited	Issuer of the Bonds.
<b>Bond Supervisor</b>	Public Trust	Holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce Oceania Healthcare's obligations under the Bonds.
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	Provides advice and assistance to Oceania Healthcare in arranging the Offer.
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited Craigs Investment Partners Limited Jarden Securities Limited Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	Assist with the bookbuild for the Offer, and marketing and distribution of the Offer.  Except as described above, the Joint Lead Managers are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS.  This PDS does not constitute financial advice from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Bonds. You must make your own independent investigation and assessment of the financial condition and affairs of Oceania Healthcare before deciding whether or not to invest in the Bonds.
<b>Securities Registrar</b>	Computershare Investor Services Limited	Maintains the register of Bondholders.
<b>Security Trustee</b>	New Zealand Permanent Trustees Limited	Holds the Security for all creditors entitled to its benefit (including the Bond Supervisor and the Bondholders).
<b>Solicitors to Issuer</b>	Chapman Tripp	Provides legal advice to Oceania Healthcare in respect of the Offer.
<b>Solicitors to Bond Supervisor</b>	Simpson Grierson	Provides legal advice to the Bond Supervisor in respect of the Offer.

## 9. How to complain

Complaints about the Bonds can be directed to:

### **Oceania Healthcare Limited** at

Company Secretary  
Affinity House  
2 Hargreaves Street  
St Mary's Bay  
Auckland 1011

Telephone: +64 9 361 0350  
Email: [enquiry@oceaniahealthcare.co.nz](mailto:enquiry@oceaniahealthcare.co.nz)

If for any reason Oceania Healthcare is unable to resolve your complaint, please contact:

### **The Bond Supervisor** at

Manager Client Services  
Corporate Trustee Services  
Public Trust  
Level 9  
34 Shortland Street  
Auckland 1010

Telephone: 0800 371 471  
Email: [cts.enquiry@publictrust.co.nz](mailto:cts.enquiry@publictrust.co.nz)

The Bond Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. If the Bond Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing [complaints@fscl.org.nz](mailto:complaints@fscl.org.nz), or calling FSCL on 0800 347 257, or by completing the complaints form online at [www.fscl.org.nz/complaints/complaint-form](http://www.fscl.org.nz/complaints/complaint-form), or by writing to FSCL at PO Box, 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website [www.fma.govt.nz](http://www.fma.govt.nz).

## 10. Where you can find more information

Further information relating to Oceania Healthcare and the Bonds is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

A copy of the information on that register is also available on request to the Registrar of Financial Service Providers at [registrar@fspr.govt.nz](mailto:registrar@fspr.govt.nz). The information contained on that register includes a copy of the Trust Deed (including the Supplemental Deed and the conditions of the Bonds) and copies of the Security Trust Deed and the Global Security Deed.

Oceania Healthcare is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Oceania Healthcare's page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at [www.nzx.com/companies/OCA](http://www.nzx.com/companies/OCA).

## 11. How to apply

The Offer will be open to institutional investors and members of the public who are resident in New Zealand.

All of the Bonds offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in a bookbuild conducted by the Joint Lead Managers.

There is no public pool for the Bonds. This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting [www.nzx.com/investing/find-a-participant](http://www.nzx.com/investing/find-a-participant).

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for Bonds; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the Bonds (including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

## 12. Contact information

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<b>Issuer</b>	<b>Oceania Healthcare Limited</b> Affinity House 2 Hargreaves Street St Mary's Bay Auckland 1011  Telephone: +64 9 361 0350
<b>Securities Registrar</b>	<b>Computershare Investor Services Limited</b> Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Auckland 1142  Telephone: +64 9 488 8777
<b>Arranger and Joint Lead Manager</b>	<b>Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)</b> Westpac on Takutai Square Level 8, 16 Takutai Square Auckland 1010  Telephone: 0800 942 822
<b>Joint Lead Managers</b>	<b>ANZ Bank New Zealand Limited</b> Level 10, ANZ Centre 171 Featherston Street Wellington 6011  Telephone: 0800 269 476  <b>Craigs Investment Partners Limited</b> Level 36, Vero Centre 48 Shortland Street Auckland 1010  Telephone: 0800 226 263  <b>Jarden Securities Limited</b> Level 32, PwC Tower 15 Customs Street West Commercial Bay Auckland 1010  Telephone: 0800 005 678

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# Glossary

<b>\$</b>	New Zealand dollars.
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
<b>Bank Facility Agreement</b>	The syndicated facility agreement dated 12 July 2005 (as amended or supplemented from time to time) between (among others) Oceania Healthcare, the Guarantors and ANZ Bank New Zealand Limited as agent.
<b>Bond Supervisor</b>	Public Trust or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
<b>Bondholder</b>	A person whose name is entered in the Register as a holder of a Bond.
<b>Bonds</b>	The bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading.
<b>Closing Date</b>	Friday, 9 October 2020 at 12.00pm.
<b>Deed of Supervision</b>	A deed under which a Statutory Supervisor is appointed in respect of each Registered Retirement Village.
<b>Disclose Register</b>	The online offer register maintained by the Companies Office known as 'Disclose'.
<b>Event of Default</b>	Each event set out in condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed), which are summarised in section 5 of this PDS ( <i>Key features of the Bonds</i> ).
<b>Extraordinary Resolution</b>	A resolution passed with the support of Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons voting.
<b>First Interest Payment Date</b>	19 January 2021.
<b>First Registered Mortgage</b>	A first ranking registered mortgage over Land that is not Retirement Village Land, in favour of the Security Trustee.
<b>FMCA</b>	Financial Markets Conduct Act 2013.
<b>Global Security Deed</b>	The guarantee and global security deed dated 13 July 2005 (as amended or supplemented from time to time) between (among others) Oceania Healthcare, the Guarantors and the Security Trustee.
<b>Guarantee</b>	The cross guarantee contained in the Global Security Deed.
<b>Guarantors</b>	Each person (other than Oceania Healthcare) who provides the Guarantee under the Global Security Deed. As at the date of this PDS, the Guarantors are Oceania Village, Oceania Care Company Limited and Oceania Group (NZ) Limited.
<b>Inland Revenue</b>	The New Zealand Inland Revenue Department.
<b>Interest Payment Dates</b>	19 January, 19 April, 19 July and 19 October in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date.
<b>Interest Period</b>	Each period beginning on, and including, an Interest Payment Date (or the Issue Date) and ending on, but excluding, the next Interest Payment Date (or the Maturity Date).
<b>Interest Rate</b>	The interest rate for the Bonds, as announced by Oceania Healthcare via NZX on the Rate Set Date.
<b>Issue Date</b>	Monday, 19 October 2020.
<b>Issue Margin</b>	The issue margin determined by Oceania Healthcare in conjunction with the Joint Lead Managers following the bookbuild for the Offer as announced by Oceania Healthcare via NZX on the Rate Set Date.
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
<b>Land</b>	Any estate, interest or right in real property (including any registered lease) owned by Oceania Village (or Oceania Healthcare or any other Guarantor) and includes the permanent buildings on such land.

<b>Listing Rules</b>	The listing rules applying to the NZX Debt Market.
<b>Loan to Valuation Ratio</b>	<p>The undertaking in condition 14 of the Bonds (as set out in Schedule 1 of the Trust Deed) and Schedule 2 of the Trust Deed under which Oceania Healthcare agrees to ensure that, on each Semi-annual Test Date, the total principal amount of financial indebtedness secured under the Global Security Deed is not more than 50% of the valuation of all properties owned by Oceania Healthcare and its subsidiaries.</p> <p>For this purpose:</p> <ul style="list-style-type: none"> <li>- “Financial indebtedness” includes the principal amount lent by Oceania Healthcare’s bank lenders under the Bank Facility Agreement and the principal amount of the Bonds and any other borrowings secured under the Security Trust Deed from time to time. It does not include the marked to market value of any derivative transaction provided by Oceania Healthcare’s hedge providers and secured under the Global Security Deed.</li> <li>- The valuation of properties includes all of the Retirement Village Assets, Retirement Village Land as well as Land held for development or that is used for aged care facilities. Broadly, land under development is typically valued as follows: <ul style="list-style-type: none"> <li>• Completed unsold land developments are valued on completion;</li> <li>• Work in progress is valued on completion, less cost to complete; and</li> <li>• Surplus land is valued at its current valuation.</li> </ul> </li> </ul> <p>The Loan to Valuation Ratio is substantially the same as the equivalent loan to valuation ratio in the Bank Facility Agreement. If the relevant definitions or method of calculating the loan to valuation ratio in the Bank Facility Agreement are amended (other than an amendment to the 50% limit or the testing frequency, or the removal of such financial covenant from the Bank Facility Agreement or termination of the Bank Facility Agreement), Oceania Healthcare will promptly notify the Bond Supervisor and the Loan to Valuation Ratio will be adjusted to be calculated and tested in a corresponding manner, provided that Oceania Healthcare has certified that such adjustment will not have a material adverse effect on Bondholders (or any class of them) when compared with the effect on the bank lenders.</p>
<b>Major Default</b>	<p>An Event of Default that is a Major Default as defined in the Security Trust Deed, and in relation to the Bonds includes:</p> <ul style="list-style-type: none"> <li>- A failure by Oceania Healthcare to make a payment of principal or interest on the Bonds.</li> <li>- The insolvency of Oceania Healthcare or a Guarantor.</li> <li>- Certain events relating to security occur (as determined by the Security Trustee acting on the instructions of the majority creditors), including that the Security ceases to be in full force and effect.</li> <li>- Breach of the Loan to Valuation Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Bond Supervisor in a semi-annual compliance report.</li> </ul>
<b>Maturity Date</b>	19 October 2027.
<b>Net Refundable Amount</b>	The amount Oceania Village is obliged to repay a resident after the resident leaves his or her unit and the unit has been re-licensed to an incoming resident. This amount is equal to the occupation licence payment paid by the resident on entry less certain deductions (including deferred management fees and outstanding fees).
<b>NZX</b>	NZX Limited.
<b>NZX Debt Market</b>	The debt security market operated by NZX.
<b>NZX Main Board</b>	The main registered market for trading equity securities operated by NZX.
<b>Oceania Healthcare or Issuer</b>	Oceania Healthcare Limited.
<b>Oceania Village</b>	Oceania Village Company Limited.

<b>Offer</b>	The offer of Bonds made by Oceania Healthcare under this PDS.
<b>Opening Date</b>	Monday, 5 October 2020.
<b>PDS</b>	This product disclosure statement for the Offer dated 25 September 2020.
<b>Primary Market Participant</b>	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
<b>Principal Amount</b>	\$1.00 per Bond.
<b>Rate Set Date</b>	Friday, 9 October 2020.
<b>Register</b>	The register in respect of the Bonds maintained by the Securities Registrar.
<b>Registered Retirement Village</b>	A retirement village (including care suites) registered under the Retirement Villages Act.
<b>Retirement Village Assets</b>	The assets of a Registered Retirement Village operated by Oceania Village.
<b>Retirement Village Land</b>	Land used for the purposes of a Registered Retirement Village.
<b>Retirement Villages Act</b>	Retirement Villages Act 2003.
<b>Second Registered Mortgage</b>	A registered mortgage over Retirement Village Land in favour of the Security Trustee. For each Second Registered Mortgage: <ul style="list-style-type: none"> <li>- the relevant Statutory Supervisor has first rights (ahead of the Security Trustee) to the proceeds of enforcement; and</li> <li>- a first ranking mortgage in favour of the relevant Statutory Supervisor is typically also registered over the relevant Retirement Village Land, ranking ahead of the Security Trustee.</li> </ul>
<b>Securities Registrar</b>	Computershare Investor Services Limited.
<b>Security</b>	The Global Security Deed and each mortgage granted by Oceania Village (or Oceania Healthcare or any other Guarantor) in favour of the Security Trustee.
<b>Security Sharing Deed</b>	Each security sharing deed between a Statutory Supervisor, the Security Trustee and Oceania Village as operator of Registered Retirement Villages.
<b>Security Trust Deed</b>	The security trust deed dated 13 July 2005 (as amended or supplemented from time to time) between (among others) Oceania Healthcare, the Guarantors and New Zealand Permanent Trustees Limited as the Security Trustee.
<b>Security Trustee</b>	New Zealand Permanent Trustees Limited or such other person as may hold office as security trustee under the Security Trust Deed from time to time.
<b>Semi-annual Test Date</b>	Scheduled for 31 March and 30 September in each year. However, because Oceania Healthcare has recently changed its balance date from 31 May to 31 March in each year, the first Semi-annual Test Date will be 30 November 2020 (six months after Oceania Healthcare's last balance date on 31 May 2020). Thereafter, the Semi-annual Test Date will be 31 March and 30 September in each year.
<b>Statutory Supervisor</b>	Such statutory supervisor as may be appointed from time to time as statutory supervisor in respect of a Registered Retirement Village pursuant to the Retirement Villages Act.
<b>Supplemental Deed</b>	The supplemental deed dated 25 September 2020 between Oceania Healthcare and the Bond Supervisor setting the terms and conditions of the Bonds (as amended or supplemented from time to time).
<b>Swap Rate</b>	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Oceania Healthcare, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
<b>Trust Deed</b>	The master trust deed dated 25 September 2020 between Oceania Healthcare and the Bond Supervisor pursuant to which certain bonds may be issued (as amended or supplemented from time to time), and where the context requires includes the Supplemental Deed.



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