

**Minutes of the Annual Meeting of Shareholders of Oceania Healthcare Limited**  
**Held at Eden Park, Auckland on Thursday 24 June 2021 at 2.00pm**

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<b>Present:</b>	Elizabeth Coutts	Chair
	Alan Isaac	Independent Director
	Dame Kerry Prendergast	Independent Director
	Gregory Tomlinson	Independent Director
	Sally Evans	Independent Director (by videolink)
	Brent Pattison	Chief Executive Officer
<b>Apologies:</b>	Patrick McCawe	Independent Director

### **Introduction**

The Chair began by welcoming shareholders. The Chair noted that the Company's Constitution prescribes a quorum of shareholders. There being a quorum of shareholders present, the Chair declared the meeting open.

The Chair introduced the Directors and Chief Executive Officer to the shareholders. She noted that Ms Evans and Mr McCawe were unable to join the meeting in person due to travel restrictions between New Zealand and New South Wales, but Ms Evans was joining the meeting via video link. The Chair noted that Mr McCawe is an apology for the meeting.

The Chair also introduced the members of the Executive Team in attendance; Mrs Waugh (Chief Financial Officer), Mrs Thorburn (Group General Counsel), Mr Stockton (Group General Manager Property and Development) and Ms Copeland (Group General Manager People and Culture). Dr Hughes (Group General Manager Nursing and Clinical Strategy) was unable to attend the meeting as she is in Brisbane, Australia.

The Chair also welcomed representatives from PricewaterhouseCoopers, the Company's auditor, including the lead audit partner Leo Foliaki, and representatives from Chapman Tripp, the Company's solicitors.

The Chair explained the voting process for shareholders and/or proxy holders and the process for shareholders to ask questions. The Chair also noted that the results of the meeting will be published to the market later in the day.

The Chair advised that the Notice of Meeting contained the business to be dealt with during the meeting. She asked whether there were any apologies that anyone would like to have recorded and no other apologies were received.

### **Proxies**

The Chair advised that 418 shareholders holding 238,835,962 shares (equivalent to 33.88%) of the shares on issue were represented at the meeting by valid proxies. The Chair further noted that the Board was holding 231,951,666 of these proxy votes and that the number of proxies to be voted in favour would be advised after each resolution was put before the meeting.

### **Minutes of Previous Meeting**

The Chair advised that the minutes of the previous Annual Meeting were reviewed at the first meeting of Directors of the Company following the Annual Meeting and were confirmed as a true and correct record of the meeting. The Chair further noted that the minutes are available



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for review on the Company's website and that the Group General Counsel has copies available should any shareholder wish to review them at the conclusion of the meeting.

## **Annual Report and Financial Statements**

The Chair advised that the Company's Annual Report for the 10 month period to 31 March 2021 was available to all shareholders on the Company's website and was circulated either electronically or by mail to all shareholders on the register at the time. She stated that the Annual Report would be taken as read and that before taking comments on it she would provide an overview of the year which would be followed by a presentation from the Chief Executive Officer, Brent Pattison.

## **Chair's Address**

The Chair started by noting that this is the first Annual Shareholders Meeting since Oceania changed its full year balance date to 31 March, from 31 May. She explained that much of the financial performance set out in the Annual Report and Financial Statements contains a shorter full year period of 10 months and covers the trading period from 1 June 2020 to 31 March 2021, rather than a full 12 month period.

The Chair noted that Underlying EBITDA and NPAT are up 8% and 4% respectively on the prior corresponding 10 month period from 1 June 2019 to 31 March 2020. She explained that these strong financial results have been underpinned by record sales volumes, strong care performance and the successful delivery of new developments.

The Chair noted that one of the highlights of the period was the successful completion of an oversubscribed \$100m equity raise in March 2021. The equity raise was undertaken by way of an \$80m placement and a \$20m retail offer. The proceeds of the equity raise were used to fund two new acquisitions – Waterford (which is an existing retirement village in Hobsonville Point, Auckland) and Oceania's existing leasehold site in Franklin, together with some adjacent bare land. The Chair noted that these recent acquisitions signal a pivot in Oceania's strategy, to the identification and execution of value accretive M&A activity, as well as growing its greenfield presence.

The Chair also explained that Oceania is continuing to focus on improving and refining the resident experience and noted that everything is designed for residents and the things that matter most to them, being their identity, connection and purpose.

The Chair noted the Retirement Commissioner's recommendation that an urgent review of the retirement villages legislative framework be undertaken. The Chair explained that the industry's response (through the Retirement Villages Association) is that the Commissioner's call for an urgent review is unnecessary and excessive. The RVA is suggesting that the Commissioner's office instead focus its efforts on working with the industry to implement a series of improvements that are already underway.

The Chair noted Oceania's progress with its sustainability initiatives over the last three to six months and explained how Oceania has been participating in a trial for vermicomposting of incontinence products, which are one of the main contributors to Oceania's waste.

The Directors have visited many sites around the country during the year, both as a Board and individually. The Chair explained that Directors enjoy meeting with staff and residents at sites, to observe the culture and day-to-day operations and to receive feedback which is then incorporated into Oceania's continuous improvement processes.

The Chair then noted that the landscape in which Oceania operates has changed significantly since listing in 2017. She explained that the Directors have attended a significant number of additional meetings over the last two years and this has resulted in increased demands on Directors' time. She also noted the additional work undertaken by Directors for the bond issue, acquisitions, capital raising, the changes in financial reporting date as well as governing in the



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challenging COVID-19 environment. She added that the Directors' workload is expected to increase further with more legislative and regulatory changes being proposed, as well as shareholder expectations increasing to consider and monitor a broader range of non-financial measures. Given this environment, and Oceania being positioned for performance and growth, the Chair noted that the Board considers that it may be beneficial to consider appointing additional Board members. She noted that the Directors skill matrix, that is available on the website, has served Oceania well to date, but that over the next year, the Board will consider the additional skills that would be beneficial to Oceania, as well as start planning for Board succession over the next five years.

The Chair also noted that the Board is intending to undertake a review of Directors' fees in the next year, noting that fees to each Director have not changed since Oceania's listing in 2017. As part of this review, the Board will consider the introduction of additional payments should significant additional Board work be required over and above usual duties.

The Chair noted that the Board was pleased to declare and pay a final dividend of 2.1 cents per share, which takes full year dividends (non-imputed) to 3.4 cents per share, representing 55% of Underlying Net Profit After Tax. This reflects strong trading performance and operating cashflow throughout the period. The Dividend Reinvestment Plan for New Zealand and Australian shareholders also applied to the dividend.

The Chair closed by thanking staff and the Board for their work during the year. The Chair also thanked shareholders for their attendance and support during the past year, and then invited the CEO to address shareholders.

### **Chief Executive Officer's Address**

Mr Pattison welcomed shareholders to the meeting. He started his address by noting that Oceania has led its Annual Report with "Believe in Better". He explained that this is more than a catch phrase and that it signals Oceania's intent to build upon past achievements and to challenge ourselves to be even better in the delivery of resident experience, the positive impact we make to our local communities, programmed growth for the business, shaping perceptions around ageing, being alert to our carbon footprint, as well as making a conscious effort to make Oceania a great place to work.

Mr Pattison provided an overview of the financial results for the 10 month period ended 31 March 2021. He explained that Oceania's Unaudited Underlying EBITDA of \$56.2m for the 10 months ended 31 March 2021 was 8% higher than the prior corresponding period of the 10 months to 31 March 2020 (unaudited). He noted that this was largely as a result of both strong sales of new developments and resales volumes in the current period as well as the ongoing receipt of deferred management fees from developments completed in prior periods.

Mr Pattison noted that Oceania's total assets as at 31 March 2021 were \$1.9b, compared with \$1.5b as at 31 May 2020. This material increase is due in part to a reversal of CBRE Limited's COVID-19 related valuation assumptions that had led to a decrease in the value of Oceania's existing investment property assets in the prior year, the completion of key development sites, as well as reflecting strong sales volumes of new retirement village units and care suites that have been developed over the last two years.

Mr Pattison explained that, for the 10 months to 31 March 2021, operating cashflow was \$96.0m, compared to \$99.4m for the 12 month period to 31 May 2020. This reflects strong sales volumes over the 10 month period to 31 March 2021.

Mr Pattison advised that, as at 31 March 2021, Oceania had current drawn debt and bonds of \$329.9m and \$79.9m of cash, representing \$225.0m of undrawn net debt headroom. He explained that this low gearing, coupled with sufficient bank facilities in place, puts Oceania in a sound position for future growth and enables Oceania to continue to execute its development pipeline.



Mr Pattison then noted that despite the shorter 10 month trading period and the number of days operating under lockdown restrictions, Oceania recorded 388 total ORA sales in the 10 month period to 31 March 2021, which is an increase of 9% (33 units and care suites) on the full 12 month period to 31 May 2020. He explained that, of the 194 new sales, over 75% of these were outside the Auckland region. Despite this regional bias, Oceania's development margin remained strong at 26%.

Mr Pattison added that, despite ongoing COVID-19 disruptions, Oceania delivered 217 units and care suites across its brownfield portfolio in three geographic regions during the 10 month period to 31 March 2021. This was the number of new units and care suites that Oceania had intended to build over the full 12 month period, so it was very pleasing to achieve this result within the shorter 10 month period.

Mr Pattison noted that group occupancy has increased to 92.4% for the 10 month period ended 31 March 2021, compared to 91.5% for FY2020.

Mr Pattison then explained that Oceania is focusing on being the provider of choice for critical infrastructure and essential services for older people. He outlined how Oceania adopts a people-centric approach in everything it does, whether in the design of buildings so that care suites can accommodate couples, in the hospitality-led dining experiences or the investment in Nurse Practitioners so that we can continue to provide outstanding care to residents.

Mr Pattison then spoke about Oceania's people and explained that three senior appointments were made prior to 31 March 2021 to further strengthen the leadership team. Mrs Waugh was promoted to the role of Chief Financial Officer, Mrs Thorburn was promoted to Group General Counsel and Ms Copeland joined Oceania as Group General Manager People and Culture. He also explained that Mr Stockton is now Group General Manager Property and Development, with responsibility for identifying potential landbanks and development sites for future greenfields developments. Dr Hughes is now Group General Manager Nursing and Clinical Strategy and has been instrumental in leading the industry's response to COVID-19.

Mr Pattison noted that Oceania has demonstrated a continued commitment to invest in clinical training and development for staff, to offer a genuine career development pathway and learning opportunities for all staff to enable them to practice to their full potential.

Mr Pattison noted that the employee share scheme will be offered to all permanent employees again this year. The scheme achieved a 77% uptake in September 2020.

Mr Pattison then spoke about developments. He explained that there are 402 villas, apartments and care suites currently under construction across six regions. Mr Pattison then provided an overview of the Eden development that was completed in April 2021, as well as an overview of the sites that are currently under development – Lady Allum, The BayView, Gracelands, Stoke, Awatere and Waimarie Street. Mr Pattison then showed shareholders a video of drone footage from the Waimarie Street development.

Mr Pattison concluded his address by noting that Oceania is focusing on delivering performance and growth to its investor community moving forward, whilst also maintaining and continuing to develop clinical and operational excellence.

## Shareholder Questions

The Chair then asked if there were any questions arising from the Annual Report or the addresses.

A representative from e tu (shareholder) asked what progress has been made towards becoming a living wage employer this year. Mr Pattison noted that people are at the heart of what Oceania does and that wage rates and environmental factors are taken into account to ensure that people are motivated and well looked after. He explained that there are 420 registered nurses who are paid between \$29 and \$39 per hour, and there are 550 kitchen and household staff who are paid between \$20 and \$22.51 per hour, based on a 3% increase last July then a 2% increase in April 2021. In addition, there are 1,500 staff who are covered by the



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equal pay settlement and they are paid in line with the legislation which, from 1 July 2021, is between \$21.50 and \$27 per hour.

A shareholder asked a number of questions. Firstly he asked about care suite sales and whether these were influenced by seasonal factors. Mr Pattison noted that care suites sold very well in the six month period to 30 November 2020, but the four month period to 31 March 2021 was slightly disrupted by the summer holidays. He added that Oceania is currently seeing strong demand for its care suite product and older people are recognising that being in a retirement village or a care centre is a great place to be in the current COVID-19 environment. The shareholder then asked whether Oceania is having problems with the supply chain and the cost of labour for construction projects. Mr Tomlinson advised that Oceania is starting to see the cost of labour and resources increase, but Oceania's construction projects are all fixed price contracts so Oceania is currently in a good position. The shareholder then noted the looming Government regulations for the retirement village sector and asked what changes are likely to be made and whether these changes would materially affect Oceania. Mr Pattison responded that any changes to improve the resident voice would be welcomed by the sector. He also noted that Oceania has already implemented a number of changes that the Retirement Commissioner is recommending, including stopping weekly village fees when the unit is vacated. However Mr Pattison said that the industry does not consider that an urgent review is needed as the sector provides excellent services to its residents and Oceania will continue to do this. Similarly, the Retirement Commissioner has portrayed retirement village residents as being vulnerable but this does not reflect the fact that they are intelligent older people who have had experience undertaking property transactions throughout their lives. Residents are required to obtain independent legal advice before moving into a retirement village unit and have the opportunity to change their mind.

A shareholder noted concerns about Chinese made steel and asked where Oceania is sourcing its steel from. Mr Stockton responded by advising that although some steel in Oceania's development projects will be from China, Oceania relies on independent testing and validation of the products used in projects to ensure that all products meet the Building Code. The projects are also checked by Councils to ensure they meet Building Code requirements.

A shareholder congratulated the Board and management on operating the business during COVID-19. He noted that he has visited most of the sites around New Zealand and the villages are among the best in New Zealand. However, he said that premium facilities need to be provided at these premium retirement villages. He asked why the carparking at The Bellevue in Christchurch is on grade. Mr Pattison explained that on grade carparking was required under the resource consent for this development but management is sensitive to the local environment, particularly the cold winters in Christchurch, and is working through other options for carparking before commencing the next stage of development at The Bellevue. He suggested that this may include overhead canopies over carparks around the boundaries of the site or a concierge service to assist residents by bringing their car to the entrance way. Mr Tomlinson added that there was liquefaction at this site during the 2011 earthquakes so this is taken into account in the design for this village.

## **Election of Directors**

The Chair moved to the election of Directors and noted that, under the NZX Listing Rules, a Director must not hold office (without being re-elected) past the third annual meeting following that Director's appointment or three years, whichever is longer. Alan Isaac is therefore offering himself for re-election as a Director. The Chair noted that the Board has determined that, in its view, if re-elected, Mr Isaac will continue to be an independent Director for the purposes of the NZX Listing Rules. Mr Isaac stands for re-election with the full support of the other Directors of the Company. The Chair then invited Mr Isaac to speak in support of his re-election.

Mr Isaac noted that, as a Chartered Accountant, he has significant commercial experience in a range of industries. He explained that he retired from KPMG in 2006 and has been a professional director since then, including his current roles as a Director of Skellerup and Scales.



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Mr Isaac added that he is proud of his track record as a non-executive Director involved in three IPOs which have all been successful. Mr Isaac is currently the President of the Institute of Directors and this has assisted him in keeping up to date with current governance issues. Mr Isaac added that he and his family trust currently hold approximately 280,000 shares in Oceania. He noted that, in his view, the Oceania Board is well balanced and the company has a strong balance sheet and is well placed to achieve performance and growth. A representative from e tu (shareholder) asked Mr Isaac about his view on mandatory staffing levels within the aged care sector. Mr Isaac responded by advising that the safety of Oceania's staff is paramount.

The Chair put the motion "That Alan Isaac be re-elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote by marking resolution one on their voting card.

After shareholders had voted, the Chair advised that the Board is holding a total of 232,276,502 directed and discretionary proxies which will be voted in favour of this resolution.

The Chair then turned to Resolution Two and noted that Dame Kerry Prendergast is offering herself for re-election as a Director. The Chair noted that the Board has determined that, in its view, if re-elected, Dame Kerry will continue to be an independent Director for the purposes of the NZX Listing Rules. Dame Kerry Prendergast stands for re-election with the full support of the other Directors of the Company. The Chair then invited Dame Kerry to speak in support of her re-election.

Dame Kerry noted that she joined the Oceania Board in December 2016 and outlined her 40 years' experience in the health sector as a nurse and midwife. She also explained that she has significant experience in local Government in Wellington and was a member of Worksafe for its first three years. Dame Kerry noted that she is passionate about the sector, with family members living in aged care centres, and she also holds shares in Oceania. Dame Kerry noted that Oceania invests in the safety of its staff and, in her view, what is good for Oceania's residents and staff is also good for Oceania's shareholders. There were no questions from shareholders.

The Chair put the motion "That Dame Kerry Prendergast be re-elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote by marking resolution two on their voting card.

After shareholders had voted, the Chair advised that the Board is holding a total of 232,833,380 directed and discretionary proxies which will be voted in favour of this resolution.

The Chair then turned to Resolution Three and noted that Sally Evans is offering herself for re-election as a Director. The Chair noted that the Board has determined that, in its view, if re-elected, Ms Evans will continue to be an independent Director for the purposes of the NZX Listing Rules. Ms Evans stands for re-election with the full support of the other Directors of the Company. The Chair then invited Ms Evans to speak in support of her re-election via videolink.

Ms Evans noted that it was unfortunate that she was unable to attend the meeting in person due to travel restrictions. She noted, however, that she visited New Zealand in May 2021 for the Board meetings and she enjoyed the opportunity to catch up with the Executive Team in person at that time. Ms Evans outlined her experience in the health and aged care sectors and noted that the last 10 years of her executive career were in the field of investing in residential aged care with a focus on the operational side of the business and how better care should be delivered to residents. Since then, she has focused her career on working as a Director in businesses that are leading change in the retirement and aged care sectors. She noted that she is a member of the Advisory Council to the Australian Aged Care Quality and Safety Commission. Ms Evans concluded her address by welcoming the opportunity to stand for re-election and to join the Board and Executive Team in delivering plans that bring Believe in Better to life. A representative from e tu (shareholder) asked Ms Evans about her view on mandatory staffing levels within the aged care sector. Ms Evans responded that safety is a fundamental requirement and that unless staff are safe, residents are not safe.



The Chair put the motion "That Sally Evans be re-elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote by marking resolution three on their voting card.

After shareholders had voted, the Chair advised that the Board is holding a total of 232,856,785 directed and discretionary proxies which will be voted in favour of this resolution.

The Chair then turned to Resolution Four and noted that Gregory Tomlinson is offering himself for re-election as a Director. The Chair noted that the Board has determined that, in its view, if re-elected, Mr Tomlinson will continue to be an independent Director for the purposes of the NZX Listing Rules. Mr Tomlinson stands for re-election with the full support of the other Directors of the Company. The Chair then invited Mr Tomlinson to speak in support of his re-election.

Mr Tomlinson noted that he started working in the aged care sector in the mid 1980s when building cluster housing for the elderly. He then moved to integrated care and needs based care. He noted that he still has a passion for providing the best housing and care that meets residents' changing needs. Mr Tomlinson noted that he has a strong background in construction and development. If re-elected, Mr Tomlinson made a commitment to another term on the Board as Oceania remodels itself in arguably the best locations in New Zealand. He explained that, as an operator, Oceania takes pride in looking after its staff. There were no questions from shareholders.

The Chair put the motion "That Gregory Tomlinson be re-elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote by marking resolution four on their voting card.

After shareholders had voted, the Chair advised that the Board is holding a total of 232,734,445 directed and discretionary proxies which will be voted in favour of this resolution.

### **Approval of Auditors' Remuneration**

The Chair explained that resolution five is required to authorise the Directors to fix the auditors' remuneration.

The Chair put the motion "That the Directors be authorised to fix the remuneration of PricewaterhouseCoopers as the auditor of the Company for the ensuing year." A shareholder from the floor seconded the motion. There were no questions for the Board concerning the motion. The Chair then invited shareholders to vote by marking resolution five on their voting card.

After shareholders had voted, the Chair advised that the Board is holding a total of 232,464,005 directed and discretionary proxies which will be voted in favour of this resolution.

### **General Business**

The Chair called for shareholders to raise any other matters.

A shareholder asked whether residents generally prefer top or bottom floors in apartment buildings. Mr Pattison replied that some residents like the security of lower floors and being able to walk out in to a patio or garden, whereas other residents prefer higher floors as these may have a view or look out over neighbouring properties. The shareholder then asked if Oceania is seeing strong opposition to apartment developments at present. Mr Pattison said that it is generally acknowledged that there is a shortage of housing in New Zealand and higher density development is required. Oceania develops a combination of building types, including villas, apartments and care suites. He added that it seems inevitable that New Zealand will move to higher density housing given the limited availability of land.

A shareholder asked whether the formula for scaling in the Retail Offer was universally applied. Mr Pattison confirmed that the same formula was used to scale all participants in the Retail



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Offer. He added that no oversubscriptions were accepted as Oceania wanted to be fair to existing loyal shareholders and not dilute their shareholdings further. Mr Isaac added that share allocations were checked by Computershare to provide a level of assurance that all shareholders were treated in the same way.

A shareholder asked whether there would be any more capital raisings in the next few years. The Chair advised that Oceania does not intend to undertake another capital raising at present but if an opportunity to acquire a good asset arose, then Oceania would come back to shareholders. The shareholder then asked why Oceania paid a dividend. The Chair advised that some investors like to receive a dividend and noted that the Dividend Reinvestment Plan is available to those shareholders who would prefer to reinvest. The shareholder suggested that the costs of the capital raise could be avoided if the dividend was not paid but the Chair advised that the amount of capital required for a large acquisition would be much more than the amount of the dividend.

Another shareholder noted that he preferred rights issues over capital raises. Mr Pattison noted that the recent capital raise was conducted consistent with the most common recent market terms and involved a Placement and Retail Offer. A key consideration for Oceania was fairness to shareholders by allowing as many shareholders as possible to maintain at least their pro rata portion. This included extending the cap for the Retail Offer from the normal limit under the NZX Listing Rules of \$15,000 to \$50,000, which meant a number of larger shareholders weren't limited by a low cap from applying for their pro rata portion of the shares sold under the capital raise. Scaling was based on the shareholder's existing holding – for example, if a shareholder only held one share, but applied for \$50,000 of shares, they would be scaled back based on the one share they held, rather than the \$50,000 of shares they applied for.

A shareholder asked about the impact of the DHB funding increase this year. Mr Pattison noted that Oceania will not know the amount of the funding increase until on or about 1 July 2021. The shareholder also asked if Oceania will be providing guidance on its forecast for the next year. Mr Pattison confirmed that Oceania does not provide market guidance but noted that the matters covered at this meeting provide a strong and transparent view of what Oceania hopes to achieve in the next year.

There being no further questions, the Chair thanked shareholders for their attendance and invited shareholders to join the Board and management for refreshments. The Chair then declared the meeting closed at 3.33pm.

Signed as a true and correct record



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Elizabeth Coutts  
Chair



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