

# Retail Bond Presentation

25 September 2020



OCEANIA  
HEALTHCARE

Meadowbank Stage 5  
(completed in May 2020)



# Disclaimer

Please read carefully before the rest of this presentation

This presentation has been prepared by Oceania Healthcare Limited ("Oceania" or the "Issuer") in relation to the offer of bonds described in this presentation ("Bonds"). The offer of the Bonds is made in the product disclosure statement dated 25 September 2020 ("PDS"), which has been lodged in accordance with the Financial Markets Conduct Act 2013 ("FMCA"). The PDS is available through [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose) or by contacting ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Jarden Securities Limited or Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) as Joint Lead Managers or any other Primary Market Participant, and must be given to investors before they decide to acquire any Bonds. No applications will be accepted or money received unless the applicant has been given the PDS. Capitalised terms used but not defined in this presentation have the meanings given to them in the PDS.

The information in this presentation is of general nature and does not constitute financial product advice, investment advice or any recommendation by the Issuer, the Bond Supervisor, the Arranger, the Joint Lead Managers, or any of their respective directors, officers, employees, affiliates, agents or advisers to subscribe for, or purchase, any of the Bonds. Nothing in this presentation constitutes legal, financial, tax or other advice.

The information in this presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. You should make your own assessment of an investment in the Issuer based on the PDS and should not rely on this presentation. In all cases, you should conduct your own research on the Issuer and analysis of any offer, the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Issuer, and the contents of this presentation.

This presentation contains certain forward-looking statements with respect to the Issuer. All of these forward-looking statements are based on estimates, projections and assumptions made by the Issuer about circumstances and events that have not yet occurred. Although the Issuer believes these estimates, projections and assumptions to be reasonable, they are inherently uncertain. Therefore, reliance should not be placed upon these estimates or forward-looking statements and they should not be regarded as a representation or warranty by the Issuer, the directors of the Issuer or any other person that those forward-looking statements will be achieved or that the assumptions underlying the forward-looking statements will in fact be correct. It is likely that actual results will vary from those contemplated by these forward-looking statements and such variations may be material.

The offer of Bonds is being made only in New Zealand. The distribution of this presentation, and the offer or sale of the Bonds, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside New Zealand must inform themselves about and observe all such restrictions.

Nothing in this presentation is to be construed as authorising its distribution, or the offer or sale of the Bonds, in any jurisdiction other than New Zealand and the Issuer accepts no liability in that regard. The Bonds may not be offered or sold directly or indirectly, and neither this presentation nor any other offering material may be distributed or published, in any jurisdiction other than New Zealand where action is required for that purpose.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

None of the Arranger, Joint Lead Managers nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with the offer of Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this presentation; and (c) make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation and accept no liability (except to the extent such liability is found by a court to arise under the Financial Markets Conduct Act 2013 or cannot be disclaimed as a matter of law).

## Contents

01	Offer Highlights	3
02	Business Overview and Strategy	4
03	Financial Highlights	12
04	Funding and Security Structure	15
05	Offer Terms and Timetable	21
06	Appendices	25


Presented by:

Earl Gasparich, Chief Executive Officer

Brent Pattison, Chief Financial Officer

# 01 Offer highlights

Retail Bond Offer	Details
Issuer	Oceania Healthcare Limited (Oceania)
Bonds	Secured unsubordinated fixed rate bonds
Guarantee	Payments on the Bonds are guaranteed by Oceania, Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited under a guarantee contained in the Global Security Deed
Offer Amount	Up to \$75m (with the ability to accept oversubscriptions up to an additional \$50m)
Maturity	7 year bonds maturing 19 October 2027
Quotation	Application to quote the bonds on the NZX Debt Market (NZDX) has been made NZX ticker code OCA010 has been reserved for the Bonds
Joint Lead Managers	ANZ, Craigs Investment Partners, Jarden and Westpac

A photograph of three elderly women in a modern outdoor setting. One woman in a purple sweater stands and smiles while talking to two women seated at a table. The seated woman on the left wears a red top, and the one on the right wears a blue top. The table is set with water, coffee, and small plants. The background features a large tree, a modern building, and a view of the ocean.

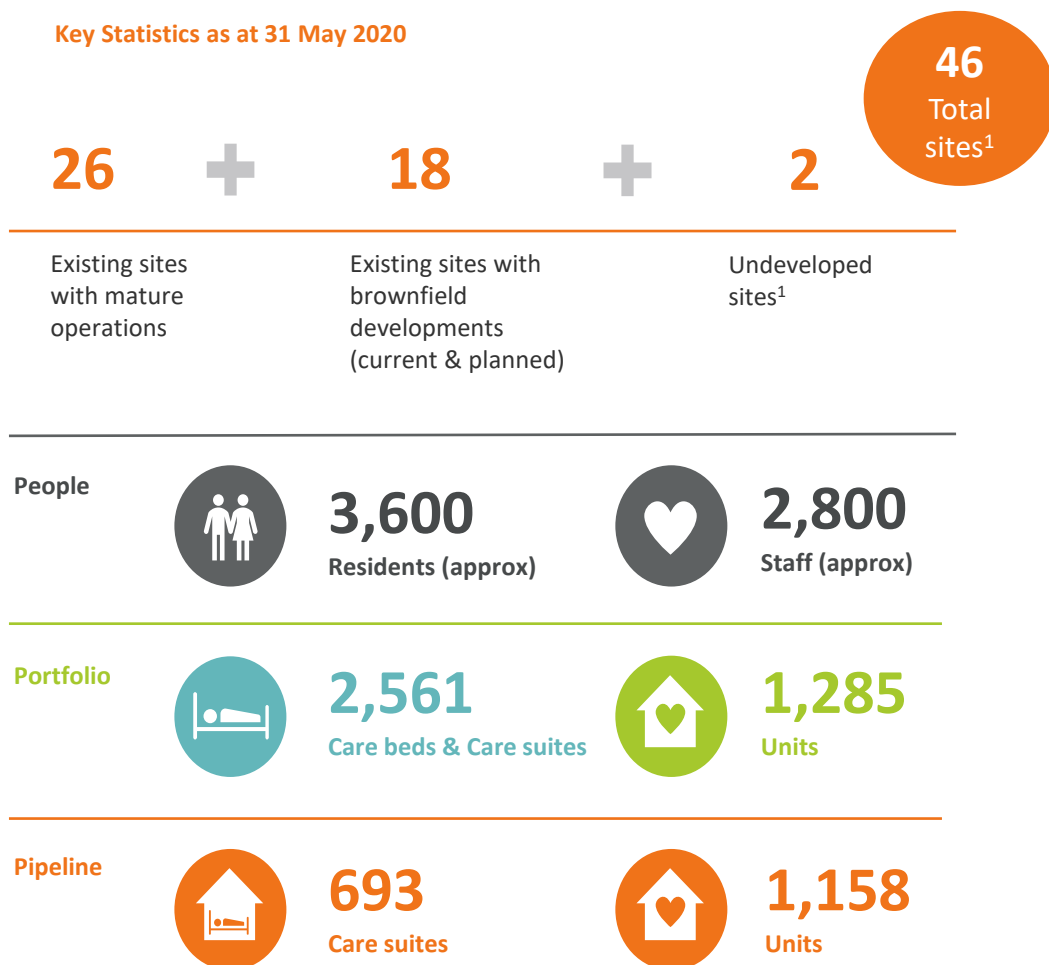
## Business Overview and Strategy

## 02 Oceania at a glance

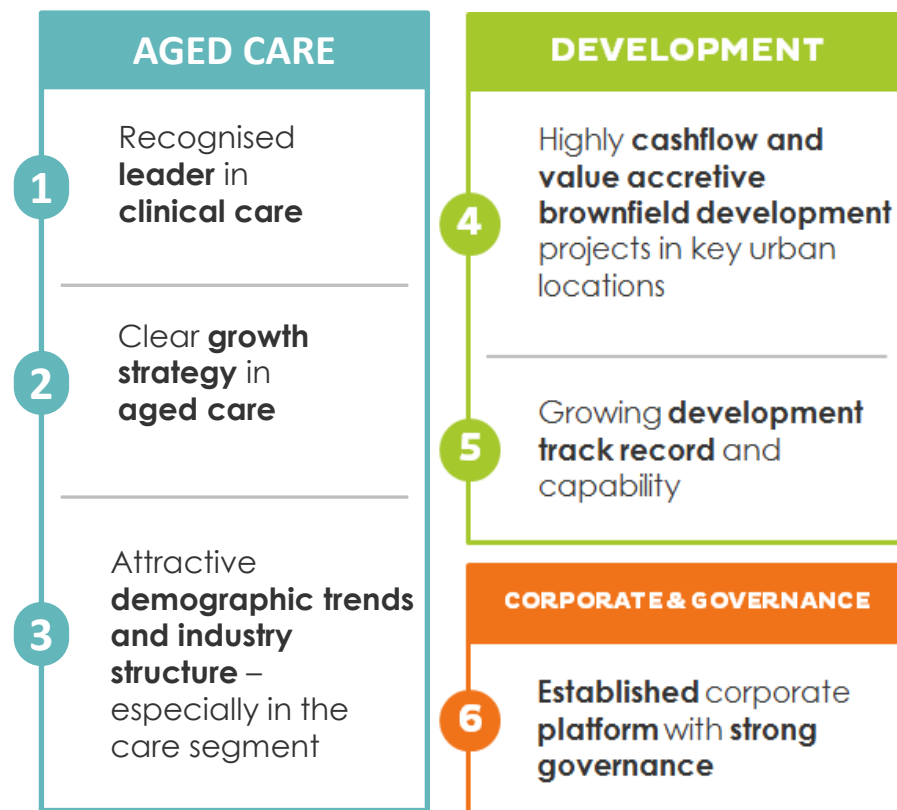
Oceania was formed in 2005 and is a “care focused” operator and developer of aged care homes and retirement villages.

Oceania is an experienced developer of new aged care and retirement village facilities. The existing portfolio includes a substantial brownfield development pipeline throughout New Zealand.

### Key Statistics as at 31 May 2020



### Value Propositions



1. The sale of one of the undeveloped sites (Woodchester, Christchurch) has settled since 31 May 2020.

## 02 Oceania market position & strategy

Operations	1			2	
	Operating Segment	AGED CARE			RETIREMENT VILLAGE
	Core operations	Provision of residential aged care services in standard beds, premium rooms and care suites.			Manage portfolio of independent living accommodation for over 70 year olds.
	Portfolio size <sup>1</sup>	2,561 BEDS & CARE SUITES			1,285 UNITS
	Services	Aged Care Services			Independent Living
Revenue drivers	Product	Standard Bed	PAC Bed	Care Suite	Apartment Villa
	1. Accommodation model				
	Sold under Occupation Right Agreement (ORA) i.e. The resident purchases ORA. Oceania charges a Deferred Management Fee (DMF) and Oceania receives any capital gain on the resale of unit. <sup>2</sup>	n/a	n/a	✓	✓ ✓
	Daily premium accommodation charge (PAC)	n/a	✓	n/a	n/a n/a
	2. Services model				
Strategy	Services provided	Rest Home Care Hospital Care Dementia Care	Rest Home Care Hospital Care Dementia Care	Rest Home Care Hospital Care (Dementia in future)	Resident hospitality and facilities management Resident hospitality and facilities management
	Weekly service fee	n/a	n/a	n/a	✓ ✓
	Government funded daily care fee	✓	✓	✓	n/a n/a
Strategy	Strategy	<ul style="list-style-type: none"> <li>Maximise occupancy through continuous improvement in service delivery and quality of clinical care.</li> <li>Increase DMF and premium revenue through                             <ul style="list-style-type: none"> <li>Full redevelopment of some existing aged care centres to new premium Care Suites; and</li> <li>conversion of some standard beds to Care Suites.</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>Increase Unit resale margins through Oceania brand engagement and Oceania's regular review of market supply and demand dynamics.</li> </ul>

1. As at 31 May 2020.

2. Standard resale gain policy. A small number of legacy contracts require the resident to share in the resale gains on their unit.

# 02 Oceania market position & strategy

3





Operations	Operating Segment	DEVELOPMENT	
	Core operations	<p>Design and construct integrated retirement village and aged care centres</p> <ul style="list-style-type: none"><li>• Project manage the design, consent, financing, and construction of new Care Suites and Units.</li><li>• Oceania has proven brownfield development capability, historically delivering on time and on budget.</li><li>• 86.3% of pipeline consented as at 31 May 2020.</li></ul>	
	Development pipeline	1,851 CARE SUITES AND UNITS IN PIPELINE <sup>1</sup>	
Revenue Drivers	Revenue drivers	<ul style="list-style-type: none"><li>• First sale of ORA over new units.</li><li>• Development margin realised.</li></ul>	
	Strategy	<ul style="list-style-type: none"><li>• Development of integrated aged care and retirement village facilities on land where operational facilities already exist (Brownfield Development).</li><li>• Acquisition of additional Brownfield Development sites as well as sites where operational facilities do not already exist (Greenfield Development), in complementary regions.</li><li>• Transition portfolio to 69% premium beds and units at the completion of the current pipeline:</li></ul>	
			
<p><b>The Bellevue   Christchurch</b></p> <p>Example of brownfield development To be completed FY2021</p> <ul style="list-style-type: none"><li>▪ 22 apartments</li><li>▪ 71 care suites</li></ul>			
			<div><div>60% increase in premium beds &amp; units since FY2017</div><div><div><div><div>4.6%</div><div>7.0%</div><div>17.4%</div><div>46.4%</div><div>24.6%</div></div><div><div>5.6%</div><div>9.1%</div><div>16.7%</div><div>44.6%</div><div>24.0%</div></div><div><div>8.2%</div><div>14.1%</div><div>15.9%</div><div>38.8%</div><div>22.9%</div></div></div><div><div>FY2017</div><div>FY2020</div><div>FULL PIPELINE</div></div><div><div>■ Standard villas &amp; apartments</div><div>■ Standard Beds</div><div>■ PAC Beds</div><div>■ Care Suites</div><div>■ Premium villas &amp; apartments</div></div></div><div>69% premium when pipeline complete</div></div>

1. As at 31 May 2020.

## 02 Oceania market position & strategy

We are a “care focused” operator and developer of aged care centres and retirement villages.

### Current & future portfolio composition<sup>1</sup>

				
	Care Beds	Care Suites	Units	Total
North Island	1,442	494	974	2,910
South Island	440	185	311	936
Total Existing <sup>1</sup>	1,882	679	1,285	3,846
Development Pipeline <sup>2</sup>	-	693	1,158	1,851
Less Decommissions	(361)	(43)	(110)	(514)
Care Suite Conversions	(78)	64	-	(14)
Net Development Pipeline <sup>3</sup>	(439)	714	1,048	1,323
Total Post Development	1,443	1,393	2,333	5,169

1. As at 31 May 2020.

2. Includes 325 care studios which may be initially sold with a PAC and may subsequently be sold under an ORA.

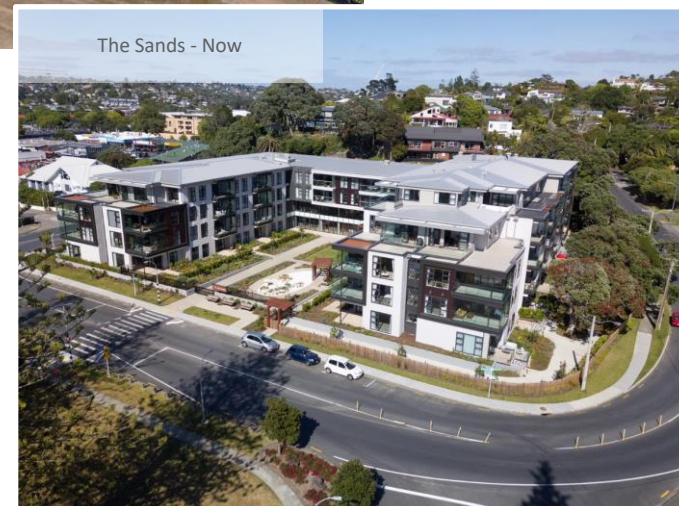
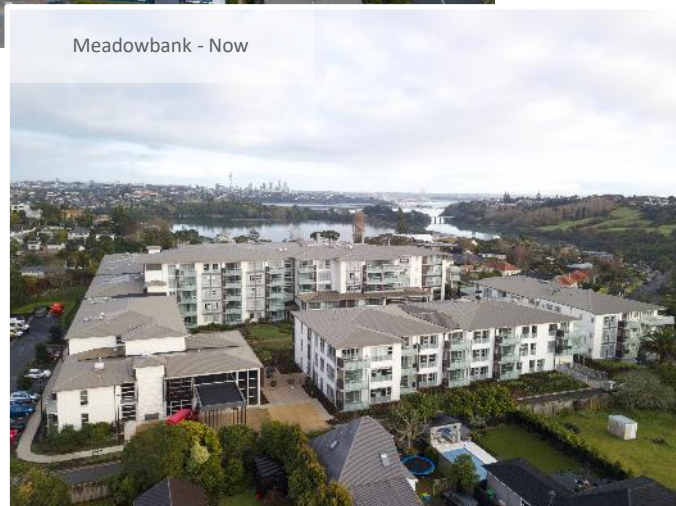
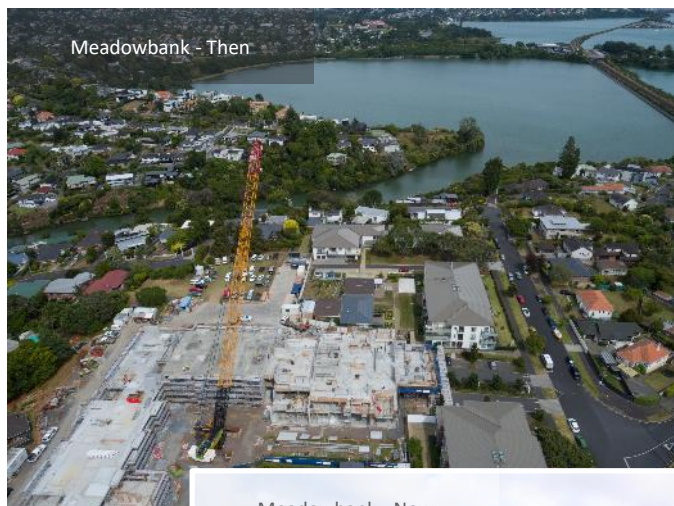
3. Current and planned developments as at 31 May 2020.



## 02 Portfolio

From IPO in 2017 to 31 May 2020 we delivered 579 new units and care suites, including opening four new premium care facilities at Meadowbank, The Sands, The BayView and Awatere.

### Transformations delivered – Fulfilling our promise since IPO



137

Apartments  
Completed



64

Care Suites  
Completed



64

Apartments  
Completed



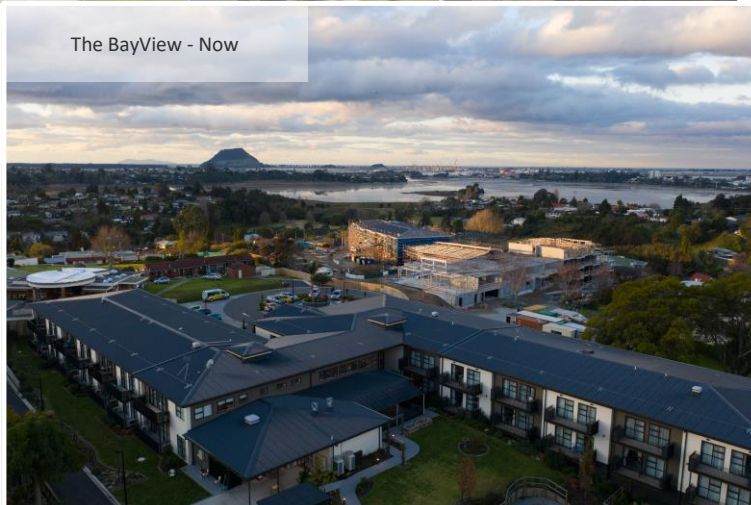
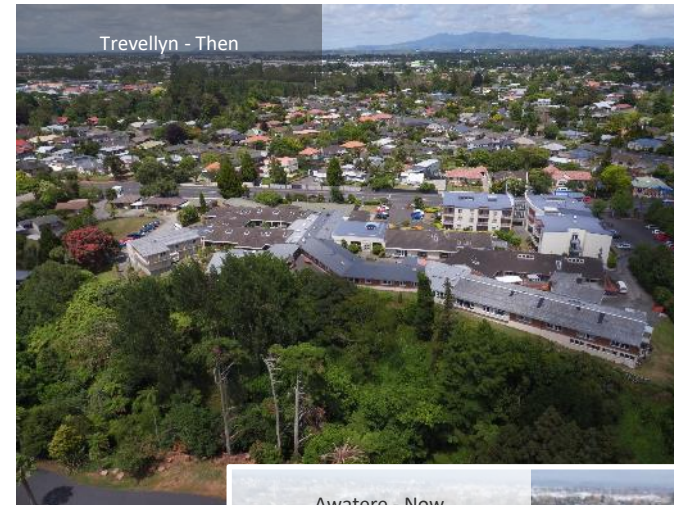
44

Care Suites  
Completed

## 02 Portfolio

Opening the new care facilities at The BayView and Awatere has unlocked under-utilised land at these sites for subsequent stages of premium independent living apartments to achieve site optimisation.

### Transformations delivered – Fulfilling our promise since IPO



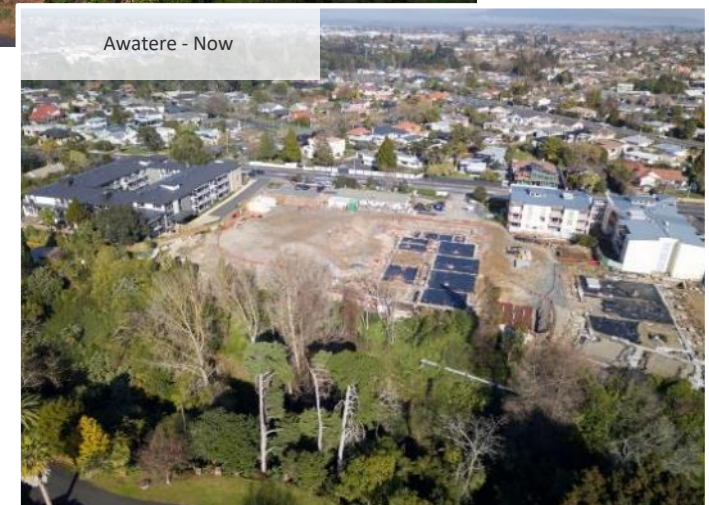
81

Care Suites  
Completed



211

Future  
Apartments  
Unlocked



90

Care Suites  
Completed



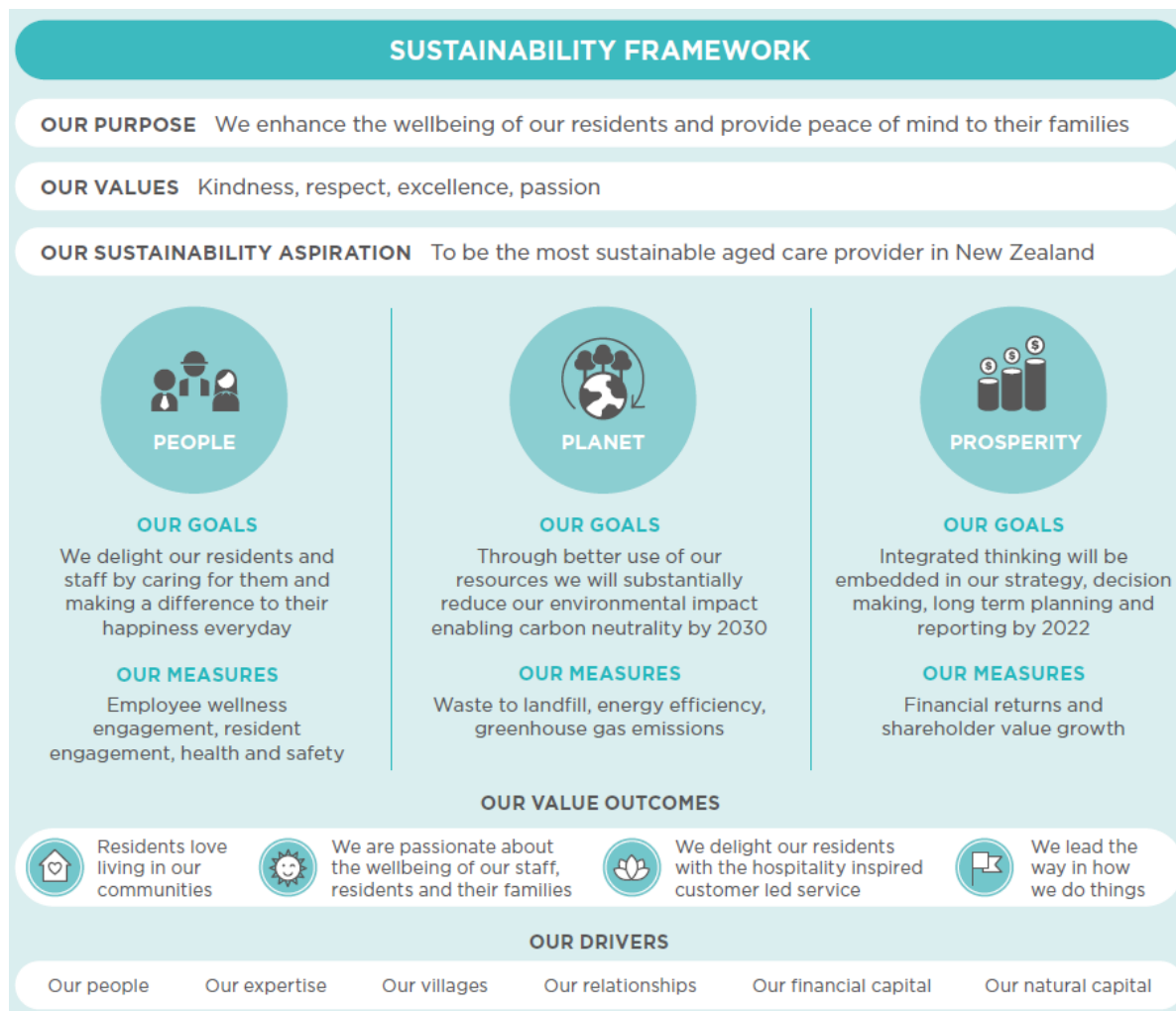
137

Future  
Apartments  
Unlocked

## 02 Becoming more sustainable

Oceania is committed to enhancing value for all of our stakeholders in a sustainable manner.

- The diagram opposite outlines Oceania's sustainability framework, aimed at ensuring prosperity is achieved through sustainable practices
- We care about the health and wellbeing of our staff, residents and contractors
- We have a strong focus on our environmental impact
  - New builds are constructed to a Homestar 6 rating.
  - We have **measured our carbon emissions baseline footprint** and are now analysing key contributors to **identify reduction strategies**.
  - We have **commenced site-wide waste audits** to understand components and identify opportunities for savings.
  - Our fleet of **cars is being transitioned to hybrid and new resident carparks are equipped for electric charging stations**.
  - **Existing facilities are being converted to LED lighting** during refurbishment processes.





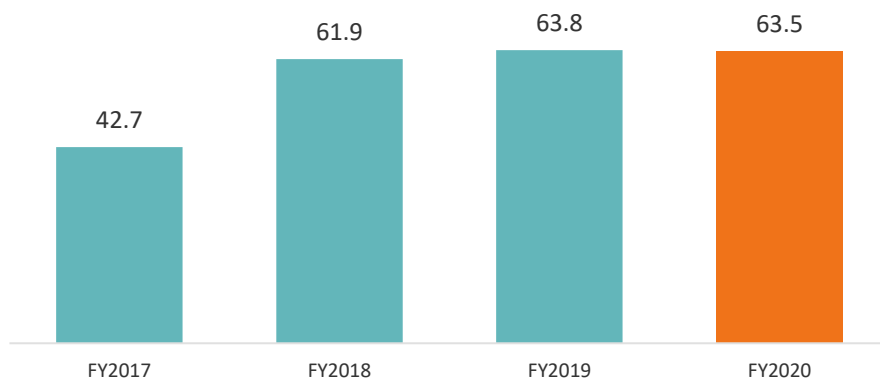
## Financial Highlights

# 03 Financial highlights

Underlying earnings, operating cash flow and total assets have increased significantly since FY2017.

## Underlying EBITDA from continuing operations<sup>1</sup>

NZDm



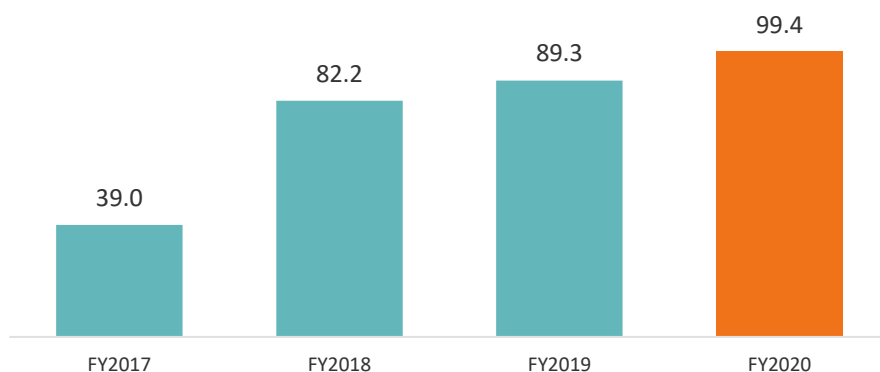
## Underlying NPAT from continuing operations<sup>1</sup>

NZDm



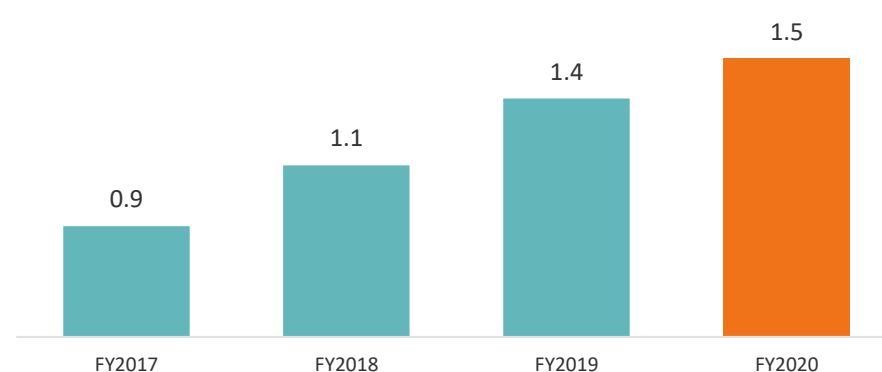
## Operating cash flow

NZDm



## Total assets

NZDb



1. Underlying EBITDA and NPAT from continuing operations excludes the earnings from sites divested in FY2019 in all reporting periods. Underlying EBITDA & NPAT includes pro forma adjustments in FY2017 to i) adjust for the pre-IPO capital structure by applying the post IPO capital structure retrospectively for that financial year, and ii) exclude transaction costs.

## 03 FY2020 highlights

Our care and village business held up well in the face of COVID-19 and we remain committed to our strategy.

### Continued commitment to our Aged Care strategy

- **50% of our care portfolio is now premium beds or care suites** (34% at IPO) as we progress to our target mix of 70%/30% premium to standard rooms. 90 new care suites delivered, and 47 care suite conversions completed in FY2020.
- **Premium DMF and PAC revenue doubled since IPO** to \$11.7m in FY2020, 39% higher than FY2019.
- **Occupancy increased to 93.7%** at sites not affected by development in FY2020.
- **Appointment of Dr Frances Hughes, CNZM as General Manager Nursing & Clinical Strategy.** Dr Hughes has over 30 years' nursing experience and has held senior management and nursing positions on a global level.

### Sales volumes and margins favourable in light of COVID-19

- Despite COVID-19, Oceania recorded **355 total ORA sales in FY2020, an increase of 45 units and care suites (or 15%) on FY2019**
- **New care suite sales doubled in FY2020 to 114** (57 in FY2019).
  - Total care suite sales volumes (new and resales) to 29 February 2020 (i.e. pre-COVID) were 175 compared to 93 in pcip.
- **New ILU sales flat despite COVID-19** (75 in FY2020 compared to 76 in FY2019).
  - Total pre-COVID ILU sales volumes (new and resales) were 98 compared to 96 in pcip.
- **Development margin remains strong at 33.1%.**
- Of the **pre-COVID-19 applications** we had at the start of March 2020, **89% were either sold or under application** at year end FY2020.

### Development pipeline progress

- **176 units and care suites delivered across 6 sites in FY2020.**
- 217 units and care suites on track to be delivered in FY2021.
- Total development pipeline as at 31 May 2020 of 1,851 units and care suites with **86.3% of this pipeline consented.**



## Funding and Security Structure

## 04 Purpose of debt

Debt is primarily used to acquire and develop Oceania's sites across New Zealand. The debt is then repaid using proceeds from the first time sale of newly developed units and care suites.

- Oceania uses debt to fund the:
  - Redevelopment of existing brownfield sites;
  - Acquisition of greenfields land for future development; and
  - Development of greenfields land into operating facilities.
- The proposed bond issue will:
  - Provide further diversification of funding sources and tenor. Oceania currently has \$420m of bank facility limits with ANZ and Westpac, comprising a \$350m bank facility to July 2023 and an additional \$70m bank facility limit to September 2021 (undrawn to date). This additional \$70m facility will be cancelled following the proposed bond issue;
  - Repay existing bank debt; and
  - Help facilitate Oceania's further growth, including funding the current pipeline and potential acquisition of new development sites (brownfield and / or greenfields).

### Capital Structure

Debt facilities	Facility limit	Drawn amount (31/05/20)	Headroom
General / corporate	\$135.0m	\$118.6m	\$16.4m
Development facility	\$215.0m	\$208.1m	\$6.9m
Facility C	\$70.0m	-	\$70.0m
Cash	n/a	(\$17.6m)	\$17.6m
<b>Total limits / net bank debt<sup>1</sup></b>	<b>\$420.0m</b>	<b>\$309.1m</b>	<b>\$110.9m</b>
Finance leases <sup>2</sup>	n/a	13.0	n/a
<b>Total net debt</b>		<b>\$322.1m</b>	

1. Excludes derivative financial instruments.

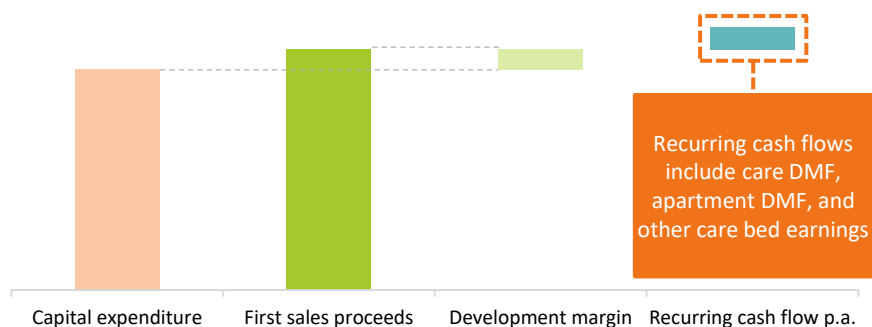
2. Includes \$5m of secured liabilities. Refer to slide 19 for more details.

## 04 Development cash flows

Developments are typically staged to ensure the most efficient recycling of capital given target gearing levels and local market demand.

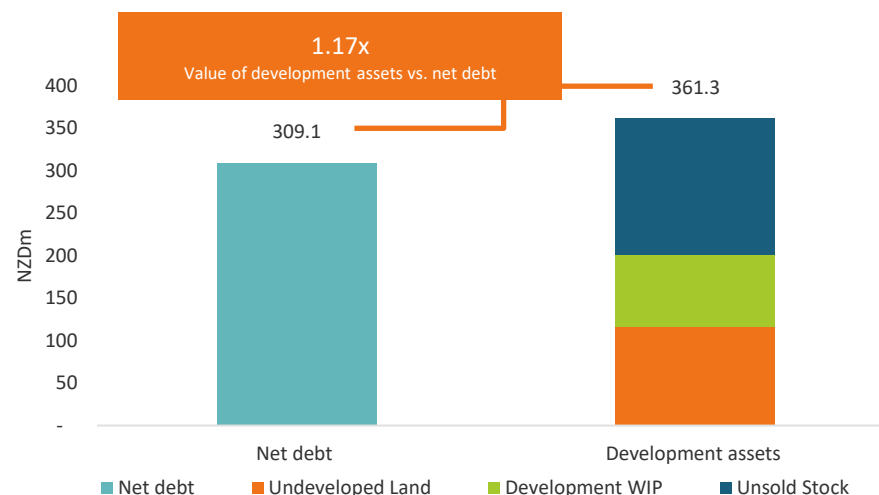
- Oceania is predominantly a brownfields developer. In general, the brownfields development process is staged in order to maximise capital efficiency.
- Typically, **care is built in the first stage** on surplus land. Upon completion, sell down begins to repay development debt drawn.
- Simultaneous with care suite sell down, the **old care facility is demolished to make way for subsequent apartment stages**. Debt is redrawn to fund development of apartments.
- All development **capex is expected to be fully recovered once all stages are sold down**, and generate recurring cash flow once mature (see chart below).
- Construction of a stage of a new development typically takes two to three years to complete.
- Oceania has an experienced internal team with robust processes in place for tendering projects and selecting skilled and qualified contractors to mitigate construction and development risk.

### Illustrative summary cash flows from Brownfields Development



### Net debt to development assets

- Development assets exceeded the value of net debt by \$52.2m as at 31 May 2020.
- Development assets could be realised to reduce debt.



Debt is supported by the value of operating and development assets (together valued at \$990m net of liabilities preferred by law, refundable obligations to residents and other secured liabilities).

In addition to development asset backing debt holders also have the benefit of earnings from the existing business including aged care earnings and resales of existing units and care suites

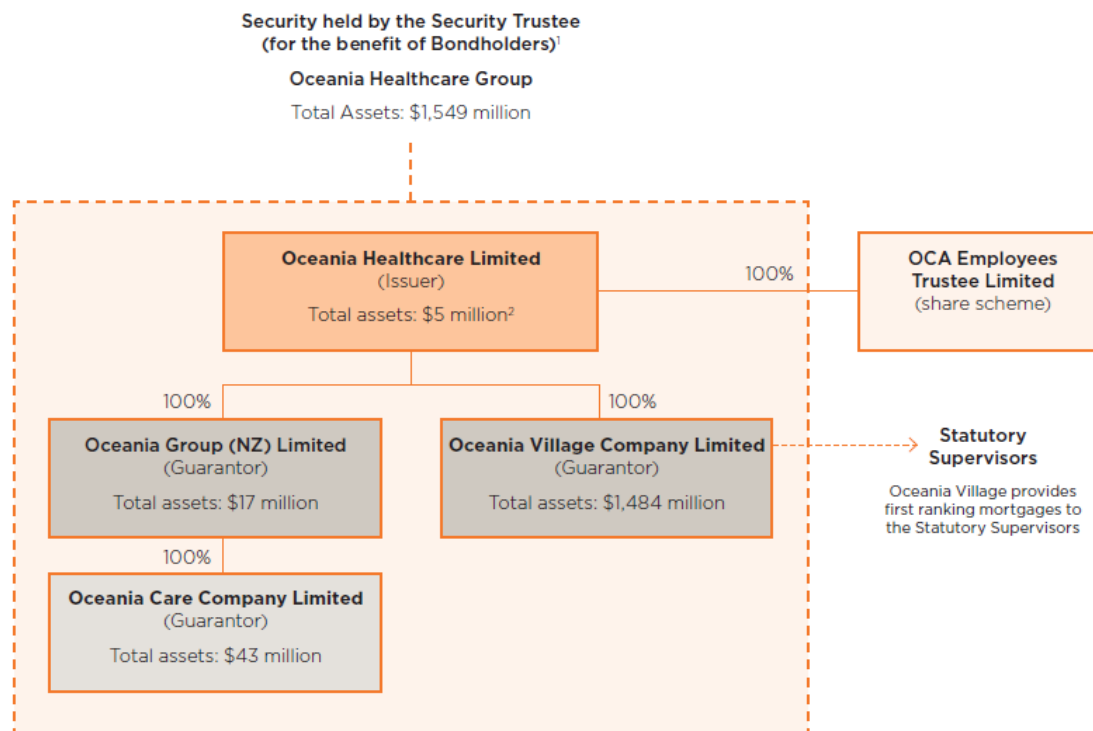
## 04 The issuer and guaranteeing group

Listed entity Oceania Healthcare Limited is the issuer and the guaranteeing group includes entities owning and operating the care centres and retirement villages in the Group.

- Oceania Healthcare Limited 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:

- Oceania Village Company Limited owns the Oceania Group's aged care and retirement village facilities and undertakes the retirement village operations.
- Oceania Care Company Limited undertakes the Oceania Group's 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 Group staff and the wider nursing and healthcare industry.

### Security structure as at 31 May 2020



1. Dotted lines indicate security. Solid orange lines indicate ownership.

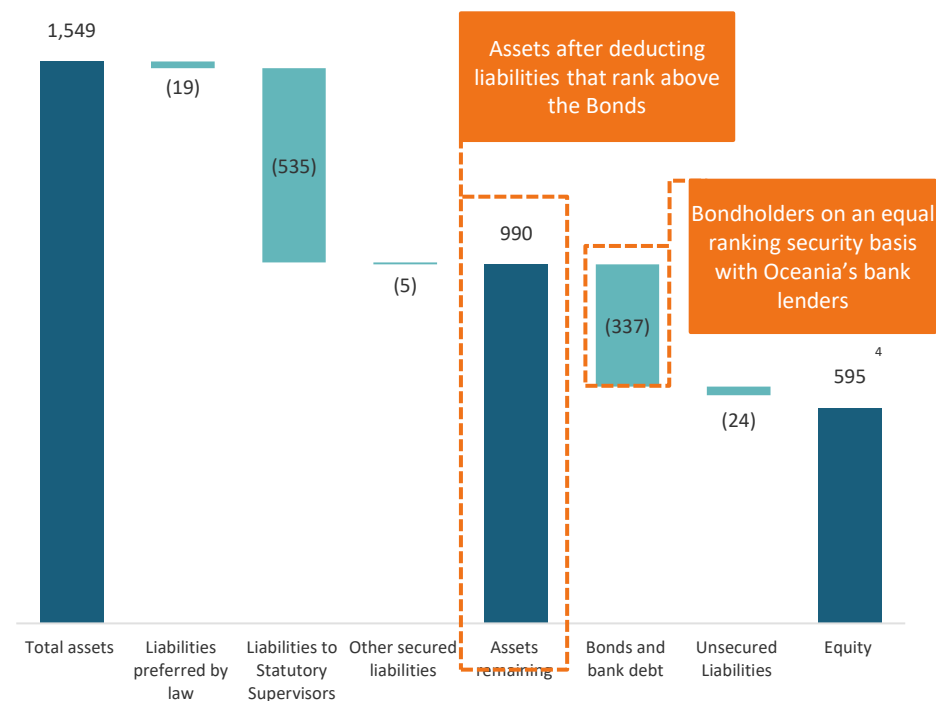
2. Assets of Oceania as Issuer are shown excluding amounts attributable to shares held in the Guarantors and other subsidiaries, but including \$3 million in relation to goodwill which arises on consolidation.

## 04 Security

The Bonds share the Security provided by Oceania and the Guarantors on an equal ranking basis with Oceania's bank lenders as provided by the Security Trust Deed.

- Total assets as at 31 May 2020 of \$1.5b, including investment property and property, plant and equipment of \$1.4b.
- Liabilities that rank in priority to the bonds include liabilities preferred by law (e.g. employee entitlements and Inland Revenue), liabilities secured by Statutory Supervisors' First Mortgages (including amounts owing to retirement villages residents)<sup>1</sup> and other secured liabilities<sup>2</sup>.
  - Assets of \$990m remaining after these claims.
- Liabilities that rank equally with the Bonds include other unsubordinated liabilities that have the benefit of the Security, including bank debt, totalling \$337m as at 31 May 2020.
- The Bonds and bank lenders have the benefit of first ranking mortgages over undeveloped land owned by Oceania Village Company Limited.
- ANZ is facility agent for the banks.
- New Zealand Permanent Trustees Limited is Security Trustee for the bonds. Public Trust is the Bond Supervisor.

Financial Position as at 31 May 2020 (NZDm)<sup>3</sup>



1. The Statutory Supervisors have first ranking security for the protection of residents' rights however this does not give the Statutory Supervisor discretion to demand repayment of residents' loans.

2. Includes lease liabilities relating to chattels and motor vehicles.

3. Asset values are shown based on market values. Please see Figure Two and Figure Three of the PDS for further details on relevant assets and liabilities.

4. An amount of \$34 million in relation to the deferred management fee liability on Oceania's balance sheet is excluded from the diagram above due to its nature as a non-cash liability, arising from differences in the treatment of DMF for contractual and accounting purposes.

## 04 Covenants

Oceania maintains a conservative approach with significant headroom on the Loan-to-Valuation (LVR) covenant

- Key terms of the bond LVR include:

- LVR must not exceed 50%;

- If there is a breach of the LVR then:

Oceania 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

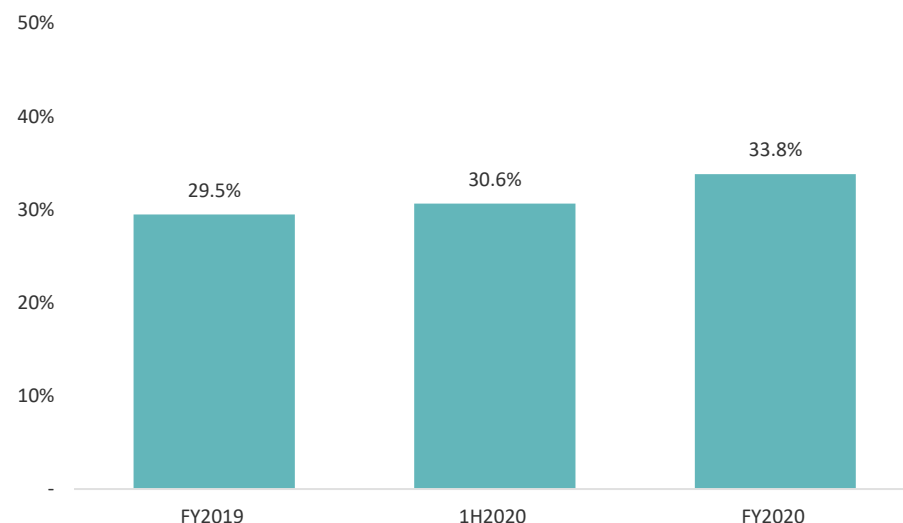
if the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur.

- Certain terms in the Bank Facility Agreement limit the ability of Oceania to borrow money. The key terms currently include:

- A maximum LVR of 50%;

- A minimum interest cover ratio; broadly, the ratio of Adjusted EBITDA (a proxy for cash earnings) available for servicing the interest (excluding interest associated with the development facility (Facility B)) of 2.00:1.

### Loan to valuation (LVR) ratio



### Bank Covenants

As at 31 May 2020	
LVR (covenant <50%)	33.8%
Interest cover ratio (covenant >2.0x)	7.7x



**Offer Terms & Timetable**

## 05 Key terms of the Offer

Retail Bond Offer	Details
Issuer	Oceania Healthcare Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds
Guarantee	Payments on the Bonds are guaranteed by Oceania, Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited under a guarantee contained in the Global Security Deed
Offer amount	Up to \$75m (with the ability to accept oversubscriptions up to an additional \$50m)
Maturity	7 year bonds maturing 19 October 2027
Interest rate	<p>The Interest Rate will be determined by Oceania in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date.</p> <p>The Interest Rate will be equal to the sum of:</p> <ul style="list-style-type: none"> <li>the Issue Margin determined following the bookbuild and announced via NZX on the Rate Set Date; and</li> <li>the Swap Rate on the Rate Set Date,</li> </ul> <p>but in any case will be no less than the minimum Interest Rate. The minimum Interest Rate and indicative Issue Margin will be announced via NZX on the opening date (5 October 2020)</p>
Interest payments	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
Purpose	The proceeds of this offer are expected to be used to repay a portion of Oceania's existing bank debt, providing Oceania with diversity of funding and tenor and helping facilitate Oceania's further growth. This purpose will not change, irrespective of the total amount that is raised

## 05 Key terms of the Offer (continued)

Retail Bond Offer	Details
Financial covenant (Loan to Valuation ratio)	Oceania agrees to ensure that, on each Semi-annual Test Date <sup>1</sup> , 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 the Oceania Group
	Bondholders have no right to require Oceania to redeem the Bonds prior to the Maturity Date, except in the case of an Event of Default (as described in the PDS and the Trust Deed).
	Oceania 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.
Early redemption	<p>If the Bonds are redeemed early in this manner, they will be redeemed for the greater of:</p> <ul style="list-style-type: none"> <li>• their Principal Amount; and</li> <li>• 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 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</li> </ul>
Distribution restriction	Oceania 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
Minimum application amount	\$5,000 and multiples of \$1,000 thereafter
Credit rating	The Bonds will not be rated
Quotation	Application has been made for the Bonds to be quoted on the NZX Debt Market under the ticker code OCA010
Joint Lead Managers	ANZ, Craigs Investment Partners, Jarden and Westpac

1. Tested semi-annually, first on 30 November 2020, and thereafter on 31 March and 30 September in each calendar year. Described further in section 5 of the PDS (Key features of the Bonds).

## 05 Key dates of the Offer

Event	Date
PDS lodgement	Friday, 25 September 2020
Opening date	Monday, 5 October 2020
Closing date	Friday, 9 October 2020 at 12.00pm
Rate set date	Friday, 9 October 2020
Issue date and allotment date	Monday, 19 October 2020
Expected date of initial quotation	Tuesday, 20 October 2020
Maturity date	Tuesday, 19 October 2027

# Appendices

- 
- |    |                   |
|----|-------------------|
| 01 | Portfolio summary |
|----|-------------------|
- 
- |    |                              |
|----|------------------------------|
| 02 | COVID-19 impact and response |
|----|------------------------------|
- 
- |    |                |
|----|----------------|
| 03 | Embedded Value |
|----|----------------|
- 
- |    |           |
|----|-----------|
| 04 | Directors |
|----|-----------|
- 
- |    |                           |
|----|---------------------------|
| 05 | Executive Management Team |
|----|---------------------------|
- 
- |    |          |
|----|----------|
| 06 | Glossary |
|----|----------|
-

# 01 Portfolio summary (31 May 2020)

Facility	Region	Care Beds	Care Suites	Village Units	Total
<b>NORTH ISLAND</b>					
Totara Park	Rodney	-	-	30	30
The Sands	North Shore	-	44	64	108
Greenvalley Lodge	North Shore	50	-	-	50
Lady Allum	North Shore	72	15	129	216
Te Mana	North Shore	46	-	-	46
Amberwood	Waitakere	67	-	-	67
Eden	Auckland	-	67	40	107
Everil Orr	Auckland	52	-	-	52
Meadowbank	Auckland	-	64	193	257
Wesley	Auckland	71	-	-	71
Elmwood	Manukau	111	48	129	288
St Johns Auckland	Manukau	-	-	18	18
Takanini	Manukau	91	-	-	91
Franklin	Franklin	44	-	-	44
Awatere (formerly Trevellyn)	Hamilton	-	90	43	133
Whitianga	Whitianga	53	-	10	63
Elmswood	Tauranga	38	-	-	38
The BayView	Tauranga	-	81	60	141
Ohinemuri	Paeroa	68	-	8	76
Victoria Place	Tokoroa	51	-	-	51
St Johns Wood	Taupo	37	25	18	80
Wharerangi	Taupo	47	-	21	68
Duart	Hastings	66	-	-	66
Eversley	Hastings	50	-	6	56
Gracelands	Hastings	89	3	101	193
Atawhai	Napier	61	22	46	129
Woburn	Hawke's Bay	33	-	-	33
Eldon	Paraparaumu	96	2	-	98
Elderslea	Upper Hutt	111	13	12	136
Heretaunga	Upper Hutt	38	20	-	58
Hutt Gables	Upper Hutt	-	-	46	46

Facility	Region	Care Beds	Care Suites	Village Units	Total
<b>SOUTH ISLAND</b>					
Marina Cove	Picton	-	-	22	22
Green Gables	Nelson	-	-	12	12
Otumarama	Nelson	32	7	-	39
Stoke	Nelson	-	-	114	114
Whareama	Nelson	71	-	-	71
Redwood	Blenheim	62	15	46	123
Woodlands	Tasman	30	20	36	86
Holmwood	Christchurch	35	12	-	47
Middlepark	Christchurch	33	21	-	54
Palm Grove	Christchurch	31	54	32	117
The Oaks	Christchurch	69	36	32	137
The Bellevue (formerly Windermere)	Christchurch	-	-	17	17
Addington Lifestyle	Christchurch	77	20	-	97
<b>TOTAL (NORTH AND SOUTH ISLANDS)</b>		<b>1,882</b>	<b>679</b>	<b>1,285</b>	<b>3,846</b>

Essential service provider status and defensive care earnings stream ensured Oceania was well positioned through COVID-19 uncertainty

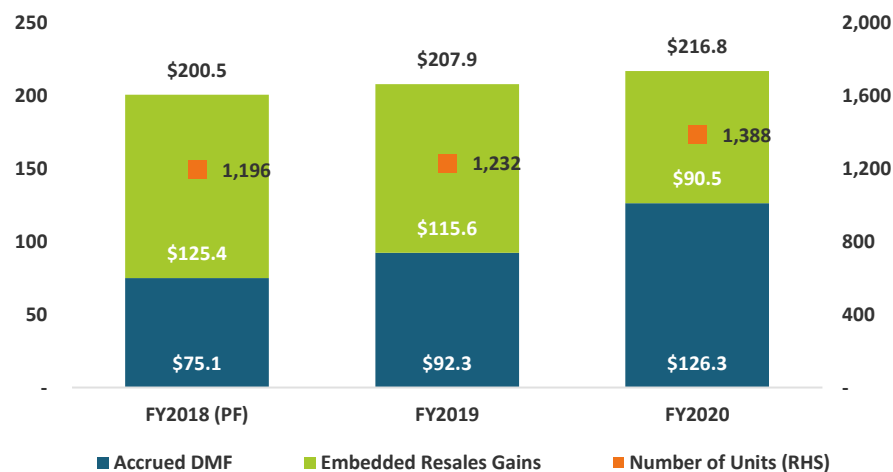
	Impact	Response
Aged care operations	<ul style="list-style-type: none"> <li>Operations responsible for the care of over 3,600 residents, a population with heightened vulnerability to COVID-19</li> <li>Care operations deemed an essential service; continued throughout lockdown</li> <li>Government funded aged care services ensures reliable cash flows</li> <li>Stable occupancy</li> <li>Care suite applications and sales continued through lockdown</li> </ul>	<ul style="list-style-type: none"> <li>Oceania has not recorded any COVID-19 cases to date</li> <li>Visitor restrictions</li> <li>Enhanced infection control measures</li> <li>Regular communications with stakeholders</li> <li>Additional Government funding to the sector</li> </ul>
People	<ul style="list-style-type: none"> <li>Increased requirements for our over 2,800 staff, including: <ul style="list-style-type: none"> <li>Isolation requirements for residents;</li> <li>Screening facility entrants; and</li> <li>Restricting visitors to essential only</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Staff and residents are our primary priority</li> <li>Provide all necessary support to both staff and residents</li> </ul>
Retirement village operations	<ul style="list-style-type: none"> <li>Good unit sales prior to lockdown</li> <li>Unable to settle sales applications through lockdown</li> </ul>	<ul style="list-style-type: none"> <li>Obtained support through the MBIE wage subsidy scheme</li> <li>Sales recommenced post lockdown, strong sales levels through June, July and August</li> </ul>

## 03 Embedded value

The embedded value in our portfolio has increased 4.3% from FY2019 to \$216.8m as at FY2020 and will underpin the future realisation of cashflows from deferred management fees and resale gains.

### Embedded Value

NZDm



- Embedded value in Oceania's portfolio is \$216.8m, up 4.3% on FY2019.
- Embedded value includes:
  - \$126.3m of DMF cash flows to be realised; and
  - \$90.5m of resale gains.
- The growth in embedded DMF reflects the growth in our portfolio, migration to our standard contractual terms at existing villages and a higher price point for the sale and resale of units and care suites.





### Summary of Embedded Value Calculation

NZDm	FY2020	FY2019	FY2018
Estimated sale/resale price of all Units <sup>1</sup>	923.9	829.4	604.8
less: Unsold stock <sup>2</sup>	(234.3)	(250.4)	(91.8)
less: Resident liabilities (contractual)	(472.9)	(371.1)	(312.4)
equals: Embedded value	<b>\$216.8</b>	<b>\$207.9</b>	<b>\$200.5</b>




1. Calculated as the current/estimated sale or resale price of all units/care suites as determined by CBRE – note FY2020 as at 30 April 2020. The FY2018 figure has been adjusted for the divestment of Dunblane Village.

2. Value of unsold stock represents the sales prices of units/care suites which are not under contract, as they are either newly constructed or have been bought back from the previous outgoing residents.

# 04 Directors

<p><b>Elizabeth Coutts</b> Chair and Independent Director ONZM, BMS, FCA</p>	<p><b>Alan Isaac</b> Independent Director CNZM, BCA, FCA</p>	<p><b>Dame Kerry Prendergast</b> Independent Director DNZM, CNZM, MBA (VUW), NZRN, NZM</p>	<p><b>Sally Evans</b> Independent Director BHSc, MSc, FAICD, GAIST</p>	<p><b>Patrick McCawe</b> Independent Director BCA (Hons), MBA, CA</p>	<p><b>Gregory Tomlinson</b> Independent Director AME</p>
 <p>Liz Coutts has been a Director of Oceania since 5 November 2014 and was appointed Chair in 2014. Liz is also the Chair of Ports of Auckland Limited, Skellerup Holdings Limited, and EBOS Group Limited.</p> <p>Liz is a Fellow of Chartered Accountants Australia and New Zealand. She is the immediate past President of the Institute of Directors NZ Inc and was made an Officer of the New Zealand Order of Merit in 2016.</p> <p>Liz has previously been Chief Executive of Caxton Group, Chairman of Meritec Group Limited, Industrial Research Limited and Life Pharmacy Limited, Deputy Chairman of Public Trust, and a Commissioner of both the Commerce Commission and Earthquake Commission. She has been a Director of Sanford Limited, Ravensdown Fertiliser Cooperative, the Health Funding Authority, PHARMAC, Air New Zealand, Sport and Recreation New Zealand and Trust Bank New Zealand, and a member of both the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants and the Monetary Policy Committee of the Reserve Bank of New Zealand.</p>	 <p>Alan Isaac has been a Director of Oceania since 1 October 2015. Alan is a professional director with extensive experience in accounting, finance and governance. He is currently President of the Institute of Directors NZ Inc. and is Chairman of New Zealand Community Trust and Basin Reserve Trust. He is also a former President of the International Cricket Council. Alan is a Director of Scales Corporation Limited and Skellerup Holdings Limited. He is also a Board member of the Wellington Free Ambulance.</p> <p>Alan is President of the Institute of Directors NZ Inc, a former national Chairman of KPMG, and was made a Companion of the New Zealand Order of Merit (CNZM) in 2013. He is a Fellow of Chartered Accountants Australia and New Zealand.</p> <p>Alan is Chair of the Audit Committee and is a member of the Remuneration Committee.</p>	 <p>Dame Kerry Prendergast has been a Director of Oceania since 22 December 2016. Dame Kerry is a professional director. She was Mayor of Wellington (2001-2010) and is currently the Chair of the New Zealand Film Commission, Wellington Free Ambulance, Wellington Opera and Royal New Zealand Ballet. Dame Kerry is also Deputy Chair of New Zealand Conservation Authority and a trustee of New Zealand Community Trust.</p> <p>For 25 years Dame Kerry was an independent midwife after training as a general nurse in 1970, and consequently gaining a Diploma in Intensive Care.</p> <p>She was made a Companion of the New Zealand Order of Merit (CNZM) in 2011 and was promoted to Dame Companion of the New Zealand Order of Merit in January 2019 for services to governance and the community.</p> <p>Dame Kerry is Chair of the Clinical and Health &amp; Safety Committee.</p>	 <p>Sally Evans has been a Director of Oceania since 23 March 2018. Sally has over 30 years' experience in the private, government and social enterprise sectors in Australia, New Zealand, the United Kingdom and Hong Kong.</p> <p>Sally is a Director of Healus Limited in Australia, Rest (Australian Super Fund) and Allianz Australian Life Insurance Limited. Sally is a member of the Australian Aged Care Quality and Safety Advisory Council. She has previously held Directorships on the boards of Opal Specialist Aged Care and Blue Cross Aged Care, was an inaugural member of the Australian Federal Government's Aged Care Financing Authority and held executive roles as Healthcare Director at the FTSE Compass Group plc and Head of Aged Care at AMP Capital.</p> <p>Sally is Chair of the Remuneration Committee and is a member of the Clinical and Health &amp; Safety Committee.</p>	 <p>Patrick McCawe has been a Director of Oceania since 16 February 2017.</p> <p>Patrick has 37 years' experience across corporate treasury, investment banking and infrastructure funds management. Patrick was Head of Investment Banking at Macquarie New Zealand from 2002 to 2006 and was a Director of Metlifecare Limited from 2005 to 2007. He has also been a Director of several MIRA-managed companies in Australia and Asia and is a member of Chartered Accountants Australia and New Zealand.</p> <p>Patrick is a member of the Audit Committee.</p>	 <p>Greg Tomlinson has been a Director of Oceania since 23 March 2018. Greg is a Christchurch domiciled businessman and investor with experience in a variety of New Zealand industries. One of the original pioneers of the aquaculture industry in Marlborough, he has also established construction and aged care businesses.</p> <p>Greg established Qualcare before it was sold into the Oceania Group in early 2008 and he was a director of Oceania from 2008 until 2016. Greg holds directorships on the boards of a number of New Zealand based companies and is currently a director of Heartland Bank Limited.</p> <p>Greg is Chair of the Development Committee.</p>

# 05 Executive Management Team

<b>Earl Gasparich</b> <b>Chief Executive Officer</b> <i>BCom, LLB (Hons), FCA</i> <i>(Chartered Accountants New Zealand &amp; Australia)</i>	<b>Brent Pattison</b> <b>Chief Financial Officer</b> <i>BBS, CA (Chartered Accountants New Zealand &amp; Australia)</i>	<b>Jill Birch</b> <b>General Manager Operations</b> <i>BMS</i>	<b>Dr Frances Hughes</b> <b>General Manager Nursing &amp; Clinical Strategy</b> <i>CNZM, BHSc, MSc, FAICD, GAIST</i>	<b>Mark Stockton</b> <b>General Manager Property</b> <i>MCIOB, NZIOB</i>	<b>Anna Thorburn</b> <b>General Counsel &amp; Company Secretary</b> <i>BA, LLB (Hons)</i>
					
<p>Earl joined Oceania as CEO in 2014 and has previous experience in the retirement village sector in the role of Chief Financial Officer of Qualcare.</p> <p>Over the past 15 years, Earl has held three executive management positions in service-based companies and has a proven track record of creating stakeholder value through leadership, cultural change, and sustained growth underpinned by a very strong work ethic.</p> <p>Earl is a qualified Lawyer and Chartered Accountant, and was awarded Fellowship status from the New Zealand Institute of Chartered Accountants in 2014. He also volunteers on the Boards of a number of charities, providing necessary governance and a significant contribution to the strategic direction of organisations involved in the provision of community services.</p>	<p>Brent has over a decade of experience in Investment Banking, is a qualified chartered accountant and has held senior finance roles in NZ corporations across the Telecommunications and Financial Services industries.</p> <p>Brent has a keen focus and interest in the Aged Care &amp; Retirement sector including providing Investment Banking advice to Oceania during the 2017 IPO and to other listed and privately owned peers in the sector.</p>	<p>Jill Birch joined Oceania in February 2014. She has 25 years of marketing, sales and general management experience working with brands such as KFC, DB Breweries and Sky City Entertainment Group. Jill played a key directional role in the development of large projects (including the building of the Grand Hotel and Convention Centre in Auckland) during her ten years at Sky City.</p>	<p>Dr Hughes joined Oceania in October 2019 and is a Registered Nurse with over 30 years' nursing experience.</p> <p>Dr Hughes has held senior management and nursing positions on a global level, and was formerly the Chief Executive of the International Council of Nurses. She has worked for the World Health Organisation and has also served on boards in Queensland, Rwanda and Switzerland. Dr Hughes was made an Officer of the New Zealand Order of Merit for services to mental health in 2005.</p>	<p>Mark was appointed as General Manager Property in 2014. He has over 30 years of construction project and development management experience.</p> <p>Mark was previously GM Development for Qualcare and has been involved in the aged care sector since 2005. Mark is a member of the Chartered Institute of Building in the UK, a member of the New Zealand Institute of Building and a Licensed Building Practitioner.</p>	<p>Anna joined Oceania in 2012. She has over 15 years legal experience and previously worked as a senior solicitor at Russell McVeagh where she was involved in the acquisition of the businesses that subsequently formed Oceania.</p>

## 06 Glossary

Capitalised terms used and not defined in this presentation have the meaning given in the PDS.

### **Bonds**

Offer of bonds described in this presentation

### **Brownfield Development**

Development of integrated aged care and retirement village facilities on land where operational facilities already exist

### **Care Suite**

A room or studio certified for the provision of care by the Ministry of Health which has been licensed under an ORA

### **Continuing Operations**

Earnings from continuing operations excludes the earnings from sites divested in FY2019 in all reporting periods

### **DHB**

District Health Board

### **DMF**

Deferred management fees, charged under an ORA, which are deducted from the refund paid to the departing resident upon resale of the unit or care suite. These are in consideration for the right to use communal facilities etc over the entire length of stay.

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation

### **Greenfield Development**

Development of integrated aged care and retirement village facilities on land where operational facilities do not already exist

### **ILU**

Independent living units (villas and apartments) sold under an Occupation Right Agreement

### **IPO**

Initial Public Offering (of shares in Oceania) on 5 May 2017

### **Issuer**

Oceania Healthcare Limited

### **LVR**

Loan-to-valuation ratio

### **NPAT**

Net Profit After Tax

### **Net Promoter Score**

A globally recognised metric for measuring customer satisfaction, the Net Promoter Score system is designed to gauge customers' willingness to recommend a product or service to others.

### **Oceania**

Oceania Healthcare Limited

### **ORA**

An occupation right agreement that confers on a resident the right to occupy a unit or care suite subject to certain terms and conditions set out in the agreement

### **PAC**

Premium accommodation charge on a care bed for accommodation provided above the mandated minimum

### **PDS**

Product disclosure statement dated 25 September 2020

### **Unit**

Retirement village villas and apartments, also referred to as ILUs

### **WIP**

Work in progress