

**Minutes of the Annual Meeting of Shareholders of Oceania Healthcare Limited  
Held at Eden Park, Auckland and online on Thursday 23 June 2022 at 2.00pm**

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<b>Present:</b>	Elizabeth Coutts	Chair
	Alan Isaac	Independent Director
	Dame Kerry Prendergast	Independent Director (by videolink)
	Gregory Tomlinson	Independent Director
	Sally Evans	Independent Director
	Rob Hamilton	Independent Director
	Brent Pattison	Chief Executive Officer
	Kathryn Waugh	Chief Financial Officer

<b>Apologies:</b>	Peter Dufaur	Independent Director
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### **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, the Chief Executive Officer and the Chief Financial Officer to shareholders. She noted that Dame Kerry was unable to join the meeting in person as she is unwell, but was joining the meeting via video link. The Chair also noted that Mr Dufaur is an apology for the meeting due to an injury that he is undergoing a medical procedure for today.

The Chair also introduced the members of the Executive Team in attendance; Mrs Thorburn (Group General Manager Corporate Services), Dr Hughes (Group General Manager Care and Clinical Services), Mr Buckingham (Group General Manager Property and Development) and Ms Hawthorne (who has been appointed as Group General Manager Sales and Service and is joining Oceania on 18 July 2022).

The Chair also welcomed Roger Wallis from Chapman Tripp, the Company's solicitors who is joining the meeting online, as well as representatives from PricewaterhouseCoopers, the Company's auditor, in person. She noted that this will be the lead audit partner, Leo Foliaki's, last meeting as he has reached the end of his five year term. Mr Foliaki will be replaced by Lisa Croke, who is also in attendance at the meeting.

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 528 shareholders holding 227,898,531 shares (equivalent to 32.09%) of the shares on issue were represented at the meeting by valid proxies. The Chair further noted



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that the Board was holding 215,257,939 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 for review on the Company's website and that the Group General Manager Corporate Services 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 year ended 31 March 2022 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 Oceania has remained focused on providing a safe environment for its people to live and work in over the last year. She noted that while Oceania delivered a solid financial result for the year ended 31 March 2022, it is now at a turning point in its journey, with a pivot towards greenfield development of independent living units and enhanced resident experience. She explained that Oceania is seeking to leverage its established operating platform and strong balance sheet to accelerate its development pipeline and to grow its business both through organic growth in its existing operations as well as through acquisitions. Underlying EBITDA for the year ended 31 March 2022 was 16% higher than the prior correspondence period of \$65.6m. This was largely as a result of strong sales and resales despite the COVID-19 lockdowns, as well as increased premium charges from recently completed developments in the form of growing deferred management fees.

The Chair noted that the acquisition of premium properties can deliver strong accretion to underlying earnings per share, and noted the tangible progress being made by Oceania with regards to its growth ambitions, including Waterford, Franklin, Remuera Rise and Bream Bay.

The Chair noted that Oceania further strengthened its balance sheet during the year to ensure that the Company is fit for future growth. She explained how Oceania issued a second retail bond of \$100m in September 2021 and the entered into an amended Facilities Agreement in May 2022, which provides for an increase in facility size from \$350m to \$500m and an extension of maturity date to mid-2027. The increased facilities will be used to accelerate Oceania's development pipeline.

The Chair outlined Oceania's strategy to achieve sustainable performance by delivering on four strategic pillars – offer, resident experience, people capability and growth, underpinned by technology, innovation and Oceania's sustainability framework.

She noted that Oceania's brownfield development pipeline opportunities are now coming to an end, and greenfield development is the next cycle for Oceania. She explained how greenfield developments make a lot of sense as there is no requirement for costly and time consuming decommissioning of existing sites, there is greater flexibility to stage developments and bring



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product to market more quickly, as well as a greater ability to achieve presales. In order to execute its greenfield strategy, Oceania is actively pursuing opportunities to acquire additional land in targeted growth locations around New Zealand with favourable demographics and housing dynamics. In addition, Oceania is redirecting its focus on mix diversification, with a reweighting towards independent living units. Oceania is focused on its cash recovery profile and the development of independent living villa products will assist this.

The Chair explained that while product is important, built form needs to enable resident experience, rather than the other way around. She explained that Oceania has been increasing its focus on its village business and the delivery of services to its independent living residents.

The Chair noted that Oceania has made progress with ESG initiatives and reporting over the last six months. Oceania has updated its materiality matrix and this helps inform the pillars of Oceania's ESG strategy and key performance indicators for success. The Chair then advised that Oceania has agreed a sustainability-linked loan with its syndicate of banks, led by ANZ Bank. Oceania's recent debt facility has been linked to sustainability targets, showing Oceania's commitment to improving its environmental and social impact and being held accountable for its performance. The Chair also added that Oceania has completed a TCFD maturity assessment with an external provider, in order to support its climate-related disclosures journey. From this, Oceania has established a TCFD roadmap that will be implemented over the next two years.

The Chair explained that, at last year's Annual Meeting, she indicated that the Board was considering appointing additional Board members to complement the skills of existing directors, as well as to start planning for Board succession over the next five years. As a result of this review, Rob Hamilton and Peter Dufaur were appointed as directors in September 2021. She also noted that Patrick McCawe resigned as a director in February 2022 after five years' service.

The Chair noted that the landscape in which Oceania operates has changed significantly since listing in 2017. She explained that directors have attended a significant number of additional meetings during this period and this has resulted in increased demands on directors' time. This additional work has provided Oceania with a strong platform for growth. She noted that Oceania is seeking the approval of shareholders to increase the maximum fee pool for non-executive directors and outlined the reasons for the proposed increase. EY was engaged to complete an independent report to compare Oceania's directors' fees with comparator companies and a copy of EY's report is available on Oceania's website. The Chair added that the Board considers that the proposed increased fees pool is fair and reflective of market conditions and therefore seeks shareholder approval of this resolution later in the meeting.

The Chair noted that the Board was pleased to declare and pay a final dividend of 2.3 cents per share, which takes full year dividends (non-imputed) to 4.4 cents per share, representing 53.9% 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 it has been a productive and rewarding year for Oceania. As a leading provider of critical infrastructure and essential services, Oceania is well underway with the delivery of sustainable performance and its next phase of growth.

Mr Pattison provided an overview of the financial results for the year ended 31 March 2022. He explained that Oceania's Underlying EBITDA of \$76.2m for the year ended 31 March 2022 was 16.2% higher than last year, and Oceania's total assets as at 31 March 2022 increased to \$2.2bn, also up 16.6% on last year. He noted that the care business is demonstrating the financial benefits of its intentional investment in the premiumisation of care, with a 24% increase in premium revenue on last year. Since the IPO in 2017, premium care revenue has more than tripled to \$18.9m in the year ended 31 March 2022 and Oceania has lifted its average care Underlying EBITDA per bed to over \$16,200. He explained that nearly 60% of Oceania's care business portfolio consists of premium beds or care suites and that Oceania has delivered 854 care suites across 23 locations nationwide. Oceania has increased its sales prices for new care suites and these are up 25.9% on average year on year. The innovation of Oceania's care suite model has allowed new residents to enjoy the certainty, convenience and superior clinical care offered in high quality and well-appointed accommodation.

Mr Pattison noted that 450 sales were recognised in the year ended 31 March 2022, the best on record for Oceania. This strong track record of sales and growing deferred management fee incoming has been a significant contributor to the operating cashflow for the year ended 31 March 2022 of \$105.5m. There have been annual price increases of new and resale independent living units of 8.4% on average. Mr Pattison also noted that while market commentators are observing a possible decline in residential house prices, the retirement village sector has historically lagged the price growth observed in the residential housing sector, creating a significant buffer between Oceania's pricing and surrounding catchments. Mr Pattison advised that FY2023 is off to a good start, with an increase in enquiries, sales volumes, average capital gain and resale margins against the same period in FY2022.

Mr Pattison noted that one of the hallmarks of Oceania and its long term profitability is its disciplined approach to capital allocation and the efficiency of recycling cashflow from new and existing properties. As the business matures, Oceania is looking at those sites that may no longer fit the portfolio or meet return thresholds and divestment of a few sites will likely be part of this year's activity.

Mr Pattison noted that Oceania is a people and resident centred business, with over 2,900 staff and 4,000 residents. He explained that Oceania remains focused on attracting the right people and retaining these people within the business, with excellent learning and development opportunities, including participation in an employee share scheme. He then provided an overview of changes to the Executive Team, including the recent appointments of Andrew Buckingham as Group General Manager Property & Development and Anita Hawthorne as Group General Manager Sales and Service.

Mr Pattison then provided an overview of the acquisition of Remuera Rise and Bream Bay Village, noting that these acquisitions incorporated important and value accretive elements for shareholders. Oceania acquired these villages using existing debt facilities, so there was no share capital dilution for existing shareholders. He also added that since the acquisition was announced, Oceania has entered into an agreement to acquire a further 0.5Ha, on a key corner of the existing land not owned by the vendor, to add to the existing village.

Mr Pattison explained that Oceania is a designer, developer, curator and constructor of premium living spaces for retirement and aged care residents. Oceania adopts a bespoke approach to all sites and its new built form is sensitive to the prevailing neighbourhoods. Oceania has smaller resident populations than many of its peers and this allows for the delivery of warm, genuine resident interactions. He noted that Oceania has observed some supply chain disruptions, particularly Gib products as well as access to some subtrades, both of which have been well managed and mitigated to date.



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He explained that Oceania has entered into fixed price contracts with its construction partners for development activities in FY2023 and FY2024. Oceania has guided to lifting its annual build rate to over 300 and currently has over 640 units and care suites under construction. Oceania is also pivoting towards greenfield development. This allows staged development and more rapid sell-down and will see a greater proportion of Oceania's future construction activity weighted towards independent living units.

Mr Pattison then noted that Oceania has focused on building a strong balance sheet and capital structure to provide the platform for growth. He referred to the equity raise in March 2021, the retail bond program and the recent refinance and increase to banking commitments to \$500m. He then explained that Oceania is entering into a sustainability linked loan with banking partners, structured to align with the latest global sustainability principles and is underpinned by Oceania's sustainable finance framework which will be published on the Oceania website within the next few days.

Mr Pattison noted that the business has been realigned from a product to a customer centric focus and explained how The Helier is the first delivery of this thinking. He noted that a full scale model of the project, as well as a virtual reality render and work-through of the project, is available in the room for shareholders to have a look at.

Mr Pattison concluded his address by noting that Oceania has worked hard to put the balance sheet on a firm footing to support a disciplined approach to growth. Oceania is looking forward to adding key greenfield land acquisitions to the existing pipeline in the coming year and we are well underway with delivering on the promise to reimagine retirement and aged care living.

## **Shareholder Questions**

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

A shareholder congratulated Oceania on the financial result for FY2022 and for caring for residents during COVID-19. He noted that Mr Pattison indicated that divestment of some sites would occur during FY2023 and asked whether the proceeds of the sales would be used for a share buy back or whether the proceeds would be applied toward greenfield developments. The Chair noted that, given the number of opportunities for greenfield developments, it is likely that the proceeds will be applied towards acquisition of greenfield sites as Oceania considers that there is future value to be created in the sector.

Mr Bruce Parkes of the New Zealand Shareholders Association asked a number of questions. Firstly, he noted that other operators have invested a lot in advertising recently and asked whether there is an oversupply, or reduced demand, for retirement and aged care products. Mr Pattison responded by advising that there is a growing awareness of retirement village and care living and New Zealand has a lower penetration rate than many other countries overseas. New Zealand has a compelling demographic and although there is a good level of competition, Oceania distinguishes itself from its competitors by offering a bespoke product with a focus on services. Mr Parkes then asked whether Oceania will be able to maintain its development margin at a time of increased building costs. Mr Pattison noted that Oceania has guided towards a moderation in development margins in recent periods, but has achieved better development margins than expected. He explained that Oceania is still seeing good levels of sales enquiry for its units and residents are choosing to come into Oceania villages. He added that Oceania has entered into fixed price contracts with its construction partners for development activities that are currently underway, due for completion in FY2023 and FY2024. Finally, Mr Parkes noted that Oceania is doing well in providing premium aged care and asked whether staff are being paid a premium for their services.



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Mr Pattison noted that Oceania has taken a leading position for pay and offers a compelling employee value proposition, of which wages are one part of the equation. He explained that Oceania tries to keep ahead of, or on par with, market conditions, but there is considerable competition for registered nurses from the DHBs.

A shareholder attending the meeting online asked when Oceania recognises profits in respect of developed units. Mrs Waugh explained that sales are only recognised when the building is completed and residents can move in, the ORA contract has cooled off and where a resident is in occupation of the unit within two weeks of balance date. Another shareholder attending the meeting online noted that other operators value buildings as complete when still under construction. Mrs Waugh confirmed that Oceania values work in progress on the actual amount spent and based on invoices received. If a unit is substantially complete at balance date and is due to complete within 6-8 weeks of balance date, Oceania would recognise and value the units as complete and deduct an allowance for costs to complete (for example, the Bremner apartments at Eden were completed in the second week of April 2021 so these were recognised as complete for FY2021).

### **Election of Directors**

The Chair moved to the election of Directors and noted that Rob Hamilton and Peter Dufaur were appointed as directors by the Board in September 2021 and, under the NZX Listing Rules and Oceania's Constitution, must not hold office (without being elected) past this year's Annual Shareholders Meeting. Rob Hamilton is therefore offering himself for election as a director. The Chair noted that the Board has determined that, in its view, if elected, Mr Hamilton will be an independent director for the purposes of the NZX Listing Rules. Mr Hamilton stands for election with the full support of the other directors of the Company. The Chair then invited Mr Hamilton to speak in support of his election.

Mr Hamilton provided an overview of his experience, including being a director of Westpac New Zealand Limited and Tourism Holdings Limited, and a trustee of Auckland Grammar School. He explained that he was Chief Financial Officer of SkyCity for 6 ½ years and prior to that, led the investment banking team at Jarden for 12 years. He added that he has a good familiarity with Oceania, as his mother is a resident at Meadowbank Village. Given his background and experience, Mr Hamilton said he believes he can contribute to the growth of Oceania and, in particular, his capital markets and corporate finance background mean that he has a strong focus on how Oceania allocates its capital and on improving shareholder value. There were no questions for Mr Hamilton.

The Chair put the motion "That Rob Hamilton be elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote.

The Chair then turned to Resolution Two and noted that Peter Dufaur is offering himself for election as a director. The Chair noted that the Board has determined that, in its view, if elected, Mr Dufaur will be an independent director for the purposes of the NZX Listing Rules. Mr Dufaur stands for election with the full support of the other directors of the Company. The Chair then noted that as Mr Dufaur was unable to attend the meeting, she would read out a pre-prepared speech in support of his election.

The Chair noted Mr Dufaur's experience as a property developer, with over 25 years' experience in the New Zealand property market, including 10 years as the Head of Development for Goodman Property Trust. She noted that he has an extensive network in this sector and brings relevant and current experience which is particularly valuable with the headwinds facing the property and development sector at present. Mr Dufaur's past and current executive roles have ensured that he remains focused on growing shareholder wealth and the delivery of a property solution to suit the needs of the business as it grows.

In addition, his entrepreneurial skills and innovative thinking will help guide Oceania through the next cycle of its developments. There were no questions from shareholders.

The Chair put the motion "That Peter Dufaur be elected as a Director of the Company." A shareholder from the floor seconded the motion. The Chair then invited shareholders to vote.

### **Directors' Fees**

The Chair then turned to Resolution Three and noted that this resolution relates to the maximum aggregate fees payable to all non-executive directors. The Chair explained that it is proposed to increase the total pool of directors' fees by \$133,500 to \$896,000 per annum (plus GST, if any), being a 17.5% increase. The directors recommend that shareholders vote to approve this resolution. Non-executive directors and their associated persons are prohibited from casting their own shareholding votes or discretionary proxy votes on this resolution and any such votes will be disregarded.

The Chair put the motion "That the non-executive directors' fee pool be increased by \$133,500 from \$762,500 to \$896,000 (plus GST, if any) with effect from 1 April 2022, to be divided among the non-executive directors as they consider appropriate." A shareholder from the floor seconded the motion.

A shareholder from the floor noted that he attended the meeting with the intention of voting against this resolution but changed his mind following the presentations at the meeting. In his opinion, the directors have the experience needed to guide Oceania through the next phase, so he changed his mind and decided to vote in favour of the resolution.

The Chair then invited shareholders to vote.

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

The Chair explained that Resolution Four 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.

### **General Business**

The Chair called for shareholders to raise any other matters. There were no other questions.

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 3.10pm.

Signed as a true and correct record



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Elizabeth Coutts

Chair