Macquarie Australia Conference

May 2018

OCEANIA
HEALTHCARE

Oceania is a care focused business

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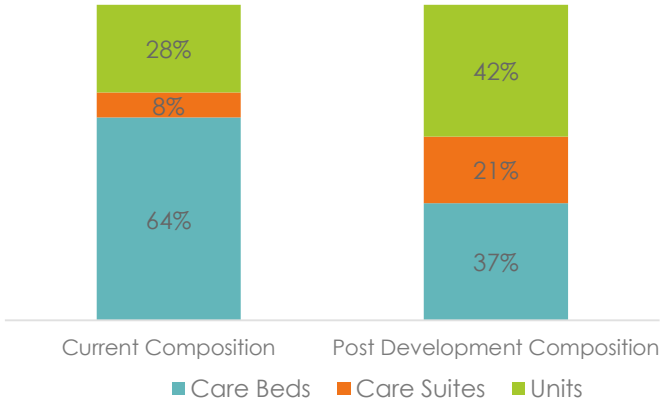
We are a large national operator of aged care and retirement villages with a portfolio of 51 sites and significant development pipeline

Current and future portfolio composition

	Care Beds	Care Suites	Units	**Total**
North Island	1,976	200	803	2,979
South Island	593	118	305	1,016
Total Existing	**2,569**	**318**	**1,108**	**3,995**
Development Pipeline	0	827	1,296	2,123
Less Decommissions	(544)	0	(132)	(676)
Net Development Pipeline	**(544)**	**827**	**1,164**	**1,447**
Total Post Development	**2,025**	**1,145**	**2,272**	**5,442**

Current and future portfolio composition – Remaining "needs" focused



Oceania's site locations

Financial overview

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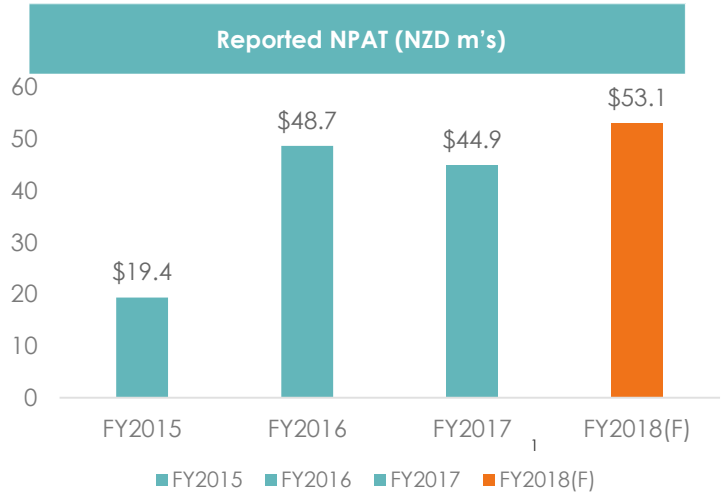
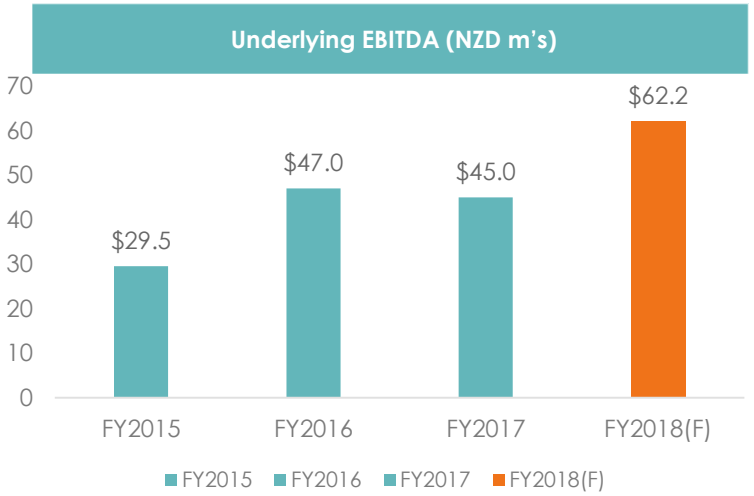
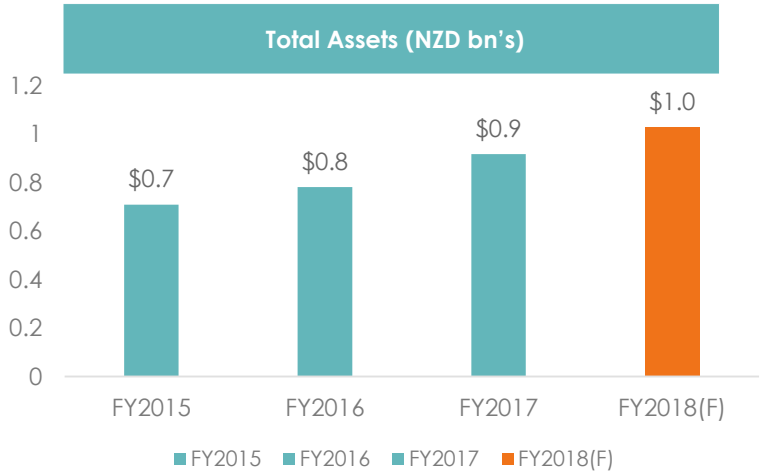
We exceeded the IPO Forecasts for FY2017 and are on track to meet our IPO Forecast for FY2018 with y.o.y growth of ~35% in Underlying EBITDA.







- Our balance sheet is robust with low gearing of 18.7% (as at 1HY2018) with all debt backed by development land and WIP.
- Our strong operating cashflow funds our dividend payments (target payout of 50-60% of Underlying NPAT).
- Forecast dividend for FY2018 implies a gross yield of 4.6%

1. References to FY2018(F) in this document refer to the IPO Forecasts as presented in the Product Disclosure Statement ("PDS") dated 31 March 2017. The Underlying EBITDA is a pro forma figure with the adjustments as outlined in the PDS.

Our key business strengths

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Our strength is our care focus and this will continue to differentiate Oceania moving forward

Key differentiating factors

1. Recognised leader in clinical care
2. Clear growth strategy in aged care
3. Highly cashflow and value accretive brownfield development projects in key urban locations

Other key business strengths

4. Attractive demographic trends and industry structure – especially in the care segment
5. Growing development track record and capability
6. Established corporate platform with strong governance

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Our Care Strategy

SECTION 2

Our aged care strategy

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Optimising our existing portfolio of facilities and redeveloping brownfields sites through premium care suites

Strong existing core aged care business with good returns

enhanced by

1. **Development of premium care suites in key urban locations on brownfields land**

and

2. **Upgrade and conversion of existing aged care stock to premium care suites and beds**

Our aged care strategy – key benefits

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Aged care is a form of social infrastructure with demand underpinned by well understood demographic trends

Barriers to entry

- Aged care is a difficult business to replicate – there are significant barriers to entry
- Residential aged care **facilities require MoH certification** in order to receive government funding (and are regularly audited by MoH)
- **Processes, systems and well-trained staff** are required to achieve scale, maintain high standards of service delivery and comply with regulatory requirements
- Funding contracts and **relationships with DHBs**

Key benefits

- A **high proportion of care revenue is government funded** (c.80%) which provides stable cashflows. This stable cashflow underpins our dividends
- Because aged care is a quasi social infrastructure asset, governments have funded increases to the sector at greater than CPI over the last decade
- Aged care services are **"needs based"** - demand is less affected by residential house prices and economic cycles
- Providing a **"continuum of care"** on site allows residents to age in place, which is a key attraction to residents and their families when choosing a retirement village

Recognised leader in clinical care

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We are an industry leader in the delivery of care to our residents – this focus differentiates us from our competitors

- Continuing industry recognition, building on previous year's successes:
  - Winner of the New Zealand Aged Care Association overall excellence in care award (third year in a row)
  - Winner of the Senior Lifestyle Cuisine Award (third year in a row)
- Continued outstanding MoH audit results - 25% of facilities at maximum of 4 years, all others at 3 years (up from 20% at 4 years as at May-17)
- Implementation of our new clinical information system (e-case) in progress
- Aged Care innovation - "I Love Music" programme rolled out across all sites

NZ Aged Care Association
SUPREME WINNER
2015 & 2016

OVERALL EXCELLENCE IN CARE AWARD
2015, 2016 & 2017

New Zealand's aged care industry

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New Zealand has a shortage of quality aged care beds and a stable regulatory framework in which to deliver these

Context for our Care Strategy

1. **Demand for aged care is set to more than double in the next 20 years**
2. **There's been a low level of care bed additions in the last decade**
3. **Forecast supply by large operators is insufficient to meet the required future bed additions**
4. **NZ's regulators have recognised this and permitted the industry to innovate and introduce private charging for aged care services**

1. Aged care – attractive demographics

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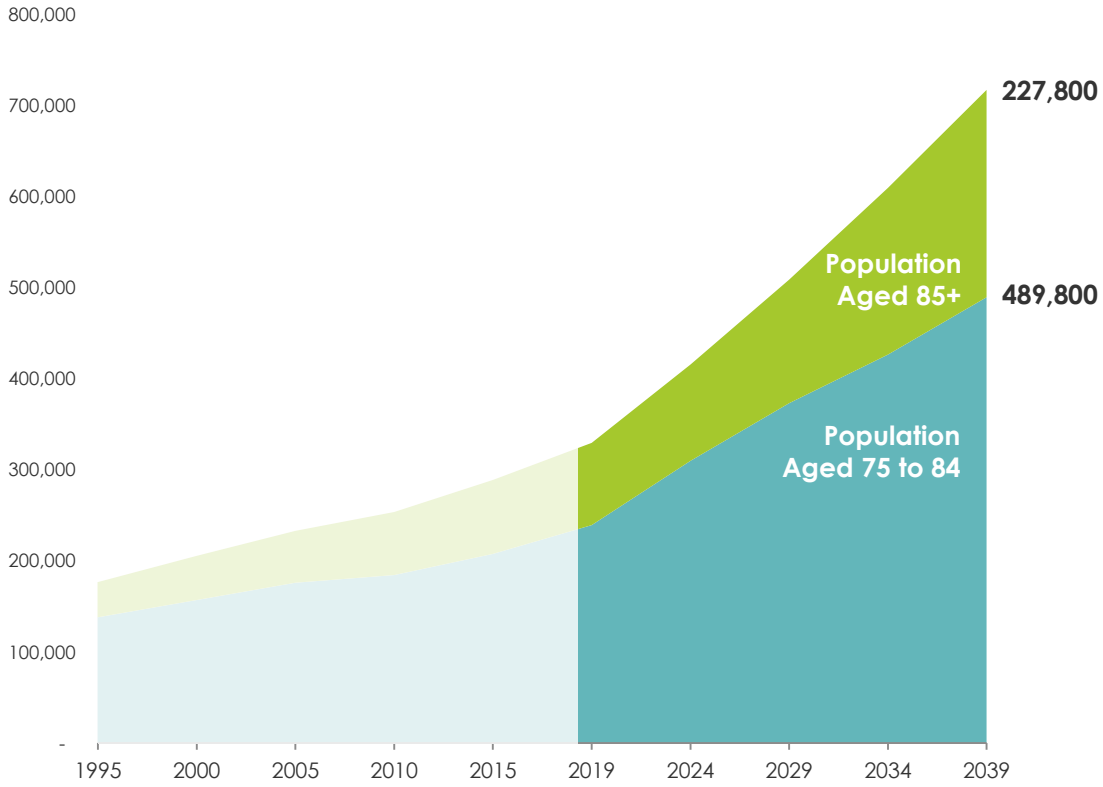
Demand for aged care is set to more than double in the next 20 years

Estimated population growth[1]



1. Statistics New Zealand population forecasts as at March 2017.

2. Aged care supply – not keeping up with population growth

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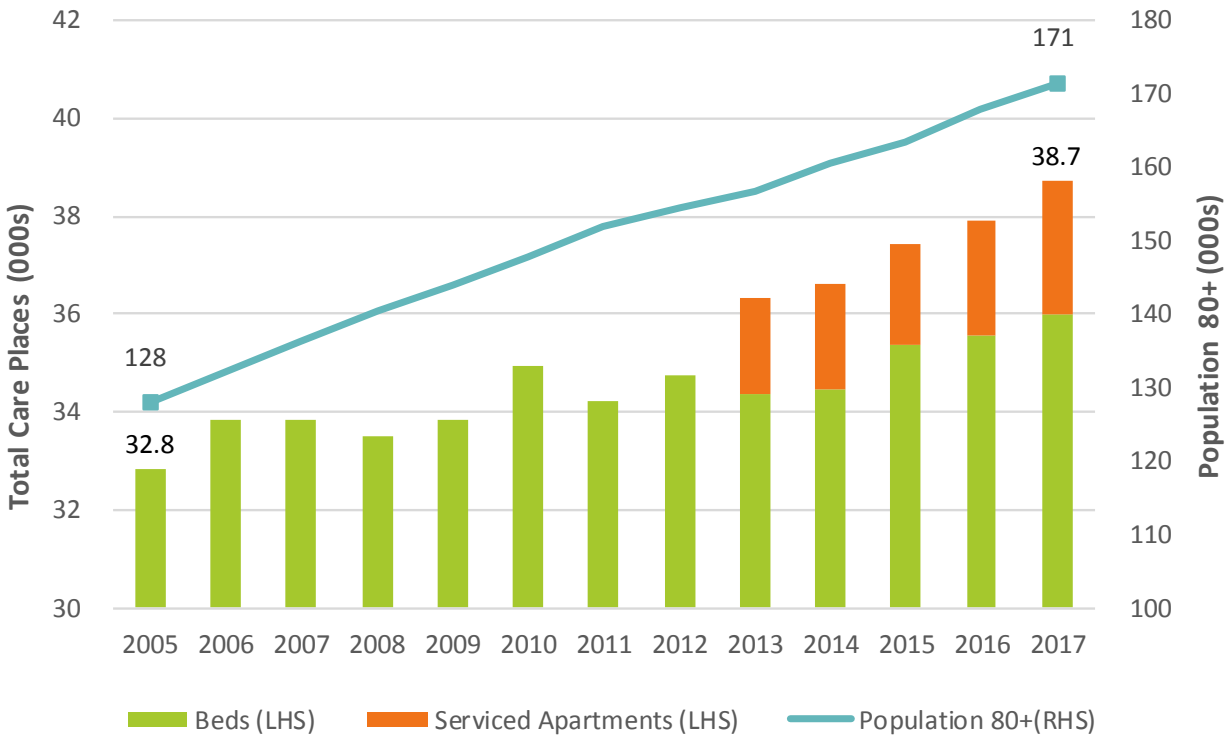
In the last 12 years the number of facilities has reduced by 103 and only 3,155 beds have been added

New Zealand aged care places vs 80+ population growth[1]



Low net build rate of care beds

- **Recent growth in the 80+ age group** has seen an increase in demand for both residential aged care and home care
- **The past 12 years has only seen net new build of 3,155 beds** as new builds are offset by obsolete beds leaving the market
- This low growth in supply of beds has been supplemented by 2,700 serviced apartments which generally do not provide hospital or dementia level care and/or are being occupied by independent living residents
- Over **30% of NZ's aged care stock is estimated to be over 35 years old and not suitable for hospital and dementia care**

1. Ministry of Health & Statistics New Zealand Data

3. Aged care demand – outstripping supply

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Listed operators are only building approximately 800-900 beds per annum c.f the 1,500 beds required per annum

Annual build rates of aged care vs forecast demand[1]

	Beds	Serviced Apts	Total
Oceania	75 - 100	-	**75 - 100**
Ryman	225 – 250	160 - 180	**385 - 430**
Summerset	70 - 80	100 - 120	**170 - 200**
Metlifecare	50 - 75	-	**50 - 75**
Arvida	40 - 50	60 - 70	**100 - 120**
Total Listed			**780 - 925**
Gap to required supply			**720 - 575**
Total			**1,500**

Shortage looming in quality premium care beds and hospital and dementia level care

- The number of aged care residents is expected to double in the next 15 years – translating to **1,500 new beds** per annum **required to meet this demand[2]**
- Listed operators are only expected to deliver 780 - 925 beds p.a (including serviced apartments) meaning that **~40% – 50% of the required demand is not satisfied**
- Without additional capacity we expect increased occupancy in the medium term for hospital and dementia beds catering for subsidised residents

1. Estimates taken from company reports. 2. DHB shared services 2017 ARC demand planner. The 1,500 is net of any obsolete beds exiting the market

4. Stable regulatory framework in NZ

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While returns from traditionally-funded aged care beds are insufficient to incentivise new builds, the MoH has supported innovation in the sector - specifically the introduction of private charging

- NZ funding model has historically not reflected the capital costs of proving accommodation
- Aged-care rooms were as small as 14m^2 with no ensuites
- Average industry earnings per bed of $10,000 per bed only provides returns of ~5% on the cost of rebuilding facilities
- The industry has innovated to meet the required capacity and provide a suitable premium product
- These innovations are well-accepted by regulators and embedded in industry contracts
- Private charges enable beds to generate the returns required to justify the investment in new build
- Strong similarities to Australian funding model with comparably less regulatory uncertainty

Executing our growth strategy in care

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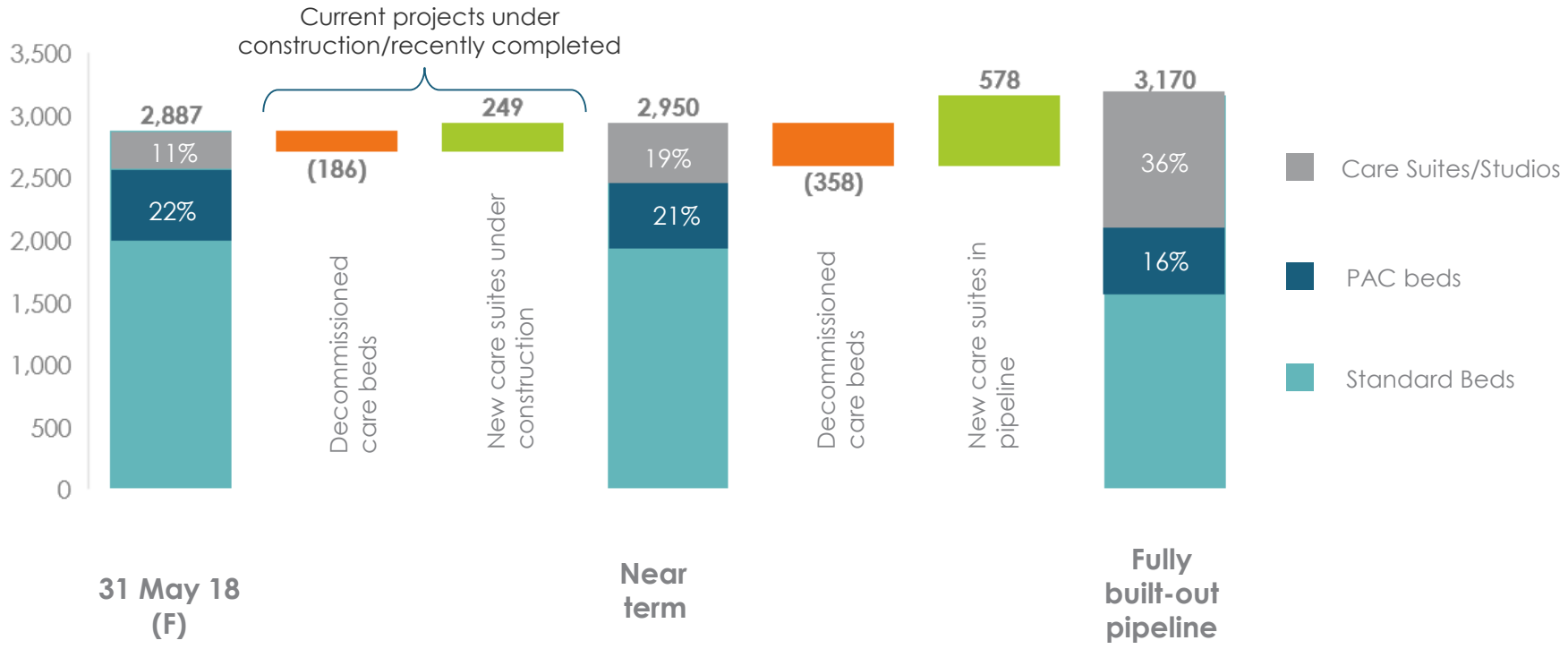
After executing our pipeline at least 50% of our beds will be Care Suites or Premium ("PAC") beds

- Our core portfolio of metropolitan and regional locations will meet the needs of both MoH subsidised residents requiring hospital care (akin to concessional beds in Australia) as well as those residents wanting a premium aged care product
- New builds currently underway at The Sands and Meadowbank (Auckland) , Melrose (Tauranga) and Trevellyn (Hamilton) – 249 Care Suites.
- 30 Care Suites recently completed at Meadowbank
- Optimising existing portfolio through Care Suite conversions; extensive refurbishment with capital recovered



3

Our Development Strategy

SECTION 3

Development strategy

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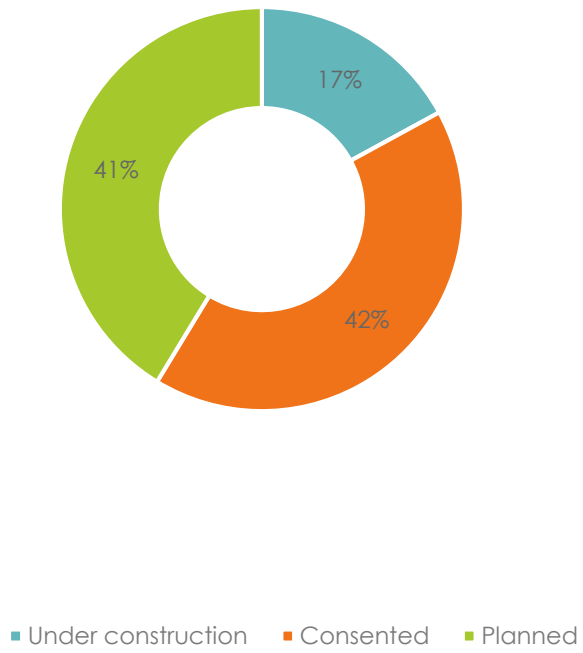
We have increased our development pipeline by 34%[1] since our IPO in May 2017 and consented key development sites

Strategy

- We will maintain our overall portfolio focus on aged care
- Current pipeline is 2,123 (after delivering 127 units and bed during FY2018). This is an **increase of 34% over the IPO pipeline** of 1,674 when we listed in May 2017 (and an increase of 26% compared to the pipeline of 1,782 as at November 2017).
- Our development strategy comprises:

1. **Execution of existing Tier 1 consented sites in Key Locations (1,246 care suites and units) :**
   Development of integrated Aged Care and Retirement Village facilities on existing land.
2. **Consenting and development of other Tier 1 sites in Key Locations (520 care suites and units):**
   We have recently acquired land in premium locations in Auckland (St Heliers and Mt Eden) and are advancing plans at other premium locations.
3. **Development of remaining Tier 2 brownfield landbank (357 suites and units):**
   Our Tier 2 developments comprise smaller villa and care bed development projects in regional locations. We are consenting these to "bolt on" around our Tier 1 projects and diversify our timing and location of delivery of units.
4. **Acquisition of suitable brownfield and greenfield sites**
   We will continue to supplement our pipeline with opportunistic acquisitions (e.g St Heliers) and also add neighbouring properties (e.g Mt Eden) to leverage the scale of our existing villages.

Status of Development Pipeline



1. Adjusting for the 127 units and care suites delivered out of the 1,674 in the IPO Product Disclosure Statement

Track record of developments executed

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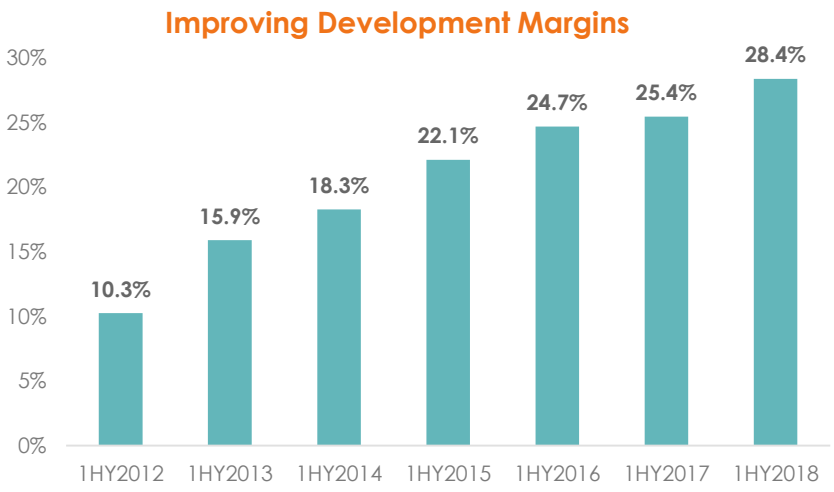
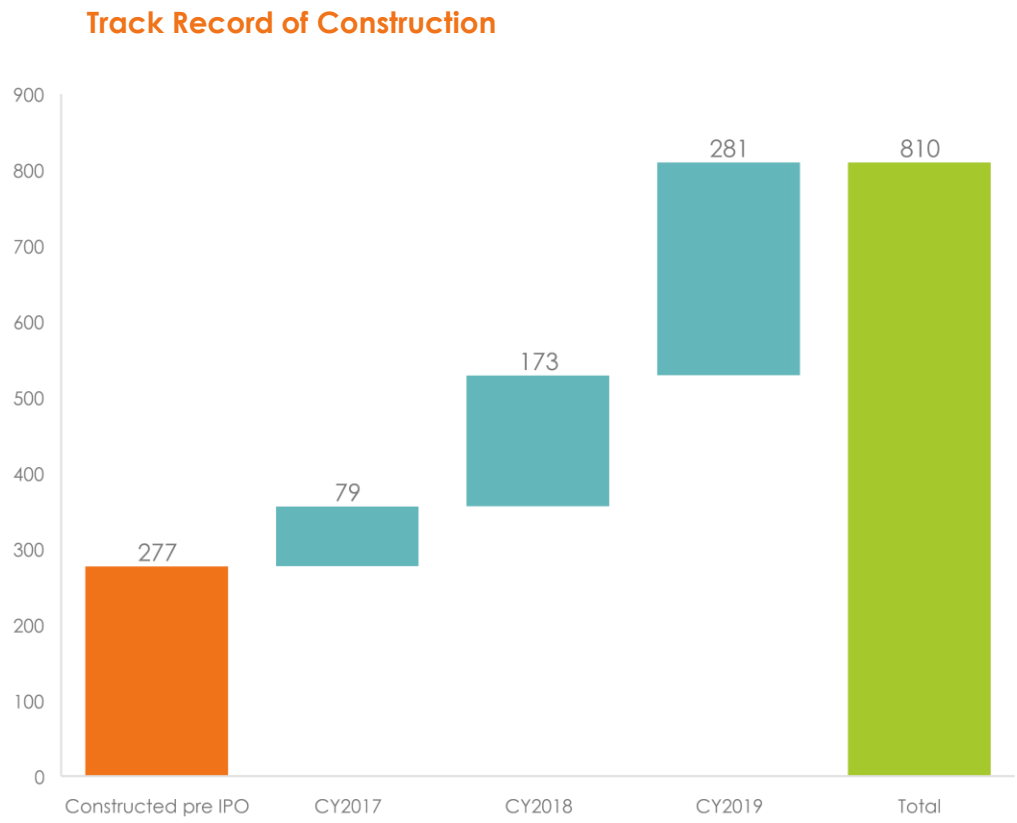
We have delivered, and are currently constructing, a combined total of 810 care suites and units.

- We have a highly experienced development team with a track record of delivering projects on time and budget
- Our philosophy is based on "ownership" of what we do all the way from design, master planning, consenting, design management, procurement, construction management, quality control and after care.
- Our development margins have increased over time. We are targeting an average range of 15-25% over the entire pipeline.





Clear development pipeline

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We have a pipeline of 2,123 units and care suites. Of this, 1,246 units and care suites are either under construction or consented. Key current and near term developments are outlined below.

Facility	Location	Status	Gross Residences	Nov 17	May 18	Nov 18	May 19	Future
Meadowbank								
Stage 3	Auckland	Complete	92					
Stage 4	Auckland	Under Construction	83					
Stage 5	Auckland	Consented	26					
Stoke	Nelson	Complete	10					
The Sands	Auckland	Under Construction	108					
Melrose								
Stage 1	Tauranga	Under Construction	81					
Stage 2 - 5	Tauranga	Consented	235					
Trevellyn								
Stage 1	Hamilton	Under Construction	90					
Stage 2-3	Hamilton	Consented	127					
Green Gables	Nelson	Consented	88					
Windermere	Christchurch	Consented						
Stage 1	Christchurch	Consented	82					
Stage 2-3	Christchurch	Consented	46					

Construction period

Meadowbank stage 3 delivered

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The 62 apartments and 30 Care Suites were delivered on time and on budget

Stage 3 complete

- 30 care suites and studios and 62 apartments
- 35 Apartments are settled or under application This is ahead of our IPO Forecast of 28 apartments
- 9 Care Suites are settled or under pre sales application in line with the IPO Forecast

Stage 4 under construction

- 34 care suites and studios, and
- 49 apartments
- Due for completion in mid CY2019

The Sands progressing on programme

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Construction of The Sands is advancing on schedule with strong levels of presales interest

The Sands in Browns Bay, Auckland will provide 64 apartments and 44 care suites

- Due for completion mid CY2019
- Strong in-bound inquiry from potential purchasers

Premium site acquired in St. Heliers, Auckland

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We have acquired a greenfield site in the desirable suburb of St. Heliers in Auckland.

Greenfield site in the suburb of St Heliers

- 8,945m^2 with extensive harbour views acquired
- Premium boutique aged care facility and retirement village planned
- Strong forecast demand in the catchment area
- Median house price of $1.7m in the area

Summary of Oceania's investment proposition

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Our business model supports a combination of dividend yield backed by strong operating cashflows and predictable long term growth from our development pipeline

Aged care	Stable revenue from "needs-based" care service which underpins our dividend payments	+	…with growth through premium charging and care suite model
Village	Regular "annuity-like" DMF earnings stream….	+	…and resale margins from existing embedded value
Development	Developments drive future DMF and care earnings streams…	+	…as well as upfront development cashflow

Questions

Development pipeline

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Our development pipeline as at May 2018.

	Location	Status	Total Net	Total Gross
Current Developments				
Meadowbank Stage 4	Auckland	Construction	83	83
Melrose Stage 1	Tauranga	Construction	81	81
Trevellyn Stage 1	Hamilton	Construction	87	90
The Sands	Auckland	Construction	108	108
Sub-Total			**359**	**362**
Premier Developments				
Meadowbank Stages 5&6	Auckland	Consented/ In Planning	62	62
Melrose Stages 2-5	Tauranga	Consented	126	235
Trevellyn Stages 2-3	Hamilton	Consented	21	127
Green Gables	Nelson	Consented	89	89
Auckland	Auckland	In Planning	445	763
Windermere	Christchurch	Consented	111	128
Sub-Total			**854**	**1,404**
Other Developments				
	Hawkes Bay	In Planning	159	165
	South Island	In Planning	22	139
	Central North Island	In Planning	31	31
	North Island - other	In Planning	22	22
Sub-Total			**234**	**357**
Total			**1447**	**2123**

Glossary

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- Care Suite: A room or studio certified for the provision of care by the Ministry of Health which has been licensed under an ORA
- DMF: Deferred management fees, charged under an ORA, which accrue monthly to a specified maximum and are deducted from the refund paid to the departing resident upon resale of the unit or care suite
- IPO Forecasts: Prospective Financial Information contained in the Product Disclosure Statement and Supplementary Financial Information dated 31 March 2017
- MoH: Ministry of Health
- ORA: An occupation right agreement that confers on a resident the right to occupancy 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
- Unit: Includes independent villas and apartments
- WIP: Work in progress

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The presentation includes non-GAAP financial measures for development sales, resales and occupancy which assist the reader with understanding the volumes of units settled during the period and the impact that development sales and resales during the period had on occupancy as at the end of the period.

The addition of totals and subtotal within tables and percentage movements may differ due to rounding.

The information set out in this Document is an overview and does not contain all information necessary to make an investment decision.

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