

Results Presentation

for the Financial Year Ended 31 May 2019



OCEANIA
HEALTHCARE

The Sands
(completed in FY2019)

Agenda

01	Highlights of FY2019	2
02	Update on our Strategy	6
03	Update on Developments	11
04	Financial Results	21
05	Appendices	36



**View from Stage 4 at
Meadowbank Village**
(completed in FY2019)

Executing our Strategy

We are creating a superior portfolio with:

- Strong development margins from our brownfields pipeline (to deliver growth); and
- Increased quality of recurring cashflows (that underpin our yield of 4.4%¹).

Growth

Developing our premium landbank & recycling capital

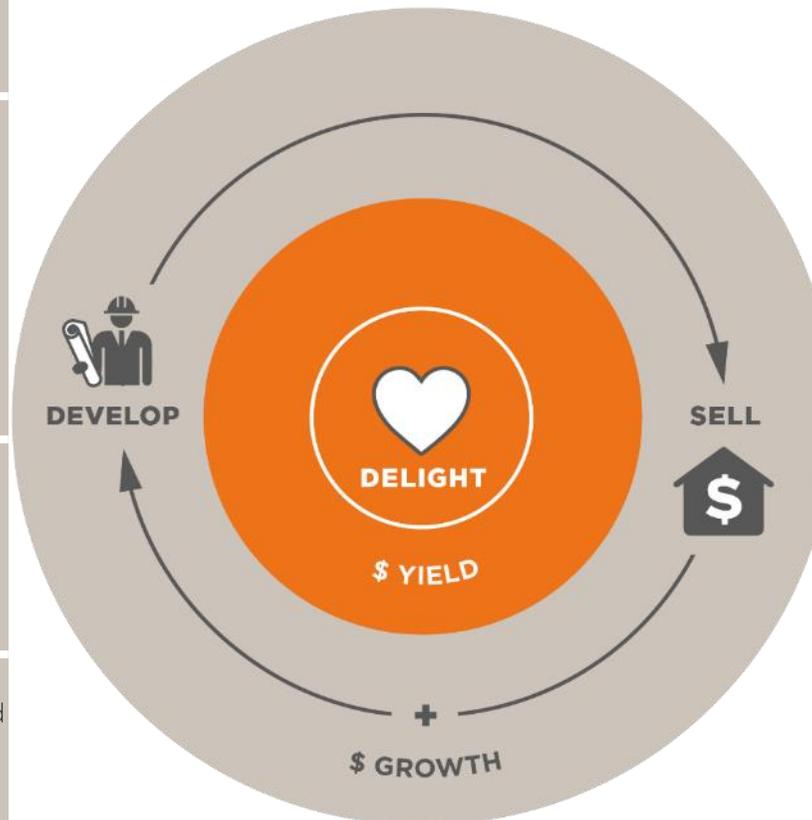
1

Delivery of units & care suites doubled to 272 (up from 131 in FY2018) in line with guidance

2

Premium units & care suites² delivered at The Sands, Meadowbank and The BayView. 38% of total portfolio of a premium standard (up from 29% on IPO).

Our Business Model



Yield

Transforming our existing portfolio & delighting our residents

3

Increased care occupancy from 90.1% to 92.8% at sites not affected by development/conversion

4

65 beds & apartments converted to 47 Care Suites. 44% of beds now Care Suites or PACs (up from 34% on IPO). 50% target by FY2020.

1. Calculated based on the share price as at 22 July 2019 and dividends relating to FY2019.

2. Premium units and care suites refers to Care Suites and PAC beds and new units delivered since 2014..

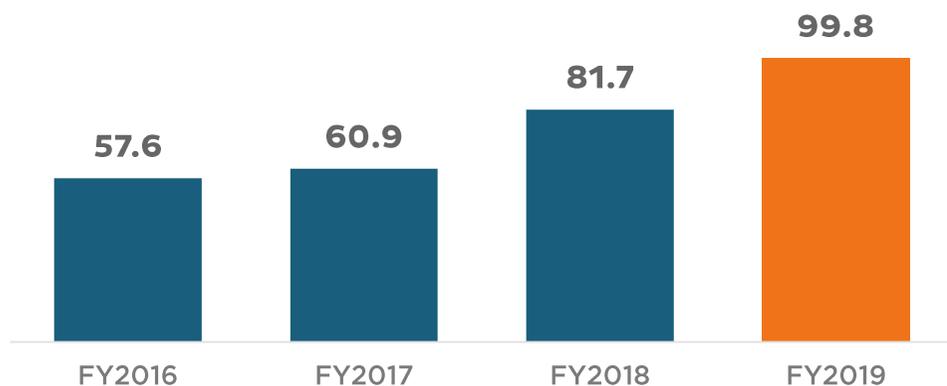
FY2019 Financial highlights



Total Comprehensive Income for FY2019 was 22.1% ahead of FY2018. Total assets have increased by 22.0% since FY2018.

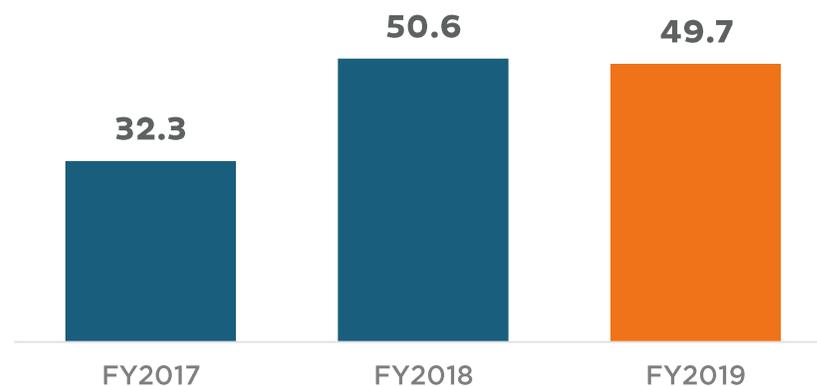
Total Comprehensive Income

NZ\$m



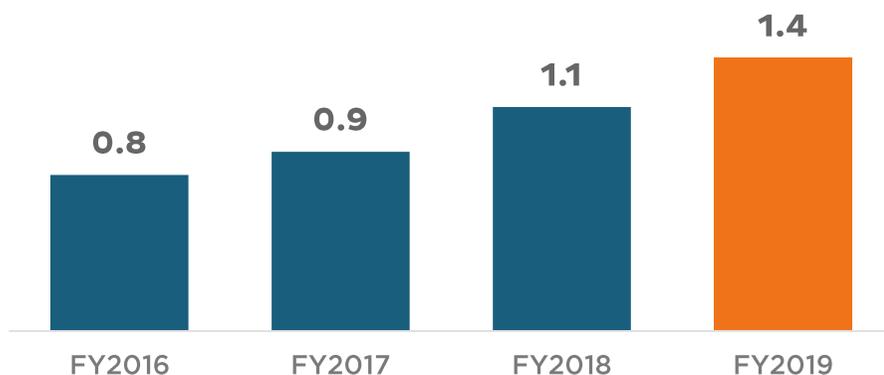
Underlying NPAT from continuing operations¹

NZ\$m



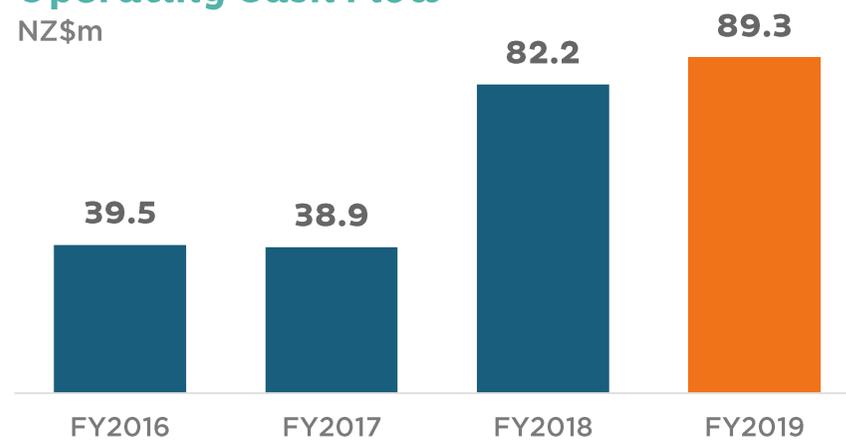
Total Assets

NZ\$b



Operating Cash Flow

NZ\$m



1. Underlying NPAT from continuing operations excludes the earnings from sites divested in FY2019 in all reporting periods. 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) excluding transaction costs. Refer to slide 24 for a reconciliation.

FY2019 Highlights

We more than doubled our delivery of units and care suites (from 131 in FY2018 to 272 in FY2019) in line with guidance and continued to record strong resale margins and prices in our village business.

Development pipeline completing as planned and on track into FY2020

- **83 apartments and care suites (Stage 4) delivered at Meadowbank Village in May.**
 - 8 apartment sales recorded in May at an average price of \$1.3m and a further 5 now under contract/sold.
 - 7 care suites now under contract/sold.
- **108 apartments and care suites delivered at The Sands in May.**
 - 9 sales recorded in May at an average price of \$1.7m and a further 15 now under contract/sold.
 - 5 care suites now under contract/sold.
 - Very strong momentum since opening in late May with over 600 attending open day in early June.
- **81 care suites completed** at The BayView. Existing residents transferred and 13 sales made in FY2019. A further 4 have since been sold.
- **432¹ villas, apartments and care suites currently under construction** (as at reporting date) in Auckland, Hamilton, Coromandel, Tauranga, Hawkes Bay, Nelson and Christchurch. 265 units and care suites on track to be delivered in FY2020.
- Total development pipeline of 1,995 units and care suites with **67.3% of this pipeline consented**.
- **Build rate** of ~250 units and care suites per annum now proven.

Strong resale margins and sales volumes

- Maintained **strong resale margin of 30.2%** for villas and apartments; in line with the margin for FY2018.
- **Total sales volumes** were **10.7% higher than in FY2018** driven by 33.0% higher new sales volumes.
- **Low resale stock levels** limited resales volumes.

1. 411 villas, apartments and care suites as at 31 May 2019. Since balance date we have commenced works on an additional 21 villas.

FY2019 Highlights (continued)



Our aged care strategy is progressing well with i) improved occupancy at sites not affected by development or conversion, and ii) new care suites from development and our conversion programme resulting in increased DMF and PAC revenue.

Progress in executing our Aged Care strategy

- **Occupancy boosted** by upgrade and conversion programme. Sites not affected by development were at 92.8% in FY2019 compared to 90.1% in FY2018.
- **Continued the transformation of our care portfolio** to a target of a 70/30 premium bed to standard bed mix with 159 new care suites delivered in FY2019 and a further 222 care suites currently under construction.
- **Premium DMF and PAC revenue 24% higher than FY2018** and almost 50% higher than on IPO.
- **Increased RN rates** to reflect the recent DHB settlement rates and match the highest in the aged care sector.
- **Continued strong MoH audit results** with 40% of homes at 4 years, all others at 3 years (up from 28% at 4 years as at FY2018).
- **New clinical information system** now live at 7 sites¹.

Final dividend declared

- Final dividend per share announced of **2.6 cents per share** (not imputed²). 57% pay out ratio of Underlying NPAT for FY2019.
- Record date of 12 August 2019. Payment date of 26 August 2019.
- Dividend Reinvestment Plan introduced.
- Implied dividend yield of 4.4% based on share price as at 22 July 2019.

1. 6 sites as at 31 May 2010

2. The dividends are not imputed due to the availability of existing tax losses.



**Update on our
Strategy**



Strategy - Creating Premium Environments

YIELD FROM MATURE BUSINESS

We have a mature business with strong recurring cashflow based returns

with
GROWTH
from

1

Development of our well-located **landbank** to replace older facilities with premium product

2

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





Objective of Strategy to Create Premium Environments

Premium units and care beds have increased by over

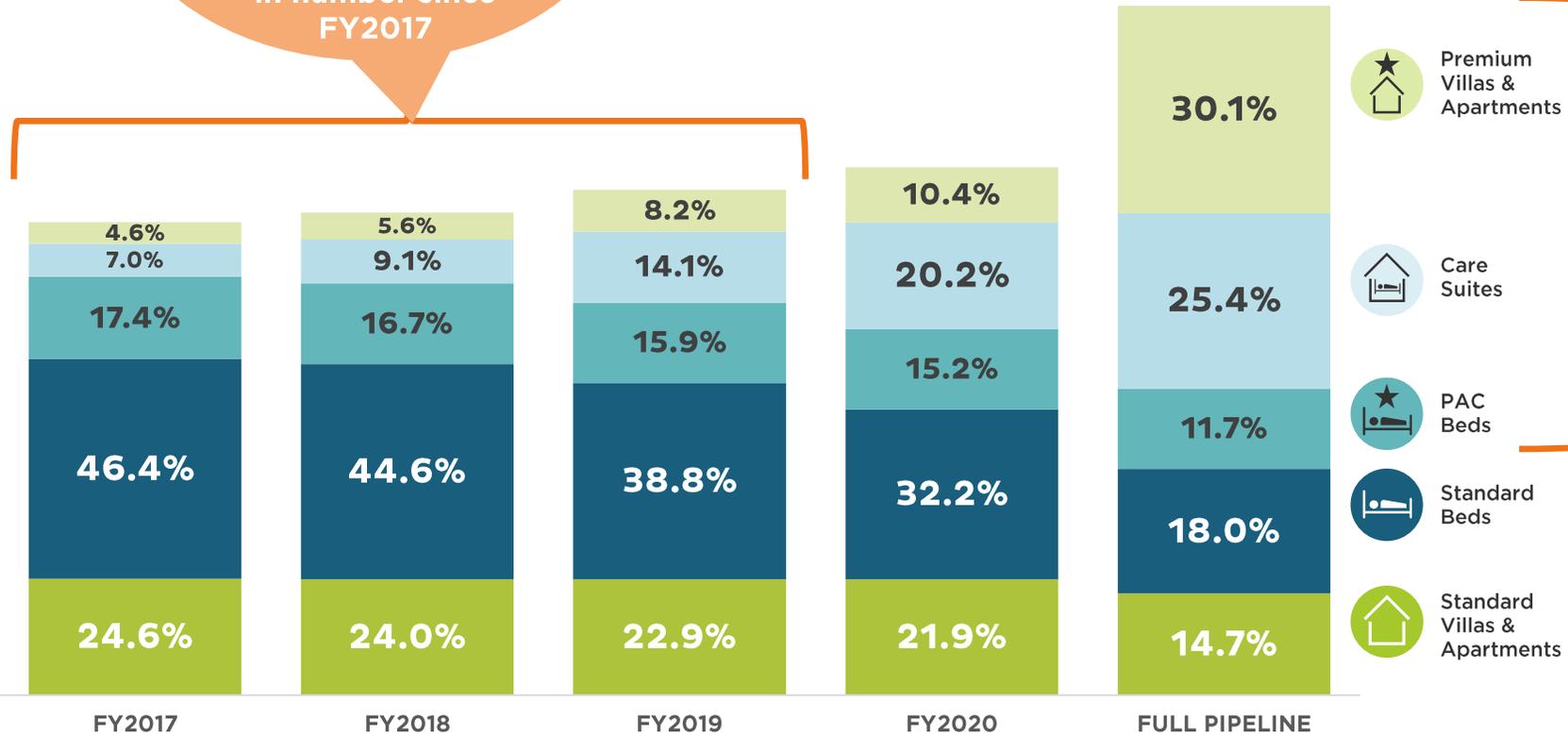
40%

in number since
FY2017

Premium units and care beds will more than double to comprise

~70%

of our portfolio





Where we are in the execution of this strategy – overall picture



67.3% of the pipeline of 1,995 is consented or currently under construction.

The sites under sell down and commission will drive the growth in our short to medium term earnings



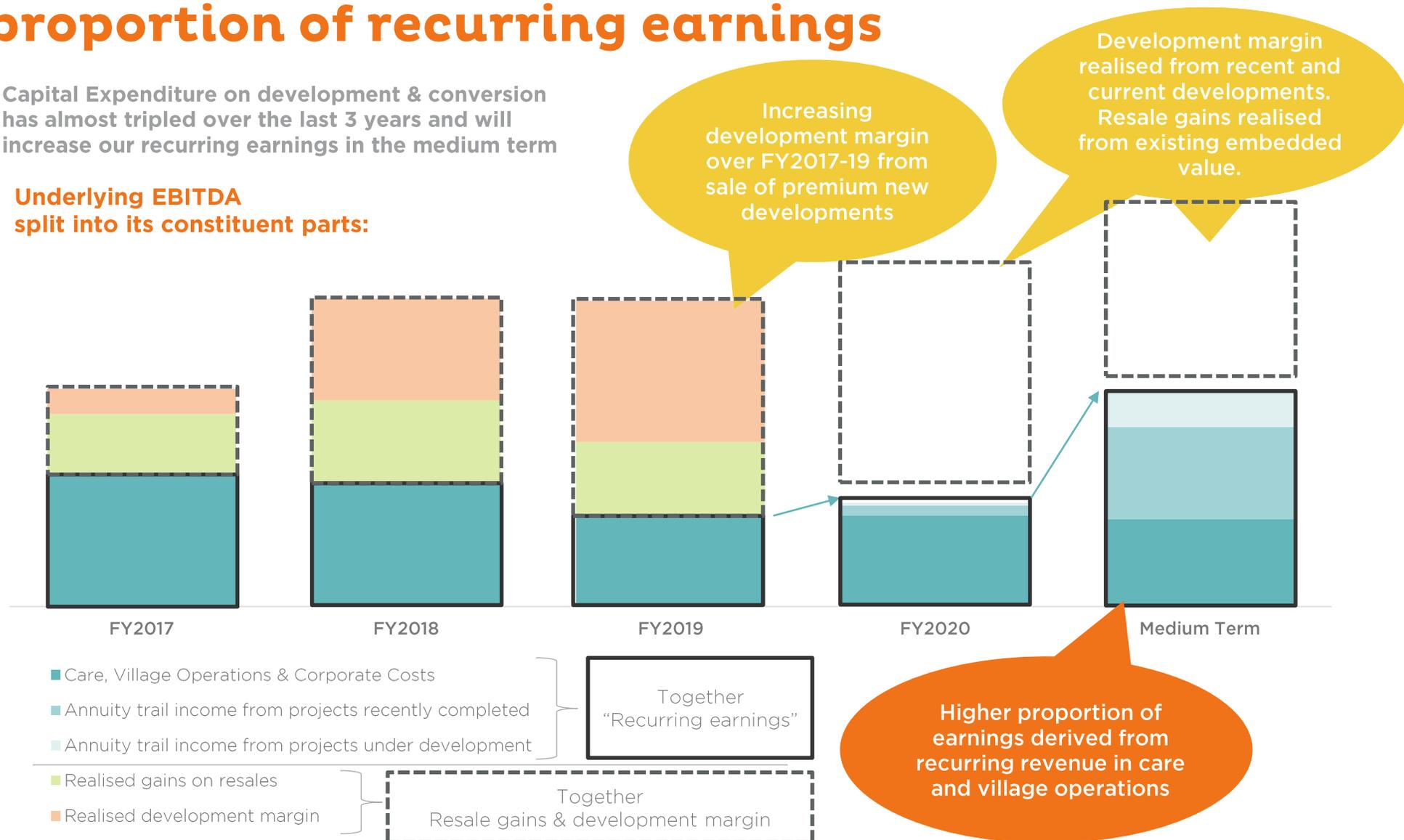
Major projects currently at each stage				
Lady Allum 2 Elmwood Eden 2	Green Gables Windermere Gracelands The BayView 2	Awatere	The Sands Meadowbank 4 The BayView 1	Meadowbank 3 Eden Lady Allum 1 Elmwood Villas
Number of units and care suites currently at each stage of redevelopment				
911	342	90	272	300

*The 652 units and care suites in the planning phase are in addition to those above.

Outcomes of this strategy - higher proportion of recurring earnings

Capital Expenditure on development & conversion has almost tripled over the last 3 years and will increase our recurring earnings in the medium term

Underlying EBITDA split into its constituent parts:



*These boxes are a conceptual illustration only and do not constitute earnings guidance or Oceania forecasts.



Update on our Developments

The BayView, Stage 2
(commenced in FY2019)

The BayView, Tauranga

Stage 1 completed in October 2018.

13 care suites sales recognised in FY2019. A further 4 care suites have since been sold.



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The BayView

Tauranga

Stage 1

Completed in October 2018



- Residents transferred from old Melrose facility in December 2018

81

Care Suites

- 13 Care Suite sales in FY2019 in line with feasibility

The BayView, Tauranga

Stage 2 commenced construction in December 2018.



The BayView

Tauranga

Stage 2

Commenced December 2018



74

Apartments



Community
Centre

Meadowbank, Auckland



Stage 4 was completed in May 2019.

8 apartment sales and 6 care suites sales recognised in FY2019. A further 5 apartments have been sold or are under contract.



Meadowbank

Auckland

Stage 4

Completed in May 2019



49

Apartments



34

Care Suites

Meadowbank, Auckland

Stage 5 commenced construction in January 2019.



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Meadowbank

Auckland

Stage 5

Commenced January 2019



26

Apartments

The Sands, Auckland

Construction of The Sands completed in May 2019.

9 sales recognised in FY2019 at average price of \$1.7m. A further 15 apartments have been sold or are under contract.



The Sands

Browns Bay, Auckland

Completed May 2019



64

Apartments



44

Care Suites

Awatere, Hamilton



The new care home at Awatere (formerly Trevellyn) was completed in July 2019. Stage 2 will commence in FY2020.



Awatere

Hamilton

Stage 1

Completed
July 2019



90

Care Suites

Stage 2

Scheduled to commence
FY2020



63

Apartments



Community
Centre

Green Gables, Nelson

Green Gables completion scheduled for FY2020.



Green Gables

Nelson

Scheduled to complete in
FY2020



28

Apartments



61

Care Suites

Windermere, Christchurch

Windermere completion scheduled for FY2021.



Windermere

Christchurch

Scheduled to complete in
FY2021



22

Apartments



71

Care Suites

Gracelands, Hastings

Gracelands Stages 1 and 2 are scheduled for completion in FY2020.



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Gracelands

Hastings

Scheduled to complete in
FY2020



32

Villas

Financial results

01 Income statement and segmental performance

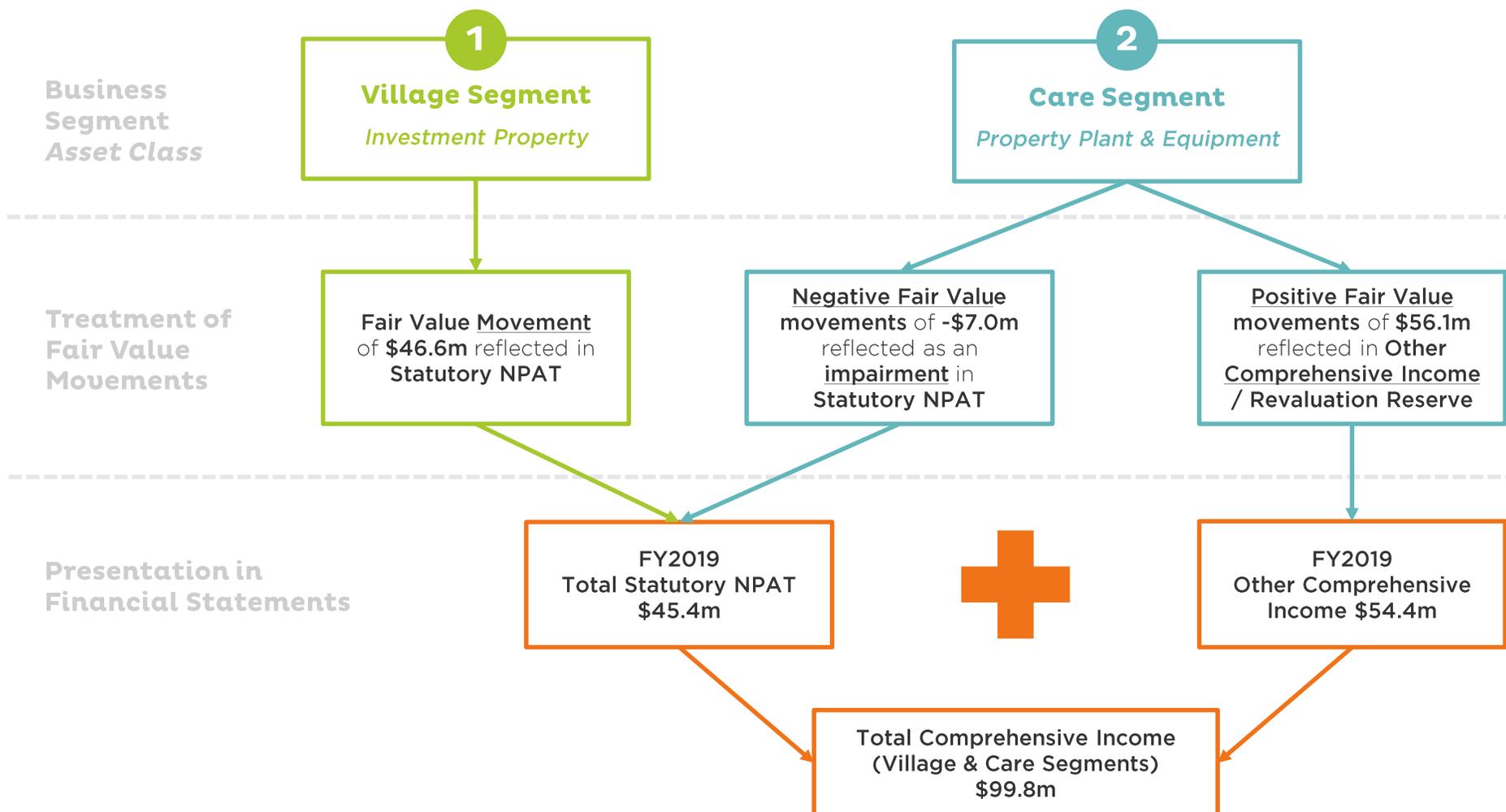
02 Balance sheet and drivers of property valuations

03 Cashflow statement

04 Capital structure

Total Comprehensive Income

Total Comprehensive Income reflects the fair value movements of both the village and care segments.



Income statement

Total Comprehensive income for the period of \$99.8m was up by 22.1% on FY2018 and reflects the delivery of the new units and care suites at The BayView, Meadowbank and The Sands, and gains in valuation in relation to our care suites.

FY2019 Summary of Income Statement

NZDm	FY2019	FY2018	Var	FY2017 (pf)
Operating revenue	189.4	184.0	5.4	174.8
Operating expenses	(175.8)	(165.8)	(10.0)	(146.9)
Change in fair value of IP, impairment of PP&E and other	31.5	69.5	(38.0)	51.9
Operating Profit	45.0	87.7	(42.7)	79.8
Transaction expenses	0.0	0.0	0.0	(4.4)
Finance costs	(3.6)	(2.9)	(0.7)	(20.1)
Depreciation and amortisation	(9.5)	(8.8)	(0.7)	(7.9)
Profit before Income tax	31.8	75.9	(44.1)	47.4
Taxation benefit/(expense)	13.6	1.1	12.5	(2.5)
Reported Net Profit after Tax	45.4	77.0	(31.6)	44.9
Other Comprehensive Income	54.4	4.8	49.6	16.0
Total Comprehensive income	99.8	81.7	18.0	60.9

- Operating revenue increased by 2.9% with care revenue up by 1.3% to \$161.7m and village DMF up by 14.4% to \$17.2m.
- The movement in the fair value of IP, PPE and other of \$31.5m relates to:
 - An increase in IP of \$46.6m -driven by \$44.6m from new developments. There were no material changes in CBRE's critical valuation assumptions; and
 - A decrease in PPE of \$7.0m and impairment of goodwill of \$8.1m as care homes were decommissioned for development; offset by:
- \$54.4m of other comprehensive income reflecting an increase in the valuation of PPE from new and existing care suites.
- Operating expenses driven by higher care wages following the step up in wage rates for HCAs as part of the equal pay settlement, a 5% increase provided to RNs and ramp up of new care homes.
- Taxation benefit driven by a reduction in our deferred tax liabilities.

1. The fair value of investment property includes a fair value movement of \$5.5m in relation to the right to use asset at Everil Orr. The contribution to DMF is \$0.7m. This is offset by the rental expenses of \$6.2m.

Underlying earnings

Underlying earnings from continuing operations were in line with FY2018.

Reconciliation of Underlying Adjustments

NZDm	FY2019	FY2018	Var	FY2017 (pf)
Reported Net profit after tax	45.4	77.0	(31.6)	44.9
less: Change in fair value of investment property and impairment of PPE	(39.6)	(69.5)	29.8	(52.8)
add: Impairment of goodwill	8.1	0.0	8.1	0.5
add: Realised gains on resales	15.1	16.9	(1.8)	12.7
add: Realised development margin	29.2	21.1	8.1	5.2
less: Deferred tax	(13.6)	(1.1)	(12.5)	2.5
add: Rental expenses in relation to right to use asset ¹	6.2	7.8	(1.6)	0.0
add: Other ²	(0.7)	(0.1)	(0.5)	0.5
add: Proforma transaction costs and listed capital structure costs	0.0	0.0	0.0	20.7
Underlying NPAT	50.2	52.1	(1.9)	34.1
add: Depreciation and amortisation	9.5	8.8	0.7	7.9
add: Finance costs	3.5	2.8	0.7	3.0
Underlying EBITDA	63.2	63.7	(0.5)	45.0
less: Divested site earnings	(0.5)	(2.0)	1.5	(2.4)
Underlying EBITDA - Continuing operations	62.7	61.7	1.0	42.6
Underlying NPAT - Continuing operations	49.7	50.6	(0.9)	32.3

Segmental Underlying Adjustments

NZDm	FY2019	FY2018	Var	FY2017
Aged Care	24.9	28.9	(4.0)	31.9
Retirement Village	55.8	49.7	6.2	26.8
Other	(17.5)	(14.9)	(2.6)	(13.7)
Underlying EBITDA	63.2	63.7	(0.5)	45.0
less Divested Site Earnings	(0.5)	(2.0)	1.5	(2.4)
Underlying EBITDA - Continuing operations	62.7	61.7	1.0	42.6

- Underlying NPAT was \$1.9m (3.6%) below FY2018.
- Adjusting for the five sites divested during the period, Underlying NPAT from continuing operations was \$0.9m (1.8%) below FY2018.
- Underlying EBITDA from continuing operations was \$1.0m (1.7%) above FY2018.
- Higher interest costs from completed developments.

1. Rental expense of \$6.2m in FY2019 relates to the right to use asset at Everil Orr village. There is a corresponding credit in IP which is also removed as part of this adjustment. Net nil effect.
 2. "Other" is an aggregation of line items that are individually less than \$2.0m and includes: Gain on Sale/Loss on sale or disposal of decommissioned assets and DMF in relation to right to use asset. See note 2.1 of the FY2019 financial statements for a further detail.

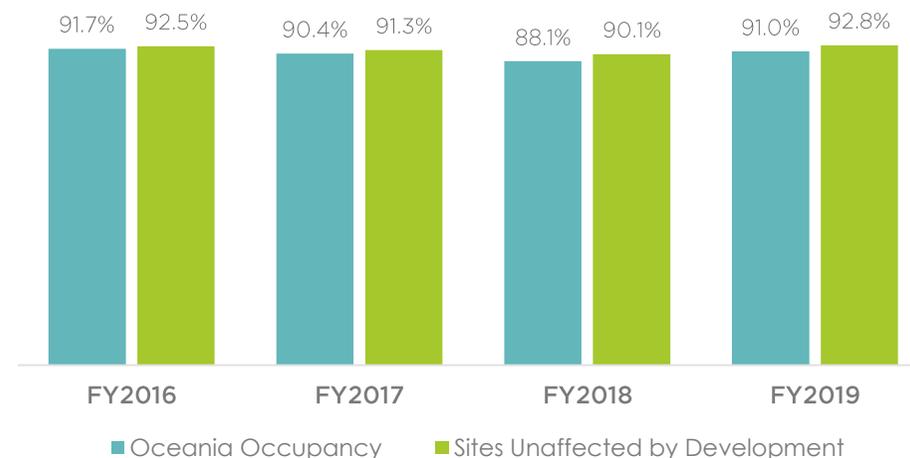
Care segment

Higher occupancy and premium revenues in FY2019 reflect the success to date of the transformation of our care portfolio toward a higher proportion of premium care beds.

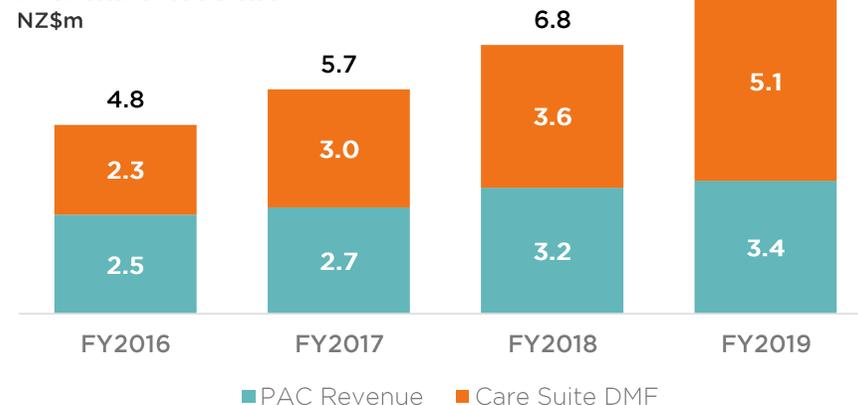
Aged Care Underlying EBITDA

NZDm	FY2019	FY2018	Var	FY2017
Daily care fees	151.7	150.4	1.3	145.7
PAC revenue	3.4	3.2	0.2	2.7
Care suite DMF	5.1	3.6	1.4	3.0
Other revenue	1.5	2.4	(0.8)	1.4
Total aged care operating revenue	161.7	159.6	2.1	152.8
Staff and resident expenses	(120.0)	(115.4)	(4.6)	(105.8)
Occupancy and site overhead expenses	(16.7)	(15.3)	(1.4)	(15.1)
Total aged care expenses	(136.7)	(130.7)	(6.1)	(120.9)
Aged Care Underlying EBITDA	24.9	28.9	(4.0)	31.9
EBITDA per care bed / suite (all sites)	\$10,583	\$11,742	-\$1,159	\$12,339
Aged Care Pro Forma Underlying EBITDA	24.5	27.1	(2.7)	29.7
EBITDA per care bed / suite (ex divests)	\$10,711	\$12,066	-\$1,354	\$12,623

Occupancy rates



Premium Revenue



Village segment

FY2019 Underlying EBITDA of \$55.8m was 12.4% ahead of FY2018 due to a material increase in development margin and 14.4% growth in deferred management fees.

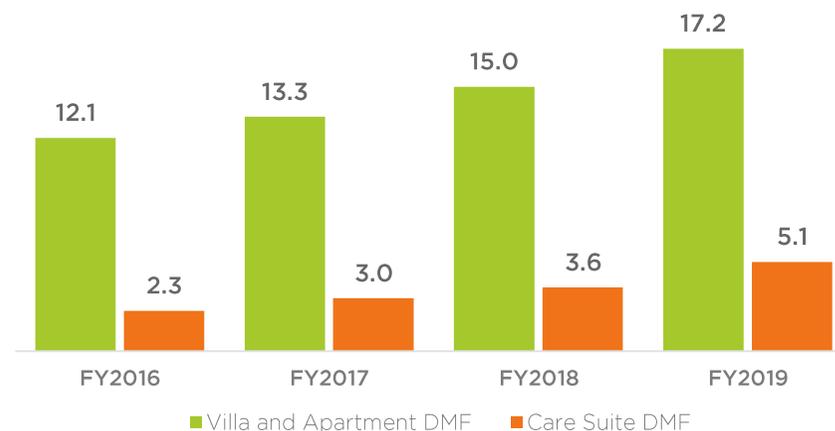
Village Underlying EBITDA

NZDm	FY2019	FY2018	Var	FY2017
Villa and Apartment DMF	17.2	15.0	2.2	13.3
Retirement village service fees	5.8	5.3	0.4	5.3
Other revenue	2.7	2.7	0.1	2.1
Total retirement village operating revenue	25.7	23.0	2.7	20.6
Realised gains on resales	15.1	16.9	(1.8)	12.7
Realised development margin	29.2	21.1	8.1	5.2
Village site operating expenses	(13.4)	(11.3)	(2.1)	(9.5)
Resident share of capital gains	(0.7)	0.0	(0.8)	(2.2)
Total retirement village expenses	(14.1)	(11.3)	(2.8)	(11.7)
Retirement village Underlying EBITDA	55.8	49.7	6.2	26.8
Total resale volume	177	180	(3)	151
Total new sales volume	133	100	33	52
Total sales volume	310	280	30	203
less: Dunblane Village Earnings	0.0	0.1	(0.1)	0.1
Retirement Village EBITDA - Continuing Operations	55.8	49.5	6.3	26.7

- Deferred Management fees continue to increase as developments are sold down and resales occur at a higher price point.
- Total ORA sales of 310 in FY2019 were 10.7% higher than FY2018.
- See further analysis of margins and volumes overleaf.

DMF Revenue¹

NZ\$m

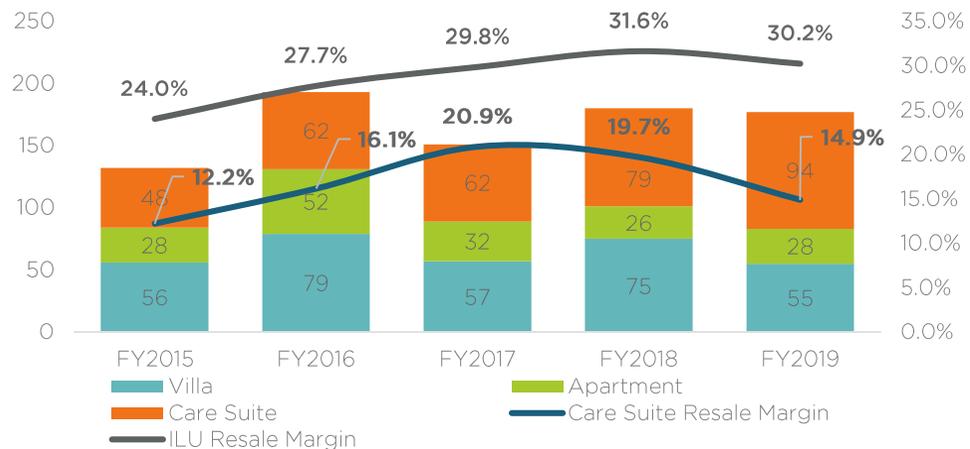


1. Note Care Suite DMF is included in the Care segment but is also presented here to provide an aggregate view of DMF for the Group. Villa and Apartment DMF of \$17.2m in FY2019 excludes \$727k of DMF revenue at Everil Orr.

Village segment

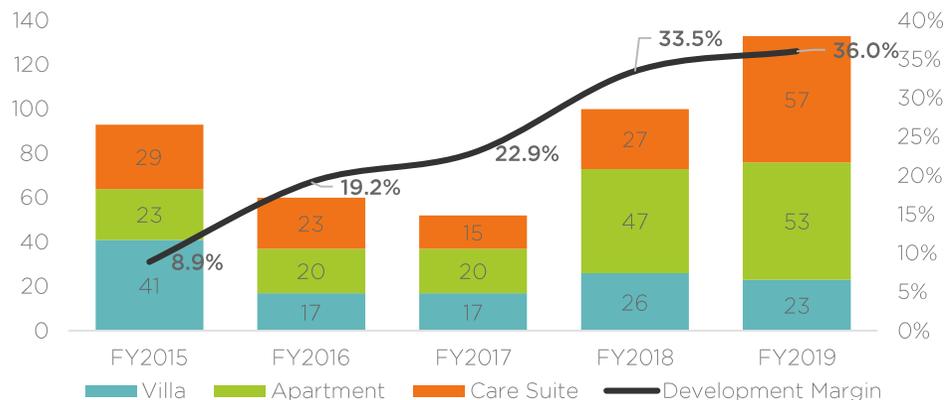
Resale and development margin percentages were in line with FY2018 and remain at strong levels. Volumes were 10.7% higher.

Resales volume and margin



- Resales margins for ILUs were consistent at 30.2% in FY2019. Gains on resale decreased due to lower volumes of ILUs available for resale; 83 sold in FY2019 v 101 in FY2018. Tenures materially consistent with FY2018.
- Care suite resale volumes increased from 79 in FY2018 to 97 in FY2019 with similar tenures to FY2018. Resales margins dropped from 19.7% to 14.9% as a number of serviced apartments were converted to care suites and prices held constant.
- 30%+ development margins reflect the sale of premium apartments and care suites at Meadowbank, The BayView and The Sands.
- Total sales of 310 units and care suites in FY2019 was 10.7% higher than the 280 achieved in FY2018.

Development sales volume and margin

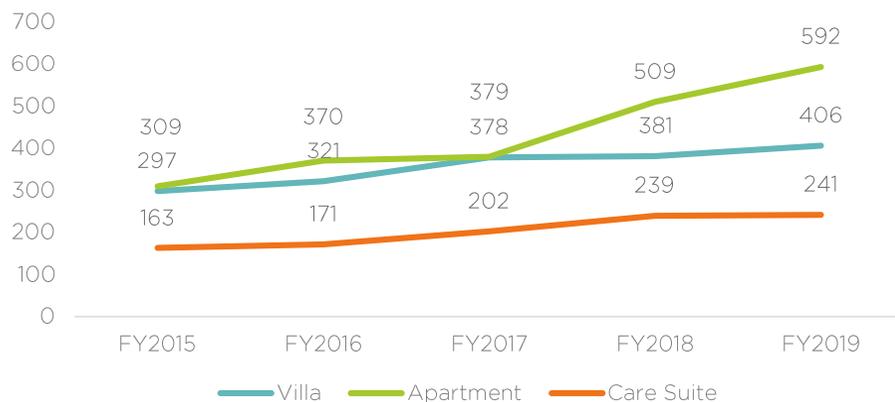


Village segment – key indicators

Resale prices for units and care suites were above FY2018. Closing villa and apartment stock at historically low levels.

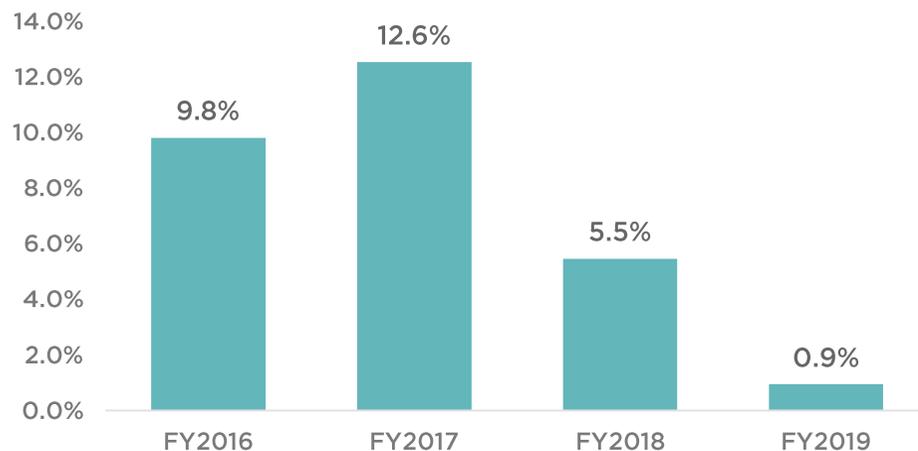
Resales Prices

NZD\$000s

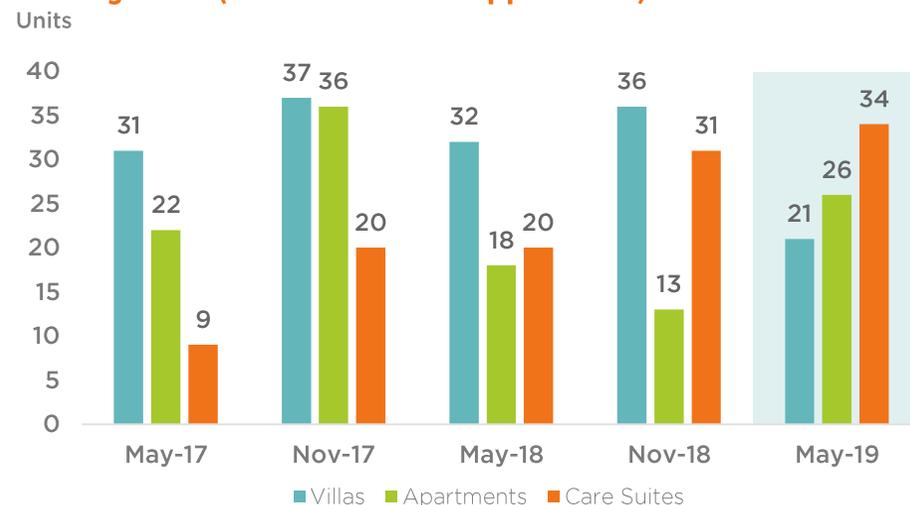


- Average resale prices increased for ILUs (6.5% for villas and 16.3% for apartments). Care suite prices 1.0% ahead of FY2018.
- Resale prices in line with the last annual CBRE valuation.
- Only 2.3% of total ILU stock (ie 28 ILUs) not under contract or application.

Resales Prices vs CBRE Valuation Assumption



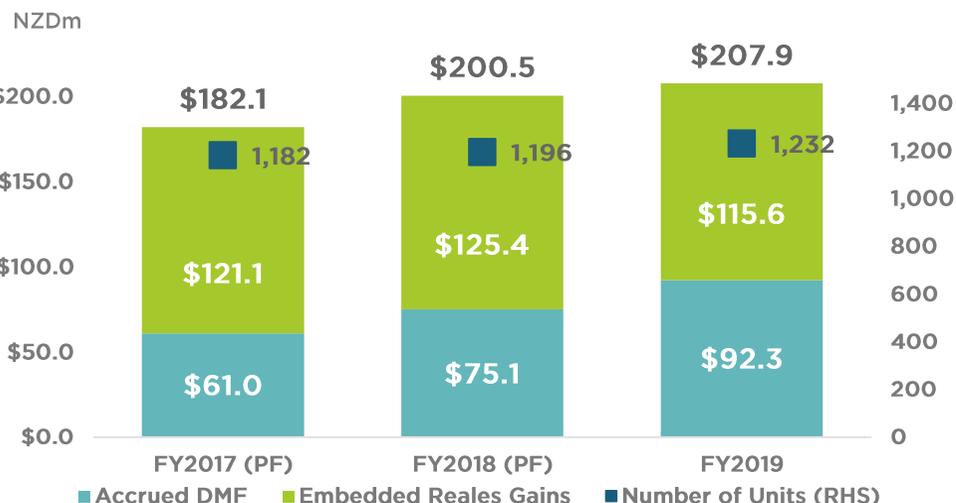
Closing Stock (incl stock under application) - Resales



Embedded value

The embedded value in our portfolio has increased 3.7% from FY2018 to \$207.9m as at FY2019 and will underpin the future realisation of cashflows from deferred management and resale gains.

Embedded value¹



- Embedded value in Oceania's portfolio is \$207.9m, up 3.7% on FY2018.
- For comparison the FY2018 and FY2017 years have been adjusted to exclude sites divested in FY2019 and sites now valued as development land.
- Embedded value includes:
 - \$92.3m of DMF cash flows to be realised; and
 - \$115.6m 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

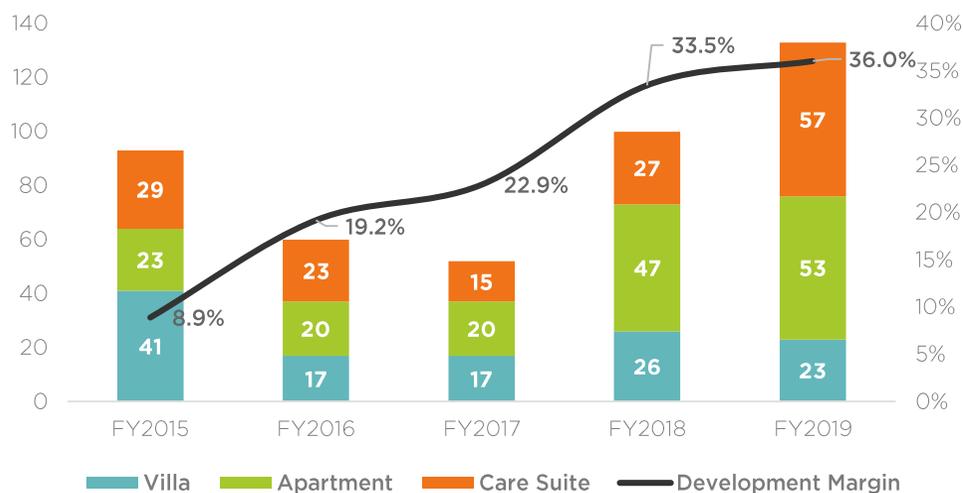
NZ\$m	FY2017 (PF)	FY2018 (PF)	FY2019
Estimated sale/resale price of all Units ¹	495.4	604.8	829.4
less: Unsold stock ²	(33.6)	(91.8)	(250.4)
less: Resident liabilities (contractual)	(279.7)	(312.4)	(371.1)
equals: Embedded value	\$182.1	\$200.5	\$207.9

1. Calculated as the current/estimated sale or resale price of all units/care suites as determined by CBRE – note FY2019 as at 30 April 2019. The FY2018 and FY2017 figures have been adjusted for the divestment of Dunblane Village. 2. The value of unsold stock represents the sales prices of units/care suites which are not under contract, as they either newly constructed or have been bought-back from the previous outgoing residents.

Developments – key indicators

Development margin of 36.0% remained healthy with prices achieved in line with expectations.

Development Volumes and Margins



Average Sales Prices

NZ\$000s



Gross New Units Delivered

Units	FY2015	FY2016	FY2017	FY2018	FY2019
Villas	24	11	2	39	-
Apartments	14	-	44	62	113
Care suites	-	-	-	30	159
Total	38	11	46	131	272

- 159 care suites were completed at The BayView, Meadowbank and The Sands during FY2019.
- 113 apartments were completed at The Sands and Meadowbank.
- 265 care suites and apartments are scheduled to complete in FY2020.
- Villa prices reflect the sell down of new villas at Elmwood.
- Average apartment price of \$1.0m reflects the new apartments sold at The Sands and Meadowbank.
- Care suites sales include the premium care suites at Meadowbank and The BayView and conversions at other locations.

Balance sheet

Total assets increased by \$252.2m (22.0%) from FY2018. Capital expenditure of \$173.5m in FY2019 was 31.8% above FY2018 and more than double FY2017.

FY2019 Balance Sheet

NZDm	FY2019	FY2018	Var	FY2017
Assets				
Cash and trade receivables	66.3	51.0	15.3	22.2
Property, plant and equipment	442.7	323.2	119.5	268.0
Investment properties	881.7	755.6	126.1	611.0
Intangible assets	8.7	17.4	(8.7)	17.1
Total assets	1,399.4	1,147.2	252.2	918.3
Liabilities				
Refundable occupation right agreements	436.5	358.2	78.3	282.9
Borrowings	270.2	168.7	101.4	95.2
Other liabilities	82.8	83.1	(0.3)	72.1
Total liabilities	789.5	610.1	179.4	450.3
Equity				
Contributed Equity	580.8	579.5	1.3	579.5
Retained Deficit	(110.1)	(127.9)	17.8	(196.0)
Reserves	139.1	85.5	53.6	84.4
Total equity	609.9	537.1	72.8	468.0
Net tangible assets	601.2	519.7	81.5	450.9

Net Adjusted Value ("NAV")

NZDm	FY2019	FY2018
PPE and IP (incl WIP) – per the Balance Sheet	1,324.4	1,078.8
less ORA Gross Up	(400.0)	(346.2)
add: Adj for CBRE – Chattels & Care Goodwill	29.3	72.4
add: Other	(10.0)	(18.7)
CBRE plus WIP	943.6	786.3
less: Net Debt	(248.2)	(150.4)
Net Adjusted Value	695.4	635.9
Shares on Issue	610.3	610.3
Net Adjusted Value per Share	1.14	1.04

- Our NAV was \$1.14 per share as at FY2019.
- The NAV reflects the value of existing sites and the land and WIP at development sites. However, it excludes the present value of net development cashflows and future earnings at sites currently under development and consented.
- -30% discount applied by CBRE to unsold new stock. Accordingly, more than \$50m (\$0.08 per share) of fair value movement to be realised upon the initial sale.

Balance sheet – drivers

Uplifts in IP and PPE through development capital expenditure and the increase in fair value of recently completed developments.

Investment Property

NZ\$m



CBRE Valuation Assumptions – IP

DRIVER	FY2019		FY2018	
PPGR – Long Term (low-high)	2.50%	3.50%	2.50%	3.50%
PPGR – Short Term (low-high)	0.50%	3.00%	0.0%	3.0%
Discount Rates (low-high)	14.00%	20.00%	14.00%	22.00%
Average Incoming Price – Villas	\$405,973		\$390,974	
Average Incoming Price – Apartments	\$819,535		\$670,597	

Freehold Land and Buildings (in PPE)

NZ\$m



CBRE Valuation Assumptions – PPE

DRIVER	FY2019		FY2018	
Cap rate (low-high)	11.00%	17.80%	10.00%	18.50%
EBITDAR per bed (low-high, \$000's)	\$8.61	\$19.23	\$9.65	\$18.34
Average Incoming Price – Care Suites	\$258,183		\$209,906	

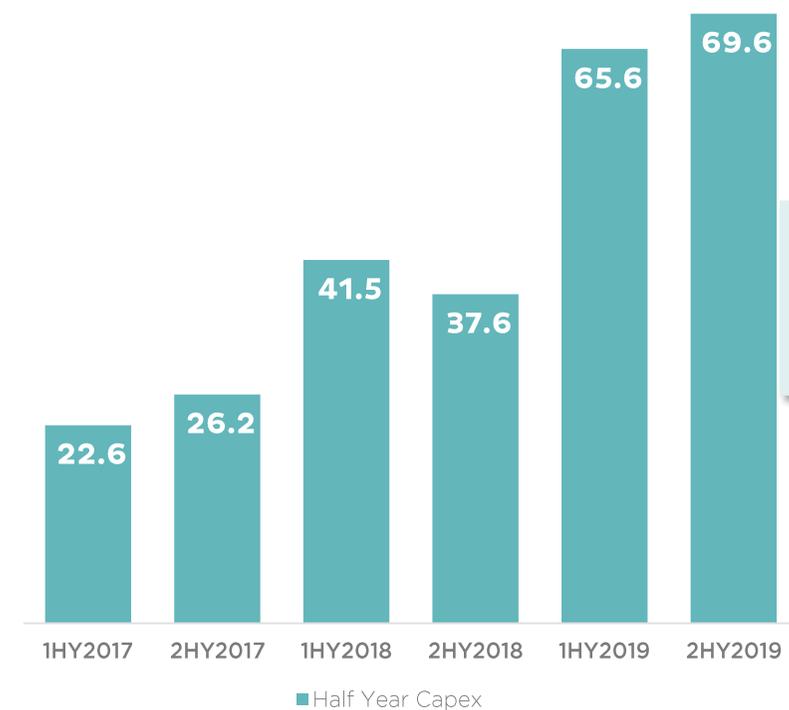
- Moderate uplifts in the average ingoing price assumption used by CBRE for Villas. 22% uplift in Apartments reflects completion of The Sands and Meadowbank Stage 4.
- Full PPE valuation conducted by CBRE for the FY2019 financial statements for the first time since FY2017.

Development capital expenditure

Growth capital expenditure in prior periods has supported increases in both development margins and ongoing deferred management fees.

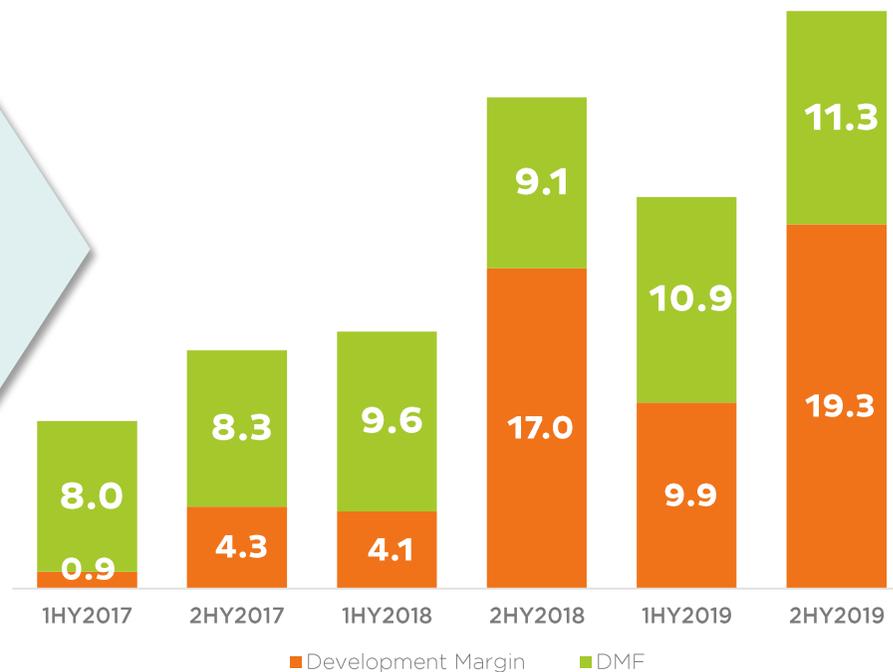
Construction Capital Expenditure (IP and PPE)

NZDm



Resulting Deferred Management Fees and Development Margin

NZDm



Cash flow

Operating cash flows of \$89.3m for FY2019 were ahead of the \$82.2m in FY2018 due to higher cash proceeds from sales at new developments.

Statement of cash flows

NZDm	FY2019	FY2018	Var	FY2017
Receipts from customers	165.7	161.8	3.9	159.3
Payments to suppliers and employees	(164.8)	(147.4)	(17.4)	(141.1)
Rental payments in relation to Right to Use Asset	(5.5)	(7.8)	2.3	0.0
Receipts from new Occupational Rights Agreements	136.6	113.5	23.1	68.8
Payments for outgoing Occupational Rights Agreements	(39.7)	(35.4)	(4.2)	(30.9)
Net interest	(3.0)	(2.4)	(0.6)	(17.2)
Net cash inflow from operating activities	89.3	82.2	7.1	38.9
Proceeds from sale of property, plant and equipment	19.7	0.2	19.5	0.0
Payments for PPE and intangible assets	(72.9)	(33.4)	(39.5)	(33.5)
Payments for investment property and investment property under development	(100.6)	(98.2)	(2.4)	(47.6)
Net cash outflow from investing activities	(153.8)	(131.4)	(22.4)	(81.1)
Proceeds from borrowings	180.4	119.8	60.6	145.0
Repayment of borrowings	(84.4)	(50.5)	(33.9)	(285.4)
Dividend paid	(28.4)	(12.7)	(15.7)	0.0
Transaction costs	0.0	0.0	0.0	(10.7)
Proceeds from issue of shares	1.3	0.0	1.3	200.0
Net cash inflow from financing activities	68.9	56.6	12.3	48.9
Net increase in cash and cash equivalents	4.5	7.4	(3.0)	6.8
Cash and cash equivalents at beginning of the period	18.3	10.9	7.4	4.1
Cash and cash equivalents at end of the period	22.8	18.3	4.5	10.9

- First time sales receipts at development sites of \$75.5m (c.f. \$61.7m in FY2018) drove a significant increase in operating cashflow.
- The net proceeds from the divestment of sites in FY2019 were \$19.7m. This was applied to reduce borrowings.
- The rental payment of \$5.5m for the right to use asset relates to the arrangement at Everil Orr. An equal receipt is included in receipts from new ORAs.

Capital structure

Gearing of 28.9% as at 31 May 2019. Sufficient bank facilities in place to execute our development pipeline.

Net Debt

DEBT FACILITIES	FACILITY LIMIT	DRAWN AMOUNT (31/05/19)
General / corporate	\$135.0m	\$102.0m
Cash	n/a	(\$22.8m)
Finance leases	n/a	\$5.5m
Development facility	\$215.0m	\$163.5m
Total limits/net debt	\$350.0m	\$248.2m

Credit metrics

PERIOD ENDING	FY2019	FY2018
Net debt	\$248.2m	\$150.8m
Net debt / (net debt + equity)	28.91%	21.93%
Loan to value ratio	27.69%	20.84%

- Our gearing level increased from 21.93% to 28.91% in the period as our development activity increased.
- We anticipate that our gearing will oscillate around the current level depending at where we are positioned in the development cycle.
- We extended the maturity of our debt facilities in FY2018 to July 2023. This extension ensures that we have funding in place to execute our development pipeline.

Appendices

-
- 01** Business & market overview

 - 02** Portfolio summary

 - 03** Development pipeline

 - 04** Reconciliation of portfolio movements

 - 05** Summary of unit sales

 - 06** Capital expenditure

 - 07** Reconciliation of resales cash flow

 - 08** Definition of Underlying NPAT

 - 09** Glossary

 - 10** Disclaimer

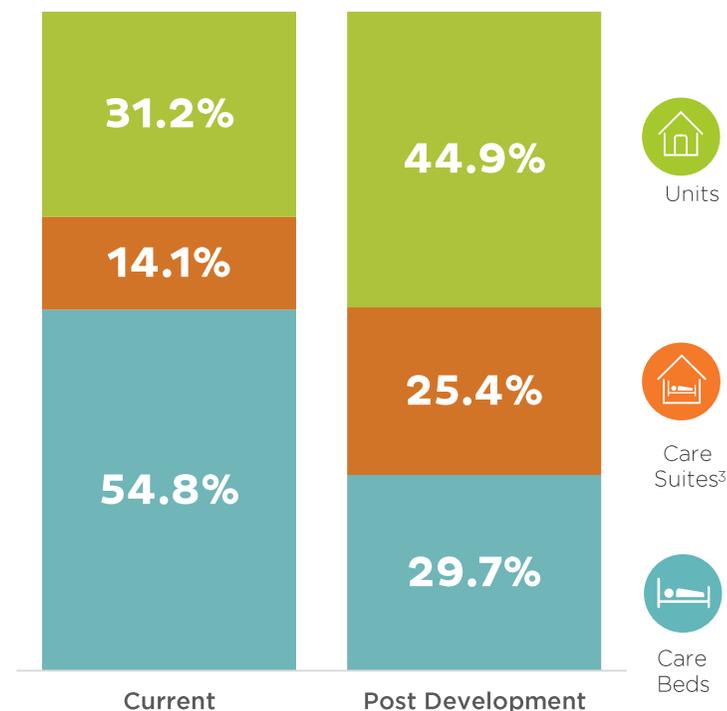
01 Overview of Oceania

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

Current & future portfolio composition – Remaining “needs” focused

	 Care Beds	 Care Suites	 Units	 Total
North Island	1,639	384	897	2,920
South Island	473	158	305	936
Total Existing¹	2,112	542	1,202	3,856
Development Pipeline ³	-	728	1,267	1,995
Less Decommissions	(417)	(43)	(108)	(568)
Care Suite Conversions	(131)	111	-	(20)
Net Development Pipeline²	(548)	796	1,159	1,407
Total Post Development	1,564	1,338	2,361	5,263

Portfolio and landbank overview



1. Comprising 44 operating villages and 2 undeveloped sites. Facility numbers as at 31 May 2019.

2. Current and planned developments as at 31 May 2019;

3. Includes 360 care studios which may be initially sold with a PAC, and may subsequently be sold under an ORA

01 Our key business strengths

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

AGED CARE

1

Recognised **leader** in **clinical care**

2

Clear **growth strategy** in **aged care**

3

Attractive **demographic trends and industry structure** – especially in the care segment



DEVELOPMENT

4

Highly **cashflow and value accretive brownfield development** projects in key urban locations

5

Growing **development track record** and capability

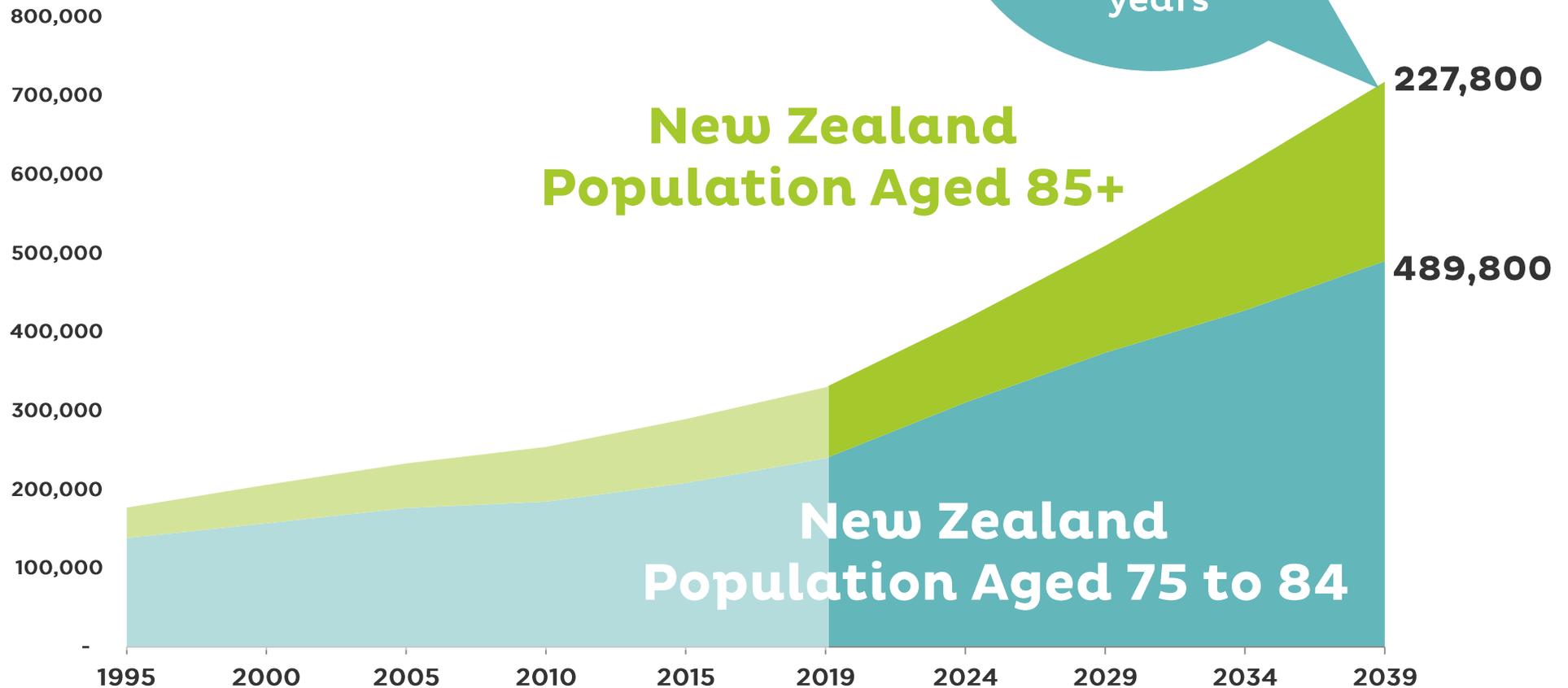
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CORPORATE & GOVERNANCE

Established corporate **platform** with **strong governance**

01 Attractive demographics are just the start

Estimated population growth¹



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

01 Our Strategy has Four Elements:



Creating premium environments by developing our brownfield pipeline and converting standard beds to care suites.



Delighting our Residents with a hospitality inspired, customer led model.



Maintaining our **passion for the wellbeing of our staff and residents**. Nurture and develop our leaders.

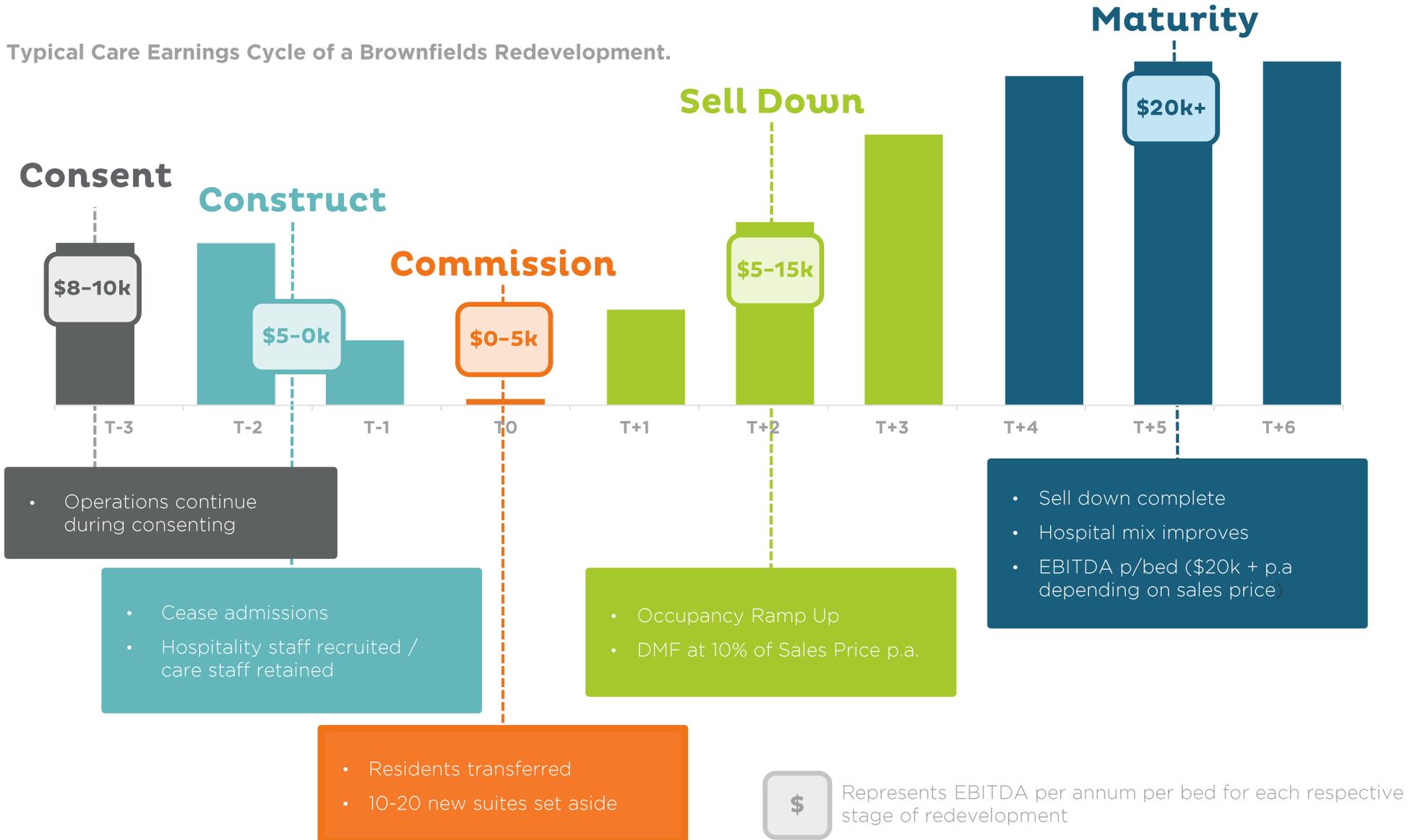


Continue to **lead the way through innovation** to create sustainable profitability.



01 The impact on care earnings from this Strategy

Typical Care Earnings Cycle of a Brownfields Redevelopment.



01 Where we are at in the execution of this Care transformation strategy

Our Care Pipeline within the Brownfields Earnings Cycle.



Care sites currently at each stage of redevelopment

Lady Allum**
Elmwood**

Green Gables*
Windermere*

Awatere**

The Sands
Meadowbank 4
The BayView**

Meadowbank 3
Eden

Number of care suites currently at each stage of redevelopment

300

132

90

159

97

*There are no current operational beds at these sites. Therefore there will be no loss of current earnings from these projects.

**Existing residents will be transferred to the new care facility at these sites. Staff will be retained.

01 Benefits of this Strategy - Care Suites

1 Demand for a premium care experience

- We have been operating care suites for a decade.
- Residents want, and have the means to pay for, accommodation above the levels funded by the MoH.
- Further, current Government funding falls short of that required to incentivise new builds. New Zealand requires an average of 1,500 new beds per year to meet projected aged care demand.
- Accordingly the industry (with the endorsement of regulators) has innovated to find a solution to this funding gap. The result is private funding for premium accommodation through a PAC (daily charge) or ORA (capital sum with management fee).
- An ORA provides certainty of cost for our residents and families and, as a result of very low bank deposit rates, a Care Suite (ie ORA) requires less committed capital when compared that required to fund an equivalent PAC.

2 Care suites are the most capital efficient model for operators

- Care Suites enable aged care operators to recycle capital to other projects and self fund their growth.



01 Benefits of this Strategy – Improved returns

CHARGES FOR ACCOMODATION AND SERVICES PRESCRIBED BY THE GOVERNMENT



Standard Bed

- **All care beds** (standard, PAC and care suite) attract a fixed daily **payment prescribed by the Government** dependent upon the **level of care** required (hospital, rest home or dementia).
- The services funded by the daily fee are generally the same for all residents of the same level of care
- The extent the resident pays for this is determined by an asset level test.

EBITDA from Standard Beds ranges from \$8k – 12k p.a

CHARGES FOR ACCOMMODATION THAT EXCEEDS MINIMUM STANDARD



1. PAC Bed

Daily premium payment – ranges from \$10-\$70 a day. Average in NZ is ~\$20 a day

Incremental EBITDA of ~\$5k-20k p.a

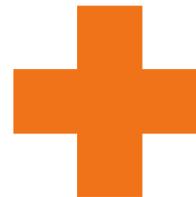
OR



2. Care Suite

Upfront **capital payment with DMF** that is calculated monthly

Incremental EBITDA of ~\$10k-30k p.a



02 Portfolio summary (31 May 2019)



FACILITY	REGION	CARE BEDS	CARE SUITES	VILLAGE UNITS	TOTAL
NORTH ISLAND					
Totara Park	Rodney	-	-	30	30
The Sands	North Shore	-	44	64	108
Greenvalley Lodge	North Shore	50	-	-	50
Lady Allum	North Shore	128	15	129	272
Te Mana	North Shore	46	-	-	46
Amberwood	Waitakere	67	-	-	67
Eden	Auckland	-	67	40	107
Everil Orr	Auckland	67	-	-	67
Meadowbank	Auckland	-	64	168	232
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	106	-	43	149
Whitianga	Whitianga	53	-	-	53
Elmswood	Tauranga	38	-	-	38
The BayView	Tauranga	-	81	60	141
Ohinemuri	Paeroa	68	-	8	76
Victoria Place	Tokoroa	51	-	-	51
St Johns Wood	Taupo	39	23	20	82
Wharerangi	Taupo	47	-	21	68
Duart	Hastings	66	-	-	66
Eversley	Hastings	50	-	6	56
Gracelands	Hastings	91	1	69	161
Atawhai	Napier	62	21	46	129
Woburn	Hawke's Bay	33	-	-	33
Eldon	Paraparaumu	98	-	-	98
Elderslea	Upper Hutt	124	-	-	124
Heretaunga	Upper Hutt	38	20	-	58
Hutt Gables	Upper Hutt	-	-	46	46

FACILITY	REGION	CARE BEDS	CARE SUITES	VILLAGE UNITS	TOTAL
SOUTH ISLAND					
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	63	14	46	123
Woodlands	Tasman	46	10	30	86
Holmwood	Christchurch	38	9	-	47
Middlepark	Christchurch	33	21	-	54
Palm Grove	Christchurch	37	48	32	117
The Oaks	Christchurch	69	36	32	137
Windermere	Christchurch	-	-	17	17
Addington Lifestyle	Christchurch	84	13	-	97

TOTAL (NORTH AND SOUTH ISLANDS)		2,112	542	1,202	3,856
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03 Development pipeline

Development pipeline status as at 25 July 2019

SITES	STAGE	STATUS	ILUs	Care Suites	GROSS UNITS	NET UNITS	NOTES
Meadowbank	Stage 5	Under Construction	26	-	26	26	Expected to complete FY2020
	Stage 6	Consented	-	35	35	35	
Awatere (formerly Trevellyn)	Stage 1	Under Construction	-	90	90	87	Expected to complete 1HY2020
	Stage 2-3	Consented	134	-	134	28	
Green Gables		Under Construction	28	61	89	89	Expected to complete FY2020
The BayView (formerly Melrose)	Stage 2	Under Construction	74	-	74	74	Construction commenced January 2019
	Stages 3-5	Consented	-	161	161	132	
Windermere	Stage 1	Under Construction	22	71	93	93	Construction commenced January 2019
	Stage 2	Consented	46	-	46	29	
Eden		Consented	49	-	49	49	
Elderslea		Under Construction	-	12	12	12	Expected to complete FY2020
Lady Allum	Stage 1	Consented	-	120	120	(23)	
	Stage 2	Consented	69	-	69	69	
	Stage 3	Consented	68	-	68	68	
Gracelands	Stage 1	Under Construction	17	-	17	17	Expected to complete FY2020
	Stage 2	Under Construction	15	-	15	15	Expected to complete FY2020
	Stage 3	Consented	18	-	18	18	
Eversley		Consented	-	61	61	55	
Whitianga	Stage 1	Under Construction	10	-	10	10	Expected to complete FY2020
	Stage 2	Consented	8	-	8	8	
Woodlands		Under Construction	6	-	6	6	Expected to complete FY2020
Elmwood	Stage 1	Consented	-	142	142	112	
	Stage 2-4	Planned	313	-	313	168	
Waimarie Street		Planned	76	33	109	109	
Other	Hawkes Bay	Planned	40	14	54	54	
	Nelson	Planned	71	81	152	63	
	Various	Planned	4	20	24	24	
Total Consented/under construction					1,343	1,009	
Total Pipeline					1,995	1,427	

03 Eden, Auckland

Scheduled to commence FY2020.

Additional land was acquired adjacent to the Eden Village in FY2018 and consented in 1HY2019.

Eden

Auckland

Scheduled to commence
FY2020

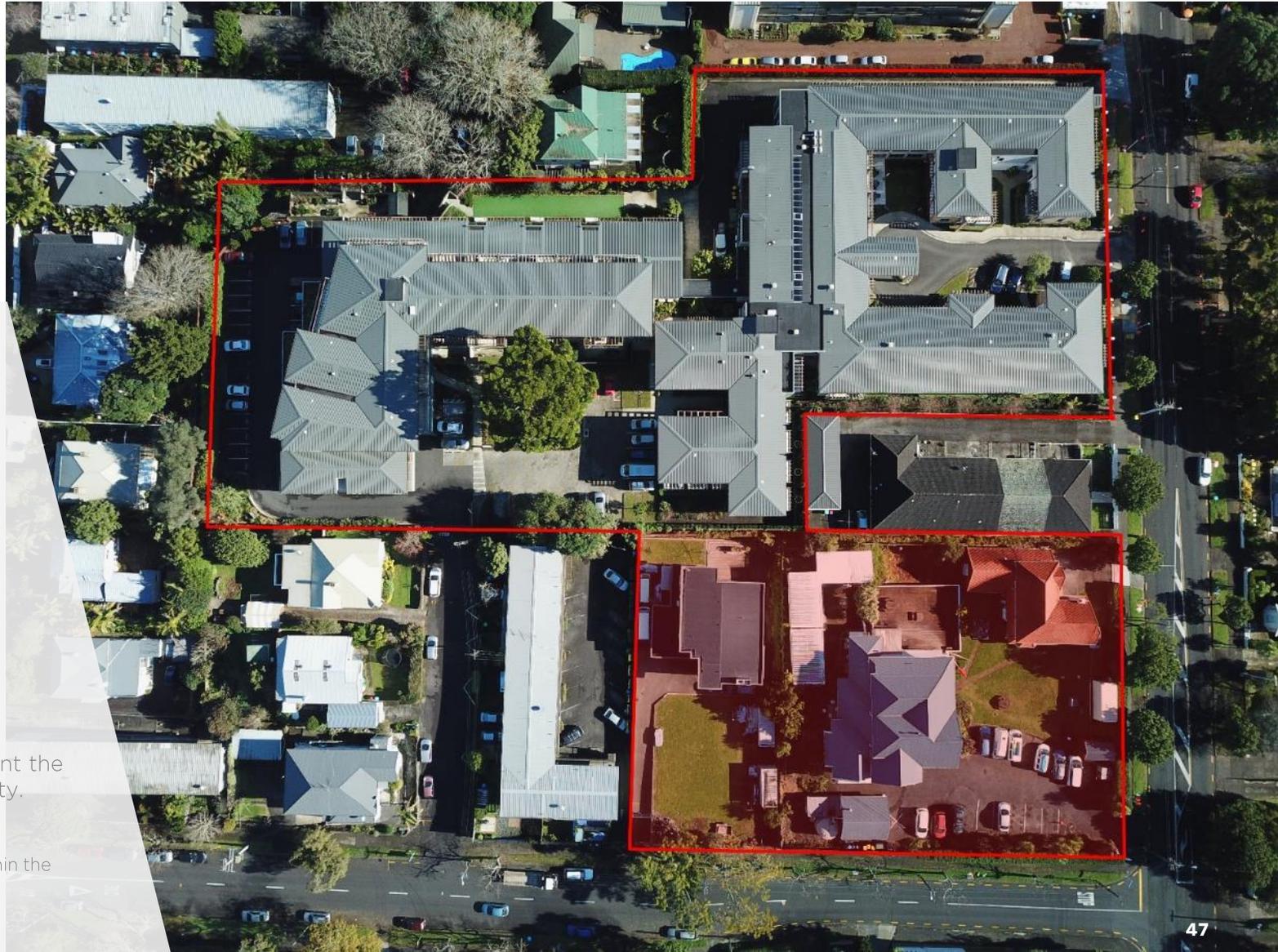


49

Apartments

Under-croft carpark and a community centre to supplement the existing retirement village facility.

Site to be developed is shaded red within the Eden site outline.



03 Waimarie St, Auckland

Scheduled to commence in the near term

Waimarie St is a premium development location in Auckland.



Waimarie St

St Heliers, Auckland

Greenfield site in the Auckland suburb of St Heliers:

109

Units & care suites planned

- Premium boutique aged care facility and retirement village planned.
- Strong forecast demand in the catchment area.
- Local median house price of approximately \$1.7m.

~13,500m²
Land acquisition

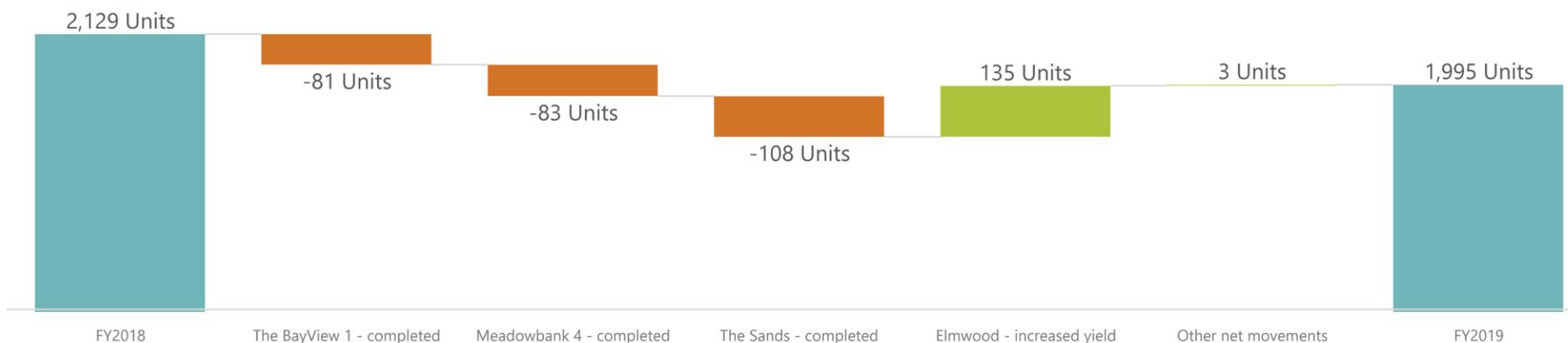
04 Reconciliation of portfolio movements



Movements in capacity and pipeline since FY2018¹

	FY2018	CHANGES IN EXISTING CAPACITY	CONVERSION OF BEDS TO care suites	CONVERSION OF UNITS TO care suites	NEW UNITS DELIVERED	CHANGES IN PIPELINE - GROSS UNITS ADDED	CHANGES IN PIPELINE - DECOMMISSIONS	FY2019
Existing								
Care beds	2,540	(363)	(65)					2,112
Care suites	340	(4)	42	5	159			542
Units	1,102	(9)		(5)	114			1,202
Pipeline								
Care beds	(501)						(47)	(548)
Care suites	824				(159)	131		796
Units	1,154				(114)	119		1,159
Total	5,459	(376)	(23)	0	0	250	(47)	5,263

Movements in gross pipeline since May-18



1. Changes in capacity and pipeline now includes forecast care suite conversions in the pipeline. Totals for FY2019 reconcile to both the total existing and future post development portfolios on slide 37.

05 Summary of unit sales

New Sales

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Villa	22	41	17	17	26	23
Apartment	39	23	20	20	47	53
Care Suite	21	29	23	15	27	57
Total	82	93	60	52	100	133
Development Margin	6.8%	8.9%	19.2%	22.9%	33.5%	36.0%

Resales

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Villa	67	56	79	57	75	55
Apartment	31	28	52	32	26	28
Care Suite	17	48	62	62	79	94
Total	115	132	193	151	180	177
Resales Margin	16.6%	21.2%	25.5%	27.4%	27.9%	24.6%

Average resale gain per unit/care suite

NZD	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Villa	52,989	77,652	107,131	116,316	135,888	140,164
Apartment	28,722	61,461	74,852	106,653	116,096	144,211
Care Suite	18,235	19,849	27,665	42,100	47,089	35,931
Total	41,310	53,198	72,906	83,795	94,056	85,449

06 Capital expenditure

We increased our development capital expenditure significantly during FY2019

Breakdown of Capital Expenditure

NZDm	FY2019	FY2018	Var	FY2017
Acquisitions	21.4	38.6	(17.2)	23.0
Development capital expenditure	135.2	79.1	65.9	48.8
Remediation expenditure	0.5	4.1	(3.6)	1.8
Care conversion & premium room upgrades	3.3	1.6	(1.3)	1.8
Maintenance capital expenditure				
- Aged care	7.1	4.0	(0.6)	2.7
- Retirement village	3.4	3.2	(1.1)	2.2
- IT and other	2.6	1.0	(0.2)	0.7
Total conversions and maintenance	16.3	9.8	(3.2)	7.4
Total capex per statutory cashflow statement	173.5	131.6	41.9	81.1
Assets under finance leases	1.5	1.3	0.2	3.0
Total capex (incl assets under finance leases)	175.0	132.9	42.1	84.1

07 Reconciliation of resales cash flow

Reconciliation of resales cash flow

NZDm	FY2019	FY2018
Receipts from New ORAs	136.6	113.5
less: Payments for Outgoing ORAs	(39.7)	(35.4)
less: Cash Inflow From New Sales	(75.5)	(61.7)
Net Resales Cash flow	21.5	16.4
Made up of:		
Resale Gains	15.1	16.9
DMF Realised	10.0	9.5
Add: Net Deferred Cash Settlements	0.3	(3.2)
less: Development Buybacks	(2.5)	(2.9)
less: Net Buybacks	0.4	(2.2)
less: Resident Share of Capital Gains	(1.4)	(2.2)
less: Other Cash amounts paid/received from resales	(0.5)	0.5
Net Cash flows from Resales	21.5	16.4

1. Net Buybacks is the difference between the gross ORA payments made in relation to units bought back (and not resold) during the year and the gross ORA receipts from units resold during the year that were bought back in prior financial years

08 Underlying NPAT

Underlying Profit (or Underlying NPAT)

Underlying Profit is a non-GAAP measure used by the Group to monitor financial performance and is a consideration in determining dividend distributions. Underlying profit measures require a methodology and a number of estimates to be approved by Directors in their preparation. Both the methodology and the estimates may differ among companies in the retirement village sector that report underlying financial measures. Underlying profit is a measure of financial performance and does not represent business cash flow generated during the period.

Oceania calculates Underlying Profit by making the following adjustments to Net Profit after Tax:

- Removing the change in fair value of investment properties (including right to use investment property assets) and any impairment or reversal of impairment of property, plant and equipment;
- Removing any impairment of goodwill;
- Removing any gains or losses from the sale or decommissioning of assets;
- Removing any DMF income and rental expenditure in relation to right to use investment property assets;
- Adding back the Directors' estimate of realised gains on resale of occupation right agreement units and care suites ;
- Adding back the Directors' estimate of realised development margin on first sale of new ORA units or care suites following the development, or conversion of an existing care bed to a care site or conversion of a rental unit to an ORA Unit; and
- Adding back the deferred taxation component of taxation expense so that only current tax expense is reflected.

Resale Gain

Directors' estimate of realised gains on resales of ORA units and care suites (i.e. the difference between the incoming residents ORA licence payment and the ORA licence payment previously received from the outgoing resident) is calculated as the net cash flow received, and receivable, at the point that the ORA contract becomes unconditional and has either 'cooled off' or where the resident is in occupation at balance date.

Development Margin

The Directors' estimate of realised development margin is calculated as the cash received, and receivable, in relation to the first sale of new ORA units and care suites, at the point that the ORA contract becomes unconditional and has either 'cooled off' or where the resident is in occupation at balance date, less the development costs associated with developing the ORA units and care suites.

- Construction costs directly attributable to the relevant project, including any required infrastructure (e.g. roading) and amenities related to the units (e.g. landscaping) as well as any demolition and site preparation costs associated with the project. The costs are apportioned between the ORA units and care suites, in aggregate, using estimates provided by the project quantity surveyor. The construction costs for the individual ORA units or care suites sold are determined on a pro-rated basis using gross floor areas of the ORA units and care suites;
- An apportionment of land valued based on the gross floor area of the ORA units and care suites developed. The value for Brownfield development land is the estimated fair value of land at the time a change of use occurred (from operating as a care facility or retirement village to a development site), as assessed by an external independent valuer. Greenfield development land is valued at historical cost; and
- Capitalised interest costs to the date of project completion apportioned using the gross floor area of ORA units and care suites developed.

Development costs do not include:

- Construction, land (apportioned on a gross floor area basis) and interest costs associated with common areas and amenities or any operational or administrative areas.

The Directors' estimate of development margin for conversions of care beds to care suites and rental units to ORAs is calculated based on the difference between the ORA licence payment received on the settlement of sales of newly converted ORA units and care suites and the associated conversion costs. Conversion costs comprise:

- In the case of conversion of care beds to care suites, the actual refurbishment costs incurred; and
- In the case of conversions of rental units to ORA units, the actual refurbishment costs incurred and the fair value of the rental unit prior to conversion.

09 Glossary

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

DMF

Deferred management fees, charged under an ORA, which accrue to a specified maximum and 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.

HCA

Health Care Assistant

HFS

Held for sale

ILU

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

IP

Investment Property

IPO

Initial Public Offering (of shares in Oceania)

MoH

Ministry of Health

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.

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

PPE

Property, Plant and Equipment

PPGR

Property Price Growth Rate

Resale Margin

Resale gain, as included in the definition of underlying profit, divided by the ORA licence payment previously received from the outgoing resident

RN

Registered Nurse

Unit

Includes independent villas and apartments

WIP

Work in progress

10 Important notice and disclaimer



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