Oceania Healthcare Limited
FY2017 Results Presentation

27 July 2017

OCEANIA
HEALTHCARE

Agenda

SECTION		PAGE
01	Highlights of the 2017 Financial Year	2
02	Business Overview and Strategy	5
03	Update on Developments	9
04	Financial Results	12
05	Appendices	26

Highlights of the 2017 Financial Year

SECTION 1

FY2017 Highlights

OCEANIA HEALTHCARE

This has been a milestone year for Oceania

1

FY2017 IPO Forecasts exceeded

- Reported NPAT of $44.9m compared to IPO Forecast of $25.3m
- Pro Forma Underlying NPAT of $34.0m compared to IPO Forecast of $33.5m
- Pro Forma Underlying EBITDA of $45.0m compared to IPO Forecast of $44.3m
- Operating cashflow of $38.9m compared to IPO Forecast of $31.8m

2

Total assets of $918m

- $135m (17%) increase in total assets from FY2016 due to significant development capital expenditure, acquisitions and revaluations
- $32m above IPO Forecasts
- Adjusted net asset value of $0.92c per share (for existing business and WIP – excludes development cash margins and earnings on current and future developments)

3

Lady Allum delivered and other developments on track

- Lady Allum (44 apartments) delivered and sell down on track. 20 units sold in line with forecast pricing during FY2017 at a development margin of 24.8%
- 161 units and 155 beds currently under construction at Meadowbank, Maureen Plowman, Elmwood, Melrose and Stoke
- Successful mediation concluded for the resource consent at Windermere (68 units and 60 beds) in July 2017

4

Good momentum in existing business

- Care segment ahead of the IPO Forecast with EBITDA per bed (excluding decommissioned sites) of $12,648 v $12,614
- Village segment resales margins (27.4%), in line with IPO Forecasts and ahead of FY2016 (25.5%). Resale volumes (151) ahead of IPO Forecasts (142)

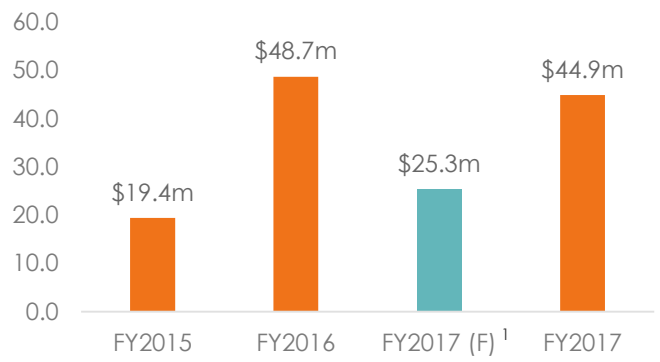
Note: Underlying NPAT is a non-GAAP measure used by Oceania to monitor business performance and, in future, to determine dividend distributions. Refer to page 32 in the Appendices for a definition of Underlying NPAT. Underlying NPAT is reported in the operating segment note of Oceania's audited consolidated financial statements. The pro forma adjustments are reconciled on page 14 of this presentation. Refer to page 33 in the Appendices for an explanation of the pro forma adjustments made.

FY2017 Financial highlights

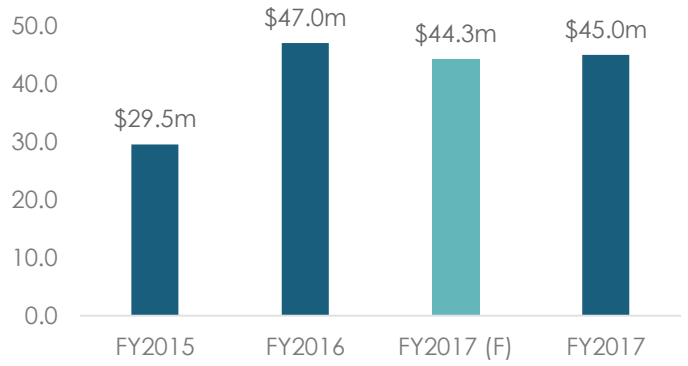
OCEANIA HEALTHCARE

We **exceeded the FY2017 IPO Forecasts** with Reported NPAT, Pro Forma Underlying EBITDA, Total Assets and Operating Cashflow all ahead of forecast

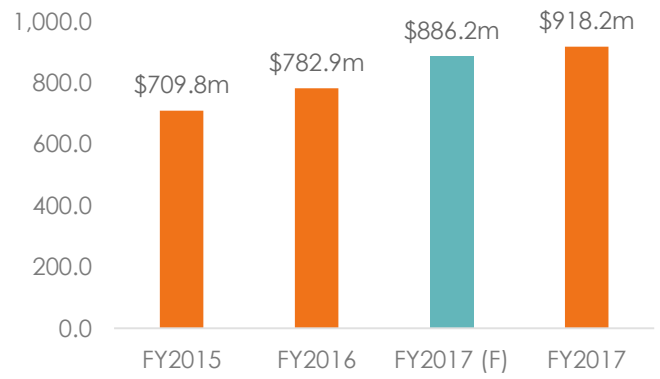
Reported NPAT



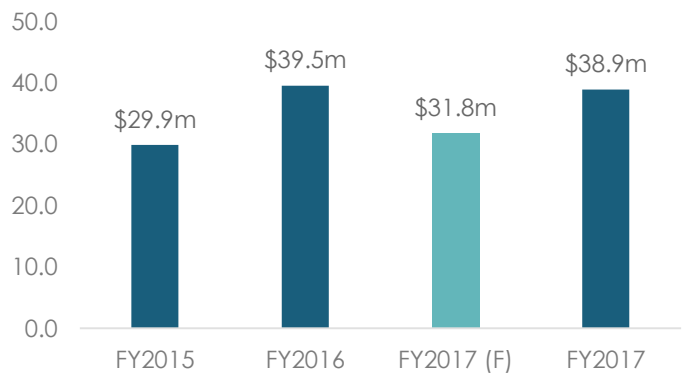
Pro forma Underlying EBITDA



Total Assets



Operating Cashflow



1. References to FY2017(F) in this document refer to the IPO Forecasts as presented in the Product Disclosure Statement dated 31 March 2017.

2

Business Overview and Strategy

SECTION 2

Oceania at a glance

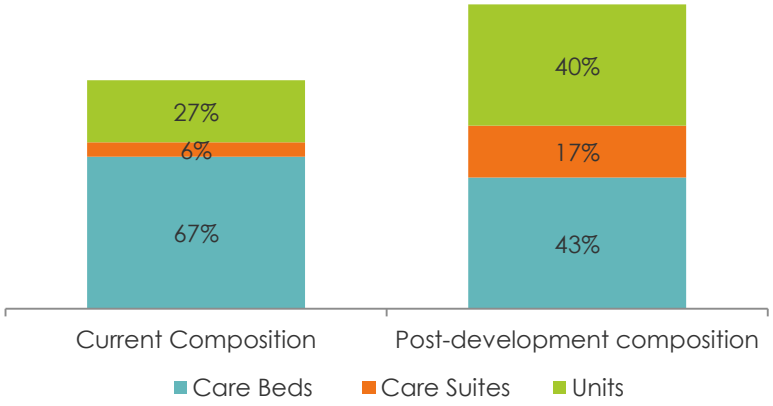
OCEANIA HEALTHCARE

We are a nationwide operator with a portfolio of 50 sites. Our **focus is aged care** with a growing retirement village business. We are an experienced developer of new aged care and retirement village facilities

Portfolio and landbank overview

	Care Beds	Care Suites	Units	Total
North Island	1,971	131	759	2,861
South Island	609	111	295	1,015
Total Existing[1]	**2,580**	**242**	**1,054**	**3,876**
Development Pipeline[3]	-	635	1,073	1,708
Less decommissions	(354)	-	(72)	(426)
Net Development Pipeline[2]	**(354)**	**635**	**1,001**	**1,282**
Total post development	**2,226**	**877**	**2,055**	**5,158**

Current and future portfolio composition[4] – Remaining "needs" focused



Oceania's site locations

1. Comprising 48 operating facilities and 2 undeveloped sites. Facility numbers as at 31 May 2017, updated from the IPO forecasts. 2. Current and planned developments. 3. Includes 348 Care Studios which may be initially sold with a PAC, and may subsequently be sold under an ORA. 4. Future composition assumes execution of current planned development of Oceania's Brownfield Development landbank.

Operational highlights

OCEANIA HEALTHCARE

Oceania has a leading clinical care platform, demonstrated through both industry recognition and MoH certification results

- Winner of the New Zealand Aged Care Association overall excellence in care award (second year in a row)
- Continued our excellent MoH audit results (8 facilities at 4 years, all others at 3 years)
- Launched new learning and development programme for staff ("Step Up")
- Maintained ACC tertiary accreditation and introduced new moving and handling training and injury management processes to further improve the wellbeing of staff
- Completed the scoping of new clinical information system which will begin implementation during FY2018
- Winner of the Senior Lifestyle Cuisine Award (second year in a row)
- National roll out of food control plan
- Continuation of conversions of care beds to care suites

NZ Aged Care Association
SUPREME WINNER
2015 & 2016
OVERALL EXCELLENCE IN CARE AWARD

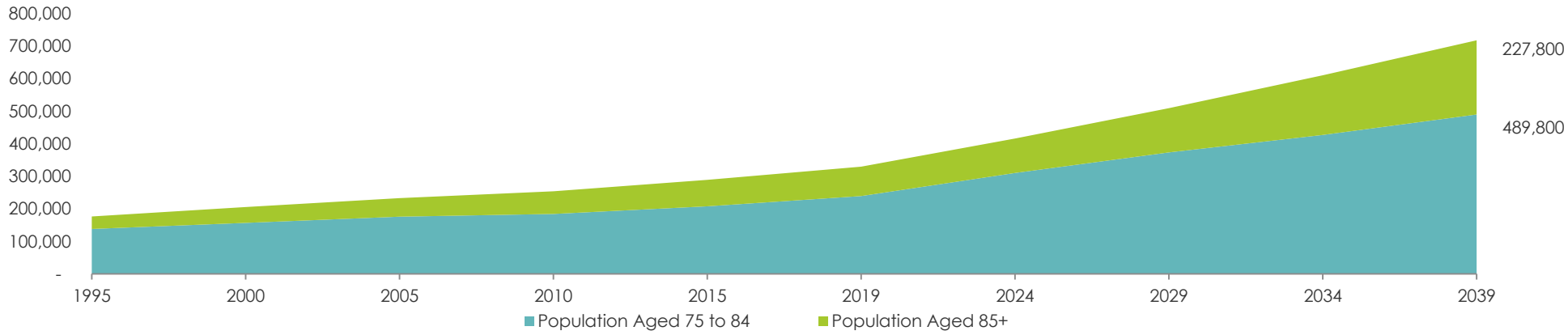
STEPUP
Grow your career within Oceania Healthcare

A clear growth strategy in aged care

OCEANIA HEALTHCARE

The care suite model is an integral part of our growth strategy

Estimated population growth[1]



Care Strategy

- Continuing growth and ageing of the New Zealand population is expected to **significantly increase demand for aged care** over the next 20 years
- Due to the level of returns for operators achieved under the traditional funding model, there has been a low level of net aged Care Bed additions[2]
- Given the structural capacity constraints, industry-led changes to the funding model have been supported, primarily involving **increased private charging for aged care services**
- Oceania has responded by pioneering the ORA model over care beds, developing the care suite product and increasing PACs

Benefits of the care suite model

- Ability to **recycle capital**, improving returns for the development of aged care beds
- Regular DMF earnings stream **increases earnings per bed**

1. Statistics New Zealand population forecasts as at March 2017. 2. Average annual growth of 0.8% from 2013 – 2016.

3

Developments

SECTION 3

Tangible development pipeline

We have a pipeline of 1,708 units, of which 316 units and care suites are currently under construction across 5 sites. We have increased our consented pipeline to 1,072 residences (63% of total including those under construction)

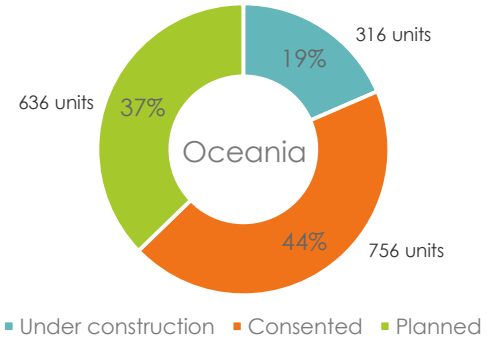
	Gross Residences in stage	Net Residences in stage*	Nov 2015	May 2016	Nov 2016	May 2017	Nov 2017	May 2018	Future Years
LADY ALLUM Auckland	44	44			Construction completed April 17	Selldown May 17			
MEADOWBANK Auckland **STAGE 3**	92	92		Construction began Feb 16				Selldown Feb 18	
STAGE 4	81	81					Construction begins Sep 17		
STAGE 5	20	20							Consented
STAGE 6	~40	~40							Planning
ELMWOOD Auckland **STAGE 3**	25	25			Construction began Nov 16		Selldown Nov 17		
STAGE 4-5									Planning
MAUREEN PLOWMAN Auckland	108	108			Construction began Dec 16				Selldown May 19
STOKE Nelson	10	-7				Construction begins Apr 17		Selldown Jun 18	
MELROSE Tauranga **STAGE 1**	81	81				Construction begins Jul 17			
STAGE 2-5	216	107							Consented
TREVELLYN Hamilton **STAGE 1**	90	87						Construction begins Feb 18	
STAGE 2-3	133	27							Consented
GREEN GABLES Nelson	88	45							Consented
WINDMERE Christchurch **STAGE 1**	75	75							Consented
STAGE 2	53	36							Consented
Total Units/ Care Suites consented or under construction	1,072	777							

PFI period

Key changes since IPO Product Disclosure Statement

- 44 Apartments at Lady Allum completed
- Successful mediation concluded for resource consent at Windermere (128 residences)
- Melrose (81 care suites) and Stoke (10 villas) now under construction
- Green Gables site preparation complete

Composition of Pipeline



Key developments on track

316 units and care suites currently under construction including those at premium metropolitan sites: Meadowbank, Maureen Plowman, Elmwood and Melrose

Meadowbank Village - Auckland

Stage 3 under construction (62 apartments, 30 care suites) – completion January/ February 2018

Maureen Plowman Village - Auckland

Currently under construction (64 apartments and 44 care suites) – completion in late FY2019/early FY2020

Melrose Village - Tauranga

Stage 1 under construction (81 care suites) – completion in FY2019

Elmwood Village – Auckland

Currently under construction (25 villas) – completion October 2017

Financial Results

01 Income statement and segmental performance

02 Balance sheet and drivers of IP and PPE valuation

03 Cashflow statement and analysis of operating cashflow

04 Capital structure

4

Income statement

OCEANIA HEALTHCARE

Reported net profit after tax of $44.9m was $19.6m (77%) above the FY2017 IPO Forecasts

Summary of Income Statement for the year ended 31 May

NZDm	FY2016	FY2017 (A)	FY2017 (F)
Operating revenue	173.7	174.8	173.6
Change in fair value of investment property	50.2	57.2	37.3
Total Income	**223.8**	**232.0**	**210.9**
Operating expenses	(145.6)	(146.9)	(146.6)
Impairment of goodwill and loss on disposal of chattels	(0.8)	(1.0)	(0.7)
Impairment of property, plant and equipment	(1.8)	(4.3)	(2.8)
Total Expenses	**(148.2)**	**(152.2)**	**(150.2)**
Operating Profit	**75.6**	**79.8**	**60.7**
Transaction expenses	(1.0)	(4.4)	(4.2)
Finance costs	(20.5)	(20.1)	(20.0)
Depreciation and amortisation	(7.7)	(7.9)	(7.8)
Profit before Income tax	**46.4**	**47.4**	**28.8**
Taxation benefit/(expense)	2.2	(2.5)	(3.5)
Reported Net Profit after Tax	**48.7**	**44.9**	**25.3**

Commentary

- $174.8m operating revenue - includes care revenue ($152.8m), village weekly fees ($5.3m) and village deferred management fees ($13.3m)
- Fair value movement driven by:
  - Revaluation of existing village assets ($43.9m);
  - Revaluation of development land ($3.8); and
  - Uplift from completed Lady Allum apartments ($9.5m)
- Impairment of PP&E includes $1.9m at Lady Allum due to the increase in value of underlying land of care facility (through revaluation reserve) resulting in a corresponding decrease in value of buildings in income statement (i.e aggregate value constant)
- Transaction expenses of $4.4m broadly in line with the IPO Forecasts
- The FY2017 taxation expense includes:
  - An increase in the deferred tax liability for IP from FY2016 due to a change in approach (from held for sale to held for use)
  - The recognition of tax losses; and
  - The recognition of a deferred tax asset for resident share of resale gains. This treatment was confirmed as appropriate by the IRD after the preparation of the IPO Forecast
  - Refer to note 5.1 of the consolidated financial statements for further detail

Pro forma Underlying NPAT and EBITDA

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Pro Forma Underlying NPAT and EBITDA were $0.5m and $0.7m ahead of the IPO Forecasts respectively

Reconciliation of Underlying and Pro Forma Adjustments

NZDm	FY2017 (A)	FY2017 (F)
Reported Net profit after tax	**44.9**	**25.3**
less: Change in fair value of investment property and PP&E	(52.8)	(34.1)
add: Impairment of goodwill	0.5	0.7
add: Loss on disposal of chattels at decommissioned sites	0.5	0.0
add: Realised gains on resales	12.7	12.8
add: Realised development margin	5.2	4.9
Add: Deferred tax	2.5	3.5
Underlying NPAT	**13.4**	**13.0**
Pro forma adjustments:		
Non-recurring or infrequent items		
Transaction and Offer costs	4.4	4.2
Structural changes		
Listed company costs	(0.7)	(0.7)
Listed capital structure	17.0	17.0
Pro forma Underlying NPAT	**34.0**	**33.5**
add: Depreciation and amortisation	7.9	7.8
add: Pro forma finance costs	3.0	3.0
Pro forma Underlying EBITDA	**45.0**	**44.3**

By segment	FY2017 (A)	FY2017 (F)
Aged Care	31.9	31.7
Retirement Village	26.8	26.5
Other	(13.7)	(13.9)
Pro forma Underlying EBITDA	**45.0**	**44.3**

Commentary

- Each segment was ahead of the IPO Forecast
- Resale gains were in line with IPO Forecasts. Ave gain per sale across care suites and units of $83.8k, ahead of FY2016
- Devt margin of $5.2m in line with IPO Forecasts and above FY2016 albeit from lower volumes. Ave devt margin per sale of $100.4k in FY2017 compared to $74.5k in FY2016
- Loss on disposal of chattels is a non-recurring and non-cash item relating to the decommissioning of Maureen Plowman and Green Gables for development
- Pro forma items adjusted for listed company capital structure and transaction costs

1. See Appendices for a summary of pro forma adjustments. Note – we have not presented the pro forma adjustments for taxation as these all relate to deferred tax which is adjusted for in Underlying NPAT.

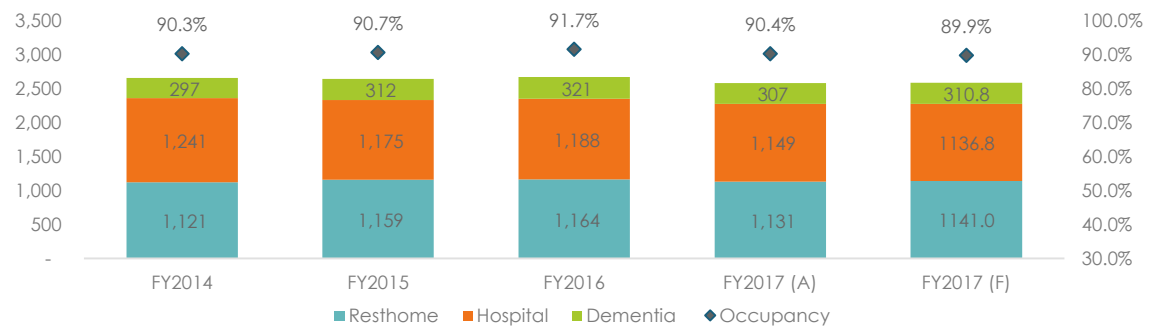
Care segment

OCEANIA HEALTHCARE

The Care segment was **$0.2m ahead of the IPO Forecast** with EBITDA per bed (excluding decommissioned sites) of $12,648 compared to $12,614 in the IPO Forecast

NZ$m	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Daily care fees	145.0	146.0	149.7	145.7	145.4
PAC revenue	1.9	2.3	2.5	2.7	2.6
Care suite DMF	0.9	1.5	2.3	3.0	2.8
Other revenue	1.4	1.4	1.4	1.4	1.5
Total aged care operating revenue	**149.1**	**151.1**	**155.8**	**152.8**	**152.4**
Staff and resident expenses	(104.6)	(105.7)	(107.2)	(105.8)	(105.9)
Occupancy and site overhead expenses	(16.0)	(15.8)	(14.8)	(15.1)	(14.7)
Total aged care expenses	**(120.6)**	**(121.5)**	**(122.0)**	**(120.9)**	**(120.6)**
Aged care pro forma Underlying EBITDA	**28.5**	**29.7**	**33.9**	**31.9**	**31.7**
EBITDA per Care Bed / Suite (excl. decommissioned sites)	**$10,873**	**$11,577**	**$12,854**	**$12,648**	**$12,614**

Occupied Beds and Occupancy Percentage



Commentary

- Occupied beds in line with IPO Forecast. FY2017(A) capacity adjusted to reflect refurbishments
- Occupancy ahead of national average of 86%[1]
- Mix of occupied hospital beds to total occupied beds was ahead of forecast
- Premium charging (PAC and DMF) ahead of IPO Forecast and 19% up on FY2016. Average PAC of $11.18 vs $10.52 in the IPO Forecast
- FY2017(A) includes decommission of Maureen Plowman, Green Gables and the remediation of Heretaunga. Year on year impact of $1.3m
- The outcomes announced to date with respect to the Equal Pay settlement have been broadly in line with expectations

1. Source – New Zealand Aged Care association 31 March 2017 survey

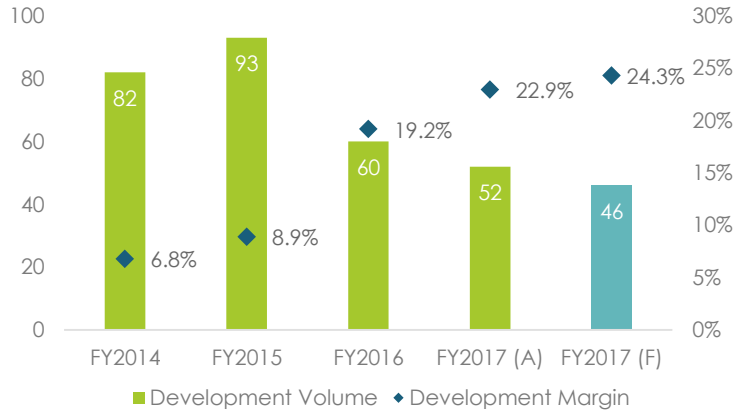
Village segment

OCEANIA HEALTHCARE

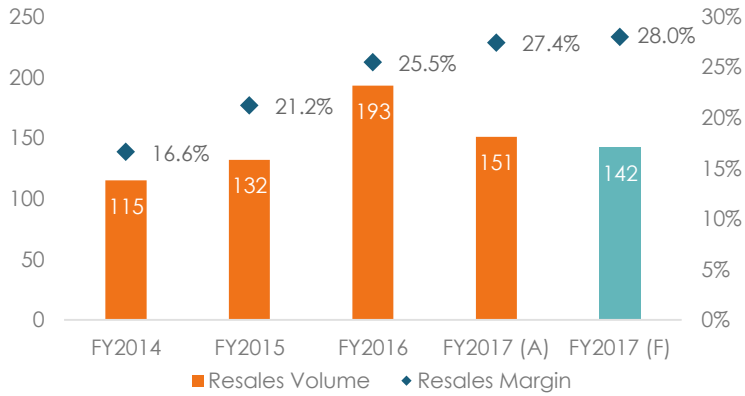
Pro Forma Underlying EBITDA was **$0.3m ahead of the IPO Forecast** due to further increases in DMF and improving resale and development margins. **316 units and care suites are currently under construction**

NZ$m	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Financial period	**31-May-14**	**31-May-15**	**31-May-16**	**31-May-17**	**31-May-18**
Villa and Apartment DMF	8.2	10.0	12.1	13.3	13.0
Retirement village service fees	4.2	4.7	5.1	5.3	5.2
Other revenue	2.4	2.3	2.5	2.1	1.8
Total retirement village operating revenue	**14.8**	**17.0**	**19.7**	**20.6**	**20.1**
Realised gains on resales	4.8	7.0	14.1	12.7	12.8
Realised development margin	1.9	2.5	4.5	5.2	4.9
Village site operating expenses	(8.5)	(8.0)	(8.7)	(9.5)	(9.5)
Resident share of capital gains	0.7	(1.1)	(1.7)	(2.2)	(1.7)
Total retirement village expenses	**(7.8)**	**(9.1)**	**(10.5)**	**(11.7)**	**(11.2)**
Retirement village pro forma Underlying EBITDA	**13.6**	**17.4**	**27.7**	**26.8**	**26.5**

Development Sales Volume and Margin



Resales Volume and Margin



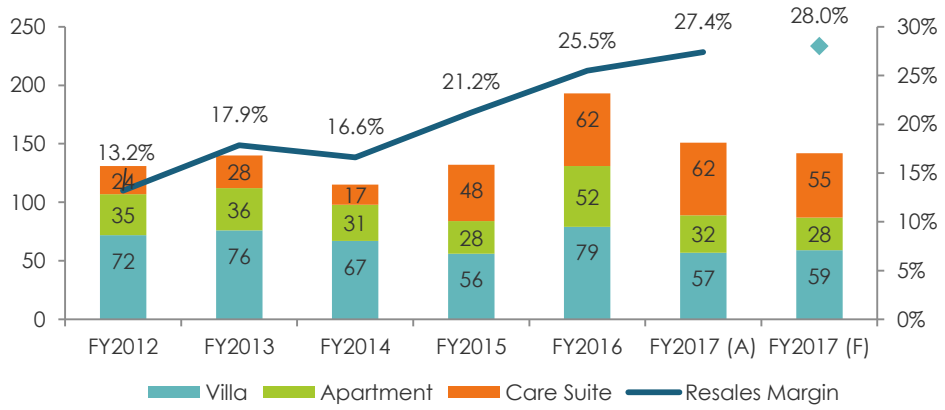
Commentary

- Continued growth in annuity-like Deferred Management Fees with an increase of 10% over FY2016 due to the migration to our standard ORA and increase in resale prices
- Further improvement in average resales margins from 25.5% in FY2016 to 27.4% in FY2017 (or $113k per unit and $42k per care suite)
- Resale prices increased 6.9% from FY2016
- Embedded value per unit/care suite up 22.3% to $141k
- Available resale stock and units/care suites under application as at 31 May 2017 in line with 31 May 2016

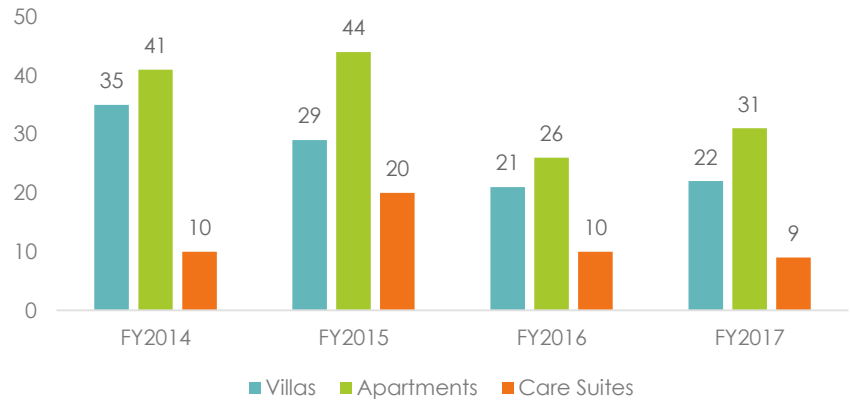
Village segment – key indicators

Resale prices and margins were above FY2016 with volumes reflecting less available stock to sell. Of the 62 units available for resale at 31 May 17, 29 were under application

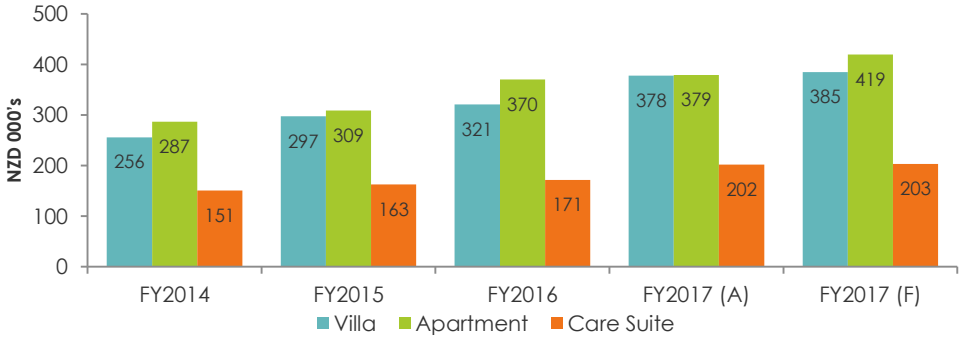
Resales Volumes and Margins



Closing Stock (incl stock under application) - Resales



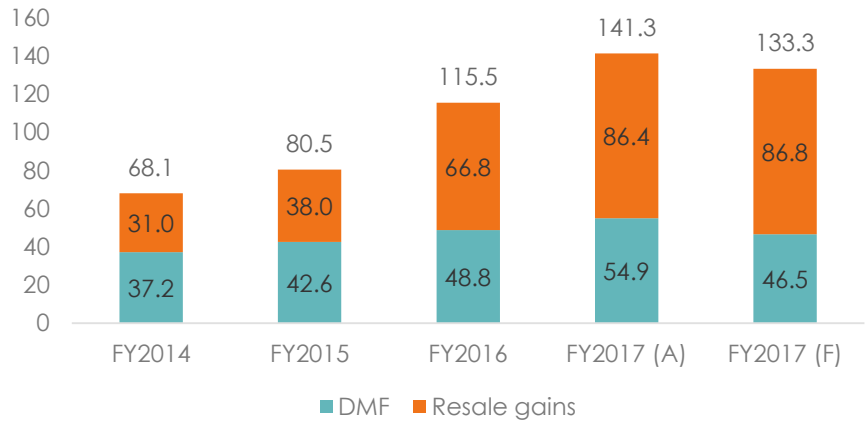
Resale Prices



Embedded value

The **embedded value in Oceania's portfolio has increased significantly** over the last three years to $183.1m and will underpin ongoing DMF cash flows and resale gains

Embedded value per unit[1]



Commentary

- Embedded value in Oceania's portfolio is $183.1m
- This is a leading indicator of DMF and resale gains to be realised in future periods and underpins our operating cash flow forecasts
- Embedded value per unit in FY2017 of over $141,300 includes:
  - ~$54,900 of DMF cash flows per unit to be realised; and
  - ~$86,400 of resale gains per unit

Summary of Embedded Value Calculation

NZ$m	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Estimated resale price of all Units[1]	322.4	350.2	402.7	499.0	486.2
less: Unsold stock[2]	(32.4)	(25.3)	(14.3)	(33.8)	(27.9)
less: Resident liabilities (contractual)	(206.2)	(223.3)	(243.4)	(282.1)	(283.7)
equals: Embedded value	**83.8**	**101.6**	**145.0**	**183.1**	**174.7**
Embedded value per Unit (NZ$)	**68,119**	**80,531**	**115,545**	**141,298**	**133,325**

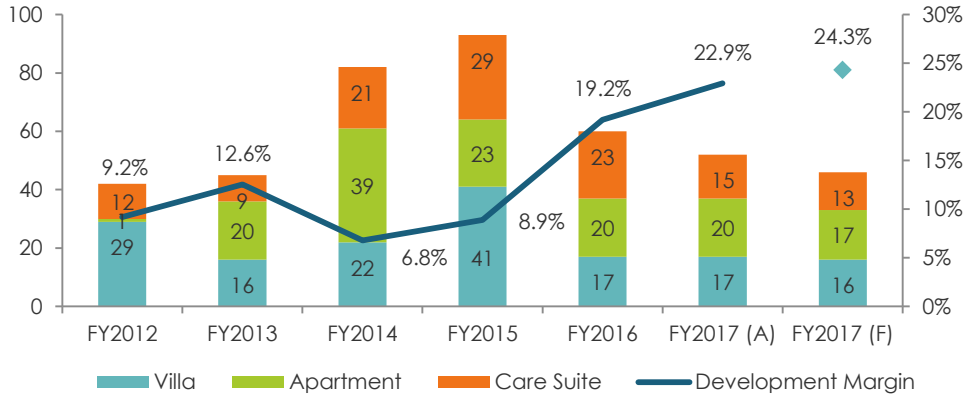
1. Calculated as the current/estimated sale or resale price of all units/care suites as determined by CBRE. 2. The value of unsold stock represents the sales prices of units/care suites which are not under contract, as they either newly constructed or have been bought-back from the previous outgoing residents.

Developments

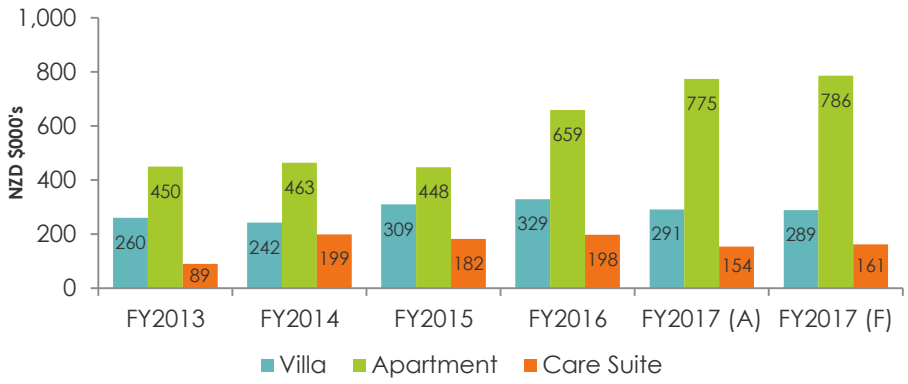
OCEANIA HEALTHCARE

Development margin of 22.9% was above FY2016. The volume of units and care suites sold was ahead of the IPO Forecast by 4 units and 2 care suites. We are **bringing to market a high quality product that will generate considerable uplift in DMF**

Development Volumes and Margins



Sales Prices



Gross Units Delivered

	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Villas	42	24	11	2	2
Apartments	40	14	0	44	44
Total	**82**	**38**	**11**	**46**	**46**

- Development margins have increased from 19.2% in FY2016 to 22.9% in FY2017
- Total new units sold were ahead of the IPO Forecast by 6 units with the new apartments at Lady Allum 3 sales ahead of forecast after opening in April 17
- Average sales prices have increased from $388.5k (per unit/care suite) in FY2016 to $437.6k
- Total gross units delivered (excluding decommissions) in line with forecast and 35 units ahead of FY2016
- 316 units and care suites currently under construction

Balance sheet

OCEANIA HEALTHCARE

Total assets increased by $135m due to significant development capital expenditure during FY2017 and revaluations reflecting improved trading performance

NZ$m	FY2016	FY2017 (A)	FY2017 (F)
Assets			
Cash and trade receivables	16.2	22.2	16.0
Property, plant and equipment	253.1	268.0	234.8
Investment properties	495.9	611.0	618.4
Intangible assets	17.6	17.1	17.0
Total assets	**782.9**	**918.2**	**886.2**
Liabilities			
Trade, other payables and provisions	24.0	27.8	23.6
Deferred management fees	17.4	19.5	
Refundable occupation right agreements	261.1	282.9	302.6
Borrowings	259.1	95.2	103.0
Deferred tax liability	21.2	24.8	23.8
Total liabilities	**582.8**	**450.3**	**452.9**
Equity			
Contributed Equity	372.6	579.5	587.0
Retained Deficit	(241.0)	(196.0)	(222.8)
Reserves	68.4	84.4	69.1
Total equity	**200.0**	**468.0**	**433.2**
Net tangible assets	**182.4**	**450.9**	**416.3**

- Our net adjusted value per share (CBRE plus WIP less debt) was 92c per share as at 31 May 2017
- This represents the value of existing sites and the WIP at development sites but excludes the present value of net development cashflows and earnings at both current and future developments

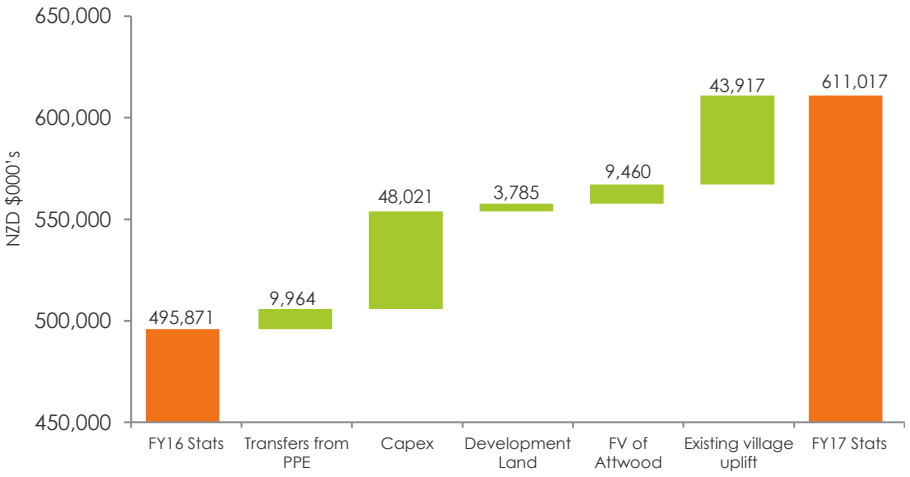
NZ$m	FY2017 (A)	FY2017 (F)
PP&E (incl WIP)	268.0	234.8
IP (incl WIP)	611.0	618.4
Sub Total	879.0	853.2
less ORA Gross Up	(302.4)	(302.6)
add: Adj for CBRE – Chattels	7.9	8.0
add: Adj for CBRE – Care Goodwill	59.0	51.6
less: Other	4.5	15.3
CBRE plus WIP	**647.9**	**625.6**
less: Net Debt	(84.4)	(98.6)
Net Adjusted Value	**563.5**	**526.9**
Shares on Issue	610.3	n/a
Net Adjusted Value per Share	**0.92**	n/a

Balance sheet drivers

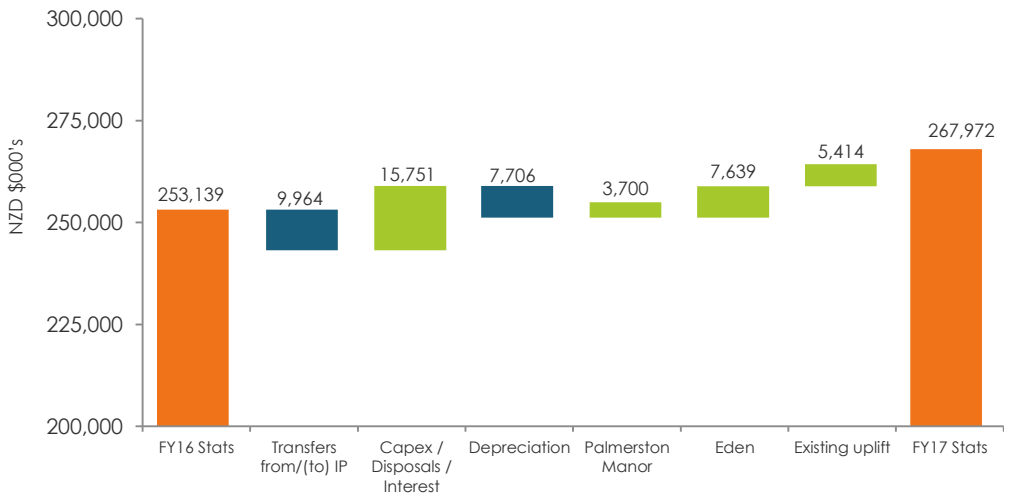
OCEANIA HEALTHCARE

Significant uplifts in PPE and IP through development capital expenditure, acquisitions and revaluations

Investment Property



Property, Plant and Equipment



CBRE Valuation Assumptions - IP

Driver	FY2016		FY2017	
Growth Rate (low-high)	2.5%	3.5%	2.5%	3.5%
PPGR – Long Term (low-high)	2.0%	3.0%	2.0%	3.0%
PPGR – Short Term (low-high)	0.0%	3.0%	0.0%	3.0%
Discount Rates (low-high)	13.75%	22.00%	14.00%	22.00%
Average Incoming Price - Villas	$315,747		$359,350	
Average Incoming Price – Apartments	$456,652		$570,291	
Average Incoming Price – Care Suites	$171,432		$209,906	

CBRE Valuation Assumptions - PPE

Driver	FY2016		FY2017	
Cap rate (low-high)	10.0%	18.73%	10.0%	18.5%
EBITDAR per bed (low-high, $000's)	$9.58	$18.90	$9.65	$18.34

- **The depreciation rate used for freehold building is a composite rate of 3%**

Cash flow

OCEANIA HEALTHCARE

Strong operating cash flows, ahead of the IPO Forecasts

Statement of cash flows

NZD $m's	FY2016	FY2017 (A)	FY2017 (F)
Receipts from customers	163.8	159.3	158.3
Payments to suppliers and employees	(147.4)	(141.1)	(146.8)
Receipts from new Occupational Rights Agreements	78.4	68.8	66.8
Payments for outgoing Occupational Rights Agreements	(36.4)	(30.9)	(28.4)
Proceeds from insurance	0.0	0.0	0.0
Interest received	0.2	0.1	0.1
Interest paid	(19.1)	(17.3)	(18.2)
Tax paid	0.0	0.0	0.0
Net cash inflow from operating activities	**39.5**	**38.9**	**31.8**
Proceeds from sale of property, plant and equipment	1.9	0.0	0.0
Proceeds from sale of business	0.0	0.0	0.0
Payments for PPE and intangible assets	(7.0)	(33.5)	(37.2)
Payments for investment property and investment property under development	(18.2)	(47.6)	(51.8)
Net cash outflow from investing activities	**(23.4)**	**(81.1)**	**(89.0)**
Proceeds from borrowings	15.8	145.0	162.0
Repayment of borrowings	(33.6)	(285.4)	(294.1)
Transaction costs	1.1	(10.7)	(10.5)
Proceeds from issue of shares	0.0	200.0	200.0
Dividend paid	0.0	0.0	0.0
Net cash inflow from financing activities	**(16.7)**	**48.9**	**57.4**
Net increase in cash and cash equivalents	**(0.5)**	**6.8**	**0.3**
Cash and cash equivalents at beginning of the period	**4.6**	**4.1**	**4.1**
Cash and cash equivalents at end of the period	**4.1**	**10.9**	**4.4**

Commentary

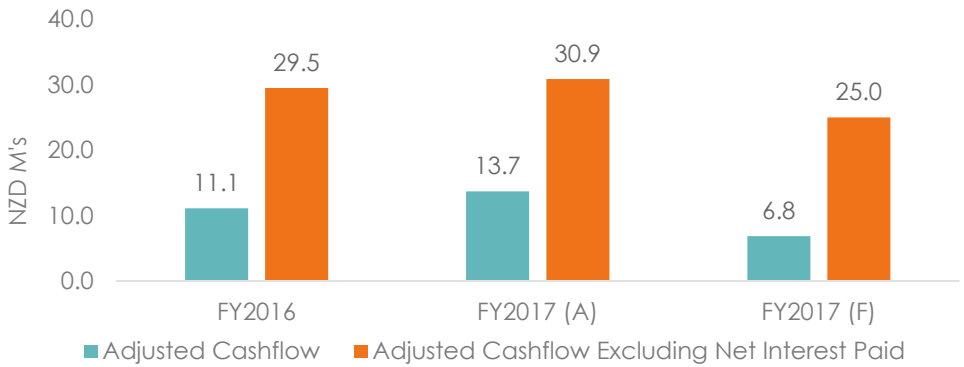
- **Government funding of care fees** (c.80% of aged care revenue, paid fortnightly) underpin the **generation of cash flows** from our aged care business
- In addition, our mature and growing retirement village portfolio provides **recurring DMF revenue and resale gains**, which support cash generation. Our Embedded Value of $183m essentially underpins the next 5-7 years of retirement village cash flows

Operating cash flow

OCEANIA HEALTHCARE

We generated $30.9m of adjusted operating cash flow (excludes new sales and interest) in FY2017, $5.9m ahead of the FY2017 IPO Forecasts and ahead of FY2016

Adjusted Operating cash flows



NZD $m's	FY2016	FY2017 (A)	FY2017 (F)
Operating Cash Flow	39.5	38.9	31.8
less: New Sales Proceeds	(23.3)	(22.8)	(20.1)
add: Development Buybacks	0.5	3.2	1.1
Subtotal	**16.7**	**19.3**	**12.8**
less: Maintenance Capex[1]	(5.6)	(5.6)	(6.0)
Adjusted Cash flow	**11.1**	**13.7**	**6.8**
add: Net Interest Paid (under former cap structure)	18.4	17.2	18.2
Adjusted Cash flow Excluding Interest Paid	**29.5**	**30.9**	**25.0**

Reconciliation of Resales Cash flow

NZD $m's	FY2016	FY2017 (A)	FY2017 (F)
Receipts from New ORAs	78.4	68.8	66.8
less: Payments for Outgoing ORAs	(36.4)	(30.9)	(28.4)
less: Cash Inflow From New Sales	(23.3)	(22.8)	(20.1)
Net Resales Cash flow	**18.7**	**15.1**	**18.3**
Made up of :			
Resale Gains	14.1	12.7	12.8
DMF Realised on Resales	8.1	6.8	7.0
less: Net Buybacks[2]	(0.5)	(3.2)	(1.1)
less: Resident Share of Capital Gains	(2.9)	(1.1)	(1.0)
less: Other Cash amounts paid/received from resales	(0.1)	(0.1)	0.7
Net Cash flows from Resales	**18.7**	**15.1**	**18.3**

1. Refer to slide 31 in the appendices for further detail on maintenance, refurbishment and development capital expenditure.
2. The net buybacks comprised $2.5m at development sites and $0.9m at Heretaunga to facilitate the remediation work. The work at Heretaunga is expected to be complete during FY2018 at which time the apartments will be relicensed. The difference to the $3.2m relates to buybacks made in the ordinary course of business.

Capital structure

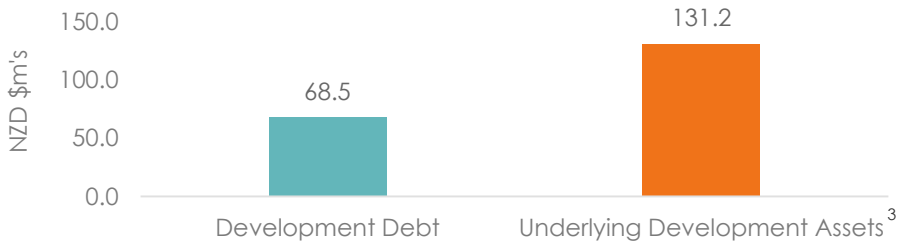
OCEANIA HEALTHCARE

Gearing of 15.3% as at 31 May 2017 and headroom under our debt facilities provides the flexibility to accelerate our existing brownfield development pipeline and/or undertake further brownfield and greenfield acquisitions

Debt structure upon listing

Debt Facilities	Facility limit	Drawn Amount (31/05/17)
General / corporate	$60m	$21m
Cash	n/a	($11m)
Finance leases	n/a	$6m
Development facility	$175m	$68m
Total net debt	**$235m**	**$84m**

Development debt to Underlying development assets



Covenants

Covenants:	
Interest cover ratio	1.75x[1]
Loan to value ratio	50%[2]

Credit metrics

Year ending 31 May	FY2017 (A)	FY2017 (F)
Net debt	$84.4m	$98.6m
Net debt / (net debt + equity)	15.3%	18.6%
Loan to value ratio	15.79%	17.10%

1. The EBITDA measure used for the ICR covenant is an adjusted EBITDA measure, akin to cash EBITDA. 2. Total bank debt to CBRE valuation. 3. Underlying Development Assets include the fair value of development land as at 31 May 2017 as assessed by CBRE and the fair value of WIP at development sites. For completed sites this has been adjusted for sales proceeds received.

Summary of Oceania's investment proposition

OCEANIA HEALTHCARE

Oceania's business model supports a combination of current dividend yield with long term growth potential

Aged care	Stable revenue from "needs-based" care service and government funding….	+	…with growth through premium charging and care suite model
Village	Regular DMF earnings stream….	+	…and growth in resale margins
Development	Developments drive future DMF and care earnings streams…	+	…as well as upfront development cashflow

Appendices

01 Portfolio Summary

02 Development Pipeline

03 Summary of Unit Sales

04 Lady Allum Attwood Apartments

05 Capital Expenditure

06 Definition of Underlying NPAT

07 Pro Forma Adjustments

08 Glossary

09 Disclaimer

Portfolio summary (31 May 2017)

	Facility	Region	Category	Effective Care Beds	Effective Care Suites	Total Effective Beds	Total Certified Care Beds	Total Care Suites	Total Certified Care Capacity	Village Units
North Island	Totara Park Village	Rodney	Village	-	-	-	-	-	-	30
	Greenvalley Rest Home	North Shore	Care Beds	50	-	50	50	-	50	-
	Lady Allum Lifestyle Care & Village	North Shore	Care Beds, Care Suites, Village	128	15	143	128	15	143	130
	Te Mana Rest Home	North Shore	Care Beds	46	-	46	46	-	46	-
	West Harbour Specialist Senior Care Centre	Waitakere	Care Beds	67	-	67	68	-	68	-
	Eden Lifestyle Care & Village	Auckland	Care Suites, Village	-	67	67	-	67	67	40
	Everil Orr Specialist Senior Care Centre	Auckland	Care Beds	67	-	67	67	-	67	-
	Meadowbank Lifestyle Care & Village	Auckland	Village	-	-	-	-	-	-	56
	Wesley Specialist Senior Care Centre	Auckland	Care Beds	71	-	71	71	-	71	-
	Elmwood Lifestyle Care and Village	Manukau	Care Beds, Care Suites, Village	111	27	138	112	27	139	125
	St Johns Village	Manukau	Village	-	-	-	-	-	-	18
	Takanini Specialist Senior Care Centre	Manukau	Care Beds	91	-	91	91	-	91	-
	Franklin Rest Home	Franklin	Care Beds	44	-	44	44	-	44	-
	Trevellyn Lifestyle Care & Village	Hamilton	Care Beds, Village	106	-	106	109	-	109	43
	Raeburn Rest Home	Cambridge	Care Beds	54	-	54	54	-	54	-
	Whitianga Rest Home	Whitianga	Care Beds	53	-	53	53	-	53	-
	Elmswood Rest Home	Tauranga	Care Beds	38	-	38	38	-	38	-
	Melrose Lifestyle Care & Village	Tauranga	Care Beds, Village	80	-	80	88	-	88	60
	Ohinemuri Rest Home	Paeroa	Care Beds, Village	68	-	68	68	-	68	3
	Victoria Place	Tokoroa	Care Beds	51	-	51	51	-	51	-
	St Johns Wood Rest Home & Village	Taupo	Care Beds, Care Suites, Village	40	6	46	40	6	46	33
	Wharerangi Rest Home	Taupo	Care Beds, Village	47	-	47	47	-	47	23
	Dunblane Rest Home & Village	Gisborne	Care Beds, Village	75	-	75	75	-	75	13
	Duart Rest Home	Hastings	Care Beds	66	-	66	66	-	66	-
	Eversley Lifestyle Care & Village	Hastings	Care Beds, Village	50	-	50	50	-	50	6
	Gracelands Lifestyle Care & Village	Hastings	Care Beds, Village	92	-	92	92	-	92	69
	Atawhai Lifestyle Care & Village	Napier	Care Beds, Care Suites, Village	68	14	82	68	14	82	46
	Woburn Resthome	Hawke's Bay	Care Beds	33	-	33	33	-	33	-
	Chiswick Park Rest Home	Palmerston North	Care Beds	50	-	50	50	-	50	-
	Palmerston Manor Resthome	Palmerston North	Care Beds	48	-	48	48	-	48	-
	Eldon Specialist Senior Care Centre	Paraparaumu	Care Beds	128	-	128	133	-	133	-
	Elderslea Specialist Senior Care Centre	Upper Hutt	Care Beds	124	-	124	124	-	124	-
	Heretaunga Resthome & Village	Upper Hutt	Care Beds, Village	25	-	25	38	2	40	18
	Hutt Gables Retirement Village	Upper Hutt	Village	-	-	-	-	-	-	46
South Island	Marina Cove Village	Picton	Village	-	-	-	-	-	-	22
	Green Gables Resthome & Village	Nelson	Care Beds, Village	-	-	-	-	-	-	12
	Otumarama Resthome	Nelson	Care Beds	44	-	44	50	-	50	-
	Stoke Retirement Village	Nelson	Village	-	-	-	-	-	-	104
	Whareama Specialist Senior Care Centre	Nelson	Care Beds	77	-	77	83	-	83	-
	Redwood Lifestyle Care & Village	Blenheim	Care Beds, Care Suites, Village	71	13	84	71	13	84	46
	Woodlands Resthome & Village	Tasman	Care Beds, Village	63	-	63	63	-	63	30
	Holmwood Rest Home	Christchurch	Care Beds	56	-	56	57	-	57	-
	Middlepark Rest Home & Village	Christchurch	Care Beds, Care Suites	49	6	55	49	12	61	-
	Palm Grove Lifestyle Care & Village	Christchurch	Care Beds, Care Suites, Village	42	34	76	43	42	85	32
	Resthaven Rest Home	Christchurch	Care Beds	49	-	49	49	-	49	-
	The Oaks Lifestyle Care & Village	Christchurch	Care Beds, Care Suites, Village	69	27	96	70	36	106	32
	Windermere Lifestyle Care & Village	Christchurch	Village	-	-	-	-	-	-	17
	Addington Lifestyle Care	Christchurch	Care Beds, Care Suites	89	8	97	89	8	97	-
	Total			**2,580**	**217**	**2,797**	**2,626**	**242**	**2,868**	**1,054**

Development pipeline

OCEANIA HEALTHCARE

Site	Stages	Status	Gross Units	Net Units	Notes
Meadowbank	Stage 3	Under Construction	92	92	Construction began in Feb-16
	Stage 4	Consented	81	81	Construction begins Sep-17
	Stage 5	Consented	20	20	
	Stage 6	Planned	~40	~40	
Elmwood	Stage 3	Under Construction	25	25	Construction began Nov-16
Maureen Plowman		Under Construction	108	108	Construction began Dec-16
Stoke		Under Construction	10	(7)	Construction began Apr-17
Melrose	Stage 1	Under Construction	81	81	Construction began July-17
	Stage 2-5	Consented	216	107	
Trevellyn	Stage 1	Consented	90	87	Construction begins Feb-18
	Stage 2-3	Consented	133	27	
Green Gables		Consented	88	45	
Windermere	Stage 1	Consented	75	75	
	Stage 2-3	Consented	53	36	
Other	Auckland	Planned	36	36	
	Hawkes Bay	Planned	165	159	
	Christchurch	Planned	224	175	
	Nelson	Planned	86	10	
	Various	Planned	85	85	
Total Consented/under construction			**1072**	**777**	
Total Pipeline			**1708**	**1282**	

Summary of unit sales

OCEANIA HEALTHCARE

New Sales

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Care Suite	12	9	21	29	23	15	13
Apartment	1	20	39	23	20	20	17
Villa	29	16	22	41	17	17	16
Total	**42**	**45**	**82**	**93**	**60**	**52**	**46**
Development Margin	**9.2%**	**12.6%**	**6.8%**	**8.9%**	**19.2%**	**22.9%**	**24.3%**

Resales

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Care Suite	24	28	17	48	62	62	55
Apartment	35	36	31	28	52	32	28
Villa	72	76	67	56	79	57	59
Total	**131**	**140**	**115**	**132**	**193**	**151**	**142**
Resales Margin	**13.19%**	**17.86%**	**16.61%**	**21.21%**	**25.48%**	**27.41%**	**28.0%**

Average resale gain per unit/care suite

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 (A)	FY2017 (F)
Care Suite	10,042	15,875	18,235	19,849	27,665	42,100	39,367
Apartment	18,943	28,578	28,722	61,461	74,852	106,653	123,175
Villa	41,059	62,624	52,989	77,652	107,131	116,316	121,153
Total	**29,468**	**44,519**	**41,310**	**53,198**	**72,906**	**83,795**	**89,874**

New Attwood apartments at Lady Allum

OCEANIA HEALTHCARE

The Attwood apartments at Lady Allum were completed on schedule in April 2017. We achieved 20 sales to 31 May 2017, 3 ahead of the IPO Forecasts and at forecast pricing. We now have two thirds sold or under application

Lady Allum Sales Summary as at 19 July 2017

Total Units Delivered	44
Units Sold (as at 31 May 2017)	20
Units Sold and Under contract as at 19 July 2017	9
Remaining stock	15
Average Price (units sold)	$801k

The new community centre for the Lady Allum Attwood apartments

Capital expenditure

OCEANIA HEALTHCARE

We stepped up our development capital expenditure significantly during FY2017 as well as acquired land for development and the freehold land and buildings at Palmerston Manor and Elderslea

NZ$m	FY2016PF	FY2017 (A)	FY2017 (F)
Acquisitions	0.0	23.0	22.8
Development capital expenditure	15.0	48.8	56.9
Remediation expenditure	2.4	1.8	1.7
Care refurbishment	2.2	1.1	1.0
Care conversion and premium room upgrades	0.1	0.7	1.1
Maintenance capital expenditure – aged care	2.2	2.7	2.8
Maintenance capital expenditure – retirement village	3.0	2.2	2.6
Maintenance capital expenditure – IT and other	0.4	0.7	0.6
Total conversions and maintenance	**7.9**	**7.4**	**8.1**
Adjustment for accruals	(1.9)	0.0	(0.5)
Total Capex per statutory cashflow statement	**23.4**	**81.1**	**89.0**
Assests under finance leases	**1.2**	**3.0**	**2.7**
Total capital expenditure (including assets under finance leases)	**24.6**	**84.1**	**91.8**

- Between FY2014 and FY2017 we have invested **$11.0 million in refurbishment** of selected care facilities (non-structural refurbishment such as painting, carpeting and furniture) to support care occupancy and **$2.5 million in the conversion of rooms** (from rest home to hospital or dementia) and upgrade of rooms to premium care suites or PAC rooms
- During FY2017 we commenced the remediation of Heretaunga. This is due to complete in H1 FY2018. We remain comfortable with our estimates made for the remediation required at the 5 other sites identified during our IPO due diligence

Underlying NPAT

OCEANIA HEALTHCARE

Underlying Profit (or Underlying NPAT)

Underlying Profit is a non-GAAP measure used by the Group to monitor financial performance and, in future, determine dividend distributions. It is reported in the operating segment note of the audited consolidated financial statements. Underlying measures require a methodology and a number of estimations to be approved by Directors in their preparation. Both the methodology and the estimations 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 Reported Net Profit after Tax:

- Removing the change in fair value of investment properties and the impairment of property, plant and equipment (from the Statement of Comprehensive Income);
- Removing any impairment of goodwill;
- Removing any loss on disposal of chattels from the decommissioning of development sites;
- Adding back the Directors' estimate of realised gains on occupation right agreement units and care suites;
- Adding back the Directors' estimate of realised development margin on the cash settlement of the 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

The Directors' estimate of realised gains on resales of ORA is calculated as the net cash flow received by the Group on the cash settlement of the resale of pre-existing ORAs (i.e. the difference between the ORA licence payment received from the incoming resident and the ORA licence payment previously received from the outgoing resident).

Development Margin

The Directors' estimate of realised development margin is calculated as the cash received on settlement of the first sale of new ORA Units and care suites less the development costs associated with developing the ORA Units and care suites. The development costs include:

- 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[2] 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.

Pro forma adjustments

OCEANIA HEALTHCARE

Transaction and offer costs

Total transaction and offer costs of $11.9m have been incurred relating to joint lead manager fees, due diligence expenses, travel expenses, advertising, printing costs, and other costs associated with the IPO. Of these $4.4m million has been expensed by Oceania in FY2017. A pro forma adjustment has been made to remove these one-off expenses to illustrate Oceania's financial performance in FY2017 and prior periods on a consistent basis.

Listed company costs

Oceania has incurred additional costs associated with the listed environment including Directors' fees, additional audit and tax costs, listing fees, share registry fees, investor relations costs, company secretarial costs, and annual general meeting costs. To ensure that the historical financial information is presented on a comparable basis, a pro forma adjustment has been made to include estimated listed company costs representing Oceania as if it was a listed company in each of those periods.

Listed company capital structure

The proceeds of the IPO have been used to substantially repay a portion of Oceania's prior debt facilities. This means that Oceania's reported NPAT and Underlying NPAT measures for FY2017 do not reflect Oceania's financial performance on a normalised, annual basis under its current capital structure because the structural reduction in debt (and interest expense) that arose from the IPO was not in effect for all 12 months of FY2017. Accordingly, a pro forma adjustment has been made to present the interest expense and Underlying NPAT that would have arisen had a listed capital structure been in place from the start of the financial year. This enables the financial performance for FY2017 to be more effectively assessed and compared to future financial performance.

This pro forma adjustment includes an adjustment for the write-off of prepaid facility fees on Oceania's historical debt facility. The prepaid facility fees relating to the historical debt facility are required to be written off in accordance with accounting standards as the IPO occurred prior to the maturity date of the historical debt facility.

This pro forma adjustment includes an adjustment for the acquisition of the freehold land and building at the Elderslea aged care facility which has previously been recognised as a finance lease in Oceania's historical financial statements.

In addition, a shareholder loan of $13.4 million was advanced to Oceania from its immediate holding company in June 2016 to facilitate the construction of the Stage 3 development at Meadowbank. The shareholder loan was settled by way of a subscription for equity in Oceania in January 2017. A pro forma adjustment has been made to remove the interest charges incurred on the shareholder loan in FY2017.

Glossary

OCEANIA HEALTHCARE

- **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
- **IP:** Investment Property
- **IPO Forecasts:** Prospective Financial Information contained in the Product Disclosure Statement and Supplementary Financial Information dated 31 March 2017
- **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
- **PPE:** Property, Plant and Equipment
- **Unit:** Includes independent villas and apartments
- **WIP:** Work in progress

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

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