Results Presentation

for the Financial Year Ended 31 May 2020

OCEANIA HEALTHCARE

Meadowbank Stage 5
(completed in May 2020)

OCEANIA HEALTHCARE

Agenda

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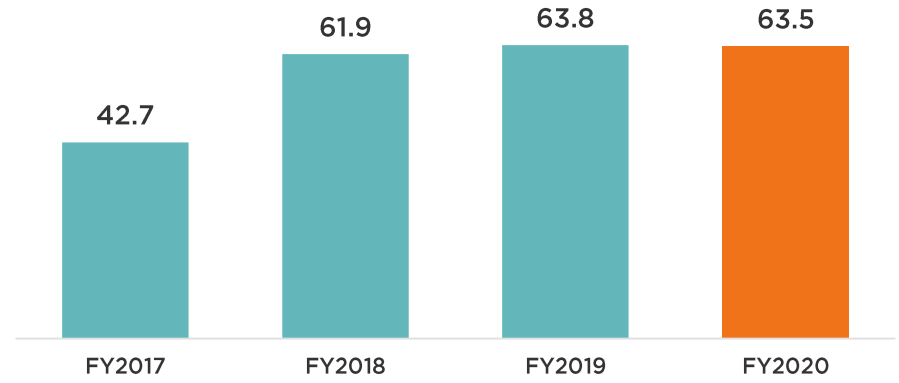
FY2020 Financial highlights

Underlying EBITDA in line with prior corresponding period at $63.5m, despite losing the ability to sell retirement village units during the final quarter of the financial year due to the Government lockdown.

Underlying EBITDA from continuing operations[1]

NZDm

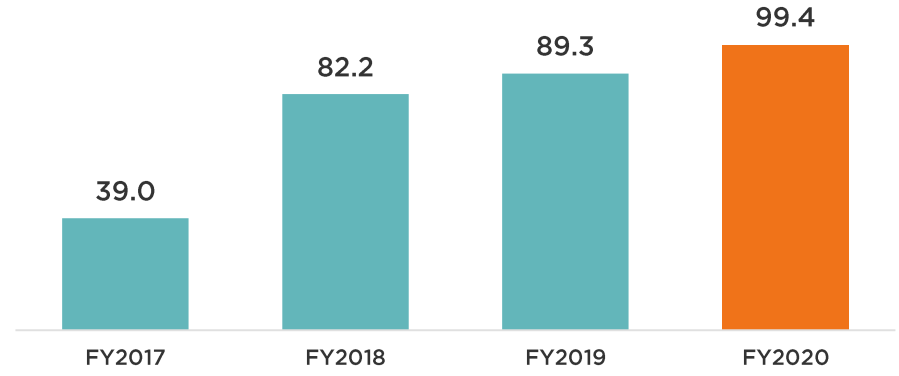


Underlying NPAT from continuing operations[1]

NZDm

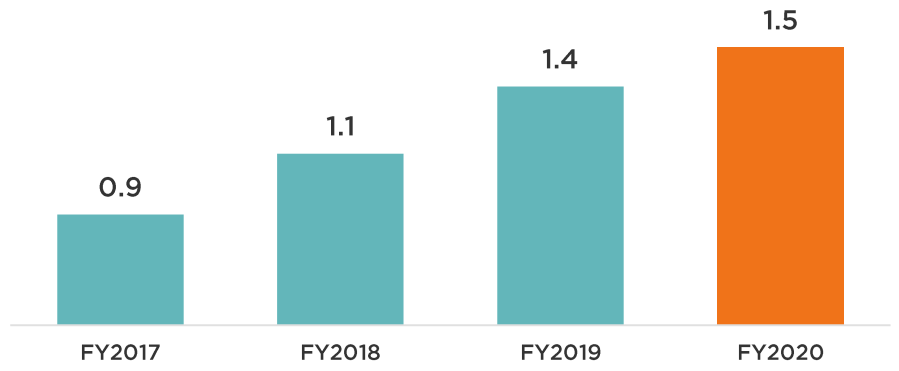
Operating cash flow

NZDm



Total assets

NZDb



1. Underlying EBITDA and NPAT from continuing operations excludes the earnings from sites divested in FY2019 in all reporting periods. Underlying EBITDA & NPAT includes pro forma adjustments in FY2017 to i) adjust for the pre-IPO capital structure by applying the post IPO capital structure retrospectively for that financial year, and ii) exclude transaction costs. Refer to slide 21 for a reconciliation of Underlying Profit to Reported Net Profit After Tax.

COVID-19 impact and response

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

	Impact	Response
Aged care operations	• Operations responsible for the care of over 3,600 residents, a population with heightened vulnerability to COVID-19 • Care operations deemed an essential service; continued throughout lockdown • Government funded aged care services ensures reliable cash flows • Stable occupancy • Care suite applications and sales continued through lockdown	• **Oceania has not recorded any COVID-19 cases to date** • Well prepared operationally; infection control is a standard operating procedure • Facilities were in lockdown, visitors were restricted to essential only • Direct line of communication with the Ministry of Health • Specific Government funding to the sector
Retirement village operations	• Good unit sales prior to lockdown • Unable to settle sales applications through lockdown	• Obtained support through the MBIE wage subsidy scheme • Sales recommenced post lockdown, strong application levels through June • 89% of pre-COVID applicants completed settlement or remained under application as at year end FY2020
People	• Increased requirements for our over 2,800 staff, including: — Isolation requirements for residents; — Screening facility entrants; and — Restricting visitors to essential only	• **Staff and residents are our primary priority** • Provide all necessary support to both staff and residents
Capital structure	• Pre-COVID operated with sufficient headroom on facilities • Delayed retail bond issue	• **Secured additional $70m of banking facility limits** to provide additional headroom. Undrawn to date
Cash flow management	• Suspension of development during lockdown	• Flexibility to suspend developments without penalty during lockdown • Consent applications progressed during lockdown • Development recommenced with three developments completed post lockdown

FY2020 Highlights (continued)

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

Continued commitment to our Aged Care strategy

- Short term reduction in care earnings at ramp up and redevelopment sites is **more than offset by development margin and resale gains across the care portfolio**.
- **50% of our care portfolio is now premium beds or care suites** (34% at IPO) as we progress to our target mix of 70%/30% premium to standard rooms. 90 new care suites delivered and 47 care suite conversions completed in FY2020, and a further 245 care suites are currently under construction.
- **Premium DMF and PAC revenue doubled since IPO** and 39% higher than FY2019.
- **Occupancy increased to 93.7%** at sites not affected by development in FY2020.
- **Appointment of Dr Frances Hughes, CNZM as General Manager Nursing & Clinical Strategy**. Dr Hughes has over 30 years' nursing experience and has held senior management and nursing positions on a global level.
- **New clinical information system** now live.

Sales volumes and margins favourable in light of COVID-19

- Despite COVID-19, Oceania recorded **355 total ORA sales in FY2020, an increase of 45 units and care suites (or 15%) on FY2019** (310 units and care suites).
- **New care suite sales doubled in FY2020 to 114** (57 in FY2019).
  - Total care suite sales volumes (new and resales) to 29 February 2020 (i.e. pre-COVID) were 175 compared to 93 in pcp.
- **New ILU sales flat despite COVID-19** (75 in FY2020 compared to 76 in FY2019).
  - Total pre-COVID ILU sales volumes (new and resales) were 98 compared to 96 in pcp.
- **Development margin remains strong at 33.1%**.
- Average apartment resale price now $684k, 15.5% higher than FY2019 ($592k).
- Of the **pre-COVID applications** we had at the start of March 2020, **89% were either sold or under application** as at year end FY2020.

FY2020 Highlights (continued)

Developments were unavoidably impacted during lockdown but we are back on our sites continuing our build programme and build strategy is unchanged.

Development pipeline progress

- **176 units and care suites delivered across 6 sites in FY2020**.
- **481[1] villas, apartments and care suites currently under construction** in Auckland, Hamilton, Tauranga, Nelson and Christchurch.
- 217 units and care suites on track to be delivered in FY2021.
- Total development pipeline of 1,851 units and care suites with **86.3% of this pipeline consented**.

Final dividend declared

- Final dividend per share announced of **1.2 cents per share** (not imputed[2]) bringing **total dividend for the year to 3.5 cents per share**. 50% pay out ratio of Underlying NPAT for FY2020 in line with Board policy.
- Record date of 3 August 2020. Payment date of 17 August 2020.
- Dividend Reinvestment Plan available.

Balance date change

- Received approval from the Inland Revenue Department to change balance date to 31 March from 2021.

1. 6 sites as at 31 May 2020.
2. The dividends are not imputed due to the availability of existing tax losses.

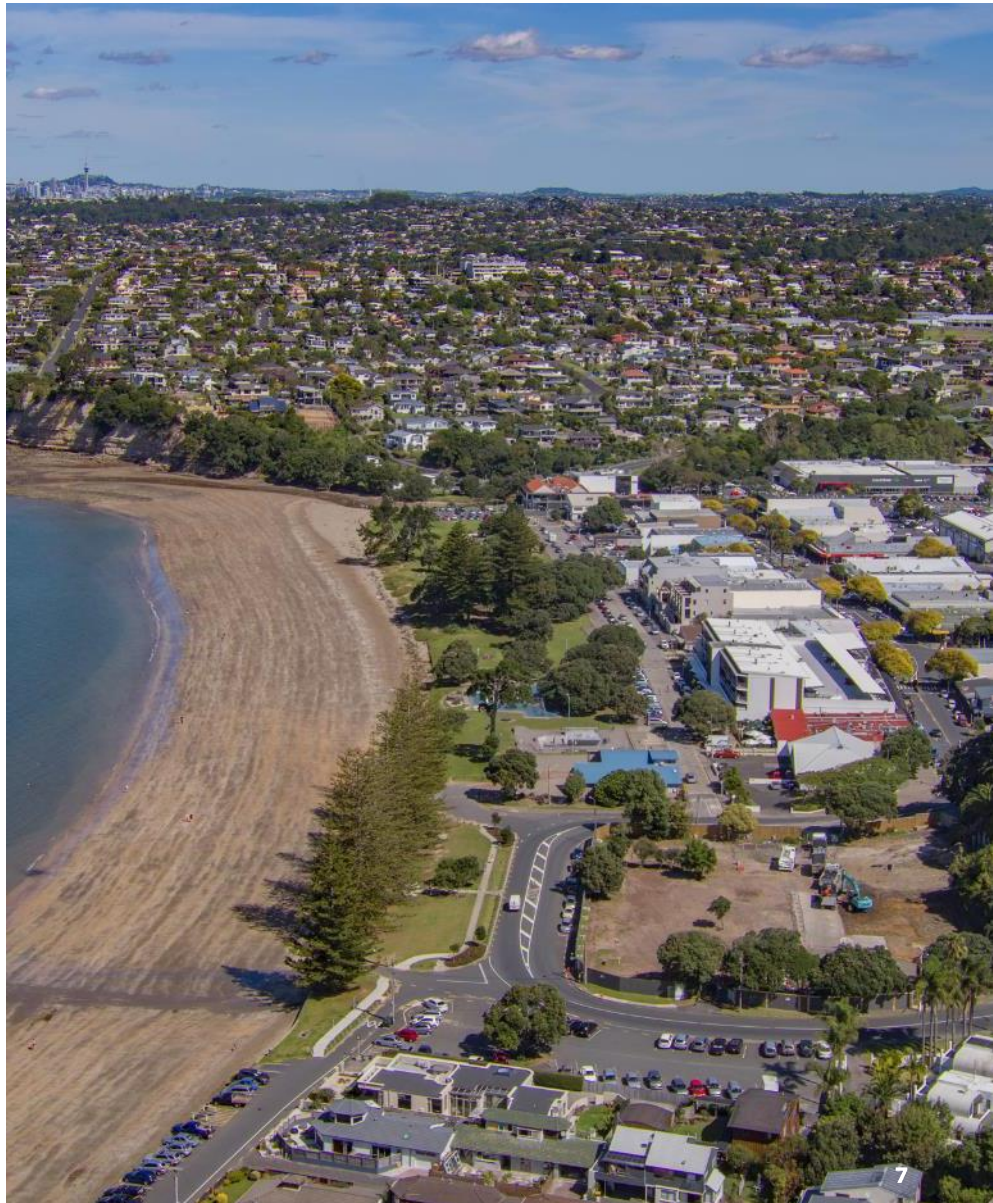
Executing our Strategy

Oceania Healthcare's 2017 IPO Product Disclosure Statement:

*Oceania Healthcare is **raising $200 million of new capital** via the Offer and is seeking a listing on the NZX Main Board and ASX.*
*The **proceeds of the Offer will be used to**:*

- *reduce debt to provide financial flexibility to pursue future development projects including projects in Oceania's existing Brownfield Development land bank;*
- *commence above ground development works at the waterfront Maureen Plowman Village (Auckland);*
- *commence Stage 4 development of Meadowbank Village (Auckland); and*
- *fund the acquisition of the freehold title at Elderslea Care Facility (currently leased, Upper Hutt).*

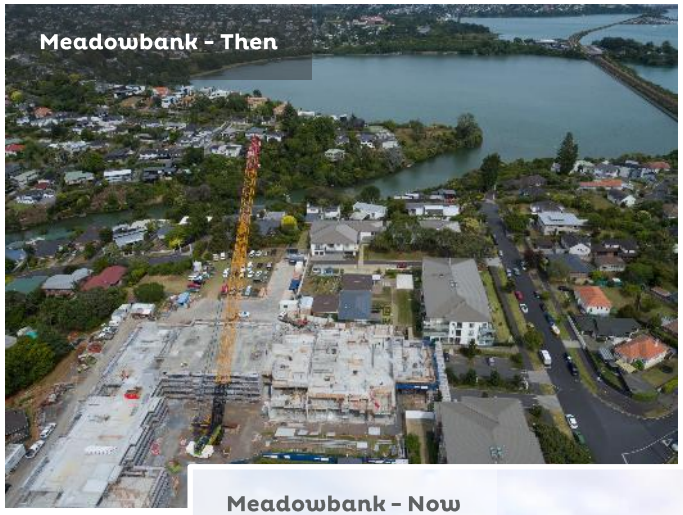
*These initiatives are intended to **place Oceania Healthcare in an excellent position to meet the needs of New Zealand's elderly, particularly as 2021 approaches and the first of the "baby boomer" generation celebrate their 75th birthdays.***

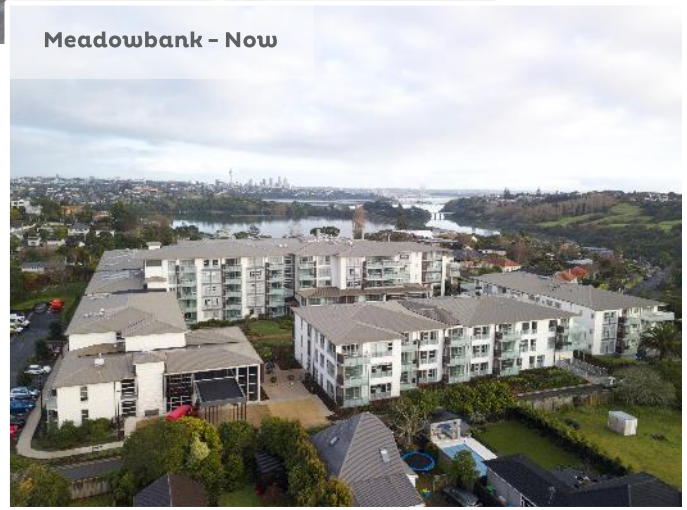


Executing our Strategy

We have delivered 579 new units and care suites since IPO, including opening four new premium care facilities at Meadowbank, The Sands, The BayView and Awatere.

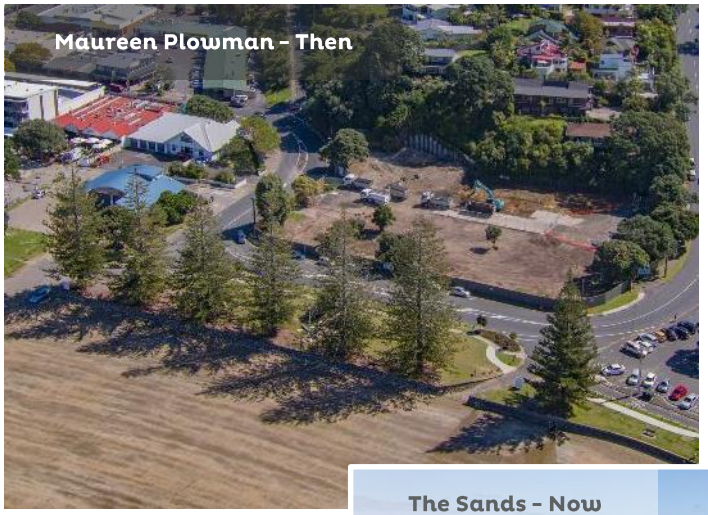
Transformations delivered – Fulfilling our promise since IPO





137
Apartments Completed

64
Care Suites Completed



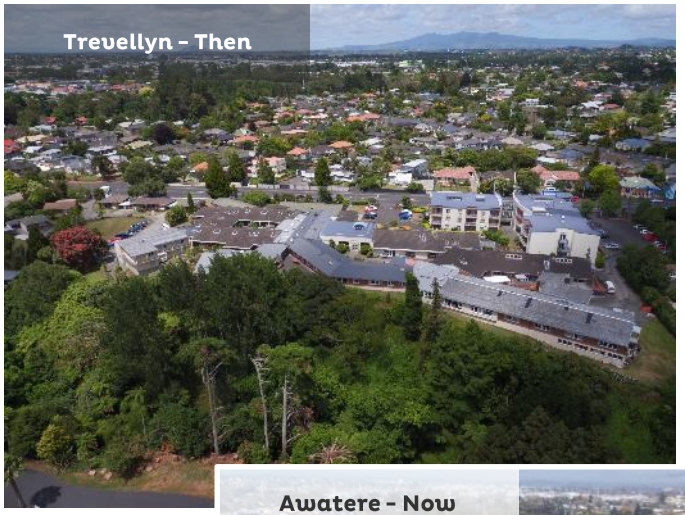
64
Apartments Completed

44
Care Suites Completed

Executing our Strategy

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

Transformations delivered – Fulfilling our promise since IPO



81
Care Suites Completed

211
Future Apartments Unlocked

90
Care Suites Completed

137
Future Apartments Unlocked

Executing our Strategy

In 2HY2020 we completed 32 villas at Gracelands (Hawkes Bay) and our new premium facility at Green Gables (Nelson) is near completion.

Transformations delivered – Fulfilling our promise since IPO

Gracelands – Then

Gracelands – Now

32
Villas Completed

18
Future Villas

Green Gables – Then

Green Gables – Now

61
Care Suites

28
Apartments

Executing our Strategy

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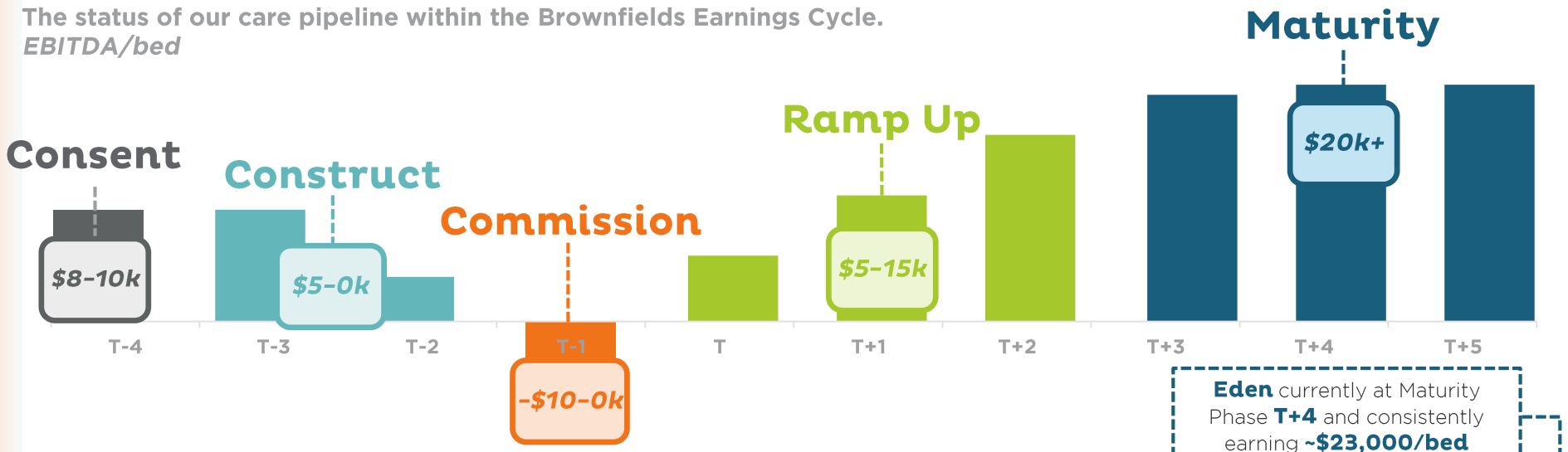
Care

The status of our care pipeline within the Brownfields Earnings Cycle.
EBITDA/bed



Number of care suites currently at each stage of redevelopment

353	245	90	189	67

Village

Care redevelopment unlocks prime land to optimise yield at each facility through construction of ILUs:

764 Consented

236 Under construction

554 Completed

On track to deliver our pipeline

We are commencing and delivering developments in accordance with our pipeline.

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Development progress in FY2020

Developments completed in FY2020

- Stage 1 new care facility (**90 care suites**) at **Awatere** (formerly Trevellyn, Hamilton) commissioned in July 2019
- **10 villas** completed at **Whitianga**
- Stage 5 at **Meadowbank** in Auckland (**26 apartments**)
- **Gracelands** in Hawkes Bay (**32 villas**)
- **Elderslea** in Upper Hutt (**12 villas**)
- **Woodlands** in Motueka (**6 villas**)

176
Units & care suites completed in FY2020

Development commenced in FY2020

- **Eden** (**49 apartments**) commenced in July 2019
- **Awatere** Stage 2 (**63 apartments and community centre**) commenced in December 2019
- **Lady Allum** Stage 1 (**113 care suites**) commenced in December 2019

481
Units & care suites **under construction as at FY2020**

Future development on track

Consents obtained in FY2020

- Resource consent obtained for **108 apartments and care suites** at Waimarie Street in Auckland
- Stage 2 and 3 at **Elmwood** (**229 apartments**) received resource consent

86%
Of the total pipeline is either **under construction or consented**

FY2021 scheduled completion

- **Green Gables** in Nelson (**61 care suites, 28 apartments**) was delayed due to COVID-19 and will now complete in 1HY2020
- **The Bellevue** (formerly Windermere) in Christchurch (**71 care suites, 22 apartments**) is expected to complete in 2HY2021
- **35 apartments** at **The BayView Stage 2** are expected to be complete in 2HY2021

217
Units & care suites scheduled for **completion in FY2021**

FY2021 developments commencing

- **Waimarie Street** in St Heliers, Auckland (**32 care suites, 76 apartments**) scheduled to commence ground works in 1HY2021

6
Projects are currently **under development**

Green Gables, Nelson

Green Gables completion scheduled for 1HY2021.

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Green Gables

Nelson

Scheduled to complete in 1HY2021

28
Apartments

61
Care Suites

The Bellevue, Christchurch (formerly Windermere)

The Bellevue completion scheduled for FY2021.

The Bellevue

Christchurch

Scheduled to complete in FY2021

22 Apartments

71 Care Suites

The BayView, Tauranga

The BayView Stage 2a completion scheduled for FY2021.

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The BayView

Tauranga

Stage 2a

Commenced December 2018

35

Apartments

Remainder of Stage 2 scheduled for completion in FY2022

Eden, Auckland

Eden completion scheduled for FY2022.

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Eden

Auckland

49

Apartments

Community Centre

Waimarie St, Auckland

Scheduled to commence earthworks in 1HY2021.

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Waimarie St

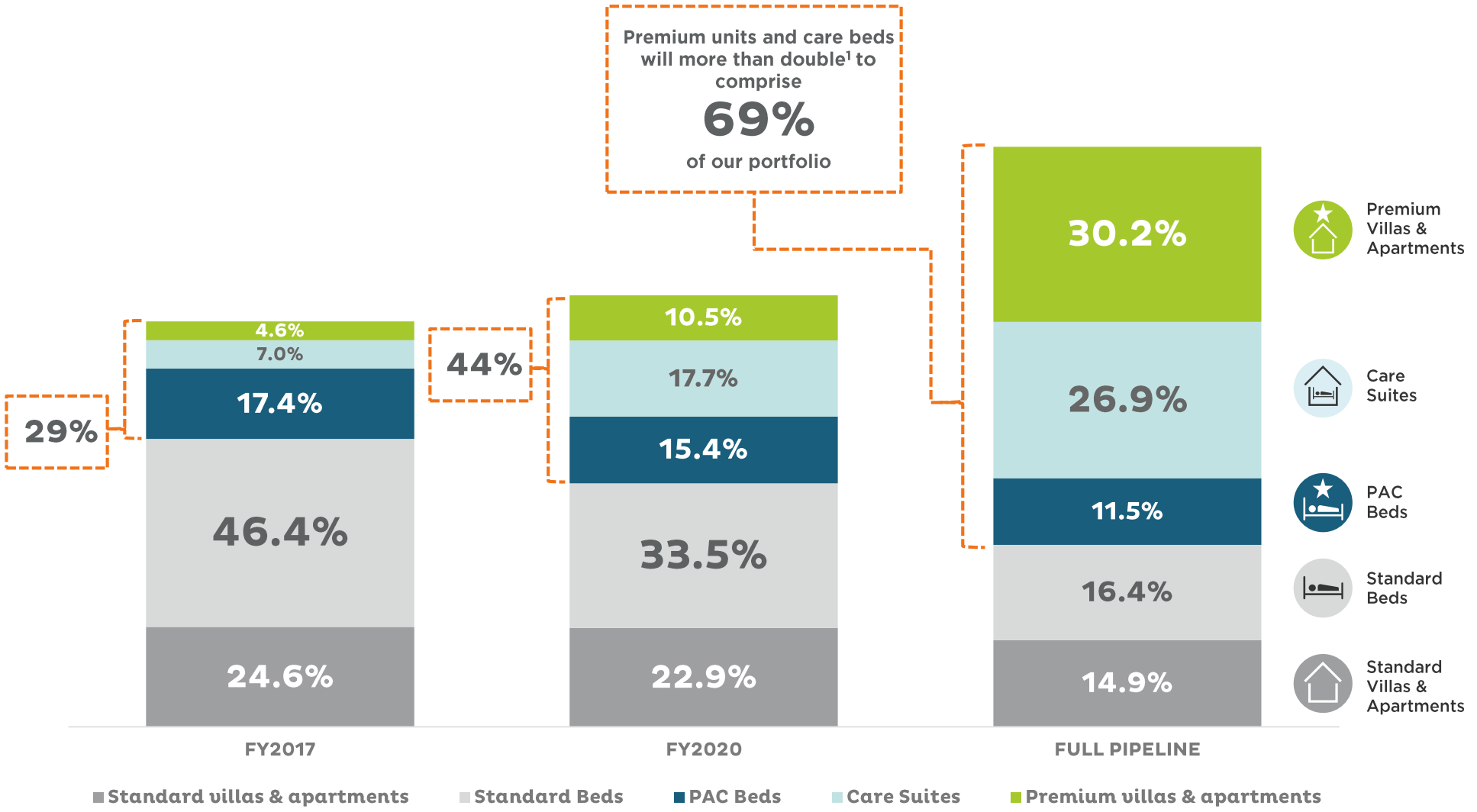
St Heliers, Auckland

76
Apartments

32
Care Suites

Future Outlook

Premium units and care beds have increased by over 60% in number since FY2017
(1,046 beds and units as at FY2017 compared to 1,676 beds and units as at FY2020)



1. Double compared to as at 31 May 2020.

Financial results

- Income statement and segmental performance
- Cash flow statement
- Balance sheet
- Capital structure

Income statement

Total Comprehensive Income for the period of $9.9m was down on FY2019, reflecting the change in valuation assumptions driving fair value movements in IP and PP&E.

FY2020 Summary of Income Statement

NZDm	FY2020	FY2019	Var	FY2018
Operating revenue	193.6	187.0	6.7	184.0
Operating expenses	(178.6)	(175.8)	(2.8)	(165.8)
Change in fair value of IP, impairment of PP&E and other[1]	(22.5)	33.8	(56.4)	69.5
Operating Profit	**(7.5)**	**45.0**	**(52.5)**	**87.7**
Finance costs	(6.3)	(3.6)	(2.6)	(2.9)
Depreciation (buildings)	(9.3)	(5.8)	(3.5)	(5.4)
Depreciation (chattels) and amortisation	(5.2)	(3.7)	(1.5)	(3.5)
Profit/(loss) before Income tax	**(28.3)**	**31.8**	**(60.1)**	**75.9**
Taxation benefit/(expense)	14.7	13.6	1.1	1.1
Reported Net Profit/(Loss) after Tax	**(13.6)**	**45.4**	**(59.0)**	**77.0**
Other Comprehensive Income	23.6	54.4	(30.8)	4.8
Total Comprehensive income	**9.9**	**99.8**	**(89.8)**	**81.7**

Key IP and PP&E CBRE valuation assumption changes

Drivers	FY2020		FY2019	
Investment Property				
PPGR – Long Term (low-high)	2.50%	3.50%	2.50%	3.50%
PPGR – Short Term (low-high)	(2.00%)	3.00%	0.50%	3.00%
Discount Rates (low-high)	14.13%	20.25%	14.00%	20.00%
Average Incoming Price - Villas	$421,267		$405,973	
Average Incoming Price – Apartments	$814,160		$819,535	
Property, Plant and Equipment				
Cap rate (low-high)	11.00%	17.75%	11.00%	17.80%
EBITDAR per bed (low-high, $000s)	$8.86	$15.91	$8.61	$19.23
Average Incoming Price – Care Suites	$268,209		$258,183	

- Significant changes in CBRE's valuation assumptions led to a negative fair value movement in IP. This was offset by an increase in the fair value of PP&E (Care assets), reflected in Other Comprehensive Income.
- Property price growth rates heavily moderated in the short term, kept constant longer term, reflecting longer term sector positivity.
- Small increase in discount rates across all sites.
- DMF revenue increased by 27.5% to $29.3m in FY2020 ($22.9m in FY2019).

1. Fair value movement includes impact from right of use asset (Everil Orr village). This is a lease arrangement under which Oceania is the village operator. There is a corresponding rental expense of $19.2m (excluded from Underlying Profit). Note Everil Orr also contributed $1.5m to DMF revenue ($0.7m in FY2019).

Underlying earnings

Underlying EBITDA of $63.5m, consistent with the prior corresponding period.

Reconciliation of Underlying Adjustments

NZDm	FY2020	FY2019	Var	FY2018
Reported Net profit after tax	(13.6)	45.4	(59.0)	77.0
less: Change in fair value of investment property and impairment of PPE	5.6	(39.6)	45.2	(69.5)
add: Impairment of goodwill	0.5	8.1	(7.7)	-
add: Realised gains on resales	11.5	15.1	(3.6)	16.9
add: Realised development margin	34.3	29.5	4.8	21.1
less: Deferred tax	(14.7)	(13.6)	(1.1)	(1.1)
add: Rental expenses in relation to right of use asset[1]	19.2	6.2	13.0	7.8
add: Other[2]	0.1	0.1	0.1	-
Underlying NPAT	**42.9**	**51.2**	**(8.3)**	**52.2**
add: Depreciation and amortisation	14.5	9.5	4.9	8.8
add: Finance costs	6.1	3.5	2.6	2.8
Underlying EBITDA	**63.5**	**64.3**	**(0.7)**	**63.8**

Segmental Underlying Adjustments

NZDm	FY2020	FY2019	Var	FY2018
Aged Care (ex. care suite margins)	20.0	24.9	(4.9)	28.9
Retirement Village (incl. care suite margins)	61.3	56.9	4.4	49.8
Other	(17.8)	(17.5)	(0.2)	(14.9)
Underlying EBITDA	**63.5**	**64.3**	**(0.7)**	**63.8**
less Divested Site Earnings	-	(0.5)	0.5	(2.0)
Underlying EBITDA – Continuing operations	**63.5**	**63.8**	**(0.3)**	**61.8**
Underlying NPAT – Continuing operations	**42.9**	**50.7**	**(7.8)**	**50.8**

- Pro-forma Underlying EBITDA was $0.3m below FY2019.
- ORA sales volumes, and therefore realised resale gains and development margin heavily impacted by COVID-19 in the final quarter of FY2020.
- Higher depreciation expense as portfolio of high value care assets grows.
- Higher interest costs from completed developments.

1. Rental expense of $19.2m in FY2020 relates to the right of use asset at Everil Orr village. There is a corresponding credit in IP which is also removed as part of this adjustment.
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. See note 2.1 of the FY2020 financial statements for further detail.

Care segment

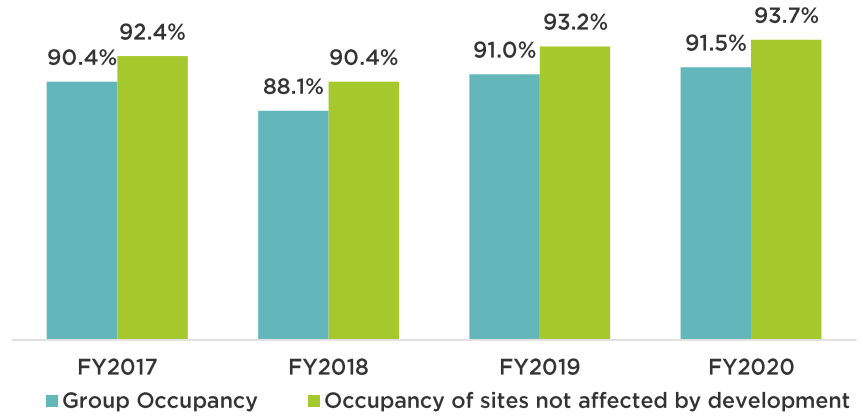
Higher occupancy and premium revenues in FY2020 reflect the ongoing transformation of our care portfolio toward a higher proportion of premium care beds. Variance in aggregate earnings for the care segment largely reflect reduction at sites ramping up or under redevelopment and conversion.

Aged Care Underlying EBITDA

NZDm	FY2020	FY2019	Var	FY2018
Total aged care operating revenue	164.2	161.7	2.6	159.6
Total aged care expenses	(144.2)	(136.7)	(7.5)	(130.7)
Aged Care Underlying EBITDA	**20.0**	**24.9**	**(4.9)**	**28.9**
EBITDA per care bed / suite (all sites)[1]	$8,803	$10,583	($1,780)	$11,742
Plus: Other aged care related earnings included within the Village Segment[2]				
Care suite development margin	12.9	7.1	5.8	3.0
Care suite resale gains	3.2	3.4	(0.2)	3.7
Total Aged Care related Underlying EBITDA	**36.1**	**35.4**	**0.7**	**35.6**
Total Aged Care related Underlying EBITDA per bed / suite (all sites)	$15,893	$15,035	$857	$14,443

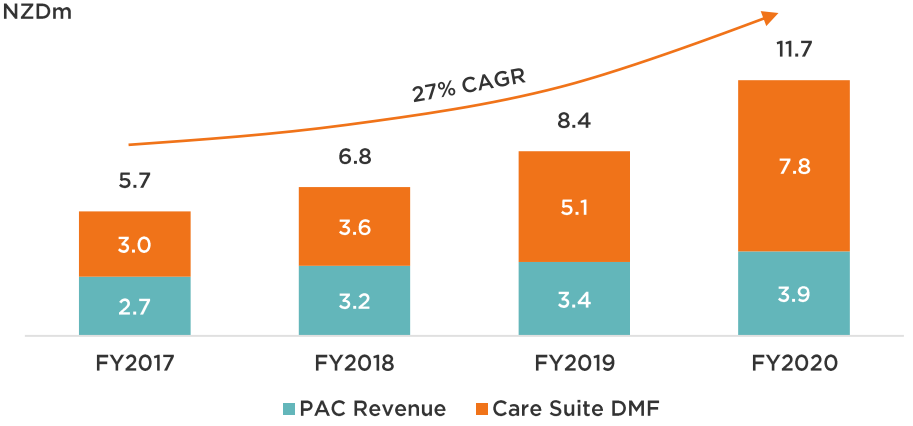
Short term reduction in care earnings at ramp up and redevelopment sites is more than offset by development margin and resale gains across the care portfolio.

Occupancy rates



Premium revenue

NZDm



1. Based on all occupied beds across all care sites, including facilities that are ramping up / down as a result of past / future development.
2. Development margin & resale gains on care suites are included within the Village Segment for underlying profit and statutory reporting purposes as the ORAs are issued by Oceania Village Company Limited. As these margins are in lieu of daily premium charges under the traditional model, these earnings are aggregated above to present a more complete picture for the Care segment.

Village segment

FY2020 Underlying EBITDA of $61.3m represents an 8% increase on FY2019, primarily as a result of strong growth in villa and apartment DMF revenue.

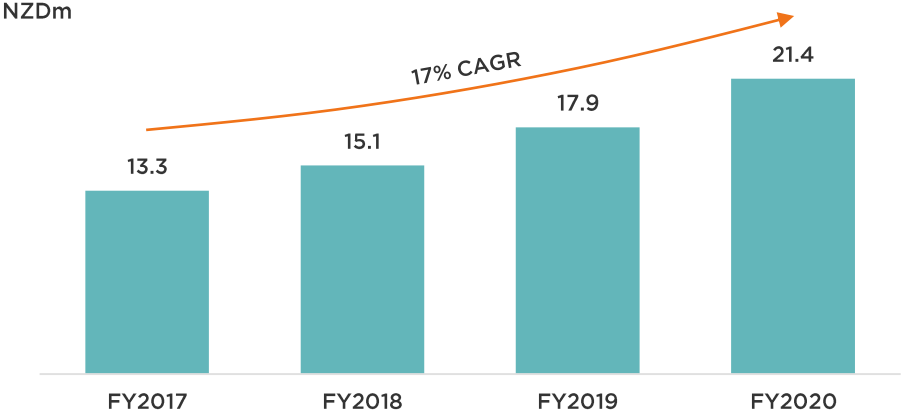
Village Underlying EBITDA

NZDm	FY2020	FY2019	Var	FY2018
Villa and apartment DMF	21.4	17.9	3.5	15.1
Retirement village service fees	6.0	5.8	0.2	5.3
Other revenue	3.4	2.7	0.7	2.7
Total retirement village operating revenue	**30.8**	**26.4**	**4.4**	**23.1**
Realised gains on resales	11.5	15.1	(3.6)	16.9
Realised development margin	34.3	29.5	4.8	21.1
Village site operating expenses	(15.0)	(13.4)	(1.6)	(11.3)
Resident share of capital gains	(0.3)	(0.7)	0.4	0.0
Total retirement village expenses	**(15.3)**	**(14.1)**	**(1.2)**	**(11.3)**
Retirement village Underlying EBITDA	**61.3**	**56.9**	**4.4**	**49.8**
Total resale volume	166	177	(11)	180
Total new sales volume	189	133	56	100
Total sales volume	**355**	**310**	**45**	**280**

Less: Aged care related earnings included within the Village Segment				
Care suite development margin & resale gains	(16.1)	(10.5)	(5.6)	(6.7)
Village Underlying EBITDA (ex. care)	**45.2**	**46.4**	**(1.2)**	**43.1**

Villa and apartment DMF Revenue

NZDm



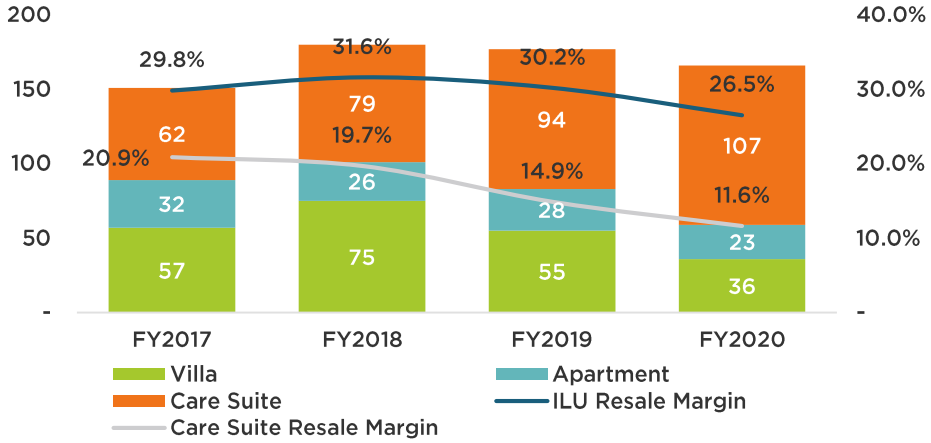
Despite COVID-19, Oceania recorded 355 total ORA sales in FY2020, an increase of 45 units and care suites (or 15%) on FY2019 (310 units and care suites).

- Continue to see strong growth in DMF in the Village segment as developments sell down and resales occur at a higher price point.
- As previously mentioned, ORA sales volumes (and ultimately realised resale gains and development margin) heavily impacted by COVID-19 in the later months of FY2020.
- See further analysis of margins and volumes on the following pages.

Village segment – key indicators

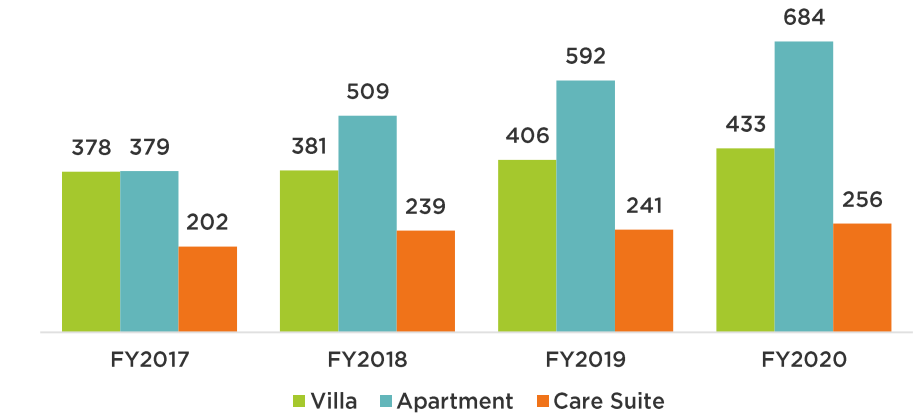
Resale prices for all ORA products were above FY2019. Closing villa and apartment stock above historical levels as a result of the timing impact of sales delays caused by the COVID-19 lockdown period.
However, **sales applications are also 39% higher at 30 June 2020** compared to 30 June 2019.

Resales volumes and margins

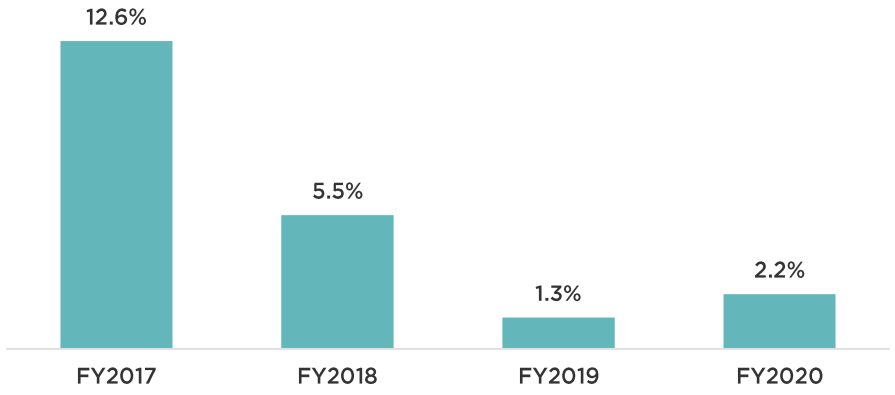


Resales prices

NZD000s

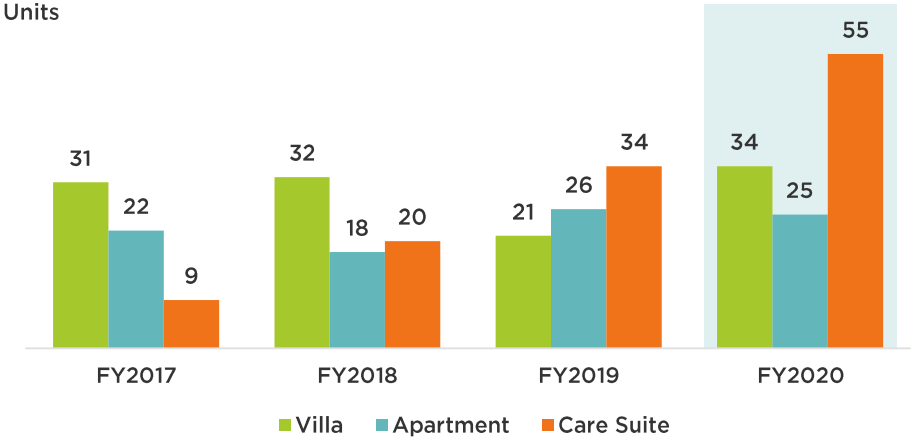


Resales Prices vs CBRE Valuation Assumption



Closing Stock (incl. stock under application) – Resales

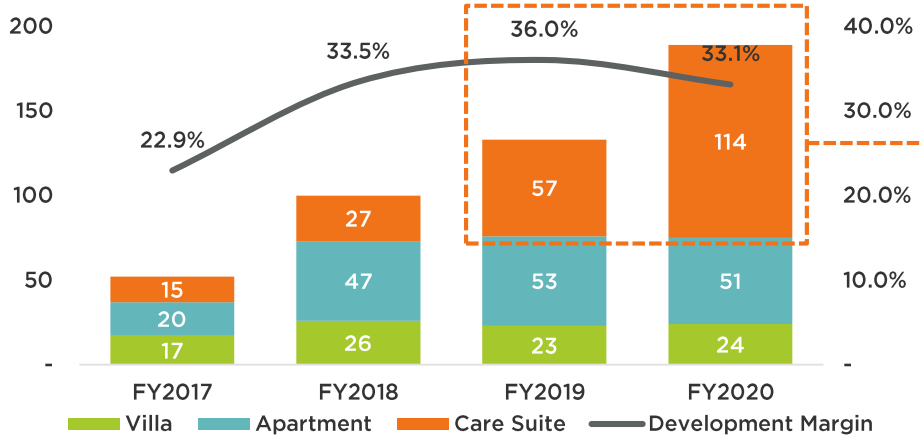
Units



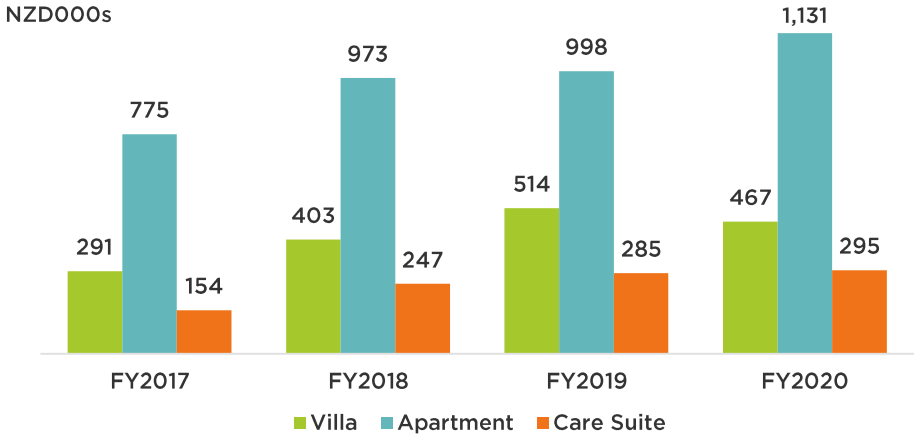
Developments – key indicators

Development margin of 33.1% in FY2020, with prices achieved at The Sands and Meadowbank in line with expectations and commensurate with their premium locations.

New Sales Volumes and Margins



Average New Sales Prices



Gross New Units Delivered

Units	FY2017	FY2018	FY2019	FY2020
Villas	2	39	-	60
Apartments	44	62	113	26
Care suites	-	30	159	90
Total	**46**	**131**	**272**	**176**

New care suite sales volume doubled to 114 in FY2020 (57 in FY2019).

- 90 care suites completed at Awatere during FY2020.
- 86 villas and apartments completed across Meadowbank (Stage V), Gracelands, Elderslea, Whitianga and Woodlands in FY2020.
- 217 units and care suites are scheduled to complete in FY2021.
- Development margins in recent years reflect sale of premium Auckland sites, namely Meadowbank and The Sands. Margins are expected to moderate going forward as we sell down sites in regional areas.
- Villa prices reflect the sell down of new villas at Elderslea, Gracelands and Elmwood.
- Average apartment price of $1.1m reflects the new apartments sold at The Sands and Meadowbank.
- Care suites sales include the premium care suites at Meadowbank and The Sands (in Auckland), The BayView (Tauranga) and Awatere (Hamilton). Average price also includes conversions at other locations.

Cash flow

Operating cash flow of $99.4m for FY2020 was ahead of the $89.3m in FY2019 due to higher cash proceeds from sales at new developments.

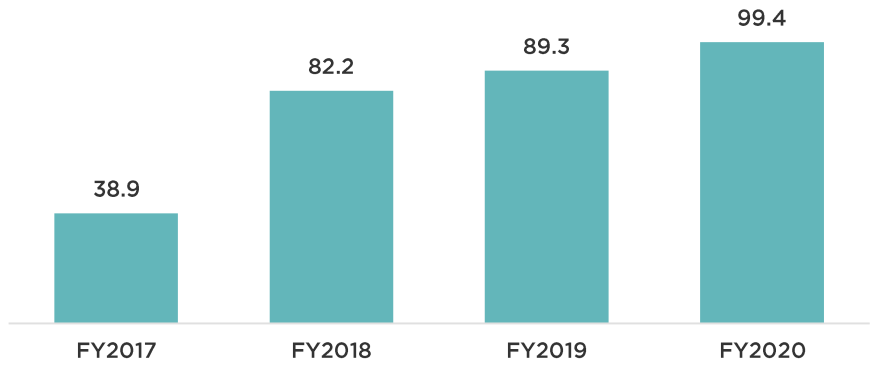
Statement of cash flows

NZDm	FY2020	FY2019	Var	FY2018
Receipts from customers	163.0	165.7	(2.7)	161.8
Payments to suppliers and employees	(178.0)	(164.8)	(13.2)	(147.4)
Rental payments in relation to right of use asset	(19.2)	(5.5)	(13.7)	(7.8)
Receipts from new ORA	181.3	136.6	44.7	113.5
Payments for outgoing ORA	(40.3)	(39.7)	(0.7)	(35.4)
Net interest	(7.4)	(3.0)	(4.4)	(2.4)
Net cash inflow from operating activities	**99.4**	**89.3**	**10.0**	**82.2**
Proceeds from sale of PPE	(0.0)	19.7	(19.7)	0.2
Payments for PPE and intangible assets	(40.4)	(72.9)	32.5	(33.4)
Payments for investment property & investment property under development	(95.5)	(100.6)	5.1	(98.2)
Net cash outflow from investing activities	**(136.0)**	**(153.8)**	**17.8**	**(131.4)**
Proceeds from borrowings	166.3	180.4	(14.1)	119.8
Repayment of borrowings	(112.6)	(84.4)	(28.3)	(50.5)
Dividend paid	(22.2)	(28.4)	6.2	(12.7)
Principle payments for right of use assets	-	1.3	(1.3)	-
Net cash inflow from financing activities	**31.5**	**68.9**	**(37.4)**	**56.6**
Net increase in cash and cash equivalents	**(5.1)**	**4.5**	**(9.6)**	**7.4**
Cash & equivalents at beginning of period	22.8	18.3	4.5	10.9
Cash and cash equivalents at end of period	**17.6**	**22.8**	**(5.1)**	**18.3**

- First time sales receipts at development sites of $121.4m (c.f. $75.5m in FY2019) drove an increase in operating cash flow.
- The rental payment of $19.2m for the right of use asset relates to the arrangement at Everil Orr. An equal receipt is included in receipts from new ORAs.
- Development capex lower on FY2019 as a result of the COVID-19 enforced lockdown of development sites.

Operating cash flow

NZDm



Balance sheet

Total assets increased by $149m from FY2019 driven by growth in the value of retirement village and care properties.

Balance Sheet

NZDm	FY2020	FY2019	Var	FY2018
Assets				
Cash and trade receivables	59.3	66.3	(7.0)	51.0
Property, plant and equipment	490.0	442.7	47.3	323.2
Investment properties and right of use asset	988.6	881.7	106.9	755.6
Intangible assets	10.8	8.7	2.2	17.4
Total assets	**1,548.7**	**1,399.4**	**149.3**	**1,147.2**
Liabilities				
Refundable occupation right agreements	535.4	436.5	98.9	358.2
Borrowings and lease liability[1]	338.5	270.2	68.3	168.7
Other liabilities	79.7	82.8	(3.2)	83.1
Total liabilities	**953.5**	**789.5**	**164.0**	**610.1**
Equity				
Contributed Equity	588.4	580.8	7.6	579.5
Retained Deficit	(155.9)	(110.1)	(45.8)	(127.9)
Reserves	162.7	139.1	23.6	85.5
Total equity	**595.2**	**609.9**	**(14.7)**	**537.1**
Net tangible assets	**584.4**	**601.2**	**(16.8)**	**519.7**

Net Adjusted Value ("NAV")

NZDm	FY2020	FY2019
Property, plant and equipment (including WIP)	490.0	442.7
Investment property (including WIP)	988.6	881.7
Sub Total	**1,478.6**	**1,324.4**
less: Adjustment for CBRE – Care Suites	(77.3)	(45.5)
less: Investment property ORA Gross Up	(431.8)	(386.0)
add: Other	32.9	50.7
CBRE plus WIP	**1,002.4**	**943.6**
less: Net Debt	(322.1)	(248.2)
Net Adjusted Value	**680.4**	**695.4**
Shares on Issue	618.1	610.3
Net Adjusted Value per Share	**1.10**	**1.14**

- NAV of $1.10 per share as at FY2020. NAV experienced similar movement between periods as NTA.
- The NAV reflects the value of existing sites, plus the land and WIP at development sites. As such, the present value of net development cash flows and future earnings at development sites are excluded.

1. Includes lease liabilities of $13.0m as at FY2020 ($5.5m as at FY2019).

Capital structure

Gearing of 35.1% as at 31 May 2020. Sufficient bank facilities in place to execute our development pipeline. New Facility C secured to provide additional liquidity, while retail bond remains a priority in order to provide diversity of funding and tenor.

Net Debt

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

Credit metrics

Period ending	FY2020	FY2019
Net debt	$322.1m	$248.2m
Net debt / (net debt + equity)	35.1%	28.9%
Loan to value ratio	33.3%	27.6%

- Bank facility limits are interchangeable with balances related to land acquisitions and consenting activity transferred from the General Facility to Development Facility on commencement of development.
- Facility C was secured during the COVID-19 Alert Level 4 Lockdown, providing an additional $70m of liquidity for 18 months.
- Oceania noted at its interim results that a retail bond was being explored to provide diversity of funding and tenor. Whilst this was unable to be executed during FY2020 as a result of COVID-19, this continues to be examined and remains a priority for FY2021.

Appendices

01 Overview of Oceania

02 Portfolio summary

03 Development pipeline

04 Reconciliation of portfolio movements

05 Summary of unit sales

06 Embedded value

07 Capital expenditure

08 Reconciliation of resales cash flow

09 Definition of Underlying NPAT

10 Glossary

11 Important notice and disclaimer

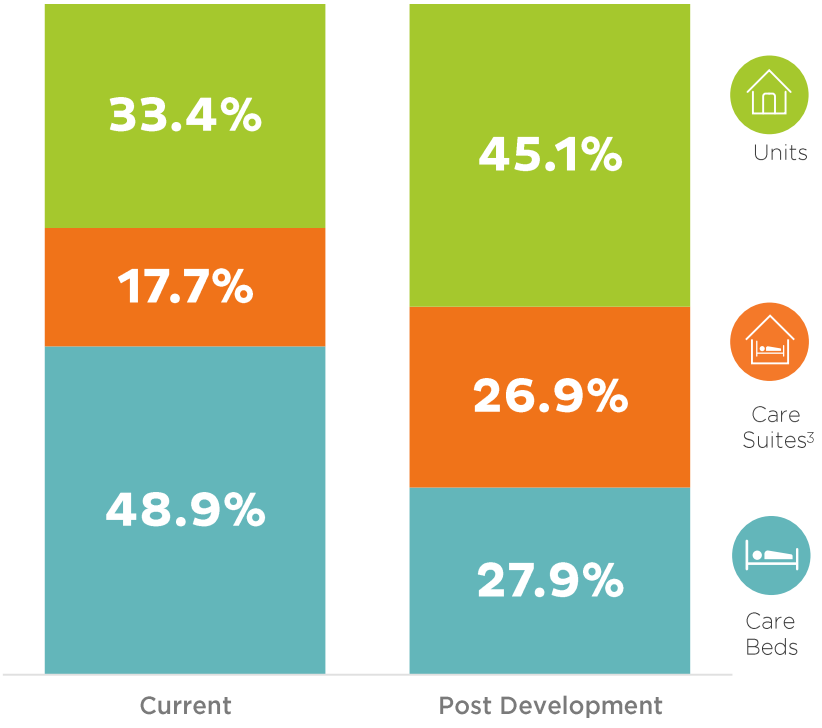
01 Overview of Oceania

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

Current & future portfolio composition – Remaining "needs" focused

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

Portfolio and landbank overview



1. Comprising 44 operating villages and 2 undeveloped sites. Facility numbers as at 31 May 2020.
2. Includes 325 care studios which may be initially sold with a PAC, and may subsequently be sold under an ORA.
3. Current and planned developments as at 31 May 2020.

02 Portfolio summary (31 May 2020)

OCEANIA HEALTHCARE

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

Facility	Region	Care Beds	Care Suites	Village Units	Total
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	62	15	46	123
Woodlands	Tasman	30	20	36	86
Holmwood	Christchurch	35	12	-	47
Middlepark	Christchurch	33	21	-	54
Palm Grove	Christchurch	31	54	32	117
The Oaks	Christchurch	69	36	32	137
The Bellevue (formerly Windermere)	Christchurch	-	-	17	17
Addington Lifestyle	Christchurch	77	20	-	97
TOTAL (NORTH AND SOUTH ISLANDS)		**1,882**	**679**	**1,285**	**3,846**

03 Development pipeline

Development pipeline status as at 23 July 2020

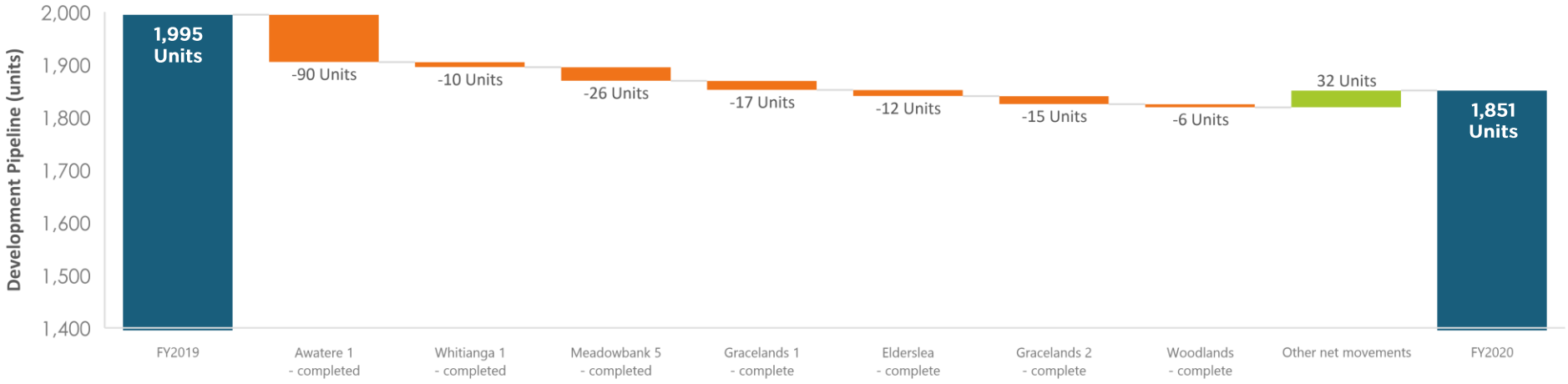
Sites	Stage	Status	ILUs	Care Suites	Gross Units	Net Units	Notes
Meadowbank	Stage 6	Consented	-	36	36	36	
Awatere (formerly Trevellyn)	Stage 2	Under Construction	63	-	63	63	Commenced construction November 2019
	Stage 3	Consented	71	-	71	(35)	
Green Gables		Under Construction	28	61	89	89	Expected to complete 1HY2021
The BayView (formerly Melrose)	Stage 2a	Under Construction	35	-	35	35	Expected to complete 2HY2021
	Stage 2b	Under Construction	39	-	39	39	Expected to complete FY2022
	Stages 3-5	Consented	137	-	137	132	
The Bellevue (formerly Windermere)	Stage 1	Under Construction	22	71	93	93	Expected to complete 2HY2021
	Stage 2	Consented	46	-	46	29	
Eden		Under Construction	49	-	49	49	Expected to complete FY2022
Lady Allum	Stage 1	Under Construction	-	113	113	(17)	Commenced construction December 2019
	Stage 2-3	Consented	137	-	137	137	
Gracelands	Stage 3	Consented	18	-	18	18	
Eversley		Consented	-	61	61	55	
Whitianga	Stage 2	Consented	8	-	8	8	
Elmwood	Stage 1	Consented	-	100	100	70	
	Stage 2-3	Consented	229	-	229	133	
	Stage 4	Planned	81	-	81	70	
Waimarie Street		Consented	76	32	108	108	Scheduled to commence 1HY2021
Other	Hawkes Bay	Planned	26	46	72	72	
	Nelson	Planned	29	-	29	12	
	Various	Consented	42	124	166	94	
	Various	Planned	22	49	71	42	
Total Consented/under construction			**1,000**	**598**	**1,598**	**1,141**	
Total Pipeline			**1,158**	**693**	**1,851**	**1,337**	

04 Reconciliation of portfolio movements

Movements in capacity and pipeline since FY2019[1]

	FY2019	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	FY2020
Existing								
Care beds	2,112	(177)	(53)					1,882
Care suites	542		47		90			679
Units	1,202	(3)			86			1,285
Pipeline								
Care beds	(548)						109	(439)
Care suites	796				(90)	8		714
Units	1,159				(86)	(25)		1,048
Total	**5,263**	**(180)**	**(6)**	**0**	**0**	**(17)**	**109**	**5,169**

Movements in gross pipeline since FY2019



1. Changes in capacity and pipeline now includes forecast care suite conversions in the pipeline. Totals for FY2020 reconcile to both the total existing and future post development portfolios on slide 30.

05 Summary of unit sales

OCEANIA HEALTHCARE

New Sales

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Villa	41	17	17	26	23	24
Apartment	23	20	20	47	53	51
Care Suite	29	23	15	27	57	114
Total	**93**	**60**	**52**	**100**	**133**	**189**
Average development margin	**8.9%**	**19.2%**	**22.9%**	**33.5%**	**36.0%**	**33.1%**

Resales

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Villa	56	79	57	75	55	36
Apartment	28	52	32	26	28	23
Care Suite	48	62	62	79	94	107
Total	**132**	**193**	**151**	**180**	**177**	**166**
Average resale margin	**21.2%**	**25.5%**	**27.41%**	**27.9%**	**24.6%**	**19.6%**

Average resale gain per unit / care suite

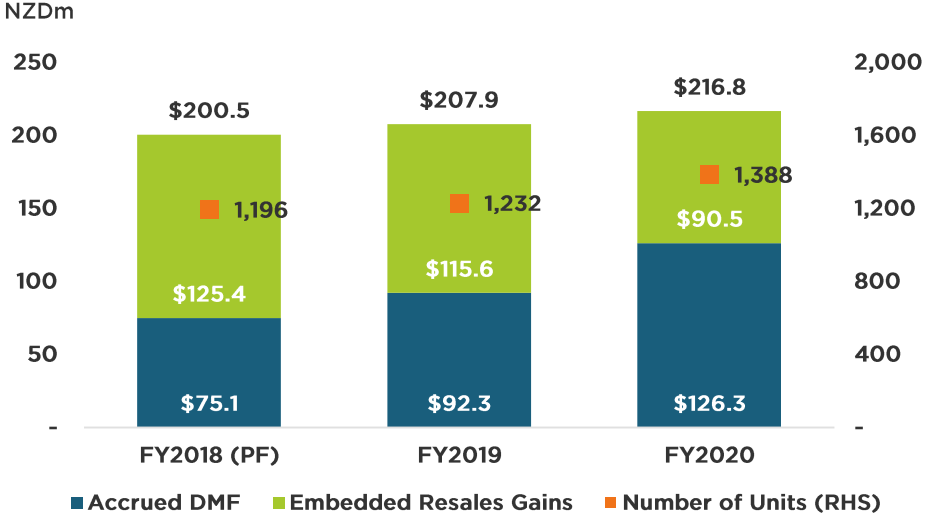
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Villa	77,652	107,131	116,316	135,888	140,164	122,972
Apartment	61,461	74,852	106,653	116,096	144,211	168,691
Care Suite	19,849	27,665	42,100	47,089	35,931	29,734
Average resale gain	**53,198**	**72,906**	**83,795**	**94,056**	**85,449**	**69,207**

06 Embedded value

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

Embedded Value

NZDm



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

Summary of Embedded Value Calculation

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

1. Calculated as the current/estimated sale or resale price of all units/care suites as determined by CBRE – note FY2020 as at 30 April 2020. The FY2018 figure has been adjusted for the divestment of Dunblane Village.
2. Value of unsold stock represents the sales prices of units/care suites which are not under contract, as they are either newly constructed or have been bought back from the previous outgoing residents.

07 Capital expenditure

Development capital expenditure was lower than FY2019 as a result of the COVID-19 enforced lockdowns of development sites.

Breakdown of Capital Expenditure

NZDm	FY2020	FY2019	FY2018
Acquisitions	**-**	**21.4**	**38.6**
Development capital expenditure	**117.3**	**135.2**	**79.1**
Remediation expenditure	**-**	**0.5**	**4.1**
Care conversion & premium room upgrades	4.6	3.3	1.6
Maintenance capital expenditure			
- Aged care	5.8	7.1	4.0
- Retirement village	3.5	3.4	3.2
- IT and other	4.7	2.6	1.0
Total conversion and maintenance	**18.6**	**16.3**	**9.8**
Total capex per statutory cashflow statement	**135.9**	**173.5**	**131.6**
Assets under finance leases	**2.3**	**1.5**	**1.3**
Total capex (incl. assets under finance leases)	**138.3**	**175.0**	**132.9**

08 Reconciliation of resales cash flow

OCEANIA HEALTHCARE

Reconciliation of resales cash flow

NZDm	FY2020	FY2019
Receipts from New ORAs	181.3	136.6
less: Payments for Outgoing ORAs	(40.3)	(39.7)
less: Cash Inflow From New Sales	(121.4)	(75.5)
Net Resales Cash flow	**19.6**	**21.5**
Made up of:		
Resale Gains	11.5	15.1
DMF Realised	11.0	10.0
add: Net Deferred Cash Settlements	-	0.3
less: Development Buybacks	(2.0)	(2.5)
less: Net Buybacks[1]	(0.3)	0.4
less: Resident Share of Capital Gains	(1.4)	(1.4)
less: Other Cash amounts paid/received from resales	0.7	(0.5)
Net Cash flows from Resales	**19.6**	**21.5**

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.

09 Definition of 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 of 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 loses from the sale or decommissioning of assets;
- Removing any rental expenditure in relation to right of 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.

10 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, of a maximum of 30% of the Occupation Licence Payment, which are deducted from the refund paid to the departing resident upon resale of the unit or care suite. These are in consideration for the right to use communal facilities etc over the entire length of stay.

DRP
Dividend Reinvestment Plan

HCA
Health Care Assistant

HFS
Held for sale

ILU
Independent living units (villas and apartments) licensed under an ORA.

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

11 Important notice and disclaimer

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

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

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