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in better.**



**OCEANIA**

RESULTS PRESENTATION FOR THE 10 MONTH PERIOD ENDED 31 MARCH 2021

# Agenda

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# Introduction



This is the first results presentation since the change of balance date to 31 March.

## Focus on **10 months of trading**

The **focus of this presentation will be the 10 month period** of trading to 31 March 2021 (“**10m2021**”) with comparative 10 month period to 31 March 2020 (“**10m2020**” or prior corresponding period, “**pcp**”).

Additional disclosures accompanying this presentation contain further 12 month period historical information for investors and analysts.

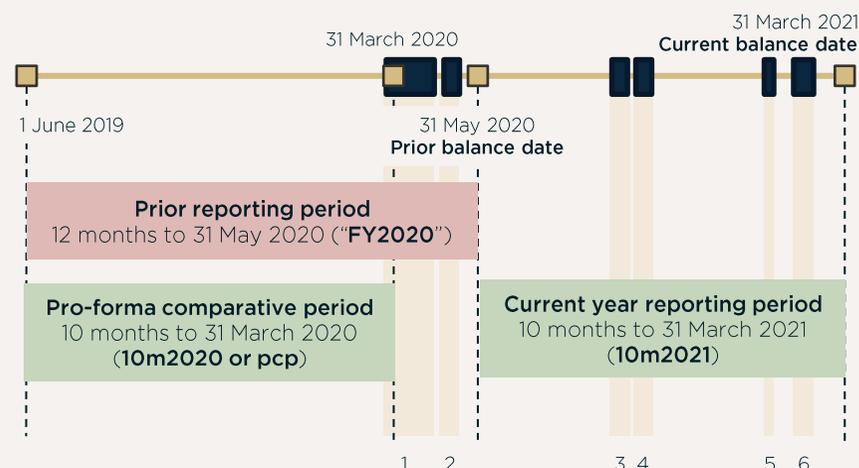
	10 months to March	
NZDm	2021	2020
Group Underlying EBITDA	56.2	52.1
Underlying NPAT	41.8	40.0

## Highlights

- Premium revenue & sales volumes driven strong underlying EBITDA.
- Aged care strategy showing numerous proof points.
- Record sales volumes despite only 10 month period.
- Development pipeline progressing in line with guidance.
- Successful acquisitions and capital raise.

## COVID-19 impact on periods

- New Zealand has been subject to Alert Level 3 restrictions or higher for 50 days since 1 June 2019.
- In addition to national lockdowns the Auckland region has been subject to Alert Level 2.5 restrictions or higher for a further 54 days over the same period.



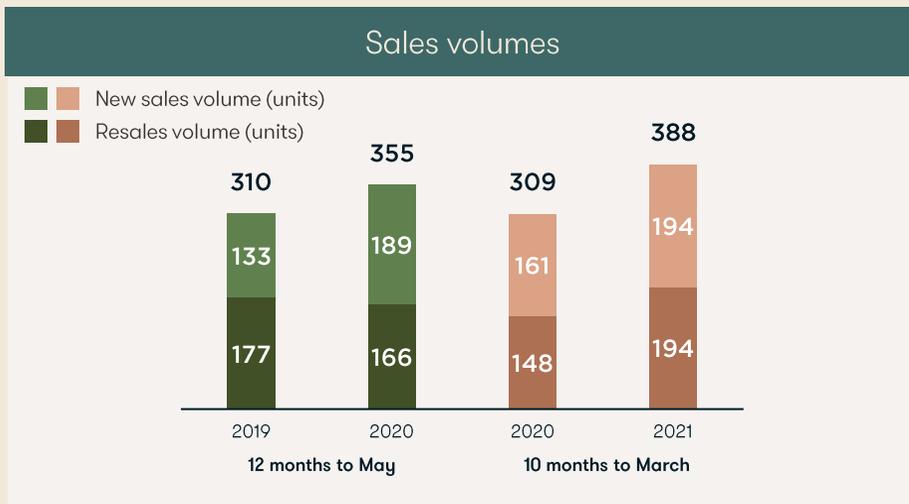
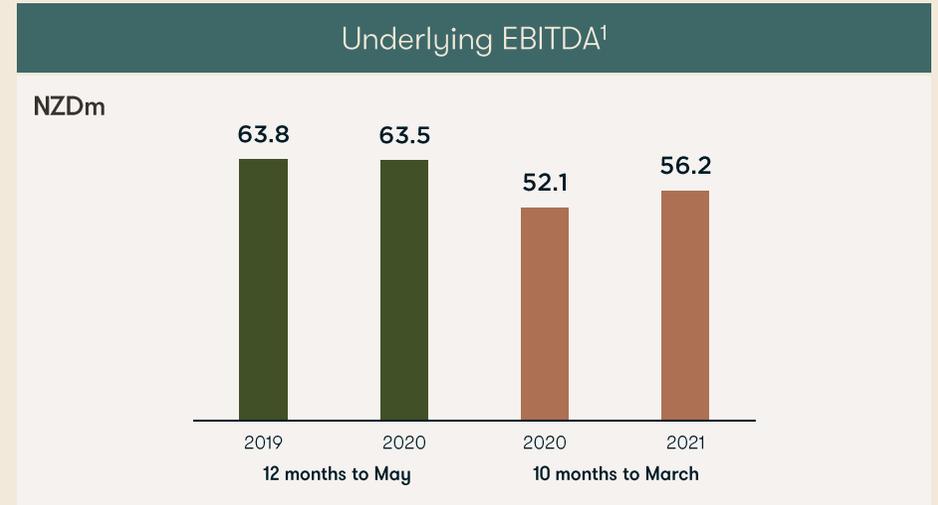
### COVID impacted periods

1. Level 4 New Zealand wide (25 March 2020 – 27 April 2020)
2. Level 3 New Zealand wide (28 April 2020 – 13 May 2020)
3. Level 3 Auckland only (12 August 2020 – 30 August 2020)
4. Level 2.5 Auckland only (31 August 2020 – 23 September 2020)
5. Level 3 Auckland only (14 February 2021 – 17 February 2021)
6. Level 3 Auckland only (1 March 2021 – 7 March 2021)

# 10 month trading highlights



Premium revenue and sales volumes were the key drivers of strong underlying earnings in the 10 months to March, each exceeded both pcp and 12 month FY2020.



1. Refer to slide 17 for a reconciliation of Underlying Profit to Reported Net Profit After Tax. Underlying EBITDA presented for FY2019 excludes the earnings from sites divested in that year (\$0.5m).

# 10 month trading highlights (continued)



Our aged care business is underpinned by our premiumisation strategy.  
Care suites are now a proven product delivering increasing annuity income streams.

## Aged care strategy showing numerous proof points

### 20%

Increase in Care EBITDA compared to pcp



### \$9,500+

EBITDA per bed (\$8,800 for FY2020)

### \$17,600

EBITDA per bed including care suite development margin and resale gains (\$15,900 for FY2020)

Group occupancy has increased

### 92.4%

(91.5% for FY2020)

### Premiumisation

10m2021 premium care revenue

### \$13.1m

11.9% increase on the full 12 months of FY2020 (\$11.7m)



### Premium care revenue growth

is driven by increased DMF capture (\$9.5m in 10m2021 vs \$7.8m in FY2020).

### 54%

of our care portfolio is now premium beds or care suites

## Record sales volumes despite only 10 month period

Sales volumes for both i) new sales; and ii) resales for 10m2021 were above all previous 12 month financial years (to 31 May) on record back to FY2012<sup>1</sup>.

Total ORA sales in 10m2021

### 388

Increase of 33 unit and care suites (355 for FY2020)

New sales

### 194

(189 in FY2020)

Resales

### 194

(166 in FY2020)



### 75%

New sales outside Auckland (~55% in pcp and FY2020)

Care suite resale margin

### 19%

(12% in both pcp and FY2020)

Average apartment resale price now

### \$688,000

in line with pcp and FY2020 (\$684k)

Development margin of

### 26%

- consistent with previous guidance that margins would moderate as we sell down new developments at regional sites.

1. Note: Most of the sales volumes comparisons in this section are comparing the 10 month period to 31 March (10m2021) with the 12 month period FY2020

# 10 month trading highlights (continued)



Developments continue to be delivered on time and we have supplemented our pipeline with two new acquisitions.

## Development pipeline progress

### 217 units and care suites delivered across 3 sites

in the 10 month period with guidance unchanged despite the change in balance date.

### 394<sup>1</sup> villas, apartments and care suites currently under construction

in Auckland, Hamilton, Tauranga, Hawke's Bay and Nelson.

### 221 units and care suites

on track to be delivered in FY2022.

### Total development pipeline of 1,956 units and care suites

with 74.5% of this pipeline consented.

## Successful acquisitions and capital raise

### Successful \$100m equity raise

in March 2021 (\$80m institutional placement and \$20m retail offer).

The placement and retail offer were both oversubscribed.

Proceeds will be used to settle two acquisitions:

### Waterford on Hobsonville

**Point;** a village with 64 existing villas, 36 existing apartments and surplus land to develop ~60 units / care suites.

**Franklin in Pukekohe;** a 44 bed care facility sitting on 2.0 hectares that Oceania previously operated under lease from the Methodist Mission. Also acquired 4.1 hectares of adjoining land. The site will contain ~215 units and care suites when complete.

## Final dividend declared

Final dividend per share announced of **2.1 cents per share** (not imputed<sup>2</sup>) bringing total dividend for the year to 3.4 cents per share.

### 55% pay out ratio of Underlying NPAT

for the 10 month period in line with Board policy.

Record date of 8 June 2021.

Payment date of 22 June 2021.

Dividend Reinvestment Plan available.

1. 7 sites as at 31 March 2021.

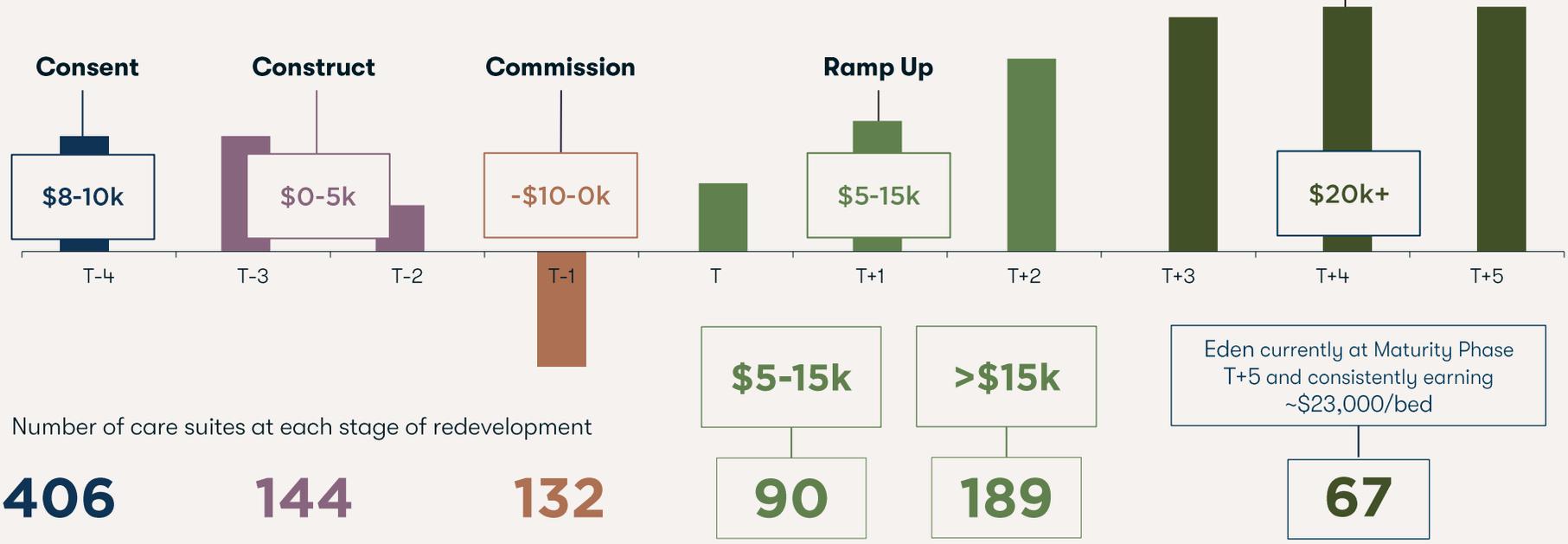
2. The dividends are not imputed due to the availability of existing tax losses.

# Update on our strategy



## Care

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



## Village

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

Consented	Under construction	Completed
659	250	639

# Update on our developments

## Development progress in 10m2021

### Developments completed

- Green Gables (61 care suites, 28 apartments) completed in Nelson.
- The Bellevue in Christchurch (71 care suites, 22 apartments) completed.
- 35 apartments at The BayView Stage 2a completed.

217

Units & care suites completed in 10m2021

### Developments commenced

- Waimarie Street in St Heliers, Auckland (31 care suites, 79 apartments).

394

Units & care suites under construction as at 10m2021

## Future development on track

### FY2022 scheduled completion

- Eden (49 apartments) completed in April 2021 (post 10m2021).
- Gracelands (18 villas) scheduled to complete 2HY2022.
- 39 apartments at The BayView Stage 2b scheduled to complete in 2HY2022.
- Lady Allum (113 care suites) scheduled to complete 2HY2022.

75%

Of the total pipeline is either under construction or consented

### FY2022 developments commencing

- 57 care suites at Redwood in Blenheim scheduled to commence in 1HY2022.

221

Units & care suites scheduled for completion in FY2022

7

Projects under development as at 10m2021

# Developments completed

217 units and care suites completed in the 10 months to March 2021

## Green Gables

Nelson

Completed in September 2020

 28  
Units

 61  
Care suites



## The BayView – Stage 2a

Tauranga

Completed in March 2021  
Stage 2b scheduled to complete 2HY2022

 35  
Units & Community centre



## The Bellevue

Christchurch

Completed in March 2021  
Stage 2 scheduled to commence 1HY2022

 22  
Units

 71  
Care suites



# FY2022 scheduled completions

221 units and care suites scheduled for completion in FY2022, including Eden and Lady Allum.  
In FY2022 we also expect to complete 39 apartments at The BayView, 18 villas at Gracelands and 2 villas at Stoke.

## Eden Auckland

Completed in April 2021



49

Units & Community centre



## Lady Allum Auckland

Scheduled to complete in 2HY2022



113

Care suites



# Other developments under construction

In total there are 394 units and care suites currently under construction, including Waimarie St and Awatere Stage 2 below

## Waimarie St Auckland

Commenced construction in 10m2021



79  
Units



31  
Care suites



## Awatere – Stage 2 Hamilton

Scheduled to complete in FY2023



63  
Units & Community centre



# Acquisitions

Waterford and Franklin to be settled in FY2022 using the proceeds of our successful \$100m capital raise completed in March 2021

## Waterford

### Hobsonville Point, Auckland

Existing 64 villas and 36 apartments with ~3,250sqm of development land. Settled in April 2022.



~60

Units & Care suites



## Franklin

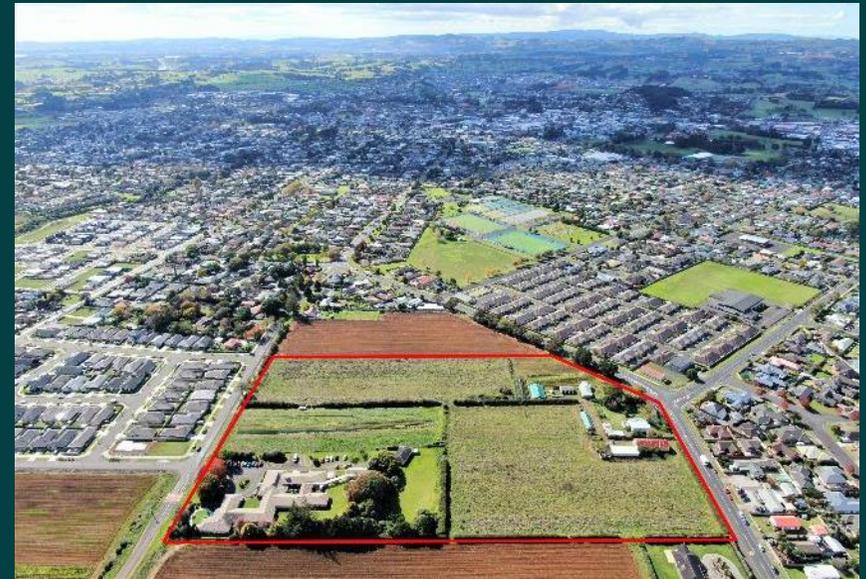
### Pukekohe, Auckland

Existing leased site (2.0 hectares) and additional adjoining land (4.1 hectares). To settle in May and June 2021.



~215

Units & Care suites



# Future outlook

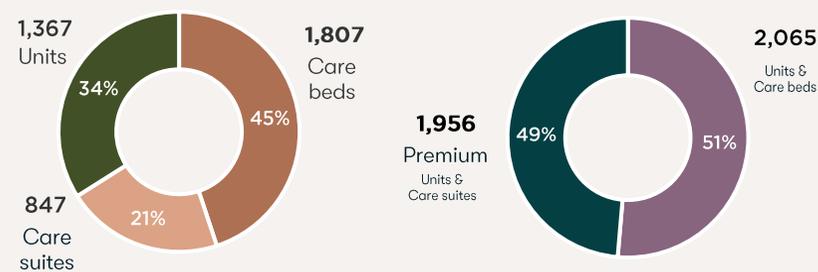


49% of our existing portfolio is now premium units and care suites as we progress to ~70% premium at the end of our current pipeline.

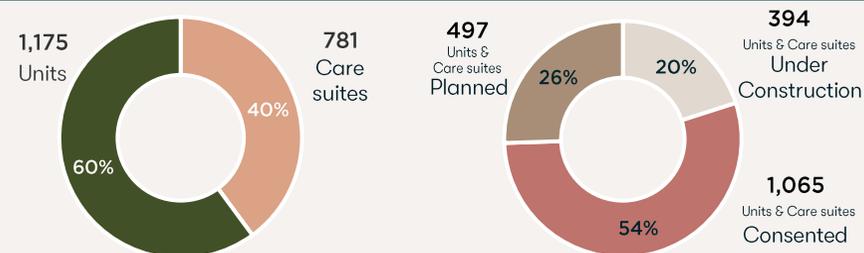
## Current & future portfolio composition – Remaining “needs” focused

	Care beds	Care suites	Units	Total
North Island	1,394	520	1,006	2,920
South Island	413	327	361	1,101
<b>Total Existing</b>	<b>1,807</b>	<b>847</b>	<b>1,367</b>	<b>4,021</b>
Development Pipeline <sup>1</sup>	-	781	1,175	1,956
Less Decommissions	(277)	(43)	(110)	(430)
Care Suite Conversions	(39)	27	-	(12)
<b>Net Development Pipeline</b>	<b>(316)</b>	<b>765</b>	<b>1,065</b>	<b>1,514</b>
<b>Total Post Development</b>	<b>1,491</b>	<b>1,612</b>	<b>2,432</b>	<b>5,535</b>

## Existing portfolio



## Development pipeline



## Post development portfolio



1. Includes 224 care studios which may be initially sold with a PAC, and may subsequently be sold under an ORA.



Income statement and  
segmental performance

Cash flow statement

Balance sheet

Capital structure

# Financial Results.

# Change in balance date

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## Focus on **10 months of trading**

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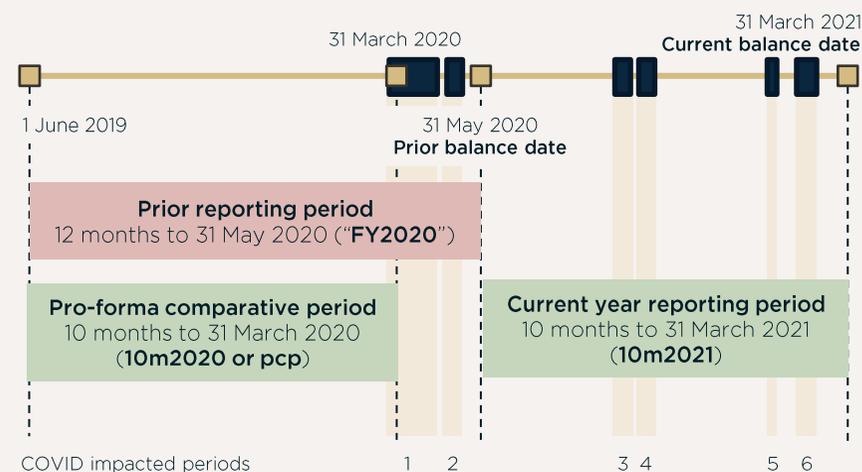
	10 months to March	
NZDm	2021	2020
Group Underlying EBITDA	56.2	52.1
Underlying NPAT	41.8	40.0

	12 months to March	
NZDm	2021	2020
Group Underlying EBITDA	67.6	75.2
Underlying NPAT	50.7	61.2

## COVID-19 impact on periods

- New Zealand has been subject to Alert Level 3 restrictions or higher for 50 days since 1 June 2019.
- In addition to national lockdowns the Auckland region has been subject to Alert Level 2.5 restrictions or higher for a further 54 days over the same period.



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# Income statement



Total Comprehensive Income for the period of \$167.8m with the largest contributor being the change in valuation assumptions driving fair value movements in IP and PP&E. The change is a reversion to assumptions prior to COVID-19.

## Summary of income statement

NZDm	10m2021	FY2020
Operating revenue	175.4	193.6
Operating expenses	(162.9)	(178.6)
Change in fair value of IP, impairment of PP&E and other <sup>1</sup>	83.3	(22.5)
<b>Operating Profit</b>	<b>95.7</b>	<b>(7.5)</b>
Finance costs	(6.8)	(6.3)
Depreciation (buildings)	(8.6)	(9.3)
Depreciation (chattels) and amortisation	(5.2)	(5.2)
<b>Profit/(loss) before Income tax</b>	<b>75.1</b>	<b>(28.3)</b>
Taxation benefit/(expense)	10.4	14.7
<b>Reported Net Profit/(Loss) after Tax</b>	<b>85.5</b>	<b>(13.6)</b>
Other Comprehensive Income	82.3	23.6
<b>Total Comprehensive income</b>	<b>167.8</b>	<b>9.9</b>

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 \$4.1m (excluded from Underlying Profit). Note Everil Orr also contributed \$1.8m to DMF revenue in the 10 months to March 2021 (\$1.5m in FY2020).

## Key IP and PP&E CBRE valuation assumption changes

Drivers	As at 10m2021		As at FY2020	
<b>Investment Property</b>				
PPGR – Long Term (low-high)	2.50%	3.50%	2.50%	3.50%
PPGR – Short Term (low-high)	0.50%	3.00%	(2.00%)	3.00%
Discount Rates (low-high)	14.00%	20.00%	14.13%	20.25%
Average Incoming Price – Villas	\$474,483		\$421,267	
Average Incoming Price – Apartments	\$840,817		\$814,160	
<b>Property, Plant and Equipment</b>				
Cap rate (low-high)	12.00%	17.00%	11.00%	17.75%
EBITDAR per bed (low-high, \$000s)	\$9.00	\$16.70	\$8.86	\$15.91
Average Incoming Price – Care Suites	\$285,995		\$268,209	

- Changes in CBRE's valuation assumptions led to positive fair value movements in IP and PPE.
- Moderation of property price growth rates at FY2020 now reversed, with short term growth rates now back at levels used prior to COVID-19, reflecting better than expected response to COVID-19 in the housing market.
- Previous increases in discount rates across sites resulting from COVID-19 now fully reversed (following partial reverse at 1HY2021).
- DMF revenue increased by 29.8% to \$31.6m in 10m2021 compared to pcp (\$24.3m) and was 8.0% greater than DMF for the full 12 months to 31 May 2020 (\$29.3m).

# Underlying earnings



Underlying EBITDA of \$56.2m for the 10 month period ended 31 March 2021.

## Reconciliation of underlying adjustments

NZDm	10m2021	FY2020
<b>Reported Net profit after tax</b>	<b>85.5</b>	<b>(13.6)</b>
less: Change in fair value of investment property and impairment of PPE	(86.5)	5.6
add: Impairment of goodwill	1.2	0.5
add: Realised gains on resales	17.9	11.5
add: Realised development margin	23.8	34.3
less: Deferred tax	(10.4)	(14.7)
Add: Care suite depreciation	6.2	6.0
add: Rental expenses in relation to right of use asset <sup>1</sup>	4.1	19.2
add: Other <sup>2</sup>	(0.1)	0.1
<b>Underlying NPAT</b>	<b>41.8</b>	<b>48.9</b>
add: Depreciation and amortisation (buildings)	2.4	3.3
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	5.2	5.2
add: Finance costs	6.8	6.1
<b>Underlying EBITDA</b>	<b>56.2</b>	<b>63.5</b>

## Segmental underlying adjustments

NZDm	10m2021	10m2020	Var	FY2020
Aged Care (ex. care suite margins)	18.4	15.4	3.1	20.0
Retirement Village (incl. care suite margins)	55.1	51.4	3.6	61.3
Other	(17.4)	(14.8)	(2.6)	(17.8)
<b>Underlying EBITDA</b>	<b>56.2</b>	<b>52.1</b>	<b>4.1</b>	<b>63.5</b>

- Underlying EBITDA for 10m2021 was \$4.2m (8.0%) above pcp.
- This period we report Underlying NPAT on a basis that adds back depreciation on care suites (with FY2020 also restated in the table opposite). This decision was made to better reflect the economic substance of our asset base and assists with comparability to our peers (peers treat care suites as investment property for accounting purposes and therefore do not depreciate).
- Higher interest costs resulted from completed developments.

1. Rental expense of \$4.1m in 10mMarch 2021 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 financial statements for further detail.

# Care segment



Our premiumisation strategy is delivering increased EBITDA per bed, with a 18% increase over pcp (\$9,569 vs \$8,129 in pcp). This increase is driven by increased DMF as our ramp up sites sell down and continue to mature; we recorded more DMF in 10m2021 than the 12 months in FY2020.

## Aged care underlying EBITDA

NZDm	10m2021	10m2020	Var	FY2020
Total aged care operating revenue	147.1	136.4	10.7	164.2
Total aged care expenses	(128.6)	(121.0)	(7.6)	(144.2)
<b>Aged Care Underlying EBITDA</b>	<b>18.4</b>	<b>15.4</b>	<b>3.1</b>	<b>20.0</b>
EBITDA per care bed / suite (all sites) <sup>1</sup>	<b>9,569</b>	<b>8,129</b>	<b>1,440</b>	<b>8,803</b>

Plus: Other aged care related earnings included within the Village Segment <sup>2</sup>				
Care suite development margin	9.2	12.0	(2.8)	12.9
Care suite resale gains	6.4	2.7	3.7	3.2
<b>Total Aged Care related Underlying EBITDA</b>	<b>34.0</b>	<b>30.1</b>	<b>3.9</b>	<b>36.1</b>
Total Aged Care related Underlying EBITDA per bed / suite (all sites)	17,659	15,334	2,325	15,893

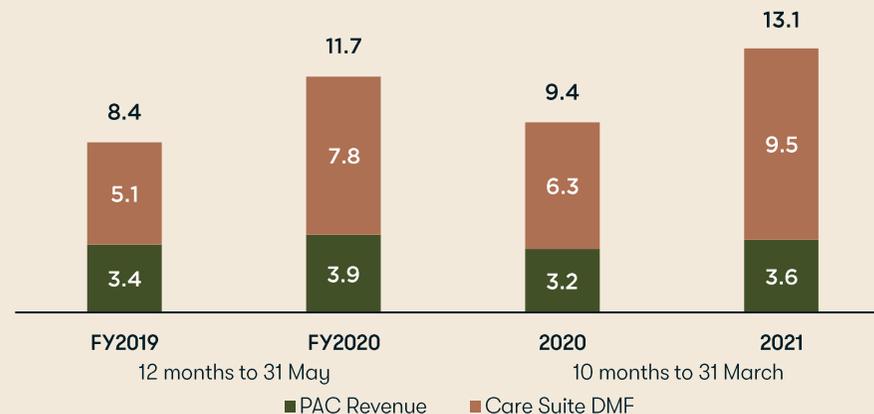
1. Based on all occupied beds across all care sites, including facilities that are ramping up / down as a result of past / future development.

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.

## Occupancy rates



## Premium revenue NZDm



# Village segment



Record sales volumes despite 10 month period. Village performance driven by increased DMF over both pcp and FY2020.

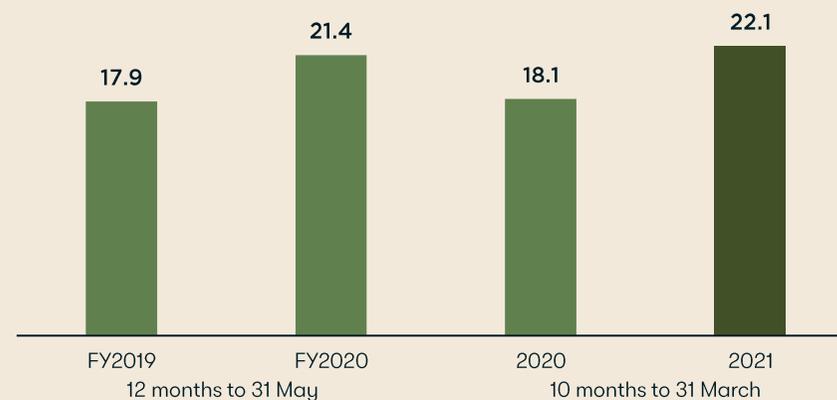
## Village underlying EBITDA

NZDm	10m2021	10m2020	Var	FY2020
Villa and apartment DMF	22.1	18.1	4.0	21.4
Retirement village service fees	5.2	5.0	0.2	6.0
Other revenue	2.4	2.7	(0.3)	3.4
<b>Total retirement village operating revenue</b>	<b>29.7</b>	<b>25.8</b>	<b>4.0</b>	<b>30.8</b>
Realised gains on resales	17.9	10.4	7.5	11.5
Realised development margin	23.8	28.6	(4.6)	34.3
Village site operating expenses	(14.3)	(12.5)	(1.8)	(15.0)
Resident share of capital gains	(2.0)	(0.9)	(1.2)	(0.3)
<b>Total retirement village expenses</b>	<b>(16.4)</b>	<b>(13.4)</b>	<b>(3.0)</b>	<b>(15.3)</b>
<b>Retirement village Underlying EBITDA</b>	<b>55.1</b>	<b>51.4</b>	<b>3.9</b>	<b>61.3</b>
Total resale volume	194	148	46	166
Total new sales volume	194	161	33	189
<b>Total sales volume</b>	<b>388</b>	<b>309</b>	<b>79</b>	<b>355</b>

## Less: Aged care related earnings included within the Village Segment

Care suite development margin & resale gains	(15.6)	(14.7)	(0.9)	(16.1)
<b>Village Underlying EBITDA (ex. care)</b>	<b>39.7</b>	<b>36.7</b>	<b>3.0</b>	<b>45.2</b>

## Villa and apartment DMF revenue NZDm

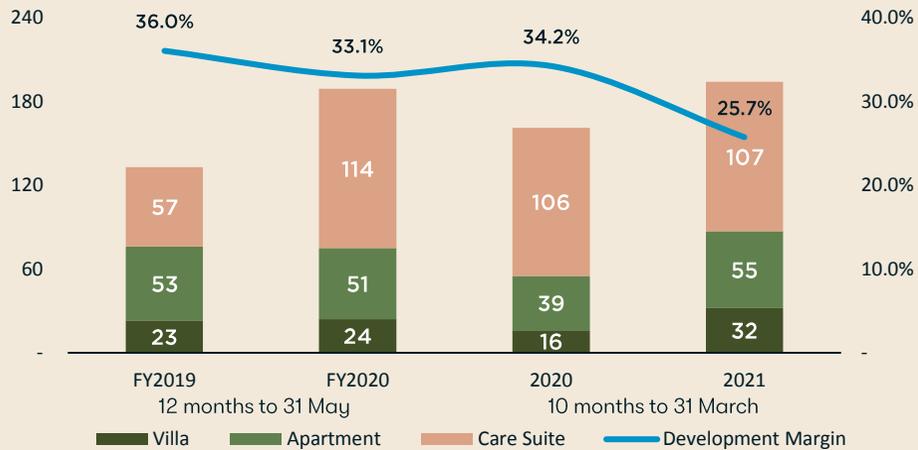


- Sales volume for both i) new sales; and ii) resales for 10m2021 was above all previous financial years (to 31 May) on record back to FY2012.
- Total 388 sales in 10m2021, a 25.6% increase on pcp and 9.3% increase on the full 12 months in FY2020.
- Continue to see strong growth in DMF in the Village segment as developments sell down and resales occur at a higher price point.
- See further analysis of margins and volumes on the following pages.

# Developments – key indicators

Development margin of 26% in 10m2021 as new sales comprised of a larger proportion of regional sales, in line with previous guidance.

New sales volumes and margins



Average new sales prices  
NZD000s



Gross new units delivered

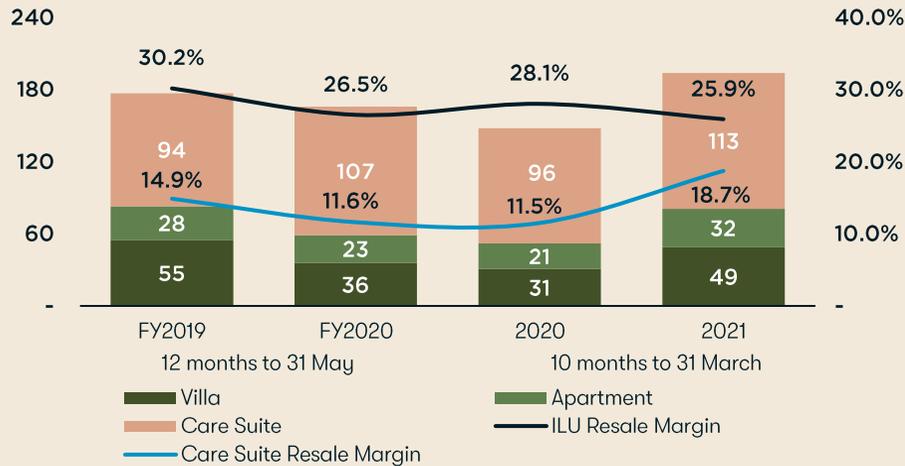
Units	12 months to 31 May			10m2021
	FY2018	FY2019	FY2020	
Villas	39	-	60	-
Apartments	62	113	26	85
Care suites	30	159	90	132
<b>Total</b>	<b>131</b>	<b>272</b>	<b>176</b>	<b>217</b>

- 132 care suites completed during 10m2021 (61 at Green Gables and 71 at The Bellevue).
- 85 apartments completed at The BayView (35), Green Gables (28) and The Bellevue (22).
- 221 units and care suites are scheduled to complete in FY2022.
- In FY2020 we guided that “margins are expected to moderate going forward as we sell down sites in regional areas”. 75% of new sales in 10m2021 were outside of Auckland (55% pcp; 54% FY2020 and 35% FY2019).
- Key regional new sales sites included Gracelands (villas and care suites); Green Gables (apartments and care suites); Elderslea (villas); The BayView (care suites); and Awatere (care suites).
- Average apartment price decrease to \$952k (\$1.1m in pcp) represents the impact of lower sales prices for apartments at Green Gables in Nelson.
- Average price of care suites also includes the sale of care suite conversions at other locations including Eldon, Atawhai, and Holmwood.

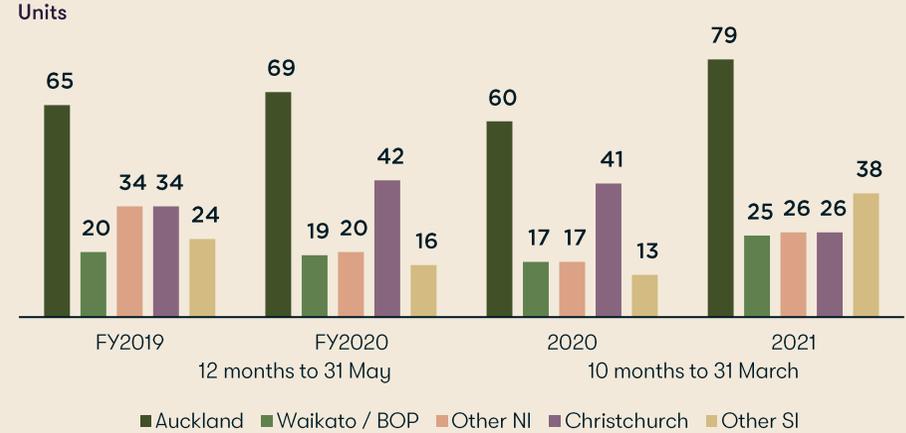
# Resales – key indicators

Resale prices increased for all ORA products over pcp and FY2020, most noticeably for villas and care suites. The increase in care suite pricing was reflected in resale margins, increasing to 18.7%.

Resales volumes and margins



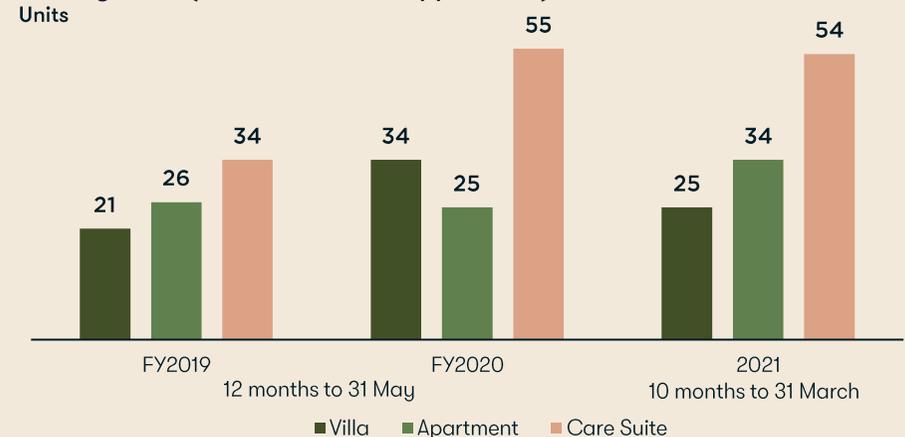
Resales volume regional breakdown



Resales prices  
NZD000s



Closing stock (incl. stock under application) – Resales



# Cash flow



Strong operating cash flow of \$96.0m for 10m2021 compared to \$99.4m for the 12 months of FY2020. Operating cash flow was driven by first time sales proceeds of \$92.7m.

## Statement of cash flows

NZDm	10m2021	FY2020
Receipts from customers	142.3	163.0
Payments to suppliers and employees	(153.3)	(178.0)
Rental payments in relation to right of use asset	(4.1)	(19.2)
Receipts from new ORA	171.4	181.3
Payments for outgoing ORA	(52.2)	(40.3)
Net interest	(8.0)	(7.4)
<b>Net cash inflow from operating activities</b>	<b>96.0</b>	<b>99.4</b>
Payments for PPE and intangible assets	(36.3)	(40.4)
Payments for investment property & investment property under development	(66.0)	(95.5)
<b>Net cash outflow from investing activities</b>	<b>(102.3)</b>	<b>(136.0)</b>
Proceeds from borrowings	90.3	166.3
Repayment of borrowings	(218.5)	(112.6)
Dividend paid	(6.3)	(22.2)
Proceeds from bond & share issues (net of transaction costs)	203.1	-
<b>Net cash inflow from financing activities</b>	<b>68.5</b>	<b>31.5</b>
<b>Net increase in cash and cash equivalents</b>	<b>62.3</b>	<b>(5.1)</b>
Cash & equivalents at beginning of period	17.6	22.8
<b>Cash and cash equivalents at end of period</b>	<b>79.9</b>	<b>17.6</b>

- First time sales receipts at development sites of \$92.7m (c.f. \$121.4m in FY2020) drove strong operating cash flow for 10m2021.
- The rental payment of \$4.1m 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 spend was impacted as development sites were progressively ramped up in the months following the COVID-19 Level 4 lockdown.

## Operating cash flow NZDm



# Balance sheet



Total assets increased by \$335m from FY2020 driven by growth in the value of retirement village and care properties.

## Balance sheet

NZDm	As at 10m2021	As at FY2020
<b>Assets</b>		
Cash and trade receivables	127.6	59.3
Property, plant and equipment	604.1	490.0
Investment properties and right of use asset	1,141.5	988.6
Intangible assets	10.6	10.8
<b>Total assets</b>	<b>1,883.7</b>	<b>1,548.7</b>
<b>Liabilities</b>		
Refundable occupation right agreements	618.4	535.4
Borrowings and lease liability <sup>1</sup>	338.8	338.5
Other liabilities	91.3	79.7
<b>Total liabilities</b>	<b>1,048.5</b>	<b>953.5</b>
<b>Equity</b>		
Contributed Equity	675.6	588.4
Retained Deficit	(85.4)	(155.9)
Reserves	245.0	162.7
<b>Total equity</b>	<b>835.2</b>	<b>595.2</b>
<b>Net tangible assets</b>	<b>824.6</b>	<b>584.4</b>

## Net adjusted value (“NAV”)

NZDm	As at 10m2021	As at FY2020
Property, plant and equipment (including WIP)	604.1	490.0
Investment property (including WIP)	1,141.5	988.6
<b>Sub Total</b>	<b>1,745.6</b>	<b>1,478.6</b>
less: Investment property ORA Gross Up	(481.9)	(431.8)
less: Adjustment for CBRE – care suites	(106.5)	(77.3)
add: Other	(15.1)	(8.4)
<b>CBRE plus WIP</b>	<b>1,142.1</b>	<b>961.0</b>
less: Net Debt	(258.9)	(322.1)
<b>Net Adjusted Value</b>	<b>883.2</b>	<b>639.0</b>
Shares on Issue	689.3	618.1
<b>Net Adjusted Value per Share</b>	<b>1.28</b>	<b>1.03</b>

- NAV of \$1.28 per share as at 10m2021. NAV experienced similar movement between periods as NTA, driven primarily by the increase in valuation of retirement village and care properties.
- 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 \$11.5m as at 31 March 2021 (\$13.0m as at FY2020).

# Capital structure



Gearing of 23.9% as at 31 March 2021. Inaugural Retail Bond issuance (\$125m) and Equity Raise (\$100m) were well received and successfully completed with significant oversubscriptions. \$80m of cash held at 31 March 2021 to be applied to the acquisitions of Waterford and Franklin.

## Net debt

Debt facilities	Facility limit	Drawn amount (31 March 2021)	Headroom
General / corporate	\$85.0m	-	\$85.0m
Development facility	\$265.0m	\$204.9m	\$60.1m
Retail Bond – OCA010	\$125.0m	\$125.0m	-
Cash	n/a	(\$79.9m)	\$79.9m
<b>Total limits / net borrowings</b>	<b>\$475.0m</b>	<b>\$250.0m</b>	<b>\$225.0m</b>
Finance leases	n/a	11.5	n/a
<b>Total net debt</b>		<b>\$261.5m</b>	

## Debt tenor profile - Maturing debt (NZDm)



## Credit metrics

Period ending	As at 10m2021	As at FY2020
Net debt	\$261.5m	\$322.1m
Net debt / (net debt + equity)	23.9%	35.1%
Loan to value ratio	30.7%	33.3%

- In March 2021 Oceania announced an equity raise that included an \$80m Institutional Placement (successfully completed prior to 31 March balance date) and a \$20m Retail Offer (successfully completed in April 2021).
- The cash balance as at 10m2021 reflects the receipt of proceeds from the Institutional Placement (\$80m) which will subsequently be applied to settle the acquisitions of Waterford (\$56m) and Franklin (\$17.5m).
- In October 2020 Oceania successfully completed its inaugural Retail Bond issuance of \$125m (including full \$50m of oversubscriptions), providing diversity of funding and tenor.
- 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.
- A third facility, “Facility C”, was obtained from Oceania’s banking syndicate in April 2020 and provided \$70m of additional liquidity amidst the uncertainty of COVID-19. This facility remained undrawn and was cancelled in full upon issuance of the Retail Bond. The net impact of the bond issuance on total facility limits was therefore a \$55m increase to \$475m.



# Appendices.

- 01 Portfolio summary
- 02 Development pipeline
- 03 Reconciliation of portfolio movements
- 04 Summary of unit sales
- 05 Embedded value
- 06 Capital expenditure
- 07 Reconciliation of resales cash flow
- 08 Definition of Underlying NPAT
- 09 Glossary
- 10 Important notice and disclaimer

# 01 Portfolio summary



Portfolio summary as at 31 March 2021.

Facility	Region	Care beds	Care suites	Village units	Total
<b>NORTH ISLAND</b>					
Totara Park	Rodney	-	-	30	30
The Sands	North Shore	-	44	64	108
Greenvally 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	-	63	193	256
Wesley	Auckland	51	-	-	51
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	40	130
Whitianga	Whitianga	53	-	10	63
Elmswood	Tauranga	38	-	-	38
The BayView	Tauranga	-	81	95	176
Ohinemuri	Paeroa	68	-	8	76
Victoria Place	Tokoroa	51	-	-	51
St Johns Wood	Taupo	37	25	18	80
Wharerangi	Taupo	47	-	21	68
Duart	Hastings	66	-	-	66
Eversley	Hastings	50	-	6	56
Gracelands	Hastings	81	11	101	193
Atawhai	Napier	58	25	46	129
Woburn	Hawke's Bay	33	-	-	33
Eldon	Paraparaumu	88	9	-	97
Elderslea	Upper Hutt	102	22	12	136
Heretaunga	Upper Hutt	38	20	-	58
Hutt Gables	Upper Hutt	-	-	46	46

Facility	Region	Care beds	Care suites	Village units	Total
<b>SOUTH ISLAND</b>					
Marina Cove	Picton	-	-	22	22
Green Gables	Nelson	-	61	40	101
Otumarama	Nelson	32	7	-	39
Stoke	Nelson	-	-	114	114
Whareama	Nelson	71	-	-	71
Redwood	Blenheim	45	16	46	107
Woodlands	Tasman	30	20	36	86
Holmwood	Christchurch	29	17	-	46
Middlepark	Christchurch	33	21	-	54
Palm Grove	Christchurch	31	54	32	117
The Oaks	Christchurch	69	36	32	137
The Bellevue (formerly Windermere)	Christchurch	-	71	39	110
Addington Lifestyle	Christchurch	73	24	-	97

<b>TOTAL (NORTH AND SOUTH ISLANDS)</b>	<b>1,807</b>	<b>847</b>	<b>1,367</b>	<b>4,021</b>
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# 02 Development pipeline



Development pipeline status as at 31 March 2021.

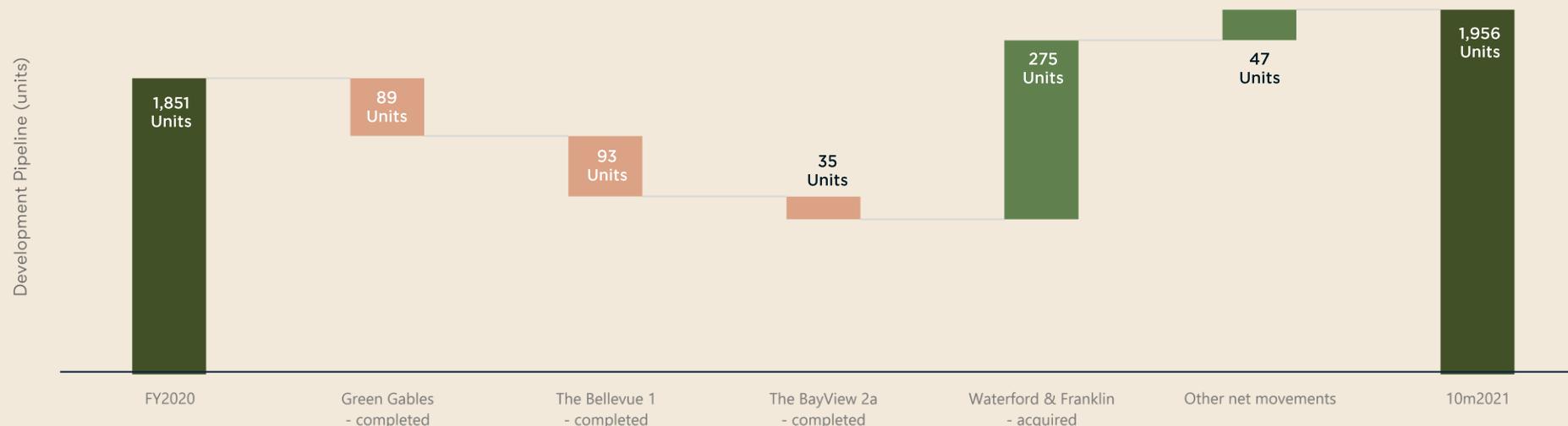
Sites	Stage	Status	ILUs	Care suites	Gross units	Net units	Notes
Meadowbank	Stage 6	Consented	-	36	36	36	
Awatere (formerly Trevellyn)	Stage 2	Under Construction	63	-	63	63	Scheduled for completion FY2023
	Stage 3	Consented	71	-	71	71	
The BayView (formerly Melrose)	Stage 2b	Under Construction	39	-	39	39	Scheduled for completion FY2022
	Stages 3-6	Consented	137	-	137	137	
The Bellevue (formerly Windermere)	Stage 2	Consented	46	-	46	29	
Eden		Under Construction	49		49	49	Completed in April 2021 (post 10m2021 balance date)
Lady Allum	Stage 1	Under Construction		113	113	(17)	Scheduled for completion FY2022
	Stage 2	Consented	69		69	69	
	Stage 3	Consented	68		68	68	
Gracelands	Stage 3	Under Construction	18		18	18	Scheduled for completion FY2022
Eversley		Consented		58	58	52	
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		Under Construction	79	31	110	110	Commenced construction in 10m2021
Other	Hawkes Bay	Planned	26	46	72	72	
	Nelson	Planned	29		29	12	2 villas currently under construction at Stoke, Nelson
	Auckland	Planned	110	108	218	218	
	Various	Consented	31	212	243	171	
	Various	Planned	22	77	99	48	
<b>Total Consented/under construction</b>			<b>907</b>	<b>550</b>	<b>1,457</b>	<b>1,106</b>	
<b>Total Pipeline</b>			<b>1,175</b>	<b>781</b>	<b>1,956</b>	<b>1,526</b>	

# 03 Reconciliation of portfolio movements



	As at FY2020	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	As at 10m2021 <sup>1</sup>
<b>Existing</b>								
Care beds	1,882	(36)	(39)					1,807
Care suites	679	(1)	37		132			847
Units	1,285	(3)			85			1,367
<b>Pipeline</b>								
Care beds	(439)						123	(316)
Care suites	714				(132)	220	(37)	765
Units	1,048				(85)	102		1,065
<b>Total</b>	<b>5,169</b>	<b>(40)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>322</b>	<b>86</b>	<b>5,535</b>

## Movements in gross pipeline since FY2020



1. Changes in capacity and pipeline include forecast care suite conversions in the pipeline. Totals as at 31 March 2021 reconcile to both the total existing and future post development portfolios on slide 13.

# 04 Summary of unit sales



New Sales	12 months to 31 May					10 months to 31 March 2021
	2016	2017	2018	2019	2020	
Villa	17	17	26	23	24	32
Apartment	20	20	47	53	51	55
Care suite	23	15	27	57	114	107
Total	60	52	100	133	189	194
Average development margin	19.2%	22.9%	33.5%	36.0%	33.1%	26.0%

Resales	12 months to 31 May					10 months to 31 March 2021
	2016	2017	2018	2019	2020	
Villa	79	57	75	55	36	49
Apartment	52	32	26	28	23	32
Care suite	62	62	79	94	107	113
Total	193	151	180	177	166	194
Average resale margin	25.5%	27.4%	27.9%	24.6%	19.6%	22.8%

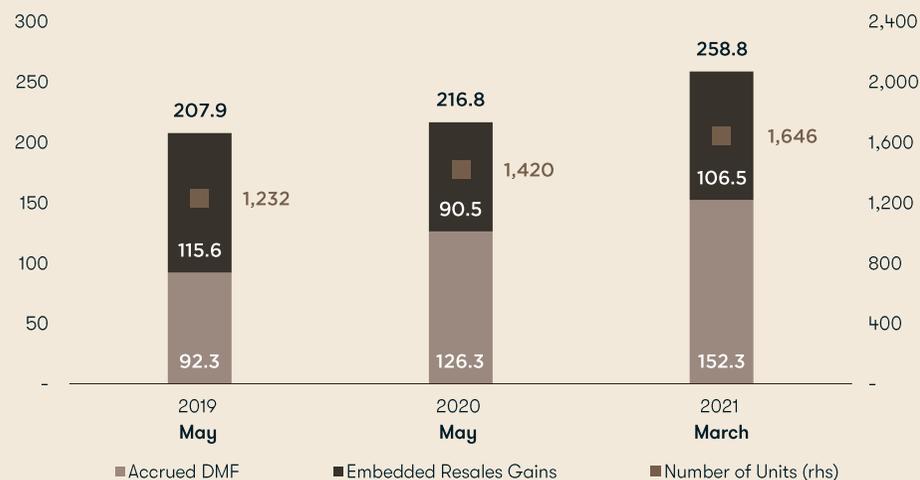
Average resale gain per unit / care suite	12 months to 31 May					10 months to 31 March 2021
	2016	2017	2018	2019	2020	
Villa	107,131	116,316	135,888	140,164	122,972	144,296
Apartment	74,852	106,653	116,096	144,211	168,691	139,094
Care suite	27,665	42,100	47,089	35,931	29,734	56,558
Average resale gain	72,906	83,795	94,056	85,449	69,207	92,332

# 05 Embedded value



The embedded value in our portfolio has increased 19.4% from FY2020 to \$258.8m as at 31 March 2021 and will underpin the future realisation of cash flows from deferred management fees and resale gains.

## Embedded Value NZDm



- Embedded value in Oceania’s portfolio is \$258.8m, up 19.4% on FY2020.
- Embedded value includes:
  - \$152.3m of DMF cash flows to be realised; and
  - \$106.5m 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	As at 10m2021	As at FY2020	As at FY2019
Estimated sale/resale price of all units <sup>1</sup>	1,064.9	923.9	829.4
less: Unsold stock <sup>2</sup>	(248.8)	(234.3)	(250.4)
less: Resident liabilities (contractual)	(557.3)	(472.9)	(371.1)
<b>equals: Embedded value</b>	<b>258.8</b>	<b>216.8</b>	<b>207.9</b>

1. Calculated as the current/estimated sale or resale price of all units/care suites as determined by CBRE.

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.

# 06 Capital expenditure

Development capital expenditure in 10m2021 impacted by COVID-19 as sites ramped back up in the early months of the period.

## Breakdown of Capital Expenditure

NZDm	10m2021	FY2020
Acquisitions	1.9	-
Development capital expenditure	87.5	117.3
Remediation expenditure	-	-
Care conversion & premium room upgrades	1.8	4.6
Maintenance capital expenditure		
- Aged care	4.5	5.8
- Retirement village	3.8	3.5
- IT and other	2.7	4.7
<b>Total conversion and maintenance</b>	<b>12.8</b>	<b>18.6</b>
<b>Total capex per statutory cashflow statement</b>	<b>102.3</b>	<b>135.9</b>
Assets under finance leases	-	2.3
<b>Total capex (incl. assets under finance leases)</b>	<b>102.3</b>	<b>138.3</b>

# 07 Reconciliation of resales cash flow



## Reconciliation of resales cash flow

NZDm	10m2021	FY2020
Receipts from New ORAs	171.4	181.3
less: Payments for Outgoing ORAs	(52.2)	(40.3)
less: Cash Inflow From New Sales	(92.7)	(121.4)
<b>Net Resales Cash flow</b>	<b>26.5</b>	<b>19.6</b>
<b>Made up of:</b>		
Resale Gains	17.9	11.5
DMF Realised	14.1	11.0
add: Net Deferred Cash Settlements	(1.3)	0.0
less: Development Buybacks	(2.7)	(2.0)
less: Net Buybacks <sup>1</sup>	(0.7)	(0.3)
less: Resident Share of Capital Gains	(0.7)	(1.4)
less: Other Cash amounts paid/received from resales	(0.1)	0.7
<b>Net Cash flows from Resales</b>	<b>26.5</b>	<b>19.6</b>

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

# 08 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 losses 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;
- Adding back depreciation on care suites; 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 are determined on a pro-rated basis using gross floor areas of the ORA units and care suites;
- An apportionment of land valued based on the gross floor area of the ORA units and care suites developed. The value for Brownfield development land is the estimated fair value of land at the time a change of use occurred (from operating as a care facility or retirement village to a development site), as assessed by an external independent valuer. Greenfield development land is valued at historical cost; and
- Capitalised interest costs to the date of project completion apportioned using the gross floor area of ORA units and care suites developed.

Development costs do not include:

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

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

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

# 09 Glossary



## Care suite

A room or studio certified for the provision of care by the Ministry of Health which has been licensed under an ORA.

## 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.

## FY20XX

**12 month** audited financial year. For the purposes of this presentation, FY20XX will always refer to financial years ended 31 May 20XX, as they have been defined in previous disclosures.

## ILU

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

## IP

Investment Property.

## IPO

Initial Public Offering (of shares in Oceania).

## NPAT

Net Profit After Tax.

## 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.

## pcp

**10 month** period ended 31 March 2020 (i.e. the “prior corresponding period” to the 10 month period ended 31 March 2021).

## 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.

## Unit

Includes independent villas and apartments.

## WIP

Work in progress.

## 10m20XX

**10 month** period of trading. For the purposes of this presentation, 10m20XX will always refer to 10 month trading periods ended 31 March 20XX.

# 10 Important notice and disclaimer



This presentation has been prepared solely by Oceania Healthcare Limited ("Oceania"). You must read this disclaimer before making any use of this presentation and the accompanying material or any information contained in it ("Document").

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.

The information set out in this Document is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Oceania for the period ending 31 March 2021. Please refer to the Financial Statements for the period ended 31 March 2021 that have been released along with this presentation.

The information in this presentation does not purport to be a complete description of Oceania. In making investment decisions, investors must rely on their own examination of Oceania, including the merits and risks involved. Investors should consult their own legal, tax and/or financial advisors in connection with any acquisition of financial products.

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