Introduction to Oceania

OCEANIA
HEALTHCARE

Purpose of Document

OCEANIA HEALTHCARE

- This document provides some background information on Oceania and the New Zealand aged care industry to assist investors.
- It should be read in conjunction with Oceania's annual reports and financial statements.
- Further information is available on our website at www.oceaniahealthcare.co.nz
- Please contact Matthew Ward (Chief Financial Officer) or Craig Mathews (Corporate Development Manager) with any information requests

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1

Oceania at a Glance

SECTION 1

Oceania by numbers

OCEANIA HEALTHCARE

We are a **"care focused"** operator and developer of aged care facilities and retirement villages in New Zealand

Formed In **2005**

NEW ZEALAND based

43 Operating Facilities

+3 Non-operating development sites

BROWN FIELDS Developer

5 Sites under development at FYE2018

DEVELOPMENT PIPELINE at FYE2018

2,129

BEDS & UNITS

BUILD RATE

250+ p.a. completed to FY2021	300+ p.a. completed FY2022-24

2 Operating segments

AGED CARE

"Care"
Assisted Living Services (ALS)

2,604

BEDS

RETIREMENT VILLAGE

"Village"
Independent Living Units (ILU)

1,089

UNITS

Standard Beds — Government Funded

PAC Beds — Premium Charge

Care Suites

Villas

Apartments

Occupation Right Agreement (ORA)

DAILY RATE

3 YEAR DEFERRED MGMT FEE (DMF)

Oceania's portfolio

OCEANIA HEALTHCARE

We are a **"care focused"** operator and developer of aged care facilities and retirement villages in New Zealand

Current & future portfolio composition – Remaining "needs" focused

	CARE		VILLAGE	OCEANIA
	Assisted Living		Independent	
	Care Beds	Care Suites[3]	Units	Total
North Island	1,727	220	784	2,731
South Island	537	120	305	962
Total Existing[1]	**2,264**	**340**	**1,089**	**3,693**
Development Pipeline[3]	0	867	1,262	**2,129**
Less Decommissions	(497)	(43)	(108)	(648)
Care Suite Conversions	(194)	156	(15)	(53)
Net Development Pipeline[2]	**(691)**	**980**	**1,139**	**1,428**
Total Post Development[4]	**1,573**	**1,344**	**2,225**	**5,121**

Oceania's site locations

1. Comprising 43 operating facilities and 3 undeveloped sites. Facility numbers as at 31 October 2018.
2. Current and planned developments
3. Includes 523 care studios which may be initially sold with a PAC, and may subsequently be sold under an ORA

Oceania's offering

OCEANIA HEALTHCARE

Oceania is recognised as a high quality provider of Aged Care services in New Zealand, and its offering includes both standalone and integrated facilities

OCEANIA HEALTHCARE

	Aged Care		Retirement Village
	Care beds	Care suites	Units
Overview	Residential Aged Care including rest home, hospital and dementia level healthcare Dedicated clinical healthcare team delivering strong clinical care and governance		Independent living in Apartment and Villa accommodation, predominantly in close proximity to Aged Care facilities High proportion of new facilities are located in prime urban locations across New Zealand
"Annuity" earnings	Government care fee providing 80% of income, supplemented by premium accommodation charges (PACs)		ORA provides attractive funding model (effectively recycles capital), with annuity-like DMF revenue recurring throughout assets' lifecycle
Growth	Resale gains from existing Care Suites and growth in PACs Gross development pipeline of ~900 Care Suites / Beds, with over 500 consented / under construction		Resale gains from existing Units Gross development pipeline of over 1,200 Units, with over 800 consented / under construction

Our key business strengths

OCEANIA HEALTHCARE

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

AGED CARE

1. Recognised **leader** in **clinical care**
2. Clear **growth strategy** in **aged care**
3. Attractive **demographic trends and industry structure** – especially in the care segment

DEVELOPMENT

4. Highly **cashflow and value accretive brownfield development** projects in key urban locations
5. Growing **development track record** and capability

CORPORATE & GOVERNANCE

6. **Established** corporate **platform** with **strong governance**

Oceania's investment proposition

OCEANIA HEALTHCARE

Our business model supports a combination of dividend yield with long term growth

Yield

- Total dividend of 4.70 cps for FY2018 – **4.20% yield (gross)** based share price of $1.12 (13 July 2018)
- **Robust cash generation from**:
  - stable "needs-based" care service (80% sourced from government)
  - "annuity-like" DMF earnings from mature village portfolio.

Growth

Increase in portfolio from ~4,000 to 5,400 units as brownfields sites redeveloped over approximately 7 years

Transformation of care portfolio through **premium charging** and **care suite** model (change from 34% of beds to 62%) over this period

Development cashflows from existing brownfields landbank - 61% already consented

Trail income from care earnings and **DMF** from developments

FY2018 Operational highlights

OCEANIA HEALTHCARE

We exceeded the IPO Forecasts for FY2018, increased earnings by over 50%, and continued to execute our key developments and operational initiatives.

Aged Care Strategy & Operations

Operational excellence and clear growth strategy in aged care

- Supreme Winner Overall Excellence in Care Award for the third consecutive year for innovative "I Love Music" programme
- Continued strong MoH audit results with 28% of facilities at 4 years, all others at 3 years (up from 20% at 4 years as at May-17)

NZ Aged Care Association
SUPREME WINNER
2015 & 2016

OVERALL EXCELLENCE IN CARE AWARD
2015, 2016 & 2017

Development Pipeline

Development pipeline enhanced and current projects on track

131
Units & care suites completed on time and on cost during FY2018

272
On track to be delivered in FY2019

451
Units & care suites under construction at FYE2018 in Auckland, Hamilton, Tauranga & Nelson

2,129
Total development pipeline units and care suites at FYE2018

30%
Above pipeline at IPO

61%
of pipeline consented

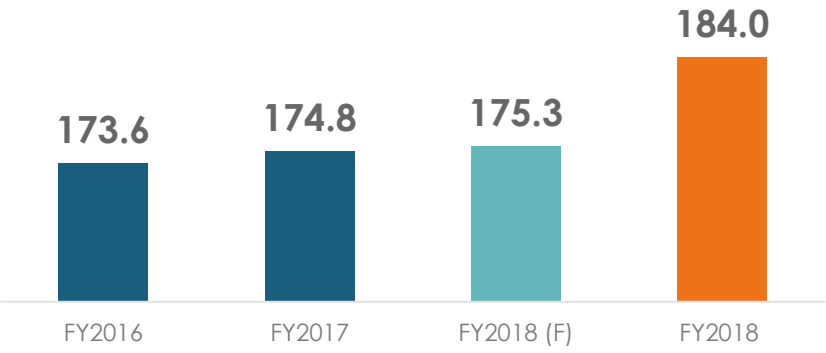
FY2018 Financial highlights

OCEANIA HEALTHCARE

Reported NPAT and Underlying NPAT were ahead of FY2017 and the IPO Forecasts. Total assets as at FYE2018 approximately $1.15b

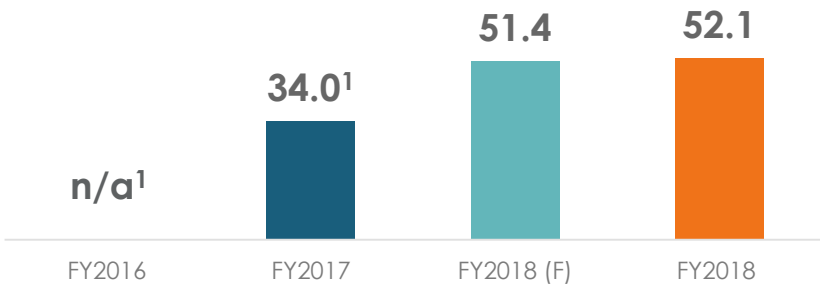
Operating Revenue

NZ$m



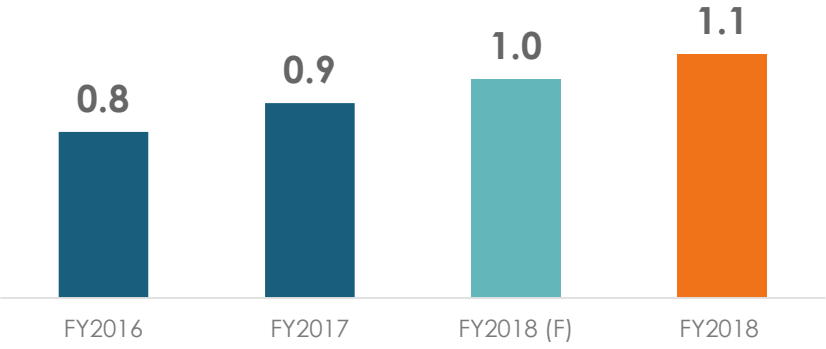
Underlying NPAT[1]

NZ$m



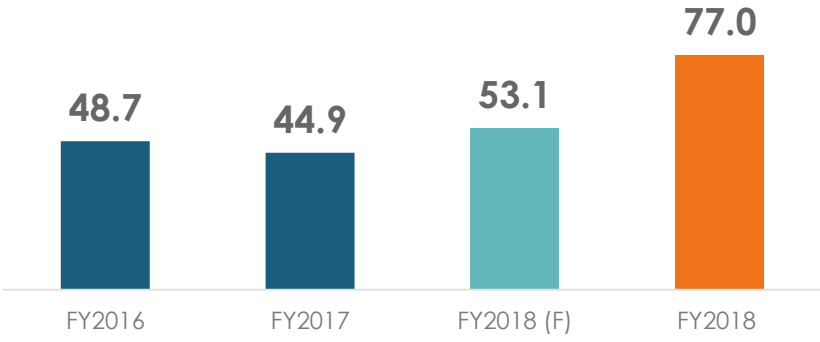
Total Assets

NZ$b



Reported NPAT

NZ$m



1. Underlying Net Profit After Tax includes pro forma adjustments in FY2017. Pro forma Underlying Net Profit After Tax for FY2016 was not included in the Product Disclosure Statement dated 31 March 2017 for the Initial Public Offering because of the different capital structure in place before the Initial Public Offering

The Sands, Auckland

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Oceania's Board and Management Team

SECTION 2

Directors

OCEANIA HEALTHCARE

Elizabeth Coutts

Chair and Independent Director

BMS, FCA

Liz Coutts has been a Director of Oceania since 5 November 2014 and was appointed Chair in 2014. Liz is also the Chair of Ports of Auckland Limited and Skellerup Holdings Limited, and a director of EBOS Group Limited.

Liz is President of the Institute of Directors NZ Inc. and a Fellow of Chartered Accountants Australia and New Zealand. She was made an Officer of the New Zealand Order of Merit in 2016.

Liz has previously been Chief Executive of Caxton Group, Chairman of Meritec Group Limited, Industrial Research Limited and Life Pharmacy Limited, Deputy Chairman of Public Trust, and a Commissioner of both the Commerce Commission and Earthquake Commission. She has been a Director of Sanford Limited, Ravensdown Fertiliser Cooperative, the Health Funding Authority, PHARMAC, Air New Zealand, Sport and Recreation New Zealand and Trust Bank New Zealand, and a member of both the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants and the Monetary Policy Committee of the Reserve Bank of New Zealand.

Liz is a member of the Audit Committee, the Remuneration Committee and the Clinical and Health & Safety Committee.

Alan Isaac

Independent Director

BCA, FCA, FICS

Alan Isaac has been a Director of Oceania since 1 October 2015. Alan is a professional director with extensive experience in accounting, finance and governance. He is currently Vice President of the Institute of Directors NZ Inc and is Chairman of McGrath Nicol & Partners and New Zealand Community Trust. He is also a former President of the International Cricket Council. Alan is a Director of Scales Corporation Limited and Skellerup Holdings Limited. He is also a Board member of the Wellington Free Ambulance.

Alan is a former national Chairman of KPMG, and was made a Companion of the New Zealand Order of Merit (CNZM) in 2013. He is a Fellow of Chartered Accountants Australia and New Zealand.

Alan is Chair of the Audit Committee and is a member of the Remuneration Committee.

Kerry Prendergast

Independent Director

MBA (VUW), NZRN, NZM

Kerry Prendergast has been a Director of Oceania since 22 December 2016. Kerry is a professional director. She was Mayor of Wellington (2001-2010) and is currently a director on the boards of Compass Health and Wellington Free Ambulance, and is the Chair of Tourism New Zealand, the Environmental Protection Authority and the NZ Film Commission.

For 25 years Kerry was an independent midwife after training as a general nurse in 1970, and consequently gaining a Diploma in Intensive Care.

Kerry was made a Companion of the New Zealand Order of Merit (CNZM) in 2011.

Kerry is Chair of the Clinical and Health & Safety Committee.

Directors

OCEANIA HEALTHCARE

Sally Evans

Independent Director
BHSc, MSc,
FAICD, GAIST

Sally Evans has been a Director of Oceania since 23 March 2018. Sally has over 30 years' experience in the private, government and social enterprise sectors in Australia, New Zealand, the United Kingdom and Hong Kong.

Sally currently chairs the social enterprise LifeCircle and is a Non-Executive Director of ASX-listed Gateway Lifestyle Operations Limited. She has previously held Directorships on the boards of Opal Specialist Aged Care and Blue Cross Aged Care, was an inaugural member of the Australian Federal Government's Aged Care Financing Authority and held executive roles as Healthcare Director at the FTSE Compass Group plc and Head of Aged Care at AMP Capital.

Sally is chair of the Remuneration Committee and a member of the Clinical and Health & Safety Committee.

Patrick McCawe

Non-Executive Director
BCA (Hons),
MBA, CA

Patrick McCawe has been a Director of Oceania since 16 February 2017. Patrick is a Division Director in the MIRA business based in Sydney and joined the Macquarie Group in 1996.

Patrick has 36 years' experience across corporate treasury, investment banking and infrastructure funds management. Patrick was Head of Investment Banking at Macquarie New Zealand from 2002 to 2006 and was a Director of Metlifecare Limited from 2005 to 2007. He has also been a Director of several MIRA-managed companies in Australia and Asia and is a member of Chartered Accountants Australia and New Zealand.

Hugh FitzSimons

Non-Executive Director
BEc
LLB (Hons)
(Syd)

Hugh FitzSimons has been a Director of Oceania since 25 October 2012. Hugh is a Division Director in the MIRA business. Hugh has worked with MIRA for 14 years in Sydney and New York, prior to which he worked at Allens for three years. Hugh is currently a Director of Hobart Airport and Genesee & Wyoming Australia, and was a Director of Regis Healthcare from 2012 to 2013. He has also been on the board of several MIRA investments in the transport sector in the USA and is a member of the NSW Law Society.

Hugh is a member of the Remuneration Committee and is a member of the Audit Committee.

Gregory Tomlinson

Non-Executive Director
AME

Greg Tomlinson has been a Director of Oceania since 23 March 2018. Greg is a Christchurch domiciled businessman and investor with experience in a variety of New Zealand industries. One of the original pioneers of the aquaculture industry in Marlborough, he has also established construction and aged care businesses.

Greg established Qualcare before it was sold into the Oceania Group in early 2008 and he was a director of Oceania Healthcare from 2008 until 2016. Greg holds directorships on the boards of a number of New Zealand based companies and is currently a director of Heartland Bank Limited.

Executive management team

OCEANIA HEALTHCARE

The Executive Management Team has 75 years of combined aged care experience

Earl Gasparich

Chief Executive Officer

BCom, LLB (Hons),
FCA (Chartered Accountants New Zealand & Australia)

Earl joined Oceania as CEO in 2014 and has previous experience in the retirement village sector in the role of Chief Financial Officer of Qualcare.

Over the past 15 years, Earl has held three executive management positions in service-based companies and has a proven track record of creating stakeholder value through leadership, cultural change, and sustained growth underpinned by a very strong work ethic.

Earl is a qualified Lawyer and Chartered Accountant, and was awarded Fellowship status from the New Zealand Institute of Chartered Accountants in 2014. He also volunteers on the Boards of a number of charities, providing necessary governance and a significant contribution to the strategic direction of organisations involved in the provision of community services.

Matt Ward

Chief Financial Officer

BCom, LLB,
CFA
Charterholder

Matt was appointed Chief Financial Officer in 2009 and has over 12 years of experience in the aged care and retirement industry.

Prior to joining Oceania, Matt spent three years working in the MIRA team dedicated to Oceania that completed the various mergers and acquisitions that formed Oceania. Matt also had prior banking and legal roles at ANZ Bank and Buddle Findlay.

Jill Birch

General Manager Sales, Marketing and Villages

BMS

Jill Birch joined Oceania in February 2014. She has 25 years marketing, sales and general management experience working with brands such as KFC, DB Breweries and Sky City Entertainment Group. Jill played a key directional role in the development of large projects (including the building of the Grand Hotel and Convention Centre in Auckland) during her ten years at Sky City.

Executive management team

OCEANIA HEALTHCARE

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

Barbara Sangster

General Manager Nursing & Risk
DipNursing

Barbara was appointed as General Manager Aged Care in 2012, following over three years leading the Clinical and Quality team at Oceania. Barbara is a Registered Nurse with over 25 years nursing and management experience in the public sector (Counties Manukau DHB) and aged care sector.

Mark Stockton

General Manager Property
MCIOB,
NZIOB

Mark was appointed as General Manager Property in 2014. He has over 30 years of construction project and development management experience, was previously GM Development for Qualcare and has been involved in the aged care sector since 2005. Mark is a member of the Chartered Institute of Building in the UK, a member of the New Zealand Institute of Building and a Licensed Building Practitioner.

Anna Thorburn

General Counsel & Company Secretary
BA, LLB (Hons)

Anna joined Oceania in 2012. She has over 15 years legal experience and previously worked as a senior solicitor at Russell McVeagh where she was involved in the acquisition of the businesses that subsequently formed Oceania.

Aged Care Industry in New Zealand

SECTION 3

Aged care – attractive demographics

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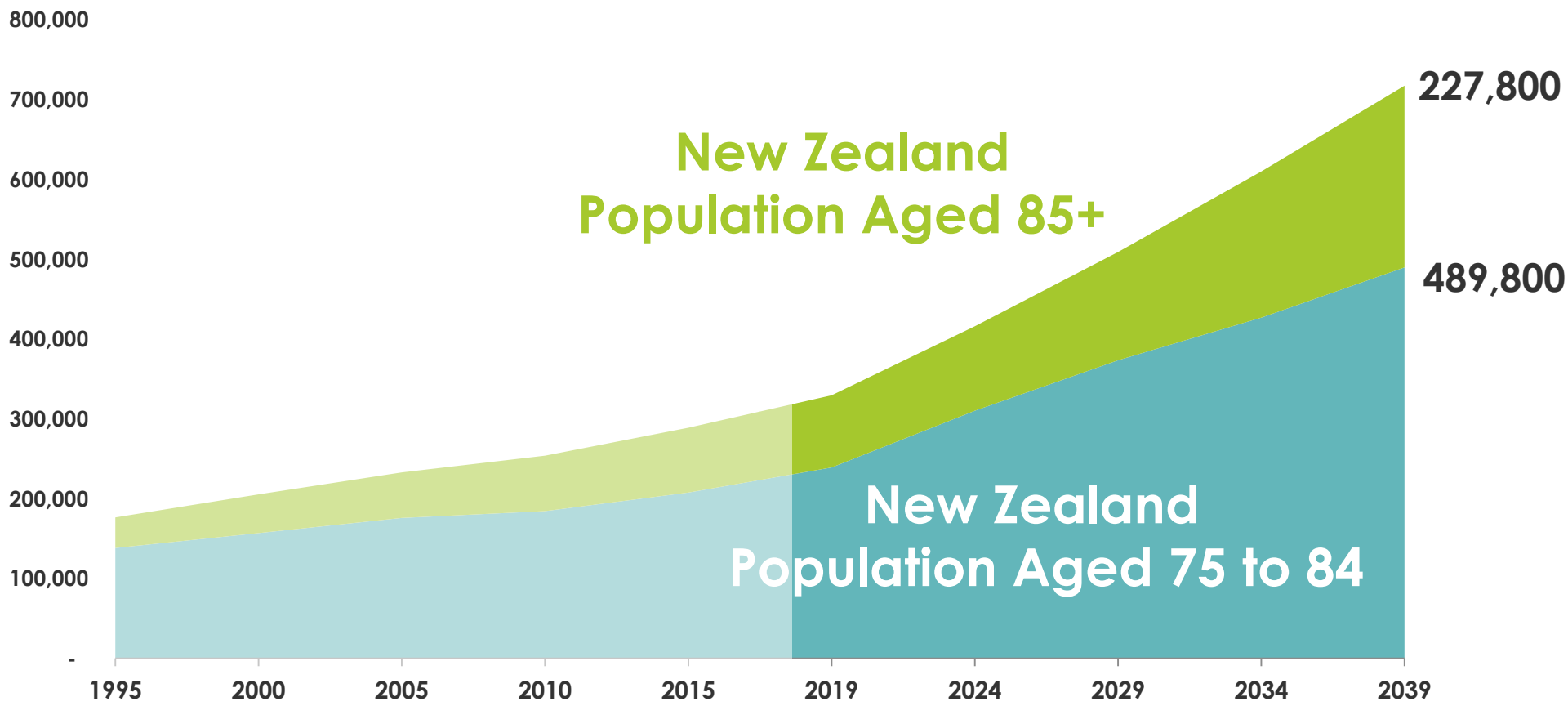
Demand for aged care is set to more than double in the next 20 years

Estimated population growth[1]

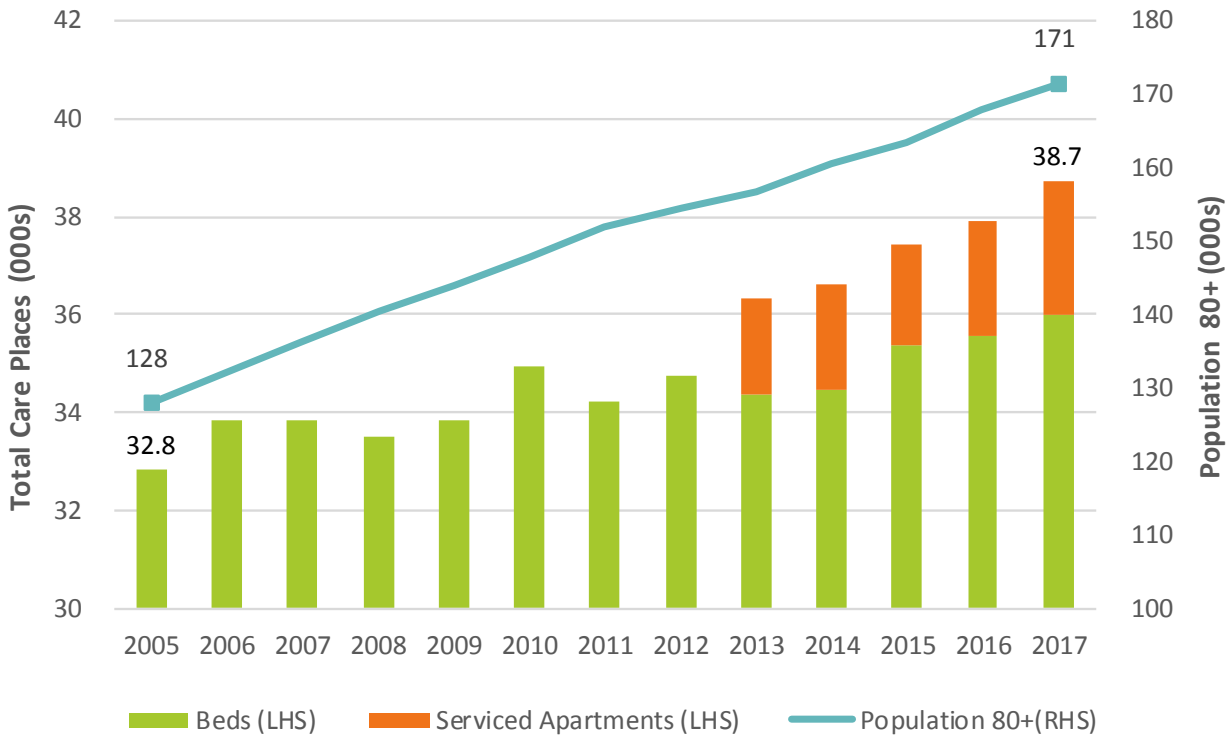


1. Statistics New Zealand population forecasts as at March 2017.

Aged care supply – not keeping up with population growth

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

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



Low net build rate of care beds

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

1. Ministry of Health & Statistics New Zealand Data

Aged care demand – outstripping supply

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

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

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

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

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

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

Stable regulatory framework in NZ

OCEANIA HEALTHCARE

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

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

Comparison with Aged Care in Australia

OCEANIA HEALTHCARE

Relative level of funding may provide upside for New Zealand Aged Care providers

	Australia	New Zealand
Levels of care	• Government contribution depends on level of care required and is determined using the Aged Care Funding Instrument • Funding based on level of care required under three criteria; Activities of Daily Living ('ADL'), Behaviour, and Complex Health Care ('CHC')	• Three key segments of care; rest home, hospital and dementia • DHBs pay a subsidy to Aged Care providers based on patients care segment
Funding model	**Funding Sources** • Operational funding for care services including Government funding, Government regulated resident contributions and daily accommodation payments • RAD (capital funding). Percentage of Japara, Regis and Estia's portfolio paying their accommodation via RAD in FY16 was 60%, 45%, and 76% respectively[1] • The overall pool of accommodation bonds / RADs held in the industry increased from A$4.3bn in 2004/2005 to A$21.9bn in December 2015[2] **Funding by service type** • Clinical care – predominantly Government • Daily living services – residents • Accommodation – residents (if they have the means) • Extra / Premium services - residents	**Funding Sources** • Operational funding for care services including a Government residential care subsidy, resident funded care fees and PACs • DMF – residents contribute capital via an occupancy advance (Care Suites) **Funding by service type** • Clinical care – predominantly Government • Daily living services – predominantly Government • Accommodation – predominantly Government • Extra / Premium services - residents
Funding level	• Average industry EBITDA per bed A$10k[2]. • Comprises Government subsidy, resident daily charges, premium charges and accommodation charges • Excludes RADs which average A$377k[2].	• Average industry EBITDAR[3] per: – Rest home bed = $6,073 – Hospital bed = $9,475 – Dementia bed = $9,076 • Comprises Government subsidy, resident fees and PACs

1. Of residents who pay the full or partial cost of their accommodation. Excludes residents paying a combination of RAD / DAP. 2. ACFA Report on the Funding and Financing of the Aged Care Industry – 31 July 2016, Australian Government, Department of Health and Ageing. 3. "Aged Residential Care Services Review" Grant Thornton September 2014

Regulatory overview

OCEANIA HEALTHCARE

Australian reform has been caused by matters specific to the ACFI framework, while the New Zealand funding regime is expected to remain stable

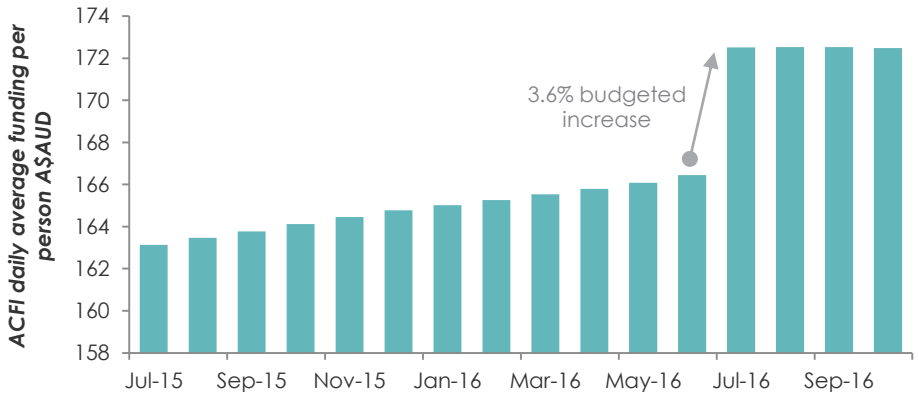
Australia

- Funding for Aged Care residents in Australia vary from person to person depending on their individual needs as determined by the Aged Care Funding Instrument (ACFI) scoring matrix
- Due to much higher than anticipated growth in funding claims, the Government increased the estimate of its expenditure on residential aged care by a combined total of AU$3.8 billion to 2019-20[1]
- In response to this much higher than anticipated growth in ACFI expenditure, the Government announced a range of measures in the 2016-17 Budget to mitigate this growth and bring it back to more sustainable levels over a 10-year period

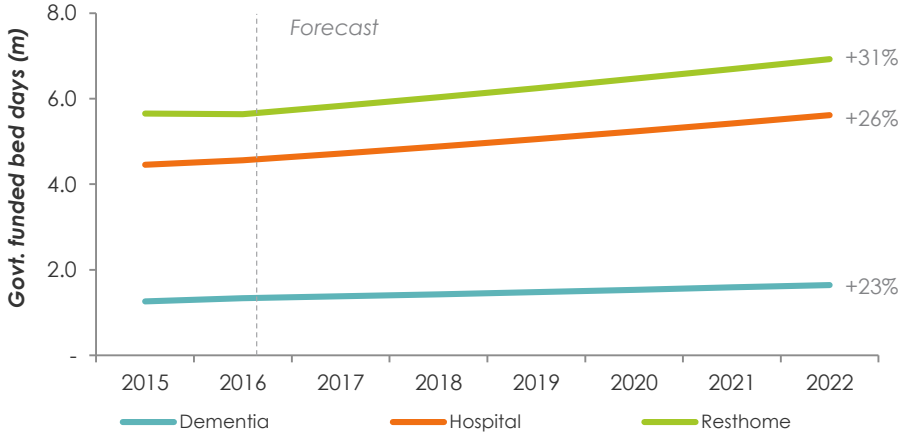
New Zealand

- The New Zealand system does not have the same "individual scoring matrix" concept, and therefore the system is less vulnerable to unanticipated growth in funding claims
- The Government continues to be supportive of the private Aged Care sector, recognising the increasing need for supply and putting in place Healthy Ageing Strategy in 2016
- Government funded bed days for dementia, hospital and rest home care are expected to increase by 31%, 26% and 23% respectively from 2016 to 2022[4]

ACFI expenditure actual v projected[3]



Growth in Funded bed days[4]

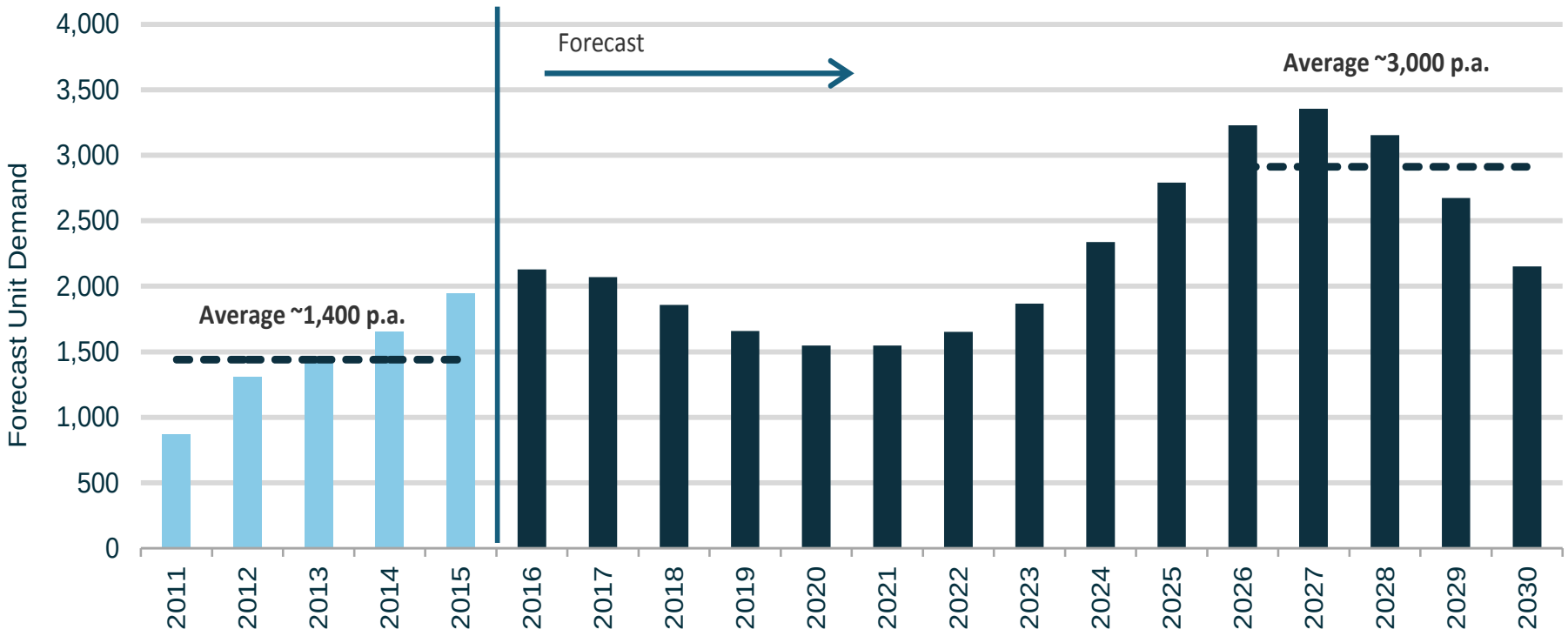


1. Between 2015-16 and 2016-17 budgets. 2. Australian Government Mid-Year Economic and Fiscal Outlook 2016-17. 3. ACFI Monitoring Reports. 4. New Zealand Aged Care Association: Aged Care Demand Model 2017 Update. 5. NZ Treasury projections.

Growth in Retirement Village demand

OCEANIA HEALTHCARE

Significant increase in demand expected for RV and aged care services



- Ave per annum demand is 2,200.
- CBRE estimates that there are 18,000 units in developers' pipelines, the highest number ever recorded and equivalent to 51 per cent of existing stock.

Source: CBRE, 2017

Meadowbank Village, Auckland

4

Oceania's Business Model

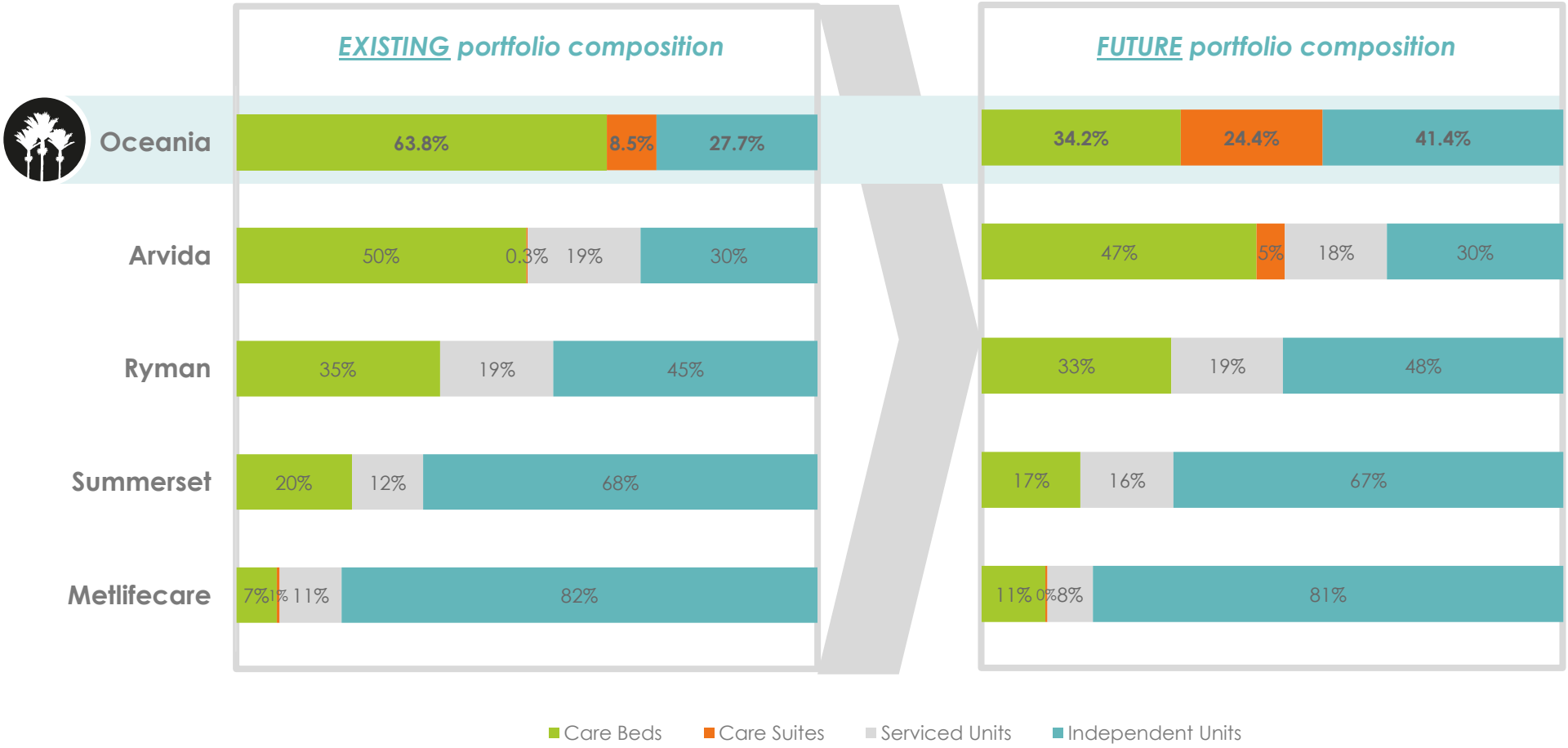
SECTION 4

Oceania's strategic positioning

OCEANIA HEALTHCARE

Our **focus is aged care** with a growing retirement village business

Comparison to other listed New Zealand operators



Source: Results presentations of other operators

Oceania business model

OCEANIA HEALTHCARE

Oceania has revenue diversity arising from occupancy-based fees in aged care/care suites, property-linked income in units/care suites, and development gains on new builds

Aged Care Beds

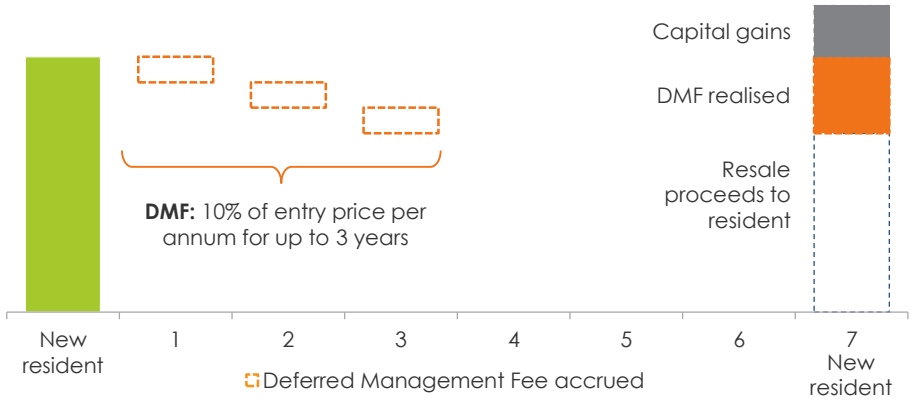
- Predominantly government-funded daily care fees
- Resident funded PACs for superior rooms
- Consistent cash flow stream

District Health Board ('DHB') → $ Per day → DHB assessors determine the eligibility of individuals to receive DHB contributions

Resident → PACs (private care payment) → Premium accommodation (above DHB standard)

Retirement Village Units[1]

- Up-front ORA cash flow from resale of ORA unit
- Oceania is entitled to any capital gains on resale to the new incoming resident[2]
- DMF of 10% of entry price per annum for up to three years[2] which is netted off against resale proceeds returned to the resident at the end of the contract
- Residents also pay weekly fees which cover village rates, insurance and ongoing maintenance



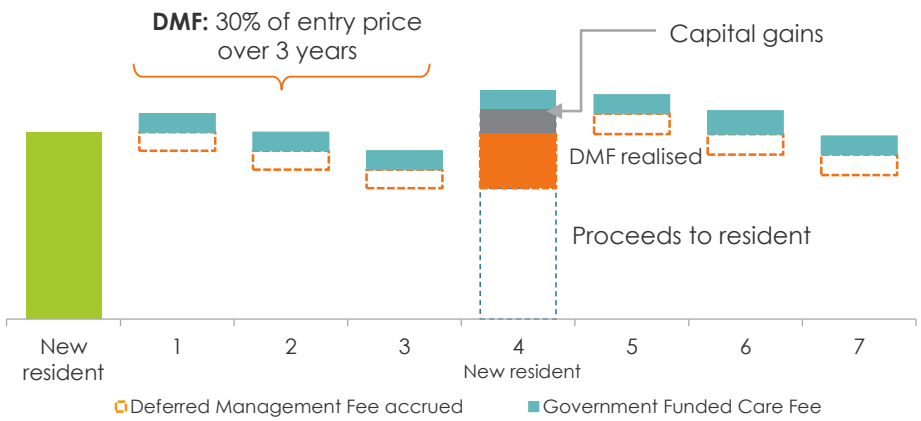
1. Please note graphs are illustrative only. X axis represents assumed tenure in years. 2. On most Oceania contracts.

Oceania business model

Oceania has revenue diversity arising from occupancy-based fees in aged care/care suites, property-linked income in units/care suites, and development gains on new builds

Care Suites

- Combination of government funded daily care fees, DMF and capital gains under ORA contract
- DMF of 30% of entry price accrued over three years[2] which is netted off against proceeds returned to the resident at the end of the contract
- Oceania is entitled to any capital gains on resale to the new incoming resident[2]
- This will increase our earnings per bed from $13k per bed to closer to $20k a bed (including DMFs)



Development Projects

- Medium term target build rate of 250 new Units and Care Suites per annum
- Target development margin of 20 - 30%

1. Please note graphs are illustrative only. X axis represents assumed tenure in years. 2. On most Oceania contracts.

Care Suite Model

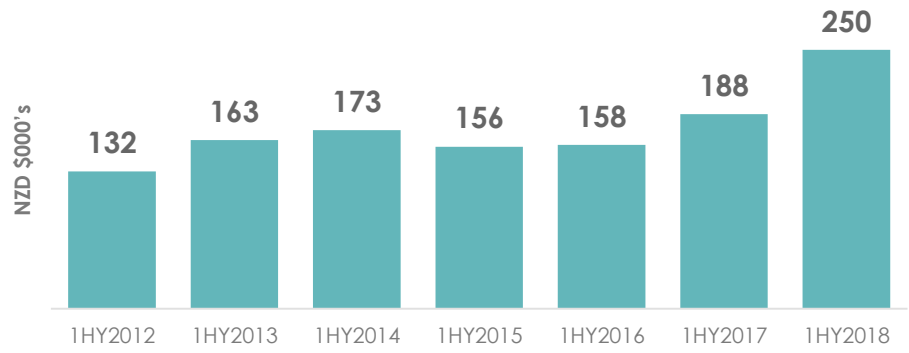
OCEANIA HEALTHCARE

Our Care Suite model utilises the economics of both the Aged Care and Retirement Village business models

Care Suites

- Premium product fully certified by the Ministry of Health for the provision of care services up to hospital level
- Typically 22-34m2 with ensuite and modest kitchenette
- All future aged care residences will be developed using the Care Suite model, i.e. able to be sold under ORAs, with smaller residences initially sold with PACs to accelerate facility occupancy
- Diversified revenue streams: Government funded care fee + annuity-like DMF + realised capital gains earned under ORA
- We are converting existing stock to Care Suites either by selling ORAs over existing premium beds with minimal capex ($15-20k) or the conversion of standard rooms ($80-100k)1 that fully recover capex – see Woodlands example on slide 29
- Significant increase in resale prices since first pioneered in NZ

Care Suite Resales Prices



1. Excluding common spaces

Care Suite Economics

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The sale of an ORA on a care bed is essentially the capitalisation of an alternative daily PAC and enables capital to be recycled

Government Funding

- **All care beds** (standard, PAC and care suite) receive a daily **government funded payment** dependent upon the:
  - **Level of care** required (hospital, rest home or demetia); and
  - **Assets of the resident** (i.e. means tested)

Standard Beds | PAC Beds | Care Suites

CHARGES FOR ACCOMMODATION THAT EXCEEDS MINIMUM STANDARD

Daily premium charge: PAC Bed

- **Government funded daily care fee plus daily premium accommodation charge (PAC)** met by the resident for premium room that exceeds minimum standard of care (i.e. larger room with kitchenette and / or ensuite provided)
- **Similar to DAP model** in Australia

OR

ORA Contract with DMF: Care Suite

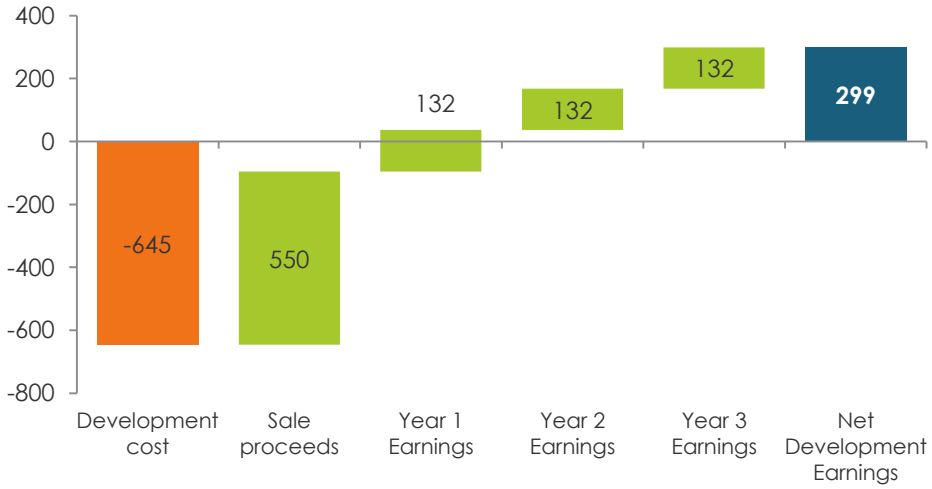
- **Combination** of **government funded daily care fees**, **DMF** and **capital gains** under ORA contract
- Oceania does **not charge** a weekly village fee or **PAC** for care suites (i.e. **DMF and capital gains in lieu** of daily PAC)
- **DMF of 30% of entry price** accrued over three years which is netted off against proceeds returned to the resident at the end of the contract
- **Oceania is entitled to any capital gains on resale** to the new incoming resident
- **Similar to RAD model** in Australia

Care Suite conversion – a worked example

OCEANIA HEALTHCARE

Woodlands Stage I involved the conversion of 7 resthome rooms into 5 care suites.

Woodlands Stage I conversion



- Total conversion costs were $645,000
- $550,000 was received in sale proceeds for the 5 care suites
- Incremental annual earnings of $131,500 for the new 5 care suites includes:
  - $55,000 p.a. deferred management fees; and
  - $76,500 p.a. care earnings
- The construction costs are fully repaid within 1 year post-conversion.
- Occupancy at Woodlands has increased from ~77% prior to Stage I conversion to ~87% post-Stage I

The Sands, Artist's impression

5

Developments

SECTION 5

Substantial progress executing developments

OCEANIA HEALTHCARE

We delivered our key developments during the IPO Forecast period on time and on forecast cost

Development progress in FY2018

Development completed in FY2018

- **25 villas** completed at **Elmwood** (Auckland). **10 villas** at **Stoke** (Nelson), and **4 villas** at Wharerangi (Taupo)
- **30 care suites** and **62 apartments** completed at **Meadowbank** (Auckland)

131
Care suites & units completed in **FY2018** in line with IPO Forecast

1HY2019 scheduled completion

- Stage 1 new care facility (**81 care suites**) at **The BayView** (formerly Melrose) due to complete in 1HY2019

FY2019 scheduled completion

- Stage 4 at **Meadowbank** (**34 care suites, 49 apartments**) **on track** for completion in FY2019
- **The Sands** (**44 care suites, 64 apartments**) **on track** for completion in FY2019

272
Care suites & units scheduled for completion in **FY2019**

Platform set for future development

Development commenced in FY2018

- **Trevellyn** Stage 1 (**90 care suites**) commenced in January 2018 and scheduled to complete in FY2020

FY2019 scheduled commencement

- **Green Gables** (**61 care suites and 28 apartments**) commenced in June 2018
- **Windermere** Stage 1 (**60 care suites and 22 apartments**) due to commence 2HY2019
- Stage 2 at **The BayView** (**74 apartments**) due to commence in 2HY2019
- **Gracelands** Stage 1 (**18 villas**) scheduled to commence in 2HY2019

Land acquired in FY2018

- **Further land acquired** at **Waimarie Street**, in St Heliers (site increased from 8,945m2 to 13,464m2)
- **Additional land acquired** at Eden Village, Elmwood Village and Lady Allum Village

Development pipeline

OCEANIA HEALTHCARE

We have a pipeline of 2,129 units and care suites. Of this, 1,303 units and care suites are either under construction or consented (61% of pipeline). Details of sites under construction or consented are set out below

FACILITY	LOCATION	STATUS	GROSS RESIDENCES
Meadowbank	Auckland		
Stage 4		Under Construction	83
Stage 5		Consented	26
The Sands	Auckland	Under Construction	108
The BayView	Tauranga		
Stage 1		Under Construction	81
Stage 2-5		Consented	235
Trevellyn	Hamilton		
Stage 1		Under Construction	90
Stage 2-3		Consented	134
Green Gables	Nelson	Under Construction	89
Windermere	Christchurch		
Stage 1		Consented	82
Stage 2		Consented	46
Lady Allum	Auckland		
Stage 1		Consented	142
Stage 2		Consented	69
Stage 3		Consented	68
Gracelands	Hastings		
Stage 1		Consented	18
Stage 2		Consented	15
Stage 3		Consented	17
TOTAL			**1,303**

Development pipeline

OCEANIA HEALTHCARE

SITE,	STAGE	STATUS	GROSS UNITS	NET UNITS	NOTES
Meadowbank	Stage 4	Under Construction	83	83	Expected completion May 2019
	Stage 5	Consented	26	26	
	Stage 6	Consented	36	36	Consent received July 18, not included in 1,303 consented units
The Sands (formerly Maureen Plowman)		Under Construction	108	108	Expected completion May 2019
Melrose	Stage 1	Under Construction	81	81	Expected completion 2Q19
	Stage 2-5	Consented	235	126	
Trevellyn	Stage 1	Under Construction	90	87	Construction began January 18
	Stage 2-3	Consented	134	28	
Green Gables		Under Construction	89	89	Construction began June 18
Windermere	Stage 1	Consented	82	82	
	Stage 2	Consented	46	29	
Eden		Planned	47	47	
Waimarie Street		Planned	116	116	
Lady Allum	Stage 1	Consented	142	(1)	
	Stage 2	Consented	69	69	
	Stage 3	Consented	68	68	
Gracelands	Stage 1	Consented	18	18	
	Stage 2	Consented	15	15	
	Stage 3	Consented	17	17	
Other	Hawkes Bay	Planned	115	109	
	Auckland	Planned	320	145	
	Nelson	Planned	119	30	
	Various	Planned	73	73	
Total Consented/under construction			**1,303**	**925**	
Total Pipeline			**2,129**	**1,481**	

Track record of developments delivered

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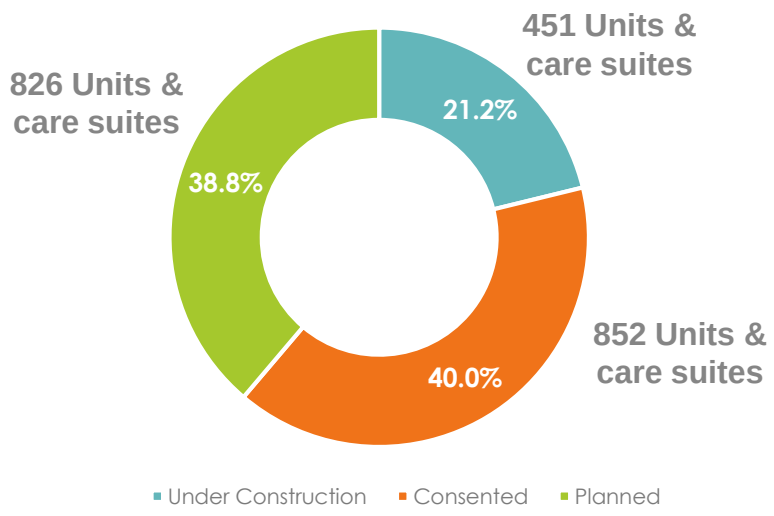
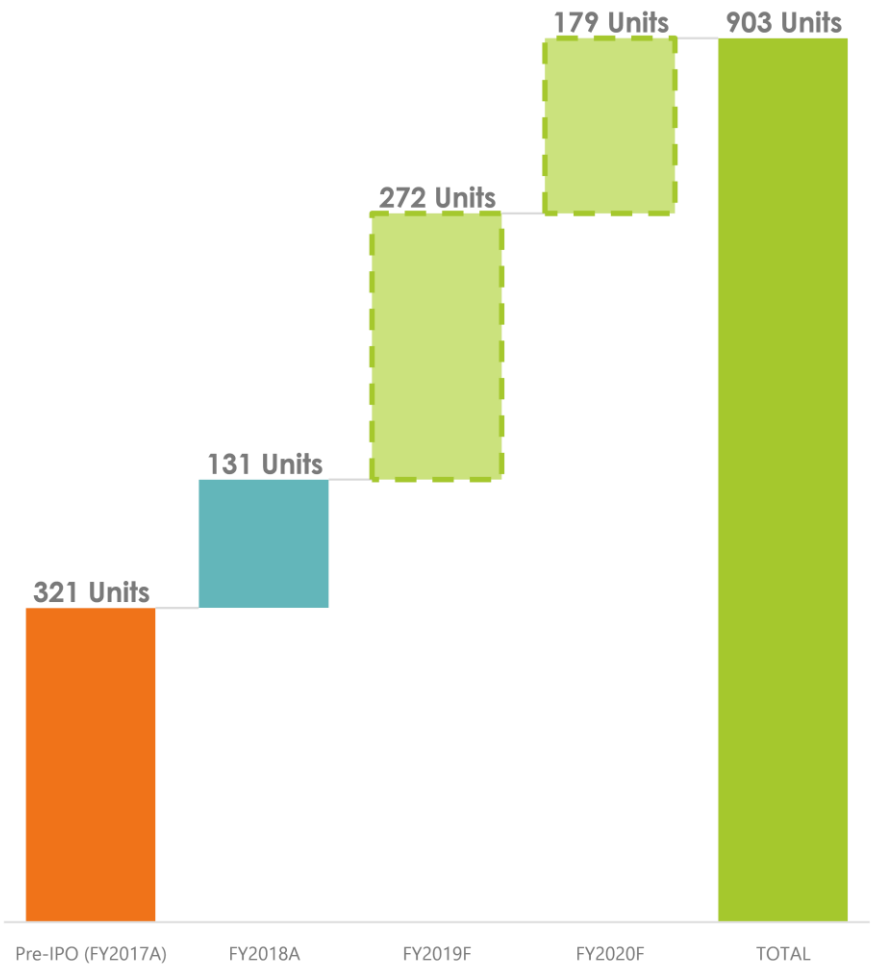
We have delivered, and are currently constructing, a combined total of 903 care suites and units

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

Status of Development Pipeline



Units delivered and currently under construction



Increased pipeline and build rate

OCEANIA HEALTHCARE

Our development pipeline and forecast build rate has increased since IPO. We have new debt facility limits in place to achieve this and our in-house development team has the capacity and capability to deliver

Current development pipeline vs IPO development pipeline

	Total units
Development Pipeline at IPO	**1,674**
Less: IPO pipeline units completed	(131)
IPO pipeline net of completions	**1,543**
Redevelopment of Auckland brownfields sites	682
Waimarie Street	116
Other changes to pipeline since IPO	(212)
Development Pipeline at FY2018	**2,129**

- Our pipeline has increased from 1,674 units at IPO to 2,129 units at FYE2018, since IPO due to:
  - Completion of Stage 3 at Meadowbank (Stage 3) and villas at Elmwood, Stoke and Wharerangi
  - Announced redevelopment of Auckland brownfields sites, including Eden and Lady Allum
  - Acquisition of land at Waimarie Street for a new greenfields development
  - Other changes including the removal from the development pipeline of 71 units at sites that are held for sale at FYE2018 and at Woodchester (Christchurch)
- We have also increased our forecast build rate since IPO to:
  - 250 units p.a. in the near term to FY2021; and
  - 300+ units p.a. from FY2022 onwards
- We have increased and extended the maturity of our debt facilities to provide us with certainty and flexibility to execute our pipeline to FY2023
- Our in-house development team has the capacity and capability to achieve this increased build rate with 451 units and care suites currently under construction

Meadowbank Village

OCEANIA HEALTHCARE

Stage 3 completed in February 2018 and selling well.
Stage 4 on track for completion in May 2019

Meadowbank

Auckland

Stage 3

Completed on time & under budget

62
Apartments
69% sold / under application

30
Care Suites
40% occupied

Stage 4

Under construction with a further

49
Apartments

34
Care Suites

The Sands

OCEANIA HEALTHCARE

Construction of The Sands is on track for completion in May 2019

The Sands

Browns Bay, Auckland

The Sands will provide

64 Apartments

44 Care Suites

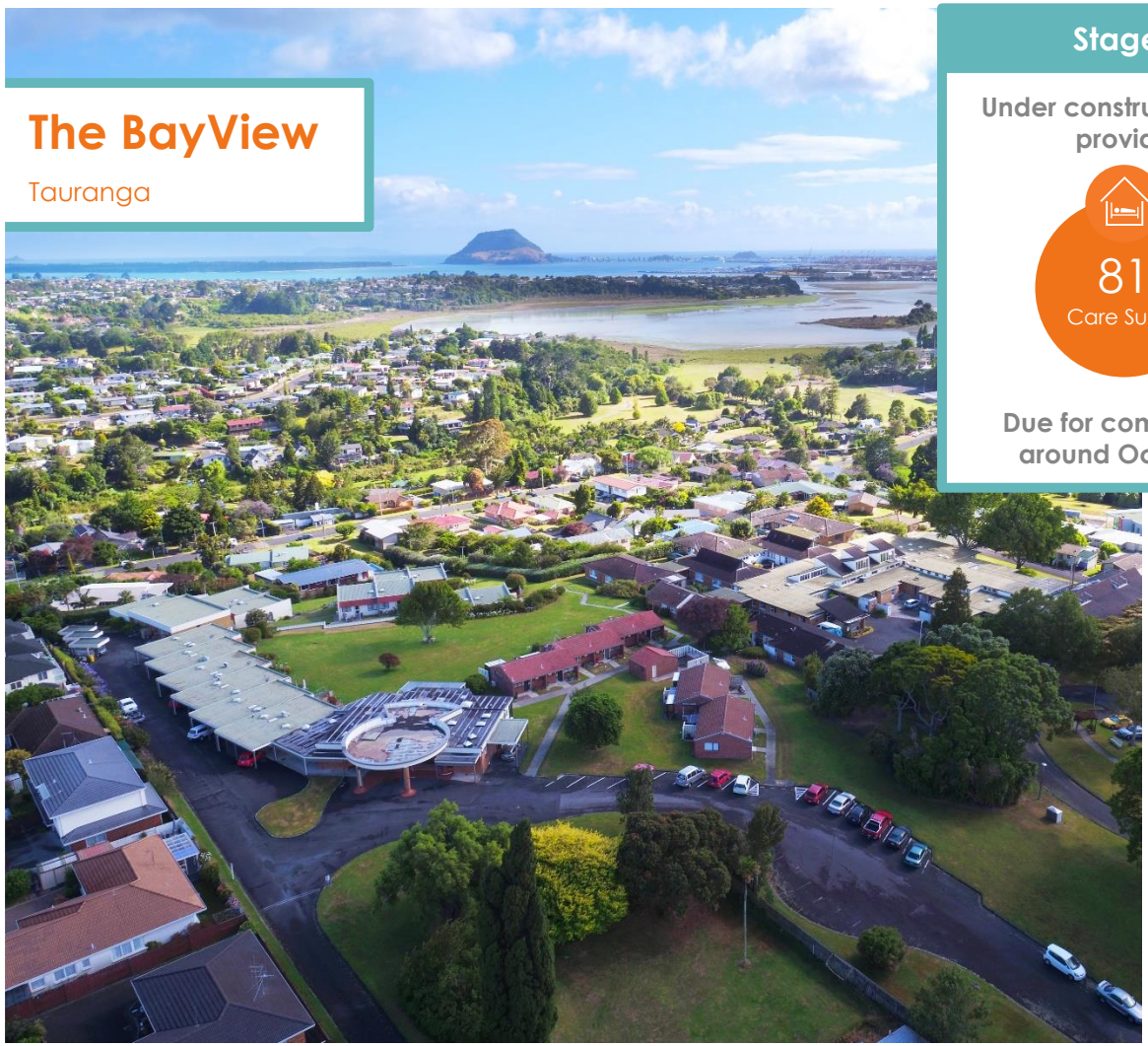
Due for completion around May 2019

- Strong inbound enquiries
- Over 140 pre-qualified interested parties

The BayView

OCEANIA HEALTHCARE

Redevelopment of The BayView is on track and scheduled to complete in 1HY2019 with Stage 2 commencing in 2HY2019



Stage 1

Under construction will provide

81
Care Suites

Due for completion around Oct 2018

Stage 2

Scheduled to commence in 2H2019

74
Apartments

Community Centre

Trevellyn

OCEANIA HEALTHCARE

Construction of Trevellyn commenced in 2HY2018 with completion scheduled for FY2020

Stage 1

Currently under construction[1] will provide:

Due for completion in FY2020

90
Care Suites

1. Stage 1 site outlined in the aerial photo above

Stage 2

Scheduled to commence in FY2020

63
Apartments

Community Centre

Green Gables

OCEANIA HEALTHCARE

Redevelopment of Green Gables commenced in June 2018

Green Gables will provide

28 Apartments

61 Care Suites

Due for completion in FY2020

Waimarie Street

OCEANIA HEALTHCARE

We have significantly enlarged the development area of the Waimarie Street site in the premium suburb of St Heliers, Auckland

Waimarie St

St Heliers, Auckland

13,464m²
Land acquisition

116
Units & care suites planned

Greenfield site in the Auckland suburb of St Heliers:

- Original land acquired was 8,945m²
- Subsequent purchases have increased this to 13,464m² and "squared-off" the site
- Premium boutique aged care facility and retirement village planned (approximately 116 units and care suites)
- Strong forecast demand in the catchment area
- Local median house price of approximately $1.7m

Eden

OCEANIA HEALTHCARE

Additional land was acquired adjacent to the Eden Village

Eden

Auckland

Development of the site[1] will provide

47 Apartments

Community Centre

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

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

Windermere

OCEANIA HEALTHCARE

Stage 1 development at Windermere is scheduled to commence in 2HY2019

Windermere

Christchurch

Stage 1 development will provide

22 Apartments

60 Care Suites

Scheduled to commence 2HY2019

- Premium suburb close to centre of Christchurch with local median house prices of $0.9m[1]

1. Median house price calculated using data from sales within 2.0km radius of the Windermere Village, 3+ bedrooms, over 150 square meters

Appendices

01 Definition of underlying NPAT

02 Pro forma adjustments

03 Glossary

04 Disclaimer

07 Underlying NPAT

OCEANIA HEALTHCARE

Underlying Profit (or Underlying NPAT)

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

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

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

Resale Gain

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

Development Margin

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

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

Development costs do not include:

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

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

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

08 Pro forma adjustments

OCEANIA HEALTHCARE

The following adjustments relate to the FY2017 year only

Transaction and offer costs

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

Listed company costs

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

Listed company capital structure

The proceeds of the IPO were used to substantially repay a portion of Oceania's prior debt facilities. This means that Oceania's reported NPAT and Underlying NPAT measures for FY2017 do not reflect Oceania's financial performance on a normalised, annual basis under its current capital structure because the structural reduction in debt (and interest expense) that arose from the IPO was not in effect for all 12 months of FY2017. Accordingly, a pro forma adjustment has been made to present the interest expense and Underlying NPAT that would have arisen had a listed capital structure been in place from the start of the financial year. This enables the financial performance for FY2017 to be more effectively assessed and compared to FY2018 and future periods.

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

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

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

09 Glossary

OCEANIA HEALTHCARE

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

DMF
Deferred management fees, charged under an ORA, which accrue monthly to a specified maximum and are deducted from the refund paid to the departing resident upon resale of the unit or care suite. These are in consideration for the right to use communal facilities etc over the entire length of stay.

HFS
Held for sale

IP
Investment Property

IPO Forecasts
Prospective Financial Information contained in the Product Disclosure Statement and Supplementary Financial Information dated 31 March 2017

MoH
Ministry of Health

ORA
An occupation right agreement that confers on a resident the right to occupancy a unit or care suite subject to certain terms and conditions set out in the agreement

PAC
Premium accommodation charge on a care bed for accommodation provided above the mandated minimum

PPE
Property, Plant and Equipment

Unit
Includes independent villas and apartments

WIP
Work in progress

10 Important notice and disclaimer

OCEANIA HEALTHCARE

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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.

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 May 2018. Please refer to the Financial Statements for the period ended 31 May 2018 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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