



**ANNUAL SHAREHOLDERS MEETING – CEO’S ADDRESS  
25 AUGUST 2023**

**Introduction**

Thank you, Liz.

Good afternoon, everyone, and a warm welcome to you all.

I am in a privileged position to be leading Oceania as the Chief Executive Officer, and I am proud of the transformative work that we as an organisation have been undertaking to lead the sector toward change.

Improving the lives of our residents is my driving passion and what attracts me to the sector. Our residents have lived purposeful lives and it’s listening to their stories and their life experiences that improves what we do as an organisation. And what drives us, to every day - “believe in better”.

I regularly visit our retirement villages and care centres and see the wonderful work that our team members do. It’s nothing short of inspiring. I am extremely proud of all our team members.

This is my second annual shareholders meeting as CEO, and as Liz mentioned, it’s great to be meeting again in person.

Although the upskilling that we all did during COVID around virtual connectivity has had its benefits.

Welcome to everyone watching this as a live stream. Please do take advantage of the ability to engage online with questions - if you would like.

We really have been through a period of unprecedented disruption with the pandemic and the recent economic challenges – felt by all of us.

It is important that we reflect on the year that’s been, but more importantly, today is an opportunity for me to share with you the great strides we’ve made in our strategy, in repositioning our portfolio, and being well placed in the market with a leading offer. As general market conditions improve, and we welcome a compelling demographic e.g. the baby boomers, as our future residents, the outlook is positive.

**Recap on FY23 Financial Highlights**

We delivered a five percent increase in Underlying EBITDA to \$80 million.

Pleasingly, villa and apartment DMF grew 18% to \$39 million.

Our focus on premium care is paying off.

Premium care revenue rose to \$20.4 million, an 8 percent rise.

Around 60 percent of our care portfolio is now premium beds or care suites.

Care premiumisation is well established – we are delighted with the accelerated growth in our care suite product innovation and healthy pre-sale activity of both our, recently opened Lady Allum and Woodlands properties.

On the right side is our sales performance.

A total of 408 new sales and re-sales were achieved in FY23.

We've been able to maintain pricing across our portfolio, delivering a strong development margin of 35.9% and resale margin of 21.5%.

It was satisfying in FY23 to not only deliver a solid result in tough conditions, but to continue to make progress on our strategy to deliver future value.

### **Strategy & portfolio transformation**

Let me turn now to our strategy and portfolio transformation.

We are well-underway with our five-year strategy.

As we have seen from FY23 results, our intentional and disciplined investment is already delivering value.

Oceania has more than doubled total assets to \$2.54 billion, up from \$0.9 billion at IPO, representing \$1.33 per share on a NTA basis.

Over the last several years, we have added \$1.6 billion of asset value. This investment has been in brand new developments, acquisitions, and new product transformation, which has repositioned Oceania with a "best-in class" portfolio. We integrate independent living and care in a premium, bespoke, and boutique resident population environment.

Since IPO, we have added 1,200 brand new apartments, villas and care suites over 16 premium locations as a nationwide provider of retirement and aged care living.

We undertook to position the balance sheet with an attractive cost of debt, made up of two retail bond offers, hedging, and an extension of our banking facilities. And we did this before the significant repricing of debt that has occurred in New Zealand.

So, in essence, we have been building and repositioning Oceania's portfolio with highly effective capital management allocation.

On the following slide you can see two examples of the transformation that has occurred in Oceania's portfolio. These are some of the earlier examples of taking existing sites that we owned and reimagining communities. Meadowbank is now a vibrant resident community of around 300 with the last stage of development being a global best practice specialist dementia living environment. The Sands, in Brown Bay is the careful curation of high end apartment living and hospital certified care suite living in the same building in a beach side community on less than one hectare of land.

As we've invested for the future, if we consider properties that we have either purchased or undertaken development at since IPO, including both brownfield and greenfield, these properties now represent around 80 percent of our total asset value.

We undertake an independent valuation exercise every 6 months, including, recently, having CBRE's valuation peer reviewed by Colliers.

We build through market cycles. From conception to move-in, can be as long as 7 years. We have been in a heavy build phase but pleasingly, despite the widely publicized softer housing market, we have observed significant sales price accretion.

On the right-hand side of the graphic, you will see some pictures of our new developments, acquisitions, and greenfield properties.

To deliver these, we also need to play our part, particularly as a responsible corporate citizen, to support New Zealand's transition to a lower emissions economy through an ambitious emissions reduction plan with science-based targets. As Liz mentioned in her address, our sustainability framework governs the decisions that we make about responsible capital allocation. We will build communities that endure.

The graphic shows us where we are today and gives a vision of where will be in the next couple of years as we build out our consented pipeline.

Our care business today represents around 60% of our total portfolio with 60% of this being care suites or beds attracting a premium accommodation charge. Our independent living business comprises 40% of our total portfolio with 55% of this premium villas and apartments.

Roll forward a couple of years, our care business will be around 45% of our total portfolio, but 80% of the offer will be premium. Our independent living business is where we will invest the bulk of our capital, on ready-to-built projects. This will represent 55% of our overall portfolio, with around 80% of this also being premium.

Our independent living business will continue to include premium high-density apartment living close to the centre of communities along with Oceania's growing expertise in master planned greenfield site execution, such as Franklin and Bream Bay.

We already have excellent examples of this strategy being delivered in practice.

Yesterday we were proud to host a gathering to bless and cut the ribbon to our innovative new offering, The Helier by Oceania.

The Helier is a first of its kind, 5-star premium retirement and private care amenity, located on the cliffs of St Helier's Bay, with uncompromised views over the Waitemata harbour.

We are seeing an excellent response in the market, as well as very positive reviews and public recognition.

The reason we're receiving this early, encouraging feedback is simple. And that's because the Helier offer is reimagining the future of retirement living in a way that just hasn't been seen before.

## **Sector reform**

Liz has discussed the sector challenges impacting aged care and I'm sure a lot of you have seen some of the media headlines on the slide on screen.

I continue to provide a strong voice as a leading sector representative, to bring real life examples of the essential services we deliver under the aged care residential contract, to the attention of government officials, from all parties. This has also included dialog on the significant investment, mostly capital, that we provide as critical infrastructure for our older New Zealanders.

I'm pleased to report we have taken steps in securing wage recognition for our valuable nurses, almost on parity with their peers in the hospital system.

In addition, the vast array of quality services we provide day-in-day-out has been recognised. We have secured a larger % funding contribution for our resident bed-day rate for the year ahead, in recognition of providing these services. While, well short of the real cost, it's a growing acknowledgment.

Now turning to the Retirement Village sector.

I am a board member of the Retirement Village Association, representing over 400 villages and over 40,000 residences nationwide.

The Ministry of Housing and Urban Development has recently released its discussion paper on the Review of the Retirement Villages Act 2003, and we will be engaging with this process.

The Commerce Commission is investigating potential breaches of the Fair Trading Act 1986 relating to misleading advertising and unfair contract terms.

This is an area we have already addressed to ensure we are best practice, as part of our commitment to our Resident Experience.

We have updated the terms of our Occupation Right Agreements to ensure that they are written in plain English and include best practice terms.

We regularly receive positive feedback from lawyers acting for prospective residents, advising our Occupation Right Agreements are clear and easy to understand.

And we are well placed to respond to any legislative changes arising from these reviews.

## **Outlook**

Looking ahead to FY24 and beyond, we will continue to prudently manage our balance sheet as we navigate short-term uncertainty, volatility in the property market, and potential disruption in the broader economy with the impacts of inflation felt for some time yet.

We continue to invest in our portfolio strategy and transition, knowing not only that this is delivering results for the business, but that it is the key to future value.

And in addition:

Our key audiences are growing, more than doubling and becoming more discerning. The baby boomers will redefine ageing.

The demographics are compelling. By 2030, a mere 6.5 years away, the proportion of the population over 65 years of age will be 25% of the total. New Zealand will have become an 'older-dominant' population profile.

Life expectancy is on the increase, on average we will be 90 years old and living with better health.

Our older population will also drive new consumption and leisure patterns. One of the key insights we have built into our business is to protect our residents' independence. We say at Oceania, our residents are part of the community we don't profess to be the Community.

The housing market in New Zealand is on the turn. Looking at the latest ANZ data *"Well that was that" There's now no arguing with the fact that house prices are rising again on a national average basis"*.

The significant investment in repositioning our business puts us in a strong position to capitalise on these undeniable trends shaping a future New Zealand.

Lastly from me. Thank you all for your support of our company, and I look forward to talking to you again later in the year as we continue our journey of transformation and growth.

**ENDS**