



## **ANNUAL MEETING - CHAIR'S ADDRESS 29 AUGUST 2019**

This year's Underlying Net Profit after Tax from continuing operations of \$49.7m was down 1.8% on prior year due to increases in minimum wage costs for care staff, interest expenses to support new developments and higher support office costs to commission four new care centres.

Earl will take you through the financial result for the year ending 31 May 2019 and our business model that underpins these results shortly.

At last year's meeting, I spoke about how we were embarking on a "once in every 50 years" redevelopment of sites that have been acquired over a long period of time. We are now well into the cycle of decommissioning older sites and replacing them with our new, premium offering. Over the last year we have delivered 272 new units and care suites, with the opening of the new care centre at The BayView in Tauranga, the completion of Stage Four at Meadowbank and the completion of The Sands on the beachfront of Browns Bay.

Since balance date, we have opened our new care centre Awatere in Hamilton. Existing residents have been relocated to the new centre and care suites are now being sold under occupation right agreements.

Last week we received notification from Auckland Council that the resource consent for our development at Waimarie Street in St Heliers, Auckland had been granted. This development, comprising 76 apartments and 31 luxury care suites, is an integral part of Oceania Healthcare's strategic growth plan and will be the first "greenfield" development that we have undertaken. At this stage, we are expecting to start construction in the second half of 2020 and completion is scheduled for FY2023.

Needless to say, the Board is very pleased with our development activity completed in both the care and village businesses this year. It has been a tremendous effort from everyone involved.

Earl will update you on our other development activity occurring throughout the country.

While our new developments are important for both our growth and to refresh our product and service offering, our Aged Care business is important to be in as it is our core competency. Aged Care is "needs-based" which means that demand is somewhat insulated from whatever the property market may be doing at the time. What we mean by this is that the decision to move into an Oceania Healthcare aged care site is driven by the resident's need for care, not by what the property market is doing or as a result of a "lifestyle" living choice. This is because when residents need care, they tend to need it immediately. Earl will talk more about the initiatives we have and are taking to improve our care offering and earnings.

As a Board, we are conscious of how important it is to have an appropriate range of skills, depth of experience and diversity of thought around the Board table to enhance decision making and in turn shareholder value. During the year we undertook a skills matrix assessment of the Board and we are satisfied that we have an appropriate range and depth of skills, experience and diversity.

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Over the last year, our Directors have visited many of our sites around the country, either as a Board or individually, meeting with our staff and observing the culture and day-to-day operations at our sites. It is great to see the enthusiasm, energy and passion of our staff and the commitment that they have to providing top quality care to our residents. The Directors also had the pleasure of meeting with some of our village residents at Awatere in Hamilton, Meadowbank and The Sands and discussing their experiences at our villages. We enjoyed hearing how much our residents are enjoying living in our villages and we welcomed their feedback which has been incorporated into our continuous improvement processes.

There have been some significant changes in Oceania Healthcare's shareholding since last year's annual meeting. Following two separate sales during the past year, Oceania Healthcare Holdings Limited's shareholding in Oceania Healthcare Limited has reduced to 41.16%. As at August 2019, retail investors hold approximately 40% of the issued shares (compared to 30% in August 2018) and institutional investors hold approximately 14% of the issued shares (compared to 9% in August 2018).

Oceania Healthcare joined the NZX50 Index on 3 May 2019, almost two years to the day since we were listed on the NZX. As you will be aware, the index comprises the 50 biggest stocks by free-float market capitalisation trading on the New Zealand stock exchange. Our inclusion in the NZX50 Index has improved share liquidity as a result of broader exposure to the investment community.

We were pleased to declare and pay a final dividend of 2.6 cents per share, which takes full year dividends (non-imputed) to 4.7 cents per share and represents 57% of Underlying Net Profit after Tax. We also announced the introduction of a Dividend Reinvestment Plan for New Zealand and Australian shareholders which has been well received by many of our shareholders. Looking ahead, we will be releasing our financial results for the six months to 30 November 2019 in late January 2020.

In closing, I would like to thank our diverse team of talented people across our sites. Without their expertise, enthusiasm and commitment we would not be able to deliver the products and services to our residents and be a successful company.

I would also like to thank the Board. They bring a wealth of expertise and experience and their input is much appreciated.

Finally, I would like to thank you, our shareholders, for investing in Oceania Healthcare and attending this afternoon. We are looking forward to continuing our success in 2020 as we execute our strategy and deliver superior product and service offerings for both our care and independent living residents.

ENDS