

Oceania Healthcare Macquarie Conference Presentation

7 May 2020



OCEANIA
HEALTHCARE

Contents

01 Introduction to Oceania

02 Oceania's Strategy

03 COVID-19 Update

04 Resilience of Care

05 Capital Position

06 Questions

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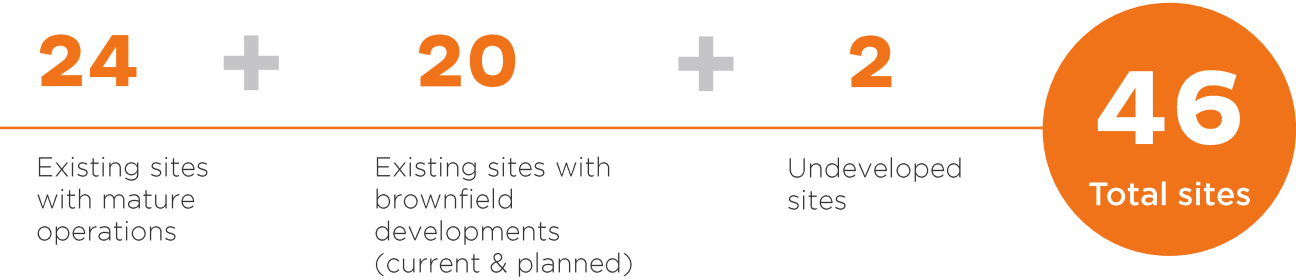
**View from Stage 4 at
Meadowbank Village**
(completed in FY2019)

Oceania at a glance



Oceania was formed in 2005 and is a “care focused” operator and developer of aged care homes and retirement villages. Oceania is also an experienced developer of new aged care and retirement village facilities. The existing portfolio includes a substantial brownfield development pipeline throughout New Zealand.

Key Statistics



People



3,600
Residents (approx)



2,700
Staff (approx)

Portfolio



2,595
Care beds & Care suites



1,209
Units

Pipeline



693
Care suites



1,205
Units



Oceania's offering



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



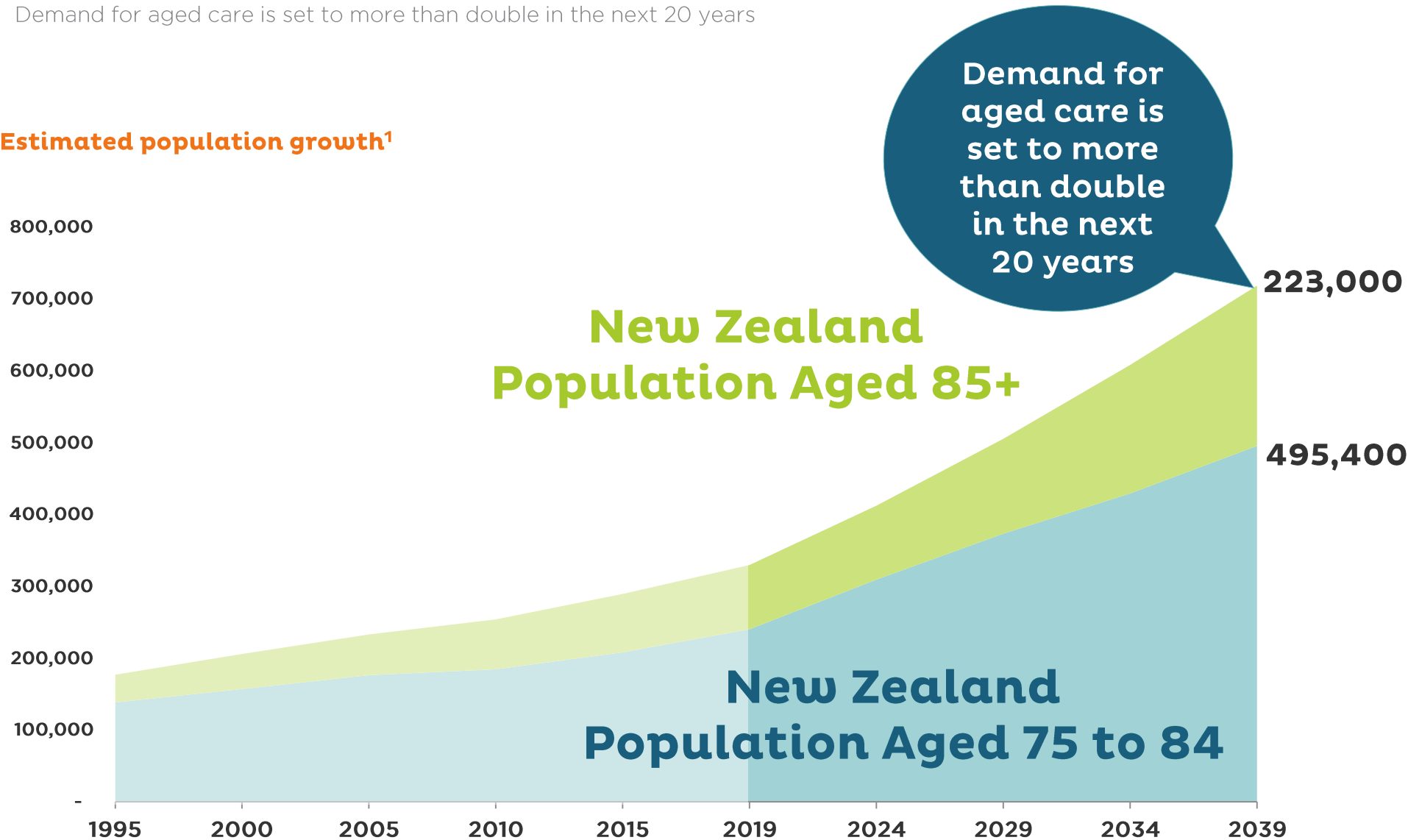
	Aged Care			Retirement Village	
Overview					
	Standard beds	PAC beds	Care suites	Apartments	Villas
	<ul style="list-style-type: none"> Includes rest home, hospital and dementia level healthcare Dedicated clinical healthcare team delivering strong clinical care and governance 			<ul style="list-style-type: none"> Independent living in Apartment and Villa accommodation with continuum of care on site High proportion of new facilities are located in prime urban locations across New Zealand 	
"Annuity" earnings	<ul style="list-style-type: none"> Government care fee providing 80% of income, supplemented by premium accommodation charges (PACs) and DMF in the case of Care Suites sold under ORA 			<ul style="list-style-type: none"> ORA provides attractive funding model (effectively recycles capital) Annuity-like DMF revenue recurring throughout assets' lifecycle 	
Growth	<ul style="list-style-type: none"> Resale gains from existing Care Suites and growth in PACs / DMF Gross development pipeline of ~700 Care Suites / Beds 			<ul style="list-style-type: none"> Resale gains from existing Units Gross development pipeline of ~1,200 Units 	

Aged care – attractive demographics



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

Estimated population growth¹



1. Statistics New Zealand population forecasts as at May 2020.

Oceania's key business strengths



Our strength is our experience in developing and operating care focused, integrated retirement villages and care centres.

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

Established **development track record** and capability

CORPORATE & GOVERNANCE

6

Established corporate **platform** with **strong governance**

Objective of strategy

to Create Premium Environments

Premium units and care beds have increased by over

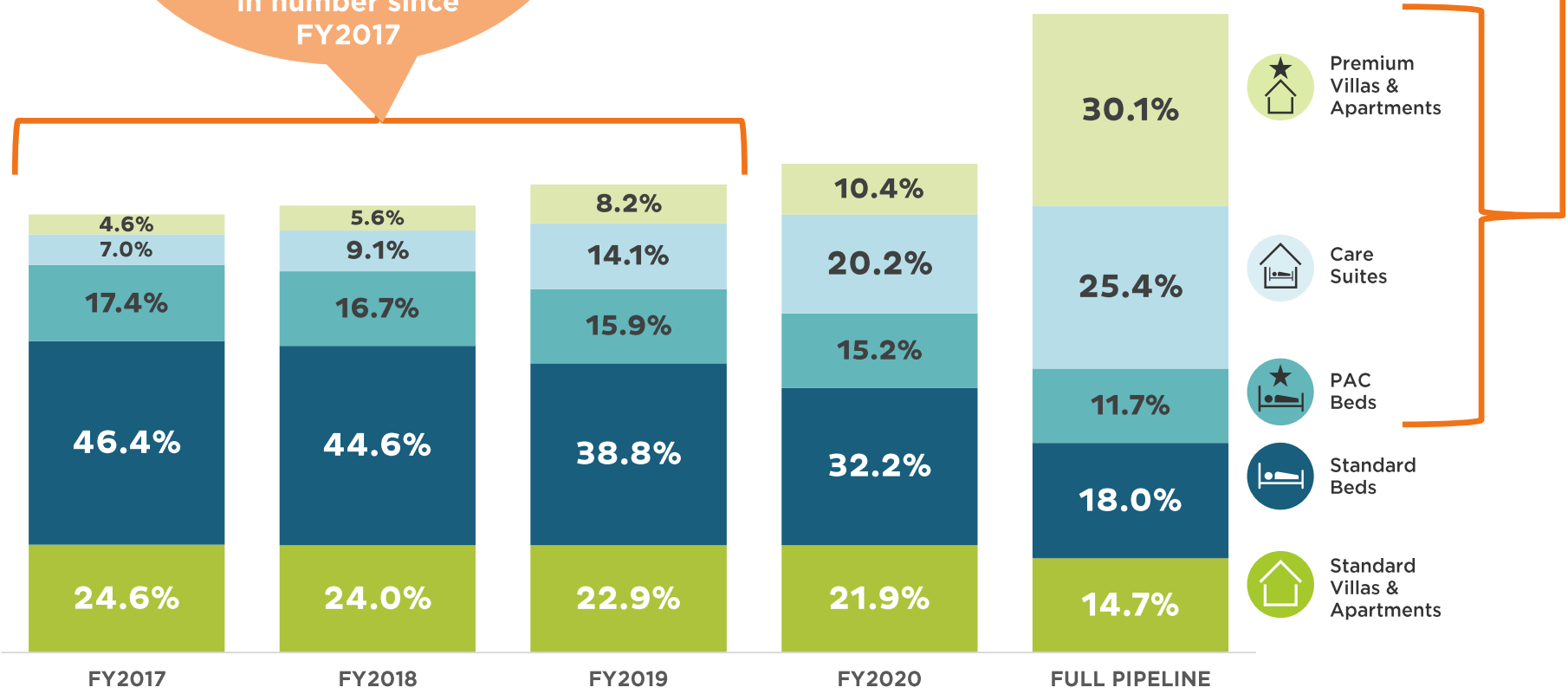
40%

in number since FY2017

Premium units and care beds will more than double to comprise

~70%

of our portfolio



Oceania's Portfolio

We have completed several premium developments that complement our existing sites



Recent developments completed

1



The Sands | Auckland

Completed May 2019

- 64 apartments
- 44 care suites

2



Meadowbank | Auckland

Stage 4 completed May 2019

- 49 apartments
- 34 care suites

3

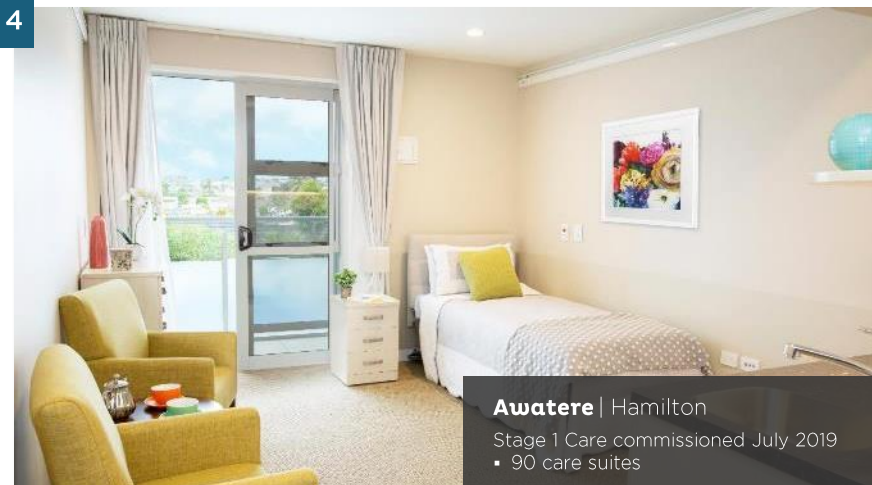


The BayView | Tauranga

Stage 1 commissioned Dec 2018

- 81 care suites

4



Awatere | Hamilton

Stage 1 Care commissioned July 2019

- 90 care suites

COVID-19 impact and response



Essential service provider status and defensive care earnings stream have ensured Oceania is positioned to weather COVID-19

	Impact	Response
Aged care operations	<ul style="list-style-type: none"> Operations responsible for care of resident population with heightened vulnerability to COVID-19 Care operations deemed an essential service; continued throughout lockdown Government funded aged care services ensures reliable cash flows Stable occupancy Care suite applications and sales have continued 	<ul style="list-style-type: none"> <u>Oceania has not recorded any COVID-19 cases</u> Well prepared operationally; infection control is a standard operating procedure Facilities in lockdown, visitors are restricted to essential only Direct line of communication with the Ministry of Health Specific Government funding to the sector Obtained support through the MBIE wage subsidy scheme
Retirement village operations	<ul style="list-style-type: none"> Good unit sales prior to lockdown. Unable to settle sales applications during lockdown 	<ul style="list-style-type: none"> Sales able to recommence as we move out of lockdown Existing applicants intend to complete settlement ASAP
People	<ul style="list-style-type: none"> Increased staff requirements at facilities <ul style="list-style-type: none"> Isolation requirements for residents, Screening facility entrants and Restricting visitors to essential only 	<ul style="list-style-type: none"> <u>Staff and residents are our primary priority.</u> Provide all necessary support to both staff and residents
Capital structure	<ul style="list-style-type: none"> Pre-COVID operated with sufficient headroom on facilities 	<ul style="list-style-type: none"> <u>Secured additional \$70m of banking facility limits</u>
Cash flow management	<ul style="list-style-type: none"> Suspension of development during lockdown 	<ul style="list-style-type: none"> Continue to progress development plans Flexibility to suspend developments without penalty Will restart development at each site at the appropriate point

Resilience of care

The business has held up well in the face of a global pandemic that disproportionately affects elderly people

- **Care is a good business to be in**

- **Compelling thematic remains:** New Zealand has an aging population with strong demand for our product
- **Defensive characteristics:** high acuity, needs based care that is not reliant on the broader property market
- **Reliable cash flows:** Government funded cash flows (received fortnightly) within a stable regulatory regime

- **Oceania has not recorded any COVID-19 cases**

- **Diversified risk:** any infectious outbreak would be contained within a single facility
- **National response:** New Zealand's centralised national healthcare system aided responsiveness when faced with crisis

- **Continued demand for care**

- Care admissions are still occurring
- Demand and sales of care suites still occurring
- Temporarily relaxed regulatory environment streamlining administrative operations during COVID-19 environment

- **Intentional investment into care**

- **Premiumisation of care:** innovative product offering (Care Suites / Studios) driving greater returns from operations
- **Clinical review:** investment made into increased measurement and improvement of clinical outcomes and career pathways
- **Technology solutions:** aid resident communication and connectivity with families

Capital Position

Oceania secured an additional \$70m of banking facilities from existing bank lenders, providing additional financial flexibility

Current liquidity position

NZ\$m	Liquidity (31 March 2020)	Increase in bank facilities	Pro forma liquidity (31 March 2020)
Total bank facilities	350.0	70.0	420.0
Cash	12.1		12.1
Undrawn debt	28.8	70.0	98.8
Total liquidity	40.9		110.9
Drawn debt	321.2		321.2

- **New \$70m debt facility:** committed by banking syndicate
- **\$110.9m headroom:** sufficient to weather further macroeconomic risk
- **Development flexibility:** Funding position ensures development projects can be progressed in a prudent manner

Positioned to weather COVID-19 and for growth beyond



Oceania is well positioned both operationally and financially to:

- i. Withstand COVID-19 whilst delivering the highest levels of service; and**
- ii. Continue to progress growth initiatives.**

The business retains its strategy:

- Creating a superior portfolio of fully integrated retirement village and aged care centres;
- Delivering the highest levels of quality care and service;
- Developing our premium landbank; and
- Delighting our residents.

Oceania is deemed an essential service:

- Well prepared with the capability to respond to an infectious outbreak;
- In direct and regular contact with the Ministry of Health
- Occupancy stable during lockdown and we expect the settlement of sales to recommence as we transition out of lockdown

- Demographics driving demand in our sector remain unchanged.
- New Zealanders are set to retire and require aged care in larger numbers.
- Oceania has a strong care brand
- Our care-weighted portfolio positions the business well for continued medium to long term growth.

Questions

