



ANNUAL SHAREHOLDERS MEETING – CEO’S ADDRESS
23 JUNE 2022

Thank you, Liz.

Good afternoon and a very warm welcome to everyone, both those who have joined us in person and those who are joining us online.

It’s been a very productive and rewarding year for Oceania. As a leading provider of critical infrastructure and essential services, Oceania is well underway with the delivery of sustainable performance and its next phase of growth. We are mindful of the changing macro-economic environment, and I will discuss some of the implications and opportunities for our business in my update.

Turning to our financial results

It is pleasing to be able to address our shareholders with improved performance with underlying earnings before interest, tax, depreciation and amortisation of \$76.2m, a 16.2% increase on last year, as well as lifting the value of our total assets to over \$2.2bn, also up 16.6% on last year.

Our care business is demonstrating the financial benefits of our intentional investment in the premiumisation of care, with an 24% increase in premium revenue on last year.

Since the IPO in 2017 the premium care revenue, over the last five years, has more than tripled to \$18.9m in the year ended 31 March 2022. We have lifted our average care underlying EBITDA earnings per bed to over \$16,200.

Nearly 60% of our care business portfolio consists of premium beds or care suites. We have delivered 854 care suites, across 23 locations nationwide. We have continued to increase our sales prices for new care suite delivery, and these are up 25.9% on average year on year. The innovation of our care suite model has allowed new residents to enjoy the certainty, convenience and superior clinical care offered in high quality and well-appointed accommodation.

It has been a highly successful year with 450 unit sales recognised in the year ended 31 March 2022, the best on record for the company. We have welcomed new residents to the Oceania family from as far south as The Bellevue in Christchurch to The Sands in Browns Bay, Auckland and everywhere in between.

This strong track record of sales and the growing deferred management fee income has been a significant contributor to the operating cash flow for the 12-month period to 31 March 2022 of \$105.5m.

Our retirement village offering, comprising villa and apartment typologies has also seen annual price increases of new and resale stock of 8.4% on average.

We are mindful of market commentators’ observations concerning a possible decline in residential house prices, noting that in the last two years prices have grown 35% nationally, so a moderation of price growth was expected.

We note also that the retirement village sector has historically lagged the price growth observed in the residential housing sector, creating a significant buffer between our pricing and surrounding catchments.

Oceania independently assesses its sales pricing strategy against the CBRE affordability ratio. This ratio measures the median house price versus our pricing for the respective surrounding catchment. The

average affordability ratio of 58.5% for villas and 59.4% for apartments provide some headroom from a cooling housing market.

This financial year, full year 2023, is off to a good start, and while only two months in, we can report an observed uptick in our enquiries with sales volumes, average capital gain and resale margins all ahead of the same point last year.

One of the hallmarks of Oceania and our long term profitability is our disciplined approach to capital allocation and the efficiency of the recycling of cashflow from our new and existing properties.

We expect to return excess positive cashflow from first time sales on all new developments as well as continuing to observe strong resale margins from our existing portfolio of over 2,450 ILUs and care suites. At 31 March 2022 we had 22.7% or \$86m of excess development asset coverage to our \$380m of net debt.

As the business matures we also have an eye to those sites that may no longer fit the portfolio or meet return thresholds and divestment of a few sites will likely be part of this year's activity.

Executive Team

We are a people and resident centred business with over 2,900 staff and 4,000 residents. Our business success is directly attributable to the fantastic team we have delivering outstanding resident experience every day.

Our people are at the heart of everything we do and are key to the provision of high quality care and other services to our residents. We remain focused on ensuring Oceania attracts the right people, then retains these people within our business, with excellent learning and development opportunities for our people, including participation in an employee share scheme.

We have an accomplished executive team with a strong focus on the performance and delivery of our strategic objectives.

Dr Frances Hughes, our clinical lead, was at the forefront of protecting the wellbeing of our residents during the COVID-19 pandemic. It is pleasing to report, despite having over 2,579 aged care residents, we have not had a single death from COVID at any of our 44 sites.

Andrew Buckingham joined the executive team as Group General Manager Property and Development in January. Andrew brings significant property and development experience, both in New Zealand and Australia. He has been instrumental in the design and curation of the new resident environment and his presence is already being felt in the lifting of our annual build rate and the increase in units under construction.

Our CFO, Kathryn Waugh, has been instrumental in the establishment of New Zealand's first Sustainability Linked Loan that has wellbeing and resident experience as the hallmark of its social measure metric. I will touch on this exciting development later.

Anna Thorburn has expanded her role to incorporate our enablement functions and provide the strategic and operational excellence in People and Culture, Legal, Risk and Health and Safety to ensure Oceania is a fantastic and safe place to work. Anna also provides valuable input into sector and industry regulatory matters.

I am also pleased to announce the appointment of Anita Hawthorne as Group General Manager Sales and Service. Anita joins the team on 18 July 2022 and comes from a distinguished senior leadership career in customer experience, operational excellence and performance at Air New Zealand. We welcome her to the team and are excited about what she will add to enriching our resident experience.

Anita's appointment will complete the small but capable executive team which will deliver Oceania's strategic outcomes.

M&A

We are pleased to have added two further premium villages to the Oceania family, Remuera Rise and Bream Bay Village. The acquisition strategy incorporated important and value accretive elements for shareholders. We are expecting to settle the transaction in early July and have acquired these villages using existing debt facilities, so there will be no share capital dilution for our existing shareholders.

Remuera Rise, located in the heart of Newmarket, with commanding views to the Hauraki Gulf, comprises 58 apartments and 12 care residences. Oceania's acquisition of this village will provide the existing apartment residents with access to Oceania's leading care suite offering at Mt Eden, Meadowbank and The Helier as their health needs change. The property itself is one of a kind and was purchased well below its replacement value with significant embedded value to be unlocked in future sales for the benefit of our shareholders.

Bream Bay Village, Ruakaka, is located in a growth corridor in which, until now, Oceania was not located. We have been able to acquire a village that already has a vibrant resident population together with immediate access to a significant adjacent greenfield landbank that is in the process of securing a plan change, or re-zoning, from the Whangarei District Council. Once the plan change is operative, we can immediately get underway building on the site. Pleasingly, the land was acquired at a discount to prevailing observed land sale rates. We have a strong enquiry database at Bream Bay, so as we build and deliver future independent living villas we expect to secure significant presale capture. In addition, since this acquisition was announced we have entered into an agreement to acquire a further 0.5Ha, on a key corner of the existing land not owned by the vendor, to add to the existing village.

Turning to Development

Oceania is a designer, developer, curator and constructor of premium living spaces for retirement and aged care residents. We take a bespoke approach to all sites and our new built form is sensitive to the prevailing neighbourhoods. We have smaller resident populations in our villages than many of our peers and this allows for the delivery of warm, genuine resident interactions in a contemporary and chic setting.

Oceania has been developing its strategic and execution capabilities to ensure we maintain maximum flexibility and optionality in our development and construction activities.

We have observed some supply chain disruptions, particularly Gib products as well as access to some specialty sub trades, both of which have been well managed and mitigated to date. We have entered into fixed price contracts with our construction partners for the development activities underway for FY2023 and FY2024.

We have guided to lifting our annual build rate to over 300 and currently have over 640 units and care suites under construction. This is a significant uplift of 240 units from our position at last year's AGM and provides us with flexibility if the construction sector continues to observe disruption.

In addition, as Liz mentioned in her address, we are pivoting towards greenfield development. This is basically consented bare land that allows staged development and more rapid sell down, including presales with a greater proportion of our future construction activity weighted towards independent living units.

Balance Sheet and Funding

We have spent the last 12 months focusing on building a strong balance sheet and capital structure position to provide the platform for our growth.

The equity raise in March 2021 allowed us to execute on the acquisitions of Waterford and Franklin and provided Oceania with the lowest gearing levels in the industry at that time. This in concert with our retail bond program and renegotiated banking facilities provided the basis to fund the latest acquisitions fully through debt and significant headroom of c.\$300m, while maintaining prudent and low levels of overall gearing.

More recently we have been working with our Tier 1 banking syndicate to bring forward our refinance and have secured long dated facilities and an increase to our commitments of \$150m, bringing our total commitments to \$500m. We have been able to secure competitive pricing, keeping our margins low, and obtain favourable terms and conditions to facilitate growth, over the entire five years of the funding.

As Liz touched on earlier, sustainability is something that has been an important part of Oceania's evolution. That is one of the reasons that Oceania has been working to link borrowings, starting with our five year loan, to our sustainability vision and commitments so we can drive our performance even further and with greater ambition.

Today we announce that we are entering into a sustainability linked loan with our banking partners. The sustainability linked loan has been structured to align with the latest global sustainability principles and is underpinned by our sustainable finance framework which will be published on our website in the coming days.

The three key performance indicators which we have selected are noted on the slide in front of you. Each of these are measurable, quantifiable and ambitious and have been selected because they are material to Oceania.

Touching on each of these indicators briefly:

- Reduced greenhouse gas emissions to align with the Paris Agreement.

As evidence of climate change becomes more apparent, there is an increasing expectation on companies, including Oceania, to take responsibility and implement initiatives to reduce greenhouse gas emissions. We recognise that the health of the planet is intertwined with the health of people, and we are committed to reducing our controllable emissions through; ongoing measurement, an Emissions Reduction Plan and working towards becoming science-based target verified.

- Increased construction waste to landfill diversion rate.

As the retirement industry expands to meet the needs of NZ's ageing population and as Oceania grows and increases its build pipeline, sustainable management of waste will contribute positively to reducing our environmental impact.

- Improved resident experience and wellbeing through excellent quality of care.

Finally, Oceania is striving for excellence in both clinical best practice and care resident wellbeing. Resident experience is core to both our business strategy and the people pillar of our sustainability framework.

This social KPI focuses on Oceania's model of care excellence which provides people centred care, resident engagement, and includes the resident's own expression of their health and wellbeing

The Helier

In line with our new strategic pillars of Offer, Resident Experience, People Capability and Growth, the business has been realigned from a product to a customer centric focus.

Deep resident audience insights now shape our offering including both design and experience aspects.

The Helier at St Heliers, Auckland, our bespoke new property in a commanding location overlooking the Hauraki Gulf and inner harbours, is our first delivery of this thinking.

Positioned as a “New Era in Luxury Living”, The Helier has been shaped to attract a discerning audience who traditionally would reject retirement living.

We have developed an offering that facilitates this audience’s existing lifestyle – they remain in charge with everything they need at their fingertips.

We have already enjoyed significant enquiry from future residents who are looking to make The Helier their choice and we look forward to the building being open by March 2023.

We have the full scale model of the project in the room as well as a virtual reality render and walk-through of the property. I would encourage our shareholders, who are present, to go and have a look following the formalities of the AGM.

It has been a pleasure to observe the growth of Oceania over the last twelve months. We have worked hard to put the balance sheet on a firm footing to support our disciplined approach to growth. We look forward to adding key greenfield land acquisitions to our existing pipeline of over 2,000 units and suites in the coming year. The team have provided excellent resident care and wellbeing to our 4,000 residents and we are well underway with delivering on our promise of reimaging retirement and aged care living.

Thank you for your attendance today and your continued support of Oceania.

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