



Transaction summary



Oceania has entered into agreements to acquire Remuera Rise and Bream Bay Villages, as well as an option to acquire 6.7 hectares of development land planned for Stage 2 of development at Bream Bay.

Overview

- Oceania has entered into agreements to acquire two villages in highly attractive areas of Auckland and Bream Bay:
 - Remuera Rise is a prestigious retirement living apartment complex located in Newmarket, Auckland, offering commanding views to the Hauraki Gulf. Residences include 58 luxury independent living apartments and 12 specialist care residences
 - Bream Bay Village is located in Ruakaka, Northland, and comprises 83 quality independent living villas and community facilities on 4.7 hectares of land
 - The acquisition of Remuera Rise and Bream Bay Village is conditional only on the consent of the Statutory Supervisor, Ministry of Health and Auckland District Health Board and is expected to settle in July 2022
- Oceania has also entered into an option agreement to acquire 6.7 hectares of greenfield development land adjacent to the Bream Bay village. Preliminary design plans comprise 124 villas and high quality resident amenity

Funding

- Oceania's March 2021 equity raise allowed the company to establish a balance sheet poised for growth with prudent gearing and significant headroom in banking facilities
- Oceania is using this balance sheet capacity to fund the acquisitions through use of existing banking facilities
- Debt-funding of the acquisitions (including Bream Bay development land) will result in pro-forma gearing of ~31% based on Oceania's 1HY2022 balance sheet
- In addition Oceania has recently entered into an agreement with its lenders to increase total facility limits from \$350m to \$500m (and extended to 2027), with a strong focus in the new facilities toward growth through land banking and M&A
 - Following completion of the acquisitions this provides Oceania with pro-forma headroom in facilities (including cash) of ~\$290m

Financial impact of transaction

- The acquisitions will deliver an immediate uplift to Oceania's underlying earnings through existing operations at both sites
- Remuera Rise and Bream Bay Villages are expected to deliver high single digit percentage accretion to underlying earnings per share in FY2023 (on a pro-forma basis)¹
- Future NTA and earnings growth to be generated through the development of an additional 124 villas at Bream Bay Village, a 65% increase to Oceania's current development pipeline. Consent documents have been prepared and Oceania expects development could commence within 12 months of the option being exercised

1. Based on current broker consensus for Oceania's FY2023 Underlying NPAT and considering the additional finance costs associated with the acquisition funding.

Remuera Rise overview

Remuera Rise is a premium retirement living apartment complex constructed in 2013, in a highly attractive Auckland location.



Residences

- 58 apartments with a mix of 1 and 2 bedroom configurations, ranging in size from 64sqm to 132sqm
- 12 premium hospital-level care rooms

Site overview

- Eight-storey premium apartment complex situated in Broadway Park, Newmarket in central Auckland, offering commanding views to the Hauraki Gulf
- Constructed in 2013, the site is considered amongst the highest quality retirement village offerings in Auckland
- Structure contains two levels of basement carparking comprising 61 carparks for residents and visitors
- Significant community facilities and services available to residents (see page 3)
- Newmarket catchment provides residents with high additional amenity value in immediate proximity to the site

Financial considerations

- As at 31 March 2021, average current apartment price of over \$1.1m including prices approaching and exceeding \$2.0m¹
- Average affordability ratio of only 54%¹
- As at 31 March 2021, average embedded value of ~\$560k per apartment, supporting delivery of strong earnings and cash flows as the site approaches maturity in resident profile¹

1. Based on CBRE's March 2021 valuation for Remuera Rise.

Remuera Rise – community facilities and services OCEANIA

Remuera Rise provides residents with access to a range of luxury community amenities and services, including a café, restaurant and bar, library, billiards and hobby rooms, swimming pool and gymnasium.



Bream Bay Village overview



Bream Bay Village comprises 83 villas and community facilities in Ruakaka, Northland. Oceania also has an option to acquire 6.7 hectares of adjacent development land.



Residences

- 75 existing 2 bedroom villas plus the final eight villas in Stage 1 which are nearing completion
- Villas range in size from 111sqm to 153sqm

Site overview

- The 83 Stage 1 villas are situated on 4.7 hectares of land in Ruakaka, Northland
- The villas have been progressively developed between 2019 and 2022 and successfully presold (including the final eight villas which are all under contract awaiting completion)
- Community facilities comprise a clubhouse (including lounge and dining areas), as well as outdoor areas and bowling green
- An indoor swimming pool, spa and gymnasium complex is currently under construction and near completion

Financial considerations

- As a recently completed site with future development still to come, Bream Bay Village has an undeveloped resident profile
- As the resident profile matures, future resales will generate cash flows from embedded DMF and any resale gains
- Development of Stage 2 offers a material earnings, cash flow and NTA uplift opportunity for Oceania
 - Stage 1 of Bream Bay Village was highly sought after by incoming residents and generated strong development cash flows

Bream Bay Village – development potential



Oceania has an option to acquire an additional 6.7 hectares of development land adjacent to Bream Bay Village.



- Oceania has entered into an option agreement to acquire 6.7 hectares of greenfield development land adjacent to Bream Bay Village
- Extensive design and planning works have already been undertaken by Bream Bay Village in preparation for lodgment of resource consent documentation
- Current designs comprise 124 villas and further high quality resident amenity, contributing to Oceania’s existing development pipeline of over 1,900 units and care suites
- If Oceania executes the option, it intends to proceed with consenting and construction promptly, adding to Oceania’s near-term development unit delivery, NTA and underlying earnings
 - Oceania retains optionality through the proposed villa offering to develop the site incrementally to meet demand
 - Oceania may also consider the potential for care suites on the development land, offering a continuum of care to residents
- A number of smaller parcels of bare land also neighbour the existing village – Oceania may also seek to acquire these land parcels in the future
- In addition to the Stage 2 development opportunity, development of an indoor swimming pool, spa and gymnasium complex is well advanced on the existing site, which will provide increased amenity to existing and future residents

Other operational highlights



Oceania is pleased to announce other operational updates that position us strongly for growth.

Banking facilities increased from \$350m to \$500m

Oceania has recently entered into an agreement with its lenders to increase total facility limits from \$350m to

\$500m

for a period of five years out to mid

2027

The full
\$150m increase
has been applied to Oceania's general / corporate facility (with ability to switch to the development facility if needed), allowing usage of the facilities to be targeted to

growth

through development land acquisitions and other M&A

Following completion of the Remuera Rise and Bream Bay Village (including development land) acquisitions, Oceania will retain pro-forma gearing of

~31%

based on Oceania's 1HY2022 balance sheet

In addition to Oceania's two existing retail bonds (OCA010 and OCA020), Oceania has total debt facilities of

\$725m

and pro-forma headroom of

~\$290m

Annual unit delivery target increased to 300+ units and care suites



Oceania has undertaken a comprehensive review of its development pipeline of over

1,900

units and care suites



Oceania now has resources and planning in place to deliver

300+

units and care suites on an annual basis from FY2023



Near term unit delivery to be supplemented by development of

124 new villas

in Stage 2 of Bream Bay Village



Continued annual delivery of 300+ units and care suites to be supported by increases to Oceania's land bank in target regions of New Zealand