



OCEANIA

ANNUAL SHAREHOLDERS MEETING – CHAIR’S ADDRESS

23 JUNE 2022

Oceania has remained focused on providing a safe environment for our people to live and work in over the last year. While the Company delivered a solid financial result for the year ended 31 March 2022, it is now at a turning point in its journey, with a pivot towards greenfield development of independent living units and enhanced resident experience.

Oceania is now seeking to leverage its established operating platform and strong balance sheet to accelerate its development pipeline, and to grow its business both through organic growth in its existing operations as well as through acquisitions. We were pleased to observe that underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 31 March 2022 was 16% higher than the prior corresponding period of \$65.6m. This was largely as a result of strong sales and resales despite the COVID-19 lockdowns, as well as increased premium charges from recently completed developments in the form of growing deferred management fees.

Brent will take you through the financial result for the year ended 31 March 2022 shortly.

Acquisitions

The acquisition of premium properties can deliver strong accretion to underlying earnings per share. Oceania has already made tangible progress with regard to its growth ambitions, starting the last financial year the completion of the acquisition of Waterford (in Hobsonville Point, Auckland) in April 2021. Since acquiring this site, Oceania has obtained resource consent to develop 50 new independent living apartments as well as underground carparking, and construction of this stage started on site last month. Oceania also acquired additional land adjacent to its Franklin site during the year ended 31 March 2022, bringing the total site area to 7.9 hectares.

The Waterford and Franklin acquisitions were complemented with the announcement on 9 May 2022 that Oceania had entered into agreements to acquire Remuera Rise (in Newmarket, Auckland) and Bream Bay Village (in Ruakaka, Northland). Since then, Oceania has entered into an agreement to acquire another piece of land adjacent to Bream Bay Village. Brent will take you through more detail on these acquisitions shortly, but we are looking forward to settling the Remuera Rise and Bream Bay acquisitions within the next couple of weeks and to welcoming these residents to the Oceania family.

Retail Bond and Refinance

Throughout the year, Oceania further strengthened its balance sheet to ensure that the Company is fit for future growth. Oceania issued a second retail bond of \$100m in September 2021 which was again heavily oversubscribed. Oceania then entered into an amended Facilities Agreement in May 2022, which provides for an increase in facility size from \$350m to \$500m and an extension of maturity date to mid-2027. The increased facilities will be used to accelerate Oceania’s development pipeline and are critical to Oceania’s growth strategy moving forward.

Strategy

The current global macro economic environment has meant that all businesses, including Oceania, need to reassess their strategy and their appetite to risk going forward. Oceania’s strategy is to achieve sustainable performance by delivering on our four strategic pillars – offer, resident experience, people capability and growth – underpinned by technology, innovation and our sustainability framework.

Oceania has a proven track record in delivering brownfield development projects and has built significant capability and experience in this area. Oceania's brownfield pipeline opportunities are now coming to an end with the more profitable brownfield projects, such as Meadowbank and The Sands, having already been delivered. Greenfield development is the next cycle for Oceania. The Franklin development represents the transition to Oceania developing a fully integrated village, including a range of on-site amenity and community facilities, on a greenfield site. Greenfield development makes a lot of sense for Oceania as there is no requirement for costly and time consuming decommissioning of existing sites, there is full scope to consider site layout without the need to factor in existing buildings on site, there is greater flexibility to stage developments and bring product to market more quickly, as well as a greater ability to achieve presales.

In order to execute its greenfield development strategy, Oceania is actively pursuing opportunities to acquire additional land in targeted growth locations around New Zealand with favourable demographics and housing dynamics. In order to ensure that Oceania has continued development capacity throughout the next five years, we are working towards acquiring additional development land now, and have a fit for purpose balance sheet that will allow us to do so.

As noted in the Annual Report, Oceania is redirecting its focus on mix diversification, with a reweighting towards independent living units. Although care suites remain a necessary ingredient in any fully integrated village, the number of care suites being built needs to be balanced with the number of independent living units in any given village and, in particular, the number of villas. Oceania is focused on its cash recovery profile and the development of independent living villa products as the backbone of the next season of Oceania's development projects will assist this.

We have recognised that although product is important, built forms needs to enable resident experience, rather than the other way around. Oceania has been increasing its focus on its Village business and the delivery of services to our independent living residents. An innovative operational and clinical structure will be introduced at The Helier to reflect the unique and premium nature of that village.

Sustainability

As we noted in the Annual Report, Oceania has made progress with ESG initiatives and reporting over the last six months. The updated materiality matrix, setting out where Oceania can have its greatest impact and considering what matters most to our external stakeholders, is included in the Annual Report and this helps inform the pillars of our ESG strategy and key performance indicators for success.

We are very pleased to announce that Oceania has agreed a sustainability-linked loan with a syndicate of banks, led by ANZ Bank. We have linked our recent debt facility to our sustainability targets, showing our commitment to improving our environmental and social impact and being held accountable for our performance. Brent will outline the specific targets in more detail later in the meeting.

Oceania has also completed a TCFD maturity assessment with an external provider, in order to support our climate-related disclosures journey. From this we have established a TCFD roadmap that will be implemented over the next two years.

Changes to Board Composition

At last year's Annual Meeting, I indicated that the Board was considering appointing additional Board members to complement the skills of existing directors, as well as start planning for Board succession over the next five years.

As a result of this review, we welcomed Rob Hamilton and Peter Dufaur to the Board in September 2021. Rob and Peter bring extensive experience in the capital markets, finance and property development sectors respectively and they have made a significant contribution since joining the Board.

Patrick McCawe resigned as a director in February 2022 after five years' service. We would like to take this opportunity to thank Patrick again for his contribution to Oceania, particularly his work on capital markets related activities.

Directors' Fees Resolution

The landscape in which Oceania operates has changed significantly since our listing in 2017. As you will have seen from our Corporate Governance Statements over the last three years, your directors have attended a significant number of additional meetings during this period and this has resulted in increased demands on directors' time. This additional work undertaken by directors has provided Oceania with a strong platform for growth. Directors give a lot of their time for meeting preparation, attendance and travel, and directors do not wish to be over-boarded, so fees need to be at an adequate level.

The Company is seeking the approval of shareholders to increase the maximum fee pool for non-executive directors for a number of reasons, as outlined in the Notice of Meeting.

The increase in the maximum fee pool is intended to ensure that the aggregate remuneration can accommodate payment of fees to non-executive directors for additional duties. This has been particularly evident in recent years where directors have taken on additional duties for the capital raising and bond issues without receiving any additional payment for this significant workload. Additional duties will be funded through the proposed headroom, paid out for significant strategic work undertaken by directors outside of the normal workload of the Board and Committees. It should also be noted that the payments made under the \$25,000 headroom will only be approved in the event of commitments such as significant strategic work or projects. The actual allocation of directors' fees in each financial year is and will be reported in the Company's Annual Report, including the reasons for any additional payments.

The Board is committed to setting director fees in a transparent manner. Accordingly, it engaged EY to complete an independent report to compare the Company's directors' fees with comparator companies. A copy of EY's report is available on the Company's website. In preparing its report, EY identified a comparator group across both New Zealand and Australian companies. A range of factors were taken into consideration by EY in developing the comparator group, including financial size (revenue, market capitalisation and/or assets), sector and industry and the geographic span of the company. EY also considered the ownership structure, organisational complexity, governance and public interest and industry. The New Zealand comparator group was used by EY as the primary data source. The Australian data was not used to develop a view on New Zealand fees but rather, was used as an information point.

EY used time commitment as a significant factor in determining where to position Oceania's fees in relation to the New Zealand comparator group, but EY has advised that this wasn't the only factor. Oceania continues to grow in complexity with more legislative and regulatory changes being proposed. In addition, Oceania is on a growth trajectory with future expansion plans. EY noted that the four "healthcare/property" organisations included in the New Zealand comparator group will also be experiencing a similar level of complexity and scrutiny at the shareholder level. EY therefore considered where the proposed fees for Oceania would place Oceania within this group. EY found that the proposed fees placed Oceania third in the list (out of four), but Oceania was joint first in terms of time commitments for its directors.

In addition to the appointment of Rob and Peter as directors of Oceania, the Board also considers that other changes to the composition of the Board will occur in the coming years. The Company needs to ensure alignment with fees paid by comparator group organisations in New Zealand of similar complexity in order to attract and retain non-executive directors of the highest calibre and with the requisite skills, judgement and expertise in order to govern a company for the benefit of its shareholders.

Shareholders will also note that the Company is seeking a headroom of \$25,000 and has not followed the EY recommendation to adopt a headroom of \$150,000.

The Board considers, in light of the realities of the increased workloads and responsibilities undertaken by the Board and consideration of the EY independent report, that the proposed increased fees pool is fair and reflective of market conditions and therefore seeks shareholder approval of this resolution later in the meeting.

Dividend

We were pleased to declare and pay a final dividend of 2.3 cents per share, which takes full year dividends (non-imputed) to 4.4 cents per share and represents 53.9% of Underlying Net Profit after Tax. This reflects strong trading performance and operating cashflow throughout the period. The Dividend Reinvestment Plan for our New Zealand and Australian shareholders was also applicable for this dividend, which was paid to shareholders earlier this week.

Looking Ahead

Looking ahead, we will be releasing our financial results for the six months to 30 September 2022 in late November 2022.

In closing, I would like to thank our team of almost 3,000 staff across all of our sites. The last year has again been a challenging year from an operational perspective and our people have worked extremely hard to continue to deliver outstanding services to our 4,000 residents.

I would also like to thank the Board. Your directors demonstrate a range of skills, with thought, experiential and social diversity, and a range of relevant experiences for Oceania's business. Their hard work and commitment over the last few years has provided Oceania with a strong platform for growth.

Finally, I would like to thank you all for your support of Oceania and for attending the meeting this afternoon. We remain committed to reimagining the retirement village and aged care sector by putting our residents at the heart of everything we do.

I'd now like to hand over to Brent Pattison, our CEO, who will present our financial results and talk about the execution of Oceania's strategy.

ENDS