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OCEANIA

RETAIL BOND PRESENTATION  
30 AUGUST 2021



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# Offer highlights



Retail Bond Offer	Details
<b>Issuer</b>	Oceania Healthcare Limited ( <b>Oceania</b> )
<b>Bonds</b>	Secured unsubordinated fixed rate bonds
<b>Guarantee</b>	Payments on the Bonds are guaranteed by Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited, under a guarantee contained in the Global Security Deed
<b>Offer Amount</b>	Up to \$75m (with the ability to accept oversubscriptions up to an additional \$25m at Oceania's discretion)
<b>Maturity</b>	7 year bonds maturing 13 September 2028
<b>Quotation</b>	Application to quote the bonds on the NZX Debt Market (NZDX) has been made NZX ticker code OCA020 has been reserved for the Bonds
<b>Joint Lead Managers</b>	ANZ, Craigs Investment Partners, Jarden and Westpac



# Business Overview and Strategy

# 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 an experienced developer of new aged care and retirement village assets. The existing portfolio includes a substantial brownfield and greenfield development pipeline throughout New Zealand.

## Key statistics as at 31 March 2021<sup>1</sup>

## Portfolio geographical snapshot

25



19



1

45  
Total  
sites

Existing sites with mature operations

Existing sites with brownfield developments (current & planned)

Undeveloped site

### People



3,700

Residents (approx)



2,800

Staff (approx)

### Portfolio



2,654

Care beds & Care suites



1,367

Units

### Pipeline



781

Care suites



1,175

Units



1. Post balance date Oceania acquired Waterford on Hobsonville Point comprising 100 village units, not included in statistics.

# Operational overview



Oceania's operations fall under three key segments

Operations	1	2			
	AGED CARE	RETIREMENT VILLAGE			
Operating Segment	AGED CARE			RETIREMENT VILLAGE	
Core operations	Provision of residential aged care services in standard beds, premium rooms and care suites.			Manage portfolio of independent living accommodation for over 70 year olds.	
Portfolio size <sup>1</sup>	2,654 BEDS & CARE SUITES			1,367 UNITS	
Services	Aged Care Services			Independent Living	
Product	Standard Bed	PAC Bed	Care Suite	Apartment	Villa
1. Accommodation model					
Sold under Occupation Right Agreement (ORA) i.e. The resident purchases ORA. Oceania charges a Deferred Management Fee (DMF) and Oceania receives any capital gain on the resale of unit. <sup>2</sup>	n/a	n/a	✓	✓	✓
Daily premium accommodation charge (PAC)	n/a	✓	n/a	n/a	n/a
2. Services model					
Services provided	Rest Home Care Hospital Care Dementia Care	Rest Home Care Hospital Care Dementia Care	Rest Home Care Hospital Care (Dementia in future)	Resident hospitality and facilities management	Resident hospitality and facilities management
Weekly service fee	n/a	n/a	n/a	✓	✓
Government funded daily care fee	✓	✓	✓	n/a	n/a
Strategy	<ul style="list-style-type: none"> <li>Maximise occupancy through continuous improvement in service delivery and quality of clinical care.</li> <li>Increase premium revenue (DMF and PAC capture) through:                             <ol style="list-style-type: none"> <li>Full redevelopment of some existing aged care centres to new premium Care Suites; and</li> <li>Conversion of some standard beds to Care Suites.</li> </ol> </li> </ul>			<ul style="list-style-type: none"> <li>Increase Unit resale margins through Oceania brand engagement and Oceania's regular review of market supply and demand dynamics.</li> </ul>	


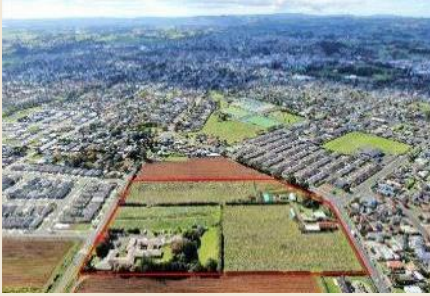

1. As at 31 March 2021.

2. Standard resale gain policy. A small number of legacy contracts require the resident to share in the resale gains on their unit.

# Operational overview (continued)

Oceania's operations fall under three key segments

3

Operations	Operating Segment	<b>DEVELOPMENT</b>	
	Core operations	<b>Design and construct integrated retirement villages and aged care centres</b> <ul style="list-style-type: none"> <li>Oceania has proven development capability, historically delivering on time and on budget.</li> <li>74.5% of pipeline consented as at 31 March 2021.</li> </ul>	
	Development pipeline <sup>1</sup>	<b>1,956 Care Suites and Units</b>	
	Value drivers	<ul style="list-style-type: none"> <li>Cost efficient, high quality construction of retirement villages.</li> <li>First time sales of ORA over new product.</li> <li>Development margin capture and growing trail earnings stream (refer to page 18 for illustration of cash flows generated from development).</li> </ul>	
Strategy	Strategy	<ul style="list-style-type: none"> <li>Development of integrated aged care and retirement village facilities at existing locations.</li> <li>Transition portfolio to be heavily weighted towards premium beds and units at the completion of the current pipeline (see following page).</li> <li>Acquisition of additional sites in complementary regions.                             <ul style="list-style-type: none"> <li>Oceania completed the acquisitions of Waterford on Hobsonville Point and Franklin earlier in 2021</li> </ul> </li> </ul>	<p><b>Waterford on Hobsonville Point</b> a village with 64 existing villas, 36 existing apartments and surplus land to develop ~85 units / care suites.</p>  <p><b>Franklin in Pukekohe</b> a 44 bed care centre sitting on 2.0 hectares previously leased by Oceania, plus 4.1 hectares of adjoining land. The site will contain ~215 units and care suites when complete.</p> 
	 <p><b>Green Gables, Nelson</b> Example of brownfield development, completed in FY2021</p> <ul style="list-style-type: none"> <li>61 care suites</li> <li>28 apartments</li> </ul>		

1. As at 31 March 2021.



# Future outlook

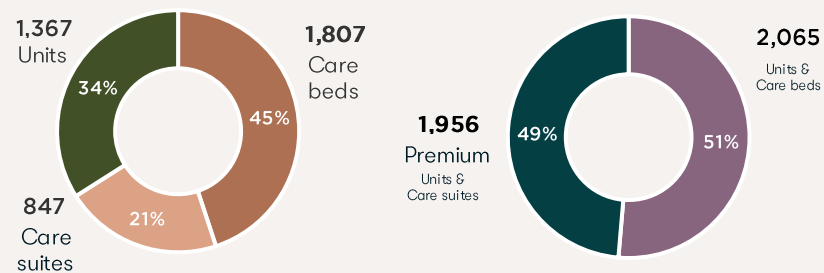


49% of our existing portfolio is now premium units and care suites as we progress to ~70% premium at the end of our current pipeline.

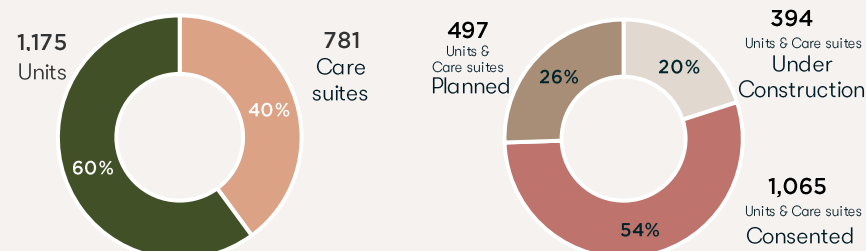
## Current & future portfolio composition – remaining “needs” focused<sup>1</sup>

	Care beds	Care suites	ILUs	Total
North Island	1,394	520	1,006	2,920
South Island	413	327	361	1,101
<b>Total Existing</b>	<b>1,807</b>	<b>847</b>	<b>1,367</b>	<b>4,021</b>
<b>Development Pipeline<sup>2</sup></b>	<b>-</b>	<b>781</b>	<b>1,175</b>	<b>1,956</b>
Less Decommissions	(277)	(43)	(110)	(430)
Care Suite Conversions	(39)	27	-	(12)
<b>Net Development Pipeline</b>	<b>(316)</b>	<b>765</b>	<b>1,065</b>	<b>1,514</b>
<b>Total Post Development</b>	<b>1,491</b>	<b>1,612</b>	<b>2,432</b>	<b>5,535</b>

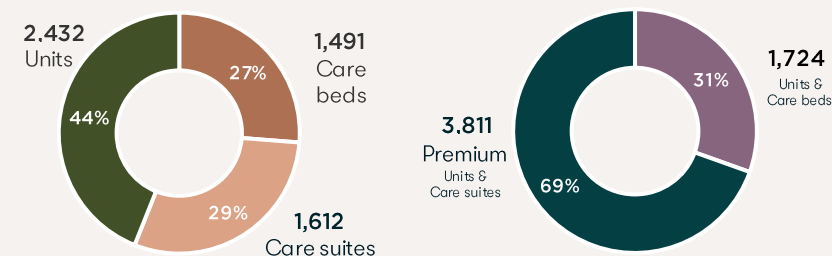
## Existing portfolio<sup>1</sup>



## Development pipeline



## Post development portfolio



1. As at 31 March 2021. Post balance date Oceania acquired Waterford on Hobsonville Point comprising 100 village units, not included in analysis.

2. Includes 224 care studios which may be initially sold with a PAC, and may subsequently be sold under an ORA.

# Recently completed developments



Oceania has completed four major developments over the last twelve months

## Green Gables Nelson

Completed in  
September 2020

 28  
Units

 61  
Care suites



## The BayView Stage 2a Tauranga

Completed in March 2021.  
Stage 2b scheduled to  
complete FY2022

 35  
Units &  
Community  
Centre



## The Bellevue Christchurch

Completed in March  
2021

 22  
Units

 71  
Care suites



## Eden Auckland

Completed in  
April 2021

 49  
Units &  
Community  
Centre



# Developments under construction



Oceania currently has construction underway at a number of sites throughout New Zealand

## Waimarie St (Auckland)



31

Care suites under construction



79

Apartments under construction

## Lady Allum (Auckland)



113

Care suites under construction



137

Further apartments to be constructed

## Awatere (Hamilton)



63

Apartments under construction



71

Further apartments to be constructed

## The BayView (Tauranga)



39

Apartments under construction



137

Further apartments to be constructed

## Redwood (Blenheim)



57

Care suites under construction

## Gracelands (Hastings)



18

Villas under construction

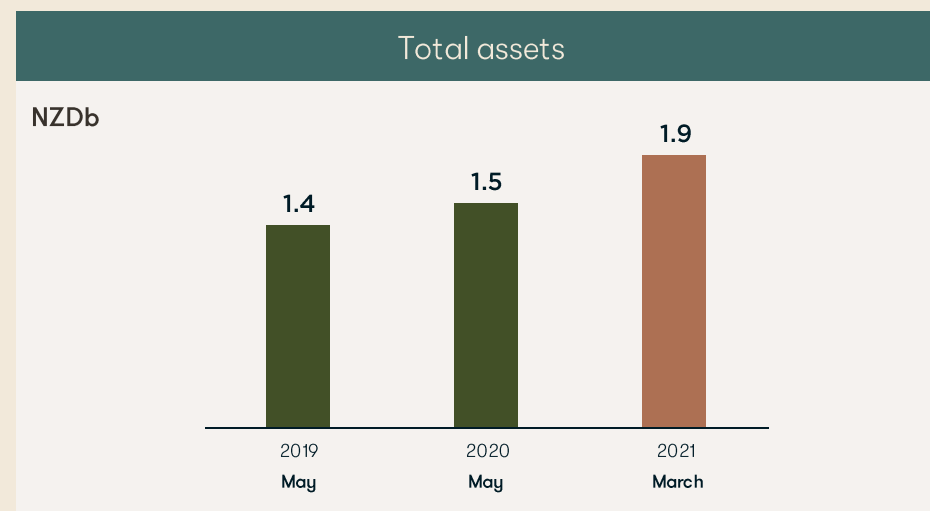
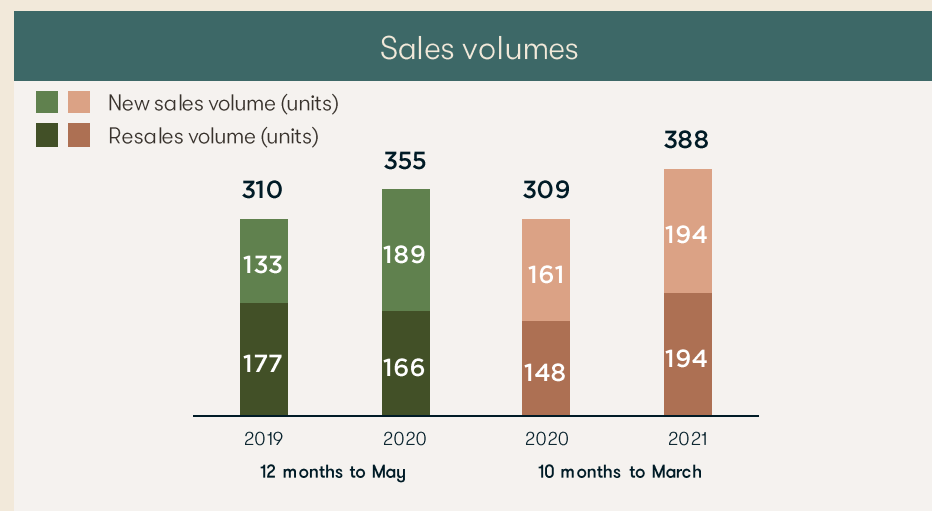
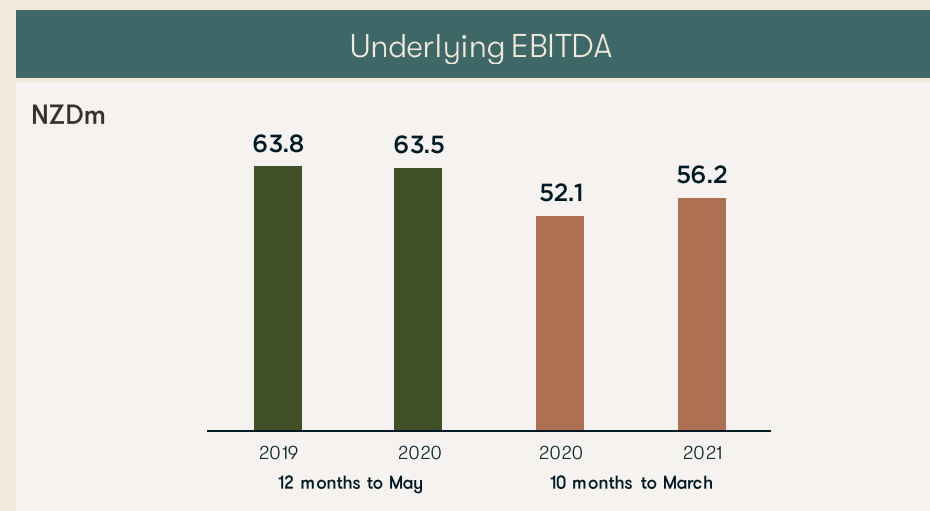
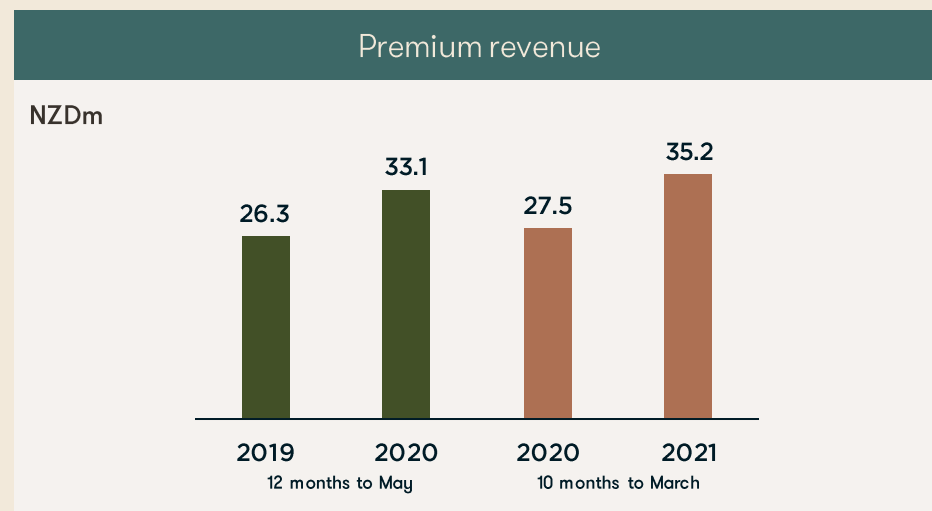


# Financial Highlights

# Trading highlights – 10 months to March 2021<sup>1</sup>



Premium revenue and sales volumes were the key drivers of strong underlying earnings in the 10 months to March 2021 (10m2021), each exceeded both pcg and 12 month FY2020.



1. Oceania changed its balance date to March (from May) in 2021, resulting in a one-off 10 month reporting period, from 1 June 2020 to 31 March 2021 (10m2021).

# 10 month trading highlights (continued)



Our aged care business is underpinned by our premiumisation strategy.  
Care suites are now a proven product delivering increasing annuity income streams.

## Aged care strategy showing numerous proof points in 10m2021

### 20%

Increase in Care EBITDA compared to pcp



### \$9,500+

EBITDA per bed (\$8,800 for FY2020)

### \$17,600

EBITDA per bed including care suite development margin and resale gains (\$15,900 for FY2020)

Group occupancy has increased

### 92.4%

(91.5% for FY2020)

### Premiumisation

10m2021 premium care revenue

### \$13.1m

11.9% increase on the full 12 months of FY2020 (\$11.7m)



### Premium care revenue growth

is driven by increased DMF capture (\$9.5m in 10m2021 vs \$7.8m in FY2020).

### 54%

of our care portfolio is now premium beds or care suites

## Record sales volumes despite only 10 month period

Sales volumes for both i) new sales; and ii) resales for 10m2021 were above all previous 12 month financial years (to 31 May) on record back to FY2012<sup>1</sup>.

Total ORA sales in 10m2021

### 388

Increase of 33 unit and care suites (355 for FY2020)

New sales

### 194

(189 in FY2020)

Resales

### 194

(166 in FY2020)



Average apartment resale price now

### \$688,000

in line with pcp and FY2020 (\$684k)

Development margin of

### 26%

consistent with previous guidance that margins would moderate as we sell down new developments at regional sites.

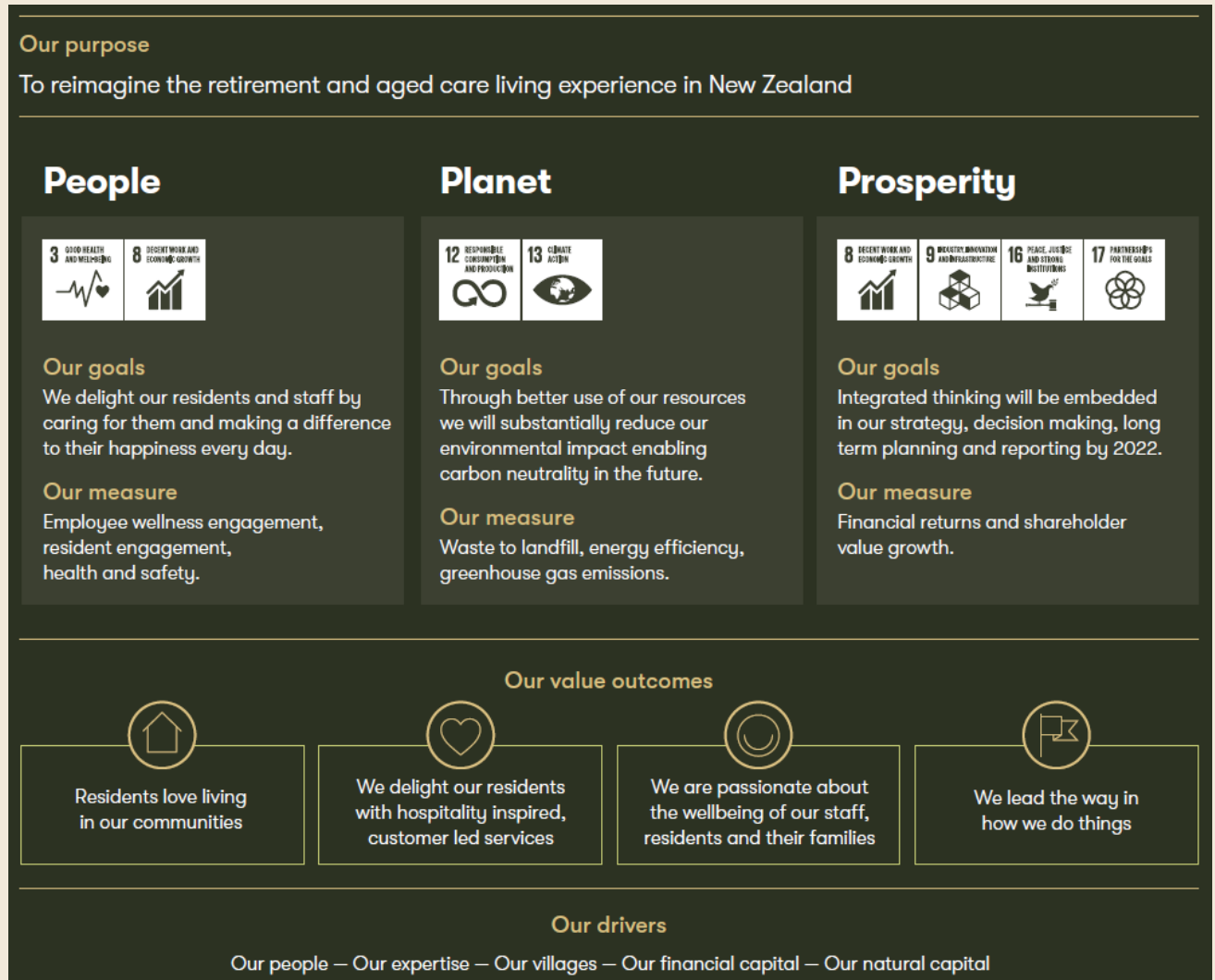
1. Note: Most of the sales volumes comparisons in this section are comparing the 10 month period to 31 March (10m2021) with the 12 month period FY2020.

# Sustainability



Oceania is committed to enhancing value for all of our stakeholders in a sustainable manner.

- We have set our strategy by considering what is important to key stakeholders and which risks and opportunities have the greatest impact on our ability to create value in the short and long term.
- This strategy establishes goals and identifies measures to report people, planet and prosperity achievements as we build a better future.
- The diagram opposite outlines Oceania's sustainability framework, aimed at ensuring prosperity is achieved through sustainable practices.





# Funding and Security Structure



# Debt funding



Oceania uses debt primarily to acquire and develop its sites across New Zealand.

- Oceania uses debt to fund:
  - Redevelopment of existing brownfield sites;
  - Acquisition of land for future development;
  - Development of land into operating facilities; and
  - Working capital requirements.
  
- The proposed bond issue will:
  - Provide further diversification of funding sources and tenor. Oceania currently has \$350m of bank facility limits with ANZ and Westpac through to July 2023, and a \$125m Retail Bond issued in 2020 with a maturity of October 2027;
  - Repay existing bank debt; and
  - Help facilitate further growth, including funding the current pipeline and potential acquisition of new development sites (brownfield and / or greenfield).

## Net debt

Debt facilities	Facility limit	Drawn amount (31 March 2021)	Headroom
General / corporate	\$85.0m	-	\$85.0m
Development facility	\$265.0m	\$204.9m	\$60.1m
Retail Bond – OCA010	\$125.0m	\$125.0m	-
Cash	n/a	(\$79.9m)	\$79.9m
<b>Total limits / net borrowings<sup>1</sup></b>	<b>\$475.0m</b>	<b>\$250.0m</b>	<b>\$225.0m</b>
Finance leases <sup>2</sup>	n/a	11.5	n/a
<b>Total net debt</b>		<b>\$261.5m</b>	

Post the 31 March 2021 balance date, Oceania received a further \$19.8m net cash proceeds from the Retail Offer component of the equity raise launched in March, and settled the acquisitions of Waterford (\$56m) and Franklin (\$11m<sup>3</sup>).

1. Excludes derivative financial instruments.

2. Includes \$5m of secured liabilities. Refer to slide 20 for more details.

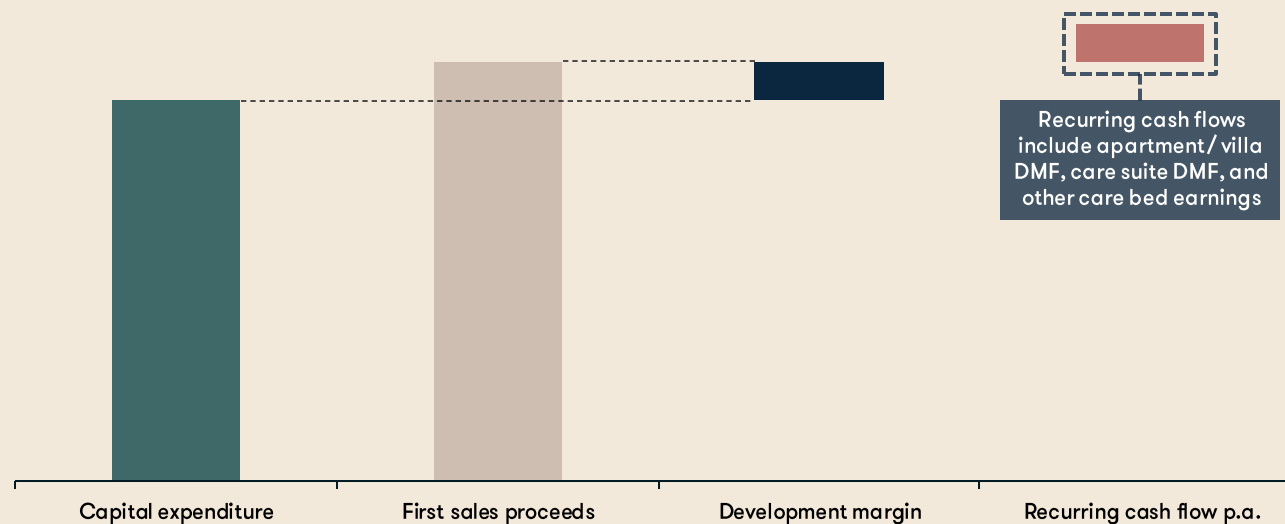
3. The Franklin land acquisitions also involve a deferred settlement component expected to be paid in FY2023.

# Debt servicing

Oceania services its debt using development sales proceeds and other operating cash flows.

- Oceania services debt with operating cash flows, comprising:
  - First time sales proceeds from new developments (refer to chart opposite);
  - Resale gains and DMF through ORA resales; and
  - Cash flows from Oceania's aged care operations, including government funded daily care fees as well as resident funded premium accommodation charges.

Illustrative summary cash flows from development



# The issuer and guaranteeing group

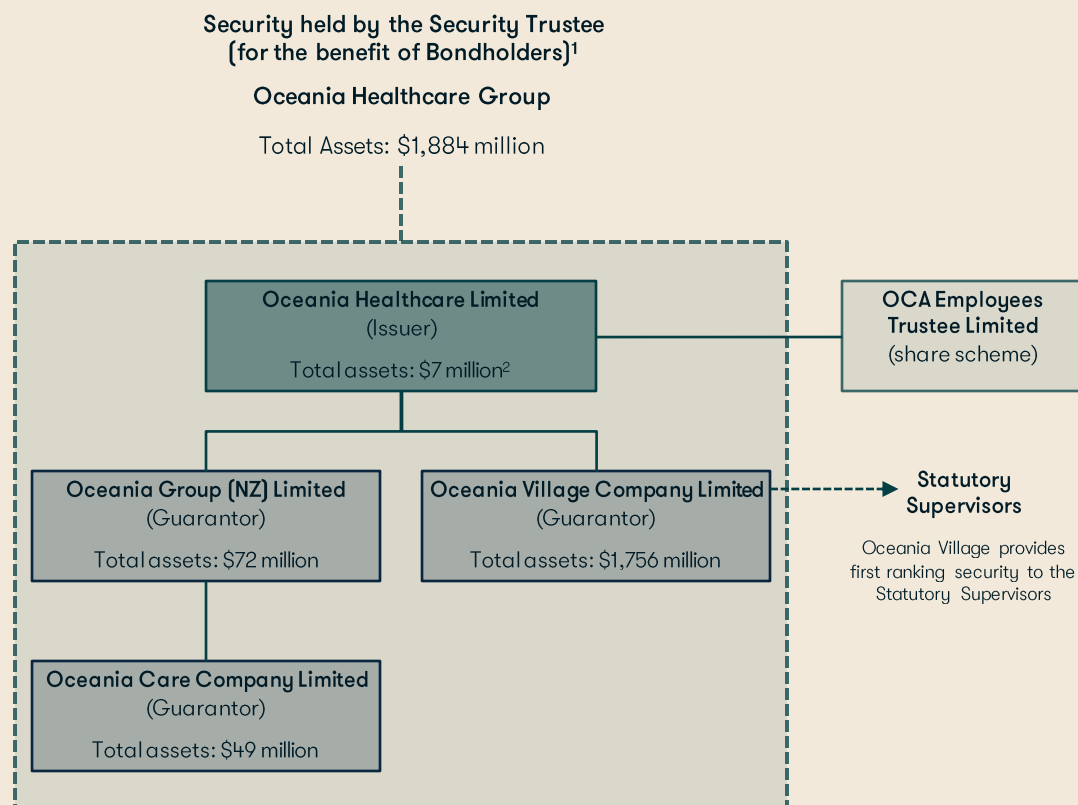


Listed entity Oceania Healthcare Limited is the issuer and the guaranteeing group includes entities owning and operating the care centres and retirement villages in the Group.

- Oceania Healthcare Limited as Issuer is responsible for repaying, and paying interest on, the Bonds. Payments on the Bonds are guaranteed by Oceania Care Company Limited, Oceania Village Company Limited and Oceania Group (NZ) Limited:

- Oceania Village Company Limited owns the Oceania Group's aged care and retirement village assets and undertakes the retirement village operations.
- Oceania Care Company Limited undertakes the Oceania Group's aged care operations.
- Oceania Group (NZ) Limited provides corporate head office functions and operates the Wesley Institute of Learning to deliver postgraduate nursing and healthcare assistant training to Oceania Group staff and the wider nursing and healthcare industry.

## Security structure as at 31 March 2021



1. Dotted lines indicate security. Solid lines indicate ownership.

2. Assets of Oceania as Issuer are shown excluding amounts attributable to shares held in the Guarantors and other subsidiaries, but including \$3 million in relation to goodwill which arises on consolidation.

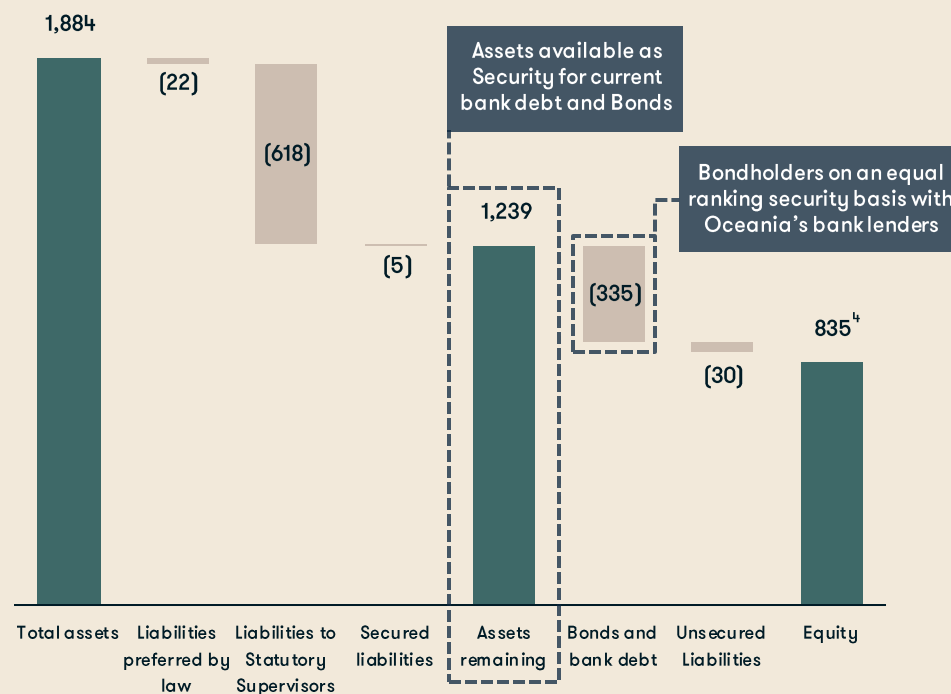
# Security



The Bonds share the security provided by Oceania and the Guarantors on an equal ranking basis with Oceania's bank lenders as provided by Oceania's security trust deed.

- Total assets as at 31 March 2021 of \$1.9b, including investment property and property, plant and equipment of \$1.7b.
- Liabilities that rank in priority to the bonds include liabilities preferred by law (e.g. employee entitlements and amounts owed to Inland Revenue), liabilities secured by Statutory Supervisors' first mortgages (including amounts owing to retirement villages residents)<sup>1</sup> and other secured liabilities<sup>2</sup>.
  - Assets of \$1.2b remaining after these claims.
- Liabilities that rank equally with the Bonds include other unsubordinated liabilities that have the benefit of the Security, including bank debt and Oceania's first bond issue in 2020, totalling \$335m as at 31 March 2021.
- The Bonds and bank lenders have the benefit of first ranking mortgages over undeveloped land and land used only for aged care centres that is owned by Oceania Village Company Limited and second ranking mortgages in respect of land used for the purposes of a registered retirement village.
- ANZ is facility agent for the banks.
- New Zealand Permanent Trustees Limited is Security Trustee. Public Trust is the Bond Supervisor.

Financial position as at 31 March 2021 (NZDm)<sup>3</sup>



1. The Statutory Supervisors have first ranking security for the protection of residents' rights however this does not give the Statutory Supervisor discretion to demand repayment of residents' loans.

2. Includes lease liabilities relating to chattels and motor vehicles.

3. Asset values are shown based on market values.

4. An amount of \$41 million in relation to the deferred management fee liability on Oceania's balance sheet is excluded from the diagram above due to its nature as a non-cash liability, arising from differences in the treatment of DMF for contractual and accounting purposes. Diagram also excludes \$3m of capitalised bond and loan costs which offset borrowings for reporting purposes.

# Covenants



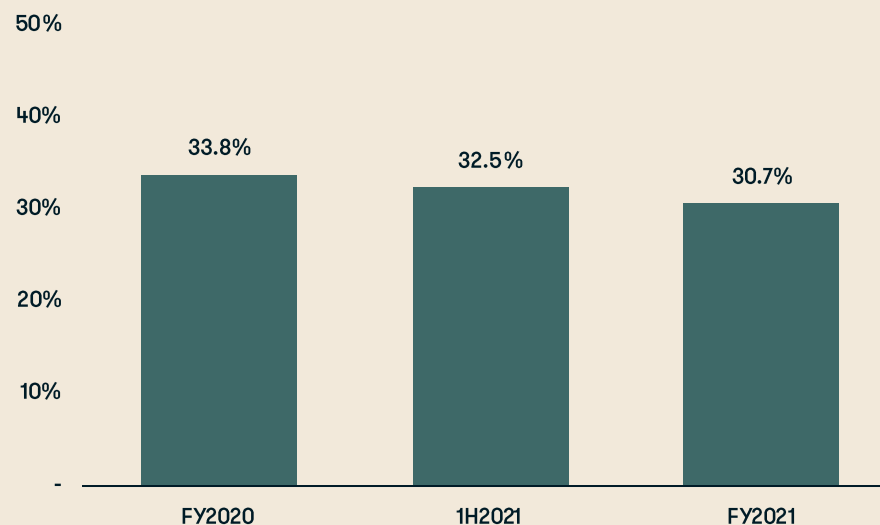
Oceania maintains a conservative approach with significant headroom on the Loan-to-Valuation (LVR) covenant.

- Key terms of the bond LVR include:
  - LVR must not exceed 50%;
  - If there is a breach of the LVR then:
 

Oceania must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach (or the date on which it should have been delivered, if earlier), remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 Business Days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and

if the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur.
- Certain terms in the Bank Facility Agreement limit the ability of Oceania to borrow money. The key terms currently include:
  - LVR must not exceed 50%;
  - A minimum interest cover ratio; broadly, the ratio of Adjusted EBITDA (a proxy for cash earnings) available for servicing the interest (excluding interest associated with the development facility (Facility B)) of 2.00:1.

## Loan to valuation (LVR) ratio



## Bank Covenants

As at 31 March 2021	
LVR (covenant <50%)	30.7%
Interest cover ratio (covenant >2.0x)	5.6x



# Offer Terms and Timetable

# Key terms of the Offer



Retail Bond Offer	Details
<b>Issuer</b>	Oceania Healthcare Limited
<b>Description of the Bonds</b>	Secured unsubordinated fixed rate bonds
<b>Guarantee</b>	Payments on the Bonds are guaranteed by Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited, under a guarantee contained in the Global Security Deed
<b>Offer amount</b>	Up to \$75m (with the ability to accept oversubscriptions up to an additional \$25m at Oceania's discretion)
<b>Maturity</b>	7 year bonds maturing 13 September 2028
<b>Interest rate</b>	<p>The Interest Rate will be determined by Oceania in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date.</p> <p>The Interest Rate will be equal to the sum of:</p> <ul style="list-style-type: none"> <li>• the Issue Margin determined following the bookbuild and announced via NZX on the Rate Set Date; and</li> <li>• the Swap Rate on the Rate Set Date,</li> </ul> <p>but in any case will be no less than the minimum Interest Rate of 3.20% per annum</p>
<b>Issue margin</b>	The indicative Issue Margin is 1.45% to 1.60% per annum
<b>Interest payments</b>	Quarterly in arrear in equal payments on 13 September, 13 December, 13 March and 13 June in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 13 December 2021
<b>Financial covenant (Loan to Valuation ratio)</b>	Oceania agrees to ensure that, on each Semi-annual Test Date <sup>1</sup> , the total principal amount of financial indebtedness secured under the Global Security Deed is not more than 50% of the valuation of all properties owned by Oceania and its subsidiaries

1. Tested semi-annually on 31 March and 30 September in each calendar year.

# Key terms of the Offer (continued)



Retail Bond Offer	Details
<b>Early redemption</b>	<p>Bondholders have no right to require Oceania to redeem the Bonds prior to the Maturity Date, except in the case of an Event of Default (as described in the trust documents for the Bonds).</p> <p>Oceania may elect (at its discretion) to redeem all, but not some only, of the Bonds on any Interest Payment Date after the third anniversary of the Issue Date by giving not less than 20 Business Days' notice of the redemption date.</p> <p>If the Bonds are redeemed early in this manner, they will be redeemed for the greater of:</p> <ul style="list-style-type: none"><li>• their Principal Amount; and</li><li>• their market price (excluding interest), calculated as the arithmetic average of the daily volume weighted average price (excluding interest) of Bonds traded through the NZX Debt Market over the 10 Business Days immediately prior to the date on which Oceania gave the redemption notice (or, if the Bonds have not traded on the NZX Debt Market for at least half of such 10 Business Day period, the average price of the Bonds for that period will be determined by an independent adviser appointed in accordance with the Trust Documents (excluding interest)),</li></ul> <p>in each case together with accrued interest</p>
<b>Distribution restriction</b>	Oceania is not permitted to make any distribution if an Event of Default has occurred and is continuing or if the making of the distribution would result in the occurrence of an Event of Default
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter
<b>Credit rating</b>	The Bonds will not be rated
<b>Quotation</b>	Application has been made for the Bonds to be quoted on the NZX Debt Market under the ticker code OCA020
<b>Joint Lead Managers</b>	ANZ, Craigs Investment Partners, Jarden and Westpac
<b>Brokerage</b>	0.50% brokerage plus 0.25% on firm allocations paid by Oceania



# Key dates of the Offer



Event	Date
Opening date	Monday, 30 August 2021
Closing date	Friday, 3 September 2021 at 12.00pm
Rate set date	Friday, 3 September 2021
Issue date and allotment date	Monday, 13 September 2021
Expected date of initial quotation	Tuesday, 14 September 2021
Maturity date	Wednesday, 13 September 2028



# Appendices

- 01 Portfolio summary
- 02 Directors
- 03 Management team
- 04 Glossary

# 01 Portfolio summary



Portfolio summary as at 31 March 2021.<sup>1</sup>

Site	Region	Care beds	Care suites	Village units	Total
<b>NORTH ISLAND</b>					
Totara Park	Rodney	-	-	30	30
The Sands	North Shore	-	44	64	108
Greenvalley Lodge	North Shore	50	-	-	50
Lady Allum	North Shore	72	15	129	216
Te Mana	North Shore	46	-	-	46
Amberwood	Waitakere	67	-	-	67
Eden	Auckland	-	67	40	107
Everil Orr	Auckland	52	-	-	52
Meadowbank	Auckland	-	63	193	256
Wesley	Auckland	51	-	-	51
Elmwood	Manukau	111	48	129	288
St Johns Auckland	Manukau	-	-	18	18
Takanini	Manukau	91	-	-	91
Franklin	Franklin	44	-	-	44
Awatere (formerly Trevellin)	Hamilton	-	90	40	130
Whitianga	Whitianga	53	-	10	63
Elmswood	Tauranga	38	-	-	38
The BayView	Tauranga	-	81	95	176
Ohinemuri	Paeroa	68	-	8	76
Victoria Place	Tokoroa	51	-	-	51
St Johns Wood	Taupo	37	25	18	80
Wharerangi	Taupo	47	-	21	68
Duart	Hastings	66	-	-	66
Eversley	Hastings	50	-	6	56
Gracelands	Hastings	81	11	101	193
Atawhai	Napier	58	25	46	129
Woburn	Hawke's Bay	33	-	-	33
Eldon	Paraparaumu	88	9	-	97
Elderslea	Upper Hutt	102	22	12	136
Heretaunga	Upper Hutt	38	20	-	58
Hutt Gables	Upper Hutt	-	-	46	46






Site	Region	Care beds	Care suites	Village units	Total
<b>SOUTH ISLAND</b>					
Marina Cove	Picton	-	-	22	22
Green Gables	Nelson	-	61	40	101
Otumarama	Nelson	32	7	-	39
Stoke	Nelson	-	-	114	114
Whareama	Nelson	71	-	-	71
Redwood	Blenheim	45	16	46	107
Woodlands	Tasman	30	20	36	86
Holmwood	Christchurch	29	17	-	46
Middlepark	Christchurch	33	21	-	54
Palm Grove	Christchurch	31	54	32	117
The Oaks	Christchurch	69	36	32	137
The Bellevue (formerly Windermere)	Christchurch	-	71	39	110
Addington Lifestyle	Christchurch	73	24	-	97

<b>TOTAL (NORTH AND SOUTH ISLANDS)</b>	<b>1,807</b>	<b>847</b>	<b>1,367</b>	<b>4,021</b>
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1. Post balance date Oceania acquired Waterford on Hobsonville Point comprising 100 village units, not included in the table above.

# 02 Directors



<p><b>Elizabeth Coutts</b> Chair and Independent Director <i>ONZM, BMS, FCA</i></p>	<p><b>Alan Isaac</b> Independent Director <i>CNZM, BCA, FCA</i></p>	<p><b>Dame Kerry Prendergast</b> Independent Director <i>DNZM, CNZM, MBA (VUW), NZRN, NZM</i></p>	<p><b>Sally Evans</b> Independent Director <i>BHSc, MSc, FAICD, GAIST</i></p>	<p><b>Patrick McCawe</b> Independent Director <i>BCA (Hons), MBA</i></p>	<p><b>Gregory Tomlinson</b> Independent Director <i>AME</i></p>
					
<p>Liz Coutts has been a Director of Oceania since 5 November 2014 and was appointed Chair in 2014. Liz is also the Chair of Skellerup Holdings Limited and EBOS Group Limited.</p> <p>Liz is a Fellow of Chartered Accountants Australia and New Zealand. She is a past President of the Institute of Directors NZ Inc and was made an Officer of the New Zealand Order of Merit in 2016.</p> <p>Liz has previously been Chief Executive of Caxton Group, Chair of Meritech Group Limited, Industrial Research Limited, Life Pharmacy Limited and Ports of Auckland Limited, Deputy Chair of Public Trust, and a Commissioner of both the Commerce Commission and Earthquake Commission. She has been a Director of Sanford Limited, Ravensdown Fertiliser Cooperative, the Health Funding Authority, PHARMAC, Air New Zealand, Sport and Recreation New Zealand and Trust Bank New Zealand, and a member of both the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants and the Monetary Policy Committee of the Reserve Bank of New Zealand.</p>	<p>Alan Isaac has been a Director of Oceania since 1 October 2015. Alan is a professional director with extensive experience in accounting, finance and governance. He is the immediate past President of the Institute of Directors NZ Inc. and is Chairman of New Zealand Community Trust and Basin Reserve Trust. He is also a former President of the International Cricket Council. Alan is a Director of Scales Corporation Limited and Skellerup Holdings Limited. He is also a Board member of the Wellington Free Ambulance.</p> <p>Alan is a former national Chairman of KPMG, and was made a Companion of the New Zealand Order of Merit (CNZM) in 2013. He is a Fellow of Chartered Accountants Australia and New Zealand.</p> <p>Alan is Chair of the Audit Committee and is a member of the Remuneration Committee.</p>	<p>Dame Kerry Prendergast has been a Director of Oceania since 22 December 2016. Dame Kerry is a professional director. She was Mayor of Wellington (2001-2010) and is currently the Chair of the New Zealand Film Commission, Wellington Free Ambulance, Wellington Opera and Royal New Zealand Ballet. Dame Kerry is also a trustee of New Zealand Community Trust.</p> <p>For 25 years Dame Kerry was an independent midwife after training as a general nurse in 1970, and consequently gaining a Diploma in Intensive Care.</p> <p>She was made a Companion of the New Zealand Order of Merit (CNZM) in 2011 and was promoted to Dame Companion of the New Zealand Order of Merit in January 2019 for services to governance and the community.</p> <p>Dame Kerry is Chair of the Clinical and Health &amp; Safety Committee.</p>	<p>Sally Evans has been a Director of Oceania since 23 March 2018. Sally has over 30 years' experience in the private, government and social enterprise sectors in Australia, New Zealand, the United Kingdom and Hong Kong.</p> <p>Sally is a Director of Healius Limited in Australia, Rest (Australian Super Fund), Allianz Australian Life Insurance Limited and Ingenia Community Holdings and Ingenia Communities RE Limited as Responsible Manager of Ingenia Communities Management Trust and Ingenia Communities Funds. Sally is a member of the Australian Aged Care Quality and Safety Advisory Council. She has previously held Directorships on the boards of Opal Specialist Aged Care and Blue Cross Aged Care, was an inaugural member of the Australian Federal Government's Aged Care Financing Authority and held executive roles as Healthcare Director at the FTSE Compass Group plc and Head of Aged Care at AMP Capital.</p> <p>Sally is Chair of the Remuneration Committee and is a member of the Clinical and Health &amp; Safety Committee.</p>	<p>Patrick McCawe has been a Director of Oceania since 16 February 2017.</p> <p>Patrick has 39 years' experience across corporate treasury, investment banking and infrastructure funds management. Patrick joined the Macquarie Group in 1996. He was Head of Investment Banking at Macquarie New Zealand from 2002 to 2006 and was a Director of Metlifecare Limited from 2005 to 2007.</p> <p>Patrick is a member of the Audit Committee.</p>	<p>Greg Tomlinson has been a Director of Oceania since 23 March 2018. Greg is a Christchurch domiciled businessman and investor with experience in a variety of New Zealand industries. One of the original pioneers of the aquaculture industry in Marlborough, he has also established construction and aged care businesses.</p> <p>Greg established Qualcare before it was sold into the Oceania Group in early 2008 and he was a director of Oceania from 2008 until 2016. Greg holds directorships on the boards of a number of New Zealand based companies and is currently a director of Heartland Bank Limited.</p> <p>Greg is Chair of the Development Committee.</p>

# 03 Management team



<p><b>Brent Pattison</b> Chief Executive Officer <i>BBS, CAANZ</i></p>	<p><b>Kathryn Waugh</b> Chief Financial Officer <i>BSci (Hons), CA</i></p>	<p><b>Anna Thorburn</b> Group General Counsel <i>BA, LLB (Hons)</i></p>	<p><b>Rodney Scott</b> General Manager Operations <i>BBS, CAANZ, PRINCE2</i></p>	<p><b>Dr Frances Hughes</b> Group General Manager, Clinical and Care Services / Clinical Director <i>CNZM, BHSc, MSc, FAICD, GAIST</i></p>	<p><b>Jo Copeland</b> Group General Manager, People &amp; Culture <i>LLB (Hons), GDipBus (ER)</i></p>	<p><b>Eli Parkin</b> Head of Development <i>BCM</i></p>
						
<p>Brent joined Oceania as CFO in January 2020 and was subsequently appointed as CEO in March 2021.</p> <p>Brent has over a decade of experience in Investment Banking, is a qualified chartered accountant and has held senior finance roles in NZ corporations across the Telecommunications and Financial Services industries.</p> <p>Brent has a keen focus and interest in the Aged Care &amp; Retirement sector including providing Investment Banking advice to Oceania during the 2017 IPO and to other listed and privately owned peers in the sector.</p>	<p>Kathryn was promoted to the role of Chief Financial Officer in March 2021 after having joined Oceania in 2009 as Financial Controller.</p> <p>Kathryn is a qualified chartered accountant and prior to joining Oceania, she held senior roles at PwC.</p> <p>Kathryn has been heavily involved in Oceania's corporate transactions, including the IPO in 2017, the corporate bond in 2020 and the most recent capital raise and acquisitions in March 2021.</p>	<p>Anna joined Oceania in 2012. She has over 15 years legal experience and previously worked as a senior solicitor in the Corporate / Commercial team at Russell McVeagh where she was involved in the acquisition of the businesses that subsequently formed Oceania.</p> <p>Since joining Oceania Anna has been heavily involved in the IPO in 2017, the corporate bond in 2020 and the most recent capital raise and acquisitions in March 2021.</p>	<p>Rodney has over 20 years of senior management leadership experience gained from both private and public sector, working overseas and domestically.</p> <p>Rodney's background includes the facilities, telecommunication, aviation, transport and finance industries with global and national entities such as ISS, Spark, Air New Zealand, Auckland Transport and Ernst &amp; Young.</p>	<p>Dr Hughes joined Oceania in October 2019 and is a Registered Nurse with over 30 years' nursing experience.</p> <p>Dr Hughes has held senior management and nursing positions on a global level and was formerly the Chief Executive of the International Council of Nurses. She has worked for the World Health Organisation and has also served on boards in Queensland, Rwanda and Switzerland. Dr Hughes was made an Officer of the New Zealand Order of Merit for services to mental health in 2005.</p>	<p>Jo joined Oceania in March 2021 in the role of General Manager People. Jo started her career as an employment lawyer and then spent the last 20 years in Human Resource leadership roles across a variety of sectors including information technology, telecommunications, professional services and pharmaceuticals.</p> <p>Jo specialises in building great people capability and helping companies to transform their workplace culture and has received an incredible 19 awards for her work in HR – primarily around diversity, pay equity and innovation.</p>	<p>Eli Parkin joined Oceania in 2010 as a Development Manager and was initially responsible for the design and delivery of Oceania's first major developments at Eden Village and Meadowbank Village. As Oceania has scaled up its development programme and inhouse capabilities, Eli has overseen key operational components relating to planning, design and procurement. Eli was promoted to Head of Development in 2021 to lead Oceania's design and delivery team.</p> <p>Eli has a background in property project management consultancy and is a member of the NZIOB.</p>

# 04 Glossary



## **Bonds**

Offer of bonds described in this presentation.

## **Brownfield Development**

Development of integrated aged care and retirement village facilities on land where operational facilities already exist.

## **Care suite**

A room or studio certified for the provision of care by the Ministry of Health which has been licensed under an ORA.

## **DMF**

Deferred Management Fees, charged under an ORA, of a maximum of 30% of the Occupation Licence Payment, which are deducted from the refund paid to the departing resident upon resale of the unit or care suite. These are in consideration for the right to use communal facilities etc over the entire length of stay.

## **EBITDA**

Earnings before interest, tax, depreciation and amortisation.

## **FY20XX**

**12 month** audited financial year. For the purposes of this presentation, FY20XX will always refer to financial years ended 31 May 20XX, as they have been defined in previous disclosures.

## **Greenfield Development**

Development of integrated aged care and retirement village facilities on land where operational facilities do not already exist.

## **ILU**

Independent living units (villas and apartments) licensed under an ORA.

## **IPO**

Initial Public Offering (of shares in Oceania).

## **Issuer**

Oceania Healthcare Limited.

## **LVR**

Loan-to-valuation ratio.

## **ORA**

An occupation right agreement that confers on a resident the right to occupy a unit or care suite subject to certain terms and conditions set out in the agreement.

## **PAC**

Premium accommodation charge on a care bed for accommodation provided above the mandated minimum.

## **PCP**

**10 month** period ended 31 March 2020 (i.e. the “prior corresponding period” to the 10 month period ended 31 March 2021).

## **Resale Margin**

Resale gain, as included in the definition of underlying profit, divided by the ORA licence payment previously received from the outgoing resident.

## **Unit**

Includes independent villas and apartments.

## **10m20XX**

**10 month** period of trading. For the purposes of this presentation, 10m20XX will always refer to 10 month trading periods ended 31 March 20XX.



OCEANIA



# Indicative terms sheet

Secured Fixed Rate Bonds  
Maturing 13 September 2028

30 August 2021



This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer by Oceania Healthcare Limited (**Oceania**) of up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at Oceania's discretion) of seven year secured unsubordinated fixed rate bonds maturing on 13 September 2028 (**Bonds**). The Bonds will be issued under a master trust deed dated 25 September 2020 (as amended from time to time) (**Master Trust Deed**) and supplemented by a supplemental deed dated 30 August 2021 entered into between Oceania and Public Trust as supervisor (**Supervisor**) (together, the **Trust Documents**). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

## Important notice

The offer of Bonds by Oceania is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Oceania's \$125 million secured unsubordinated fixed rate bonds maturing on 19 October 2027 (with a fixed interest rate of 2.30% per annum), which are currently quoted on the NZX Debt Market under the ticker code OCA010 (the **Existing Bonds**).

Accordingly, the Bonds are of the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Oceania is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/OCA/announcements](http://www.nzx.com/companies/OCA/announcements).

The Existing Bonds are the only debt securities of Oceania that are in the same class as the Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the Existing Bonds to find out how the market assesses the returns and risk premium for those bonds.

The dates set out in this Terms Sheet are indicative only and Oceania, in conjunction with the Joint Lead Managers, may change the dates set out in this Terms Sheet. Oceania has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date (subject to the NZX Listing Rules), or to choose not to proceed with the offer. If the Closing Date is changed, other dates (such as the Issue Date, the Maturity Date and the Interest Payment Dates) may be changed accordingly.

Copies of the Trust Documents will be made available by Oceania for inspection during usual business hours at Oceania's registered office listed on the final page of this Terms Sheet (or such office as Oceania may notify the holders of the Bonds (**Bondholders**) from time to time).

Investors should seek qualified, independent financial and taxation advice before deciding to invest.

For further information regarding Oceania, visit [www.nzx.com/companies/OCA](http://www.nzx.com/companies/OCA).



<b>ISSUER</b>	Oceania Healthcare Limited ( <b>Oceania</b> ).
<b>DESCRIPTION</b>	Secured unsubordinated fixed rate bonds ( <b>Bonds</b> ).
<b>GUARANTEE</b>	<p>Payments on the Bonds are guaranteed by Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited under a guarantee contained in the Global Security Deed described below.</p> <p>Subsidiaries of Oceania may be added or removed as Guarantors from time to time. Any person that becomes a guarantor of Oceania's Bank Facility Agreement under the Global Security Deed will also be a Guarantor of the Bonds.</p>
<b>PURPOSE</b>	The proceeds of this offer are expected to be used to repay a portion of Oceania's existing bank debt, providing Oceania with diversity of funding and tenor and helping facilitate Oceania's further growth.
<b>SECURITY</b>	<p>The Bonds are secured on an equal ranking basis with Oceania's existing indebtedness. The Bonds will have the benefit of:</p> <ul style="list-style-type: none"> <li>• Mortgages in favour of the Security Trustee, including: <ul style="list-style-type: none"> <li>– Second registered mortgages in respect of land used for the purposes of a registered Retirement Village (<b>Retirement Village Land</b>). The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of enforcement of each such mortgage, and first ranking mortgages in favour of the relevant Statutory Supervisor are typically also registered ahead of the Security Trustee.</li> <li>– First registered mortgages over certain Land that is not Retirement Village Land. This includes aged care facility freehold Land.</li> </ul> </li> <li>• General security over all the assets of Oceania and the Guarantors under the Global Security Deed. The Statutory Supervisors have first rights (ahead of the Security Trustee) to the proceeds of security enforcement against the assets of registered Retirement Villages operated by Oceania Village Company Limited, (the <b>Security</b>).</li> </ul> <p>The Security Trustee holds the Security for all creditors entitled to their benefit. This includes (in addition to the Supervisor and the Bondholders) Oceania's bank lenders and hedging providers.</p>
<b>FINANCIAL COVENANTS</b>	<p><b>Loan to Valuation Ratio</b></p> <p>Oceania agrees to ensure that, on each Semi-annual Test Date, the total principal amount of financial indebtedness secured under the Global Security Deed is not more than 50% of the valuation of all properties owned by Oceania and its subsidiaries.</p> <p><b>Distribution Restriction</b></p> <p>Under the Trust Documents Oceania is not permitted to make any distribution if an Event of Default is continuing or if it would result in the occurrence of an Event of Default. Refer to the Trust Documents for more detail on covenants that will apply to the Bonds.</p>
<b>CREDIT RATING</b>	The Bonds will not be rated.
<b>OFFER AMOUNT</b>	Up to \$75 million (with the ability to accept oversubscriptions of up to an additional \$25 million at Oceania's discretion).
<b>OPENING DATE</b>	Monday, 30 August 2021
<b>CLOSING DATE</b>	Bids due by 12.00pm, Friday, 3 September 2021
<b>RATE SET DATE</b>	Friday, 3 September 2021
<b>ISSUE DATE AND ALLOTMENT DATE</b>	Monday, 13 September 2021
<b>EXPECTED DATE OF INITIAL QUOTATION</b>	Tuesday, 14 September 2021
<b>MATURITY DATE</b>	Wednesday, 13 September 2028

<b>NO PUBLIC POOL</b>	All Bonds, including any oversubscriptions, have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in the bookbuild conducted by the Joint Lead Managers.
<b>INTEREST RATE</b>	<p>The Interest Rate will be determined by Oceania in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date.</p> <p>The Interest Rate will be equal to the sum of:</p> <ul style="list-style-type: none"> <li>the Issue Margin determined following the bookbuild and announced via NZX on the Rate Set Date; and</li> <li>the Swap Rate on the Rate Set Date,</li> </ul> <p>but in any case will be no less than the minimum Interest Rate of 3.20% per annum.</p>
<b>ISSUE MARGIN</b>	The indicative Issue Margin is 1.45% to 1.60% per annum. The final Issue Margin (which may be above or below the indicative Issue Margin) will be determined by Oceania in conjunction with the Joint Lead Managers following the bookbuild for the offer and announced via NZX on the Rate Set Date.
<b>SWAP RATE</b>	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Oceania, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
<b>INTEREST PAYMENTS</b>	Quarterly in arrear in equal payments on 13 September, 13 December, 13 March and 13 June in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the first Interest Payment Date being 13 December 2021.
<b>EARLY REDEMPTION</b>	<p>Bondholders have no right to require Oceania to redeem the Bonds prior to the Maturity Date, except in the case of an Event of Default (as described in the Trust Documents).</p> <p>Oceania may elect (at its discretion) to redeem all, but not some only, of the Bonds on any Interest Payment Date after the third anniversary of the Issue Date by giving not less than 20 Business Days' notice of the redemption date.</p> <p>If the Bonds are redeemed early in this manner, they will be redeemed for the greater of:</p> <ul style="list-style-type: none"> <li>their Principal Amount; and</li> <li>their market price (excluding interest), calculated as the arithmetic average of the daily volume weighted average price (excluding interest) of Bonds traded through the NZX Debt Market over the 10 Business Days immediately prior to the date on which Oceania gave the redemption notice (or, if the Bonds have not traded on the NZX Debt Market for at least half of such 10 Business Day period, the average price of the Bonds for that period will be determined by an independent adviser appointed in accordance with the Trust Documents (excluding interest)),</li> </ul> <p>in each case together with accrued interest.</p>
<b>ISSUE PRICE</b>	\$1.00 per Bond, being the <b>Principal Amount</b> of each Bond.
<b>MINIMUM APPLICATION AMOUNT</b>	\$5,000 and multiples of \$1,000 thereafter.
<b>RECORD DATE</b>	5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.
<b>ISIN</b>	NZOCADT002C1
<b>QUOTATION</b>	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of the Terms Sheet have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in the Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX ticker code OCA020 has been reserved for the Bonds.</p>

<b>TRANSFER RESTRICTIONS</b>	Oceania may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.
<b>ARRANGER</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) ( <b>Westpac</b> ).
<b>JOINT LEAD MANAGERS</b>	ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Jarden Securities Limited and Westpac.
<b>SUPERVISOR</b>	Public Trust.
<b>SECURITY TRUSTEE</b>	New Zealand Permanent Trustees Limited.
<b>SECURITIES REGISTRAR</b>	Computershare Investor Services Limited.
<b>BROKERAGE</b>	0.50% brokerage plus 0.25% on firm allocations paid by Oceania.
<b>GOVERNING LAW</b>	New Zealand.
<b>SELLING RESTRICTIONS</b>	<p>Oceania does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This Terms Sheet may not be published, delivered or distributed in or from any country other than New Zealand.</p> <p>By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Oceania, the Supervisor and the Joint Lead Managers for any loss suffered as a result of any breach by you of these selling restrictions.</p>

## Other Information

Copies of the Trust Documents are available at Oceania's website at [www.oceaniahealthcare.co.nz/investor-centre/bond-offer](http://www.oceaniahealthcare.co.nz/investor-centre/bond-offer).

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Oceania, visit [www.nzx.com/companies/OCA](http://www.nzx.com/companies/OCA).

## Contact Information

### Issuer

Oceania Healthcare Limited  
Affinity House  
2 Hargreaves Street  
St Mary's Bay  
Auckland 1011

### Registrar

Computershare Investor  
Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Auckland 0622  
Private Bag 92119  
Auckland 1142

### Legal Adviser to Oceania

Chapman Tripp  
Level 34, PwC Tower  
15 Customs St West  
Auckland 1010

### Supervisor

Public Trust  
Level 9  
34 Shortland Street  
Auckland 1010

### Security Trustee

New Zealand Permanent  
Trustees Limited  
Level 9  
34 Shortland Street  
Auckland 1010

### Arranger and Joint Lead Manager

Westpac Banking Corporation  
(ABN 33 007 457 141)  
(acting through its  
New Zealand branch)  
Level 8, 16 Takutai Square  
Auckland 1010

### Joint Lead Managers

ANZ Bank New Zealand Limited  
Level 10, ANZ Centre  
171 Featherston Street  
Wellington 6011

Craigs Investment  
Partners Limited  
Level 32, Vero Centre  
48 Shortland Street  
Auckland 1010

Jarden Securities Limited  
Level 32, PwC Tower  
15 Customs Street West  
Commercial Bay  
Auckland 1010