

Other material information relating to the Offer of ordinary shares in Oceania Healthcare Limited

Dated 31 March 2017

About this document

The information contained in this document should be read in conjunction with Oceania Healthcare Limited's (**Oceania**) Product Disclosure Statement dated 31 March 2017 (the **PDS**) and other information presented on the Offer Register.

Capitalised terms used but not defined in this document have the meaning given to those terms in Section 13 *Glossary* of the PDS.

CONTENTS

1.	OTHER TERMS OF THE OFFER.....	1
2.	MATERIAL CONTRACTS	5
3.	TOTAL ESTIMATED COSTS OF THE OFFER AND ISSUE	9
4.	MINIMUM INVESTMENT AND MINIMUM TOTAL AMOUNT TO BE RAISED	10
5.	JOINT LEAD MANAGER DISCLAIMER	11

1. OTHER TERMS OF THE OFFER

1.1 KEY SELLING RESTRICTIONS

International Offer Restrictions

The PDS and Offer Register documents do not constitute, or form any part of, an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction in which it would be unlawful to do so. In particular, the PDS and Offer Register documents may not be distributed to any person, and the Shares may not be offered or sold, in any country outside New Zealand except to the extent permitted below.

The PDS and Offer Register Documents do not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in the PDS and Offer Register Documents have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

None of Oceania, the Joint Lead Managers, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Australia

The PDS and Offer Register documents are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the “**Corporations Act**”). If you are not such a person, you are not entitled to receive the PDS and Offer Register documents, and must promptly return all materials received from Oceania and its advisers without retaining any copies.

The PDS and Offer Register documents are not a prospectus, product disclosure statement or any other formal “disclosure document” for the purposes of Australian law and are not required to, and do not, contain all the information which would be required in a “disclosure document” under Australian law. The issuer is not subject to the continuous disclosure requirements that apply under the ASX Listing Rules.

Prospective investors should not construe anything in the PDS and Offer Register documents as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act.

Hong Kong

WARNING: The PDS and Offer Register documents have not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor have they been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “**SFO**”). No action has been taken in Hong Kong to authorise or register the PDS and Offer Register documents or to permit the distribution of these documents or any documents issued in

connection with them. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of the PDS and Offer Register documents have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of the PDS and Offer Register documents, you should obtain independent professional advice.

Singapore

The PDS and Offer Register documents and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, the PDS and Offer Register documents and any other document or materials in connection with the Offer, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

The PDS and Offer Register documents have been given to you on the basis that you are (i) an existing holder of Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return the PDS and Offer Register documents immediately. You may not forward or circulate the PDS or Offer Register documents to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. The PDS and Offer Register documents should not be distributed, published or reproduced, in whole or in part, nor may their contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Oceania.

In the United Kingdom, the PDS and Offer Register documents are being distributed only to, and are directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "**relevant persons**"). The investments to which the PDS and Offer Register documents relate are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on the PDS and Offer Register documents or any of their contents.

Takeovers Code

Once the Shares are quoted on the NZX Main Board (expected to occur on 5 May 2017), Oceania will be a "Code Company" under the Takeovers Code. The Takeovers Code prohibits, amongst other things, any person (together with their associates (as defined in the Takeovers Code)) from becoming the holder or controller of 20% or more of the voting rights in Oceania other than in compliance with the requirements of the Takeovers Code. You should seek legal advice in relation to any act, omission or circumstance which may result in you breaching any provision of the Takeovers Code.

Overseas Investment Act

Any person who is an "overseas person" for the purposes of the Overseas Investment Act 2005 and who intends to acquire 25% or more of the Shares (either alone or with its "associates"), or who intends to make any other acquisition regulated by that Act, will be required to obtain any necessary consent under the Overseas Investment Act 2005.

1.2 ASX AND ASIC

Australian Securities and Investments Commission Relief

The Australian Securities and Investments Commission has declared the Offer to be a recognised offer within the meaning of section 1200B(1) of the Corporations Act 2001 (Cth), notwithstanding that Oceania did not give the notice and lodge the documents referred to in section 1200C(5) of the Corporations Act 2001 (Cth) at least 14 days before the Offer was first made in Australia.

Foreign Exempt Listing

Application will be made to ASX after the PDS (accompanied by the Additional Australian Information) is lodged with the Australian Securities and Investments Commission for Oceania to be admitted to the official list of ASX as an ASX Foreign Exempt Listing and for the Shares to be granted official quotation on the financial market operated by ASX. ASX is not a registered market under the FMC Act.

If Oceania is admitted as an ASX foreign exempt listing, it will still need to comply with the NZX Listing Rules (other than as waived by NZX), but will not need to comply with the vast majority of the ASX Listing Rule obligations. Rather, Oceania will need to comply only with the rules specified in ASX Listing Rule 1.15 which are relatively procedural in nature. Oceania will not be subject to substantive ASX Listing Rule requirements such as the rules on continuous disclosure, periodic reporting, shareholder approval of share issuances, escrow, transactions with persons of influence and significant transactions.

2. MATERIAL CONTRACTS

2.1 RESTRICTED SECURITY AGREEMENTS SUMMARY

Oceania has entered into the following escrow arrangements which restrict the relevant Oceania shareholder (each an **Escrowed Shareholder**) from transferring, selling or otherwise disposing of Shares for a specified period of time (subject to the limited exceptions set out below):

- *Escrow arrangement with Oceania Healthcare Holdings Limited (OHHL):* any Shares held by OHHL prior to the Offer are subject to escrow arrangements until the first Business Day after the date on which Oceania releases to NZX its preliminary announcement of its financial results in respect of the financial year ended 31 May 2018;
- *Escrow arrangement with certain Oceania senior managers that hold Shares:*
 - any Shares held by Earl Gasparich (through his family trust) prior to the Offer (excluding LTIP shares) which continue to be held upon completion of the Offer are subject to escrow arrangements until the first Business Day after the date on which Oceania releases to NZX its preliminary announcement of its financial results in respect of the financial year ended 31 May 2017;
 - 50% of any Shares held by each of Mark Stockton and Jill Birch prior to the Offer (excluding LTIP shares) which continue to be held upon completion of the Offer are subject to escrow arrangements until the first Business Day after the date on which Oceania releases to NZX its preliminary announcement of its financial results in respect of the financial year ended 31 May 2017;
- *Escrow arrangement with Oceania senior managers that hold LTIP Shares:*
 - *Earl Gasparich (through his family trust) and Matthew Ward:* all LTIP Shares that have vested or may vest to each of Earl Gasparich (through his family trust) and Matthew Ward pursuant to the LTIP are subject to escrow arrangements until the first Business Day after the date on which Oceania releases to NZX its preliminary announcement of its financial results in respect of the financial year ended 31 May 2018.
 - *Anna Thorburn, Mark Stockton, Jill Birch and Barbara Sangster:* all LTIP Shares that have vested or may vest to these Oceania senior managers pursuant to the LTIP are subject to escrow arrangements until the first Business Day after the date on which Oceania releases to NZX its preliminary announcement of its financial results in respect of the financial year ended 31 May 2017.

These above restrictions do not apply, and therefore no approval is needed, for an Escrowed Shareholder to grant a security interest in favour of a lender to that Escrowed Shareholder (provided that the lender enters into a restricted security agreement with Oceania on the same terms for the remainder of the restricted period).

In addition:

- a) an Escrowed Shareholder may transfer escrowed Shares to an “affiliate” (being a person owned or controlled by, or under common ownership or control with, the Escrowed Shareholder, and in relation to a family trust includes any beneficiary of that trust) of the relevant Escrowed Shareholder, provided that such “affiliate” enters into a restricted security agreement with Oceania on the same terms for the remainder of the restricted period; and
- b) an Escrowed Shareholder may accept any full or partial takeover offer made in respect of the Shares under the Takeovers Code or similar scheme or arrangement.

2.2 OFFER MANAGEMENT AGREEMENT SUMMARY

Oceania, Deutsche Craigs Limited (**DCL**), First NZ Capital Securities Limited (**FNZ**) and Macquarie Securities (NZ) Limited (**MSL**) (DCL, FNZ and MSL, together the **Joint Lead Managers**) have entered into an Offer Management Agreement which sets out the terms and conditions under which the Joint Lead Managers will operate the bookbuild process and also in relation to the provision of settlement support in certain circumstances as described below. Under the Offer Management Agreement:

- the Joint Lead Managers accept the appointment to arrange and manage the Offer and provide settlement support in respect of the Institutional Offer; and
- if a participant in the Institutional Offer is allocated Shares under the Institutional Offer (**Offer Shares**) and fails to settle on those Offer Shares, the Joint Lead Managers are required, in return for receipt of the shortfall Offer Shares, to pay for those shares. The Offer is not underwritten other than in respect of this settlement support. Settlement support is not provided in respect of the Broker Firm Offer or the Priority Offer.

The Joint Lead Managers' obligations under the Offer Management Agreement are subject to certain conditions given for their benefit. If the conditions of the Offer Management Agreement are not satisfied (or waived, if capable of waiver), the Joint Lead Managers will not be required to perform their obligations under the Offer Management Agreement, including their settlement support obligations described above. That may not necessarily mean that Oceania would withdraw the Offer or that the Offer would not proceed.

Any Joint Lead Manager may terminate its obligations under the Offer Management Agreement including its settlement support obligations in certain circumstances, including where on or before completion of the Offer (which is expected to take place on 4 May 2017):

- the Offer is withdrawn by Oceania; or
- Oceania is prevented from allotting Shares pursuant to the Offer by any applicable laws; or
- a statement in the PDS, the information registered on the Offer Register in respect of the Offer, or the accompanying application forms is or becomes false or misleading in any material respect or likely to mislead or deceive (including by omission) in any material respect, or the PDS or the information registered on the Offer Register otherwise fails to comply with laws applicable to the Offer in any material respect; or
- the NZX50 index declines by a specified percentage over a prescribed time period; or
- an insolvency event occurs in relation to Oceania or another member of the Oceania Group; or
- a material adverse event occurs which, in the reasonable opinion of the Joint Lead Managers, is likely to have a material adverse effect on the Offer, the Oceania Group or other certain specified matters; or

- a representation or warranty contained in the Offer Management Agreement on the part of Oceania is not true or correct or there is a breach of the Offer Management Agreement by Oceania which is, or is reasonably likely to constitute, a material adverse event; or
- there are particular disruptions in certain major financial markets which constitute, or are reasonably likely to constitute, a material adverse event.

Pursuant to the Offer Management Agreement, Oceania has granted an indemnity to the Joint Lead Managers and their respective affiliates in relation to all claims and losses suffered or incurred by the Joint Lead Managers in relation to the Offer or the Offer Management Agreement, provided that Oceania will have no liability if such claim or loss is judicially determined to have resulted from the fraud, gross negligence or wilful misconduct of the relevant Joint Lead Manager or its affiliates.

The Offer Management Agreement also sets out a number of representations, warranties and undertakings by Oceania to the Joint Lead Managers, and by the Joint Lead Managers to Oceania, which are customary for an offer of this nature.

Oceania undertakes not to make any allotments of Shares or other equity securities for a period of 120 days following the date of completion of the Offer, other than pursuant to the Offer, the Offer Management Agreement, any employee share or option plan, as disclosed in the PDS or any supplementary PDS or with the Joint Lead Managers' consent.

2.3 **EVERIL ORR DEVELOPMENT AGREEMENT SUMMARY**

Oceania Care Company Limited (**OCC**) currently leases land and buildings in Mt Albert, Auckland from Airedale Property Trust (**APT**) for the purpose of operating OCC's Everil Orr rest home and hospital facility.

On 28 October 2015, APT, OCC, Oceania Group (NZ) Limited and Oceania Village Company Limited (**OVC**) entered into an agreement for the re-development of the Everil Orr facility (**Development Agreement**). The Development Agreement establishes a framework pursuant to which the parties may agree to develop and lease (on a staged basis) a new retirement village and aged care facility (**New Village**). Commencement of each stage of development of the New Village is subject to the parties agreeing on the feasibility, programming, and plans and specifications for the relevant stage, together with a cap on the costs for that stage. Once those items for any stage are agreed, the following shall apply:

- APT shall design and develop the stage and will lease the same to OVC following the completion of the relevant stage (with the lease to include each subsequent stage on a progressive basis following each stage completing). The term of the lease is 30 years from the date that the last stage of the development is completed;
- OVC is to pay APT's costs (being the development costs up to the agreed cost cap, operating costs shortfall and refurbishment costs for each stage) from the gross proceeds received from settlement of the Units and Care Suites for that stage;
- OVC is to pay APT a rental payment of \$500/month per occupied care bed (being an occupied care bed which is not a Care Suite the subject of an ORA) which will be applied by APT as a reduction and part payment of APT's incurred development costs;

- once APT has recovered its development costs for each stage, OVC's monthly lease payment to APT will be 70% of the net sales revenue of Units and Care Suites in that stage;
- OVC will be responsible for operating the New Village (including, but not limited to, undertaking sales and marketing and employing staff);
- OCC is entitled to deliver care services at the New Village with all care income from the New Village to be retained by OCC;
- OCC is responsible for the costs of the soft fit out in respect of the care beds and the Care Suites within the care facility; and
- APT will undertake the maintenance and refurbishment works on the New Village, but all costs incurred with such maintenance and refurbishment have to be at market rates.

APT has the right of first refusal to acquire the New Village business from OVC. The right of first refusal is triggered of any change in ownership or change in effective control of OVC or its parent company, being Oceania Healthcare Limited (**Oceania**). Oceania is in the process of obtaining APT's waiver of APT's right of first refusal in respect of the change in shareholding which results from the IPO.

2.4 **ELDERSLEA FACILITY PUT AND CALL OPTION DEEDS SUMMARY**

Oceania Village Company Limited (**OVC**) has entered into a Put Option Deed which permits GEK Property Nominees (Elderslea No 3) Limited (**GEK**) to elect to require OVC to purchase the property underlying the lease of the Elderslea facility, with such put option to be exercised in the period between 1 May 2018 and 31 July 2018 (or earlier in certain circumstances, e.g. default, breach of lease). The specified purchase price is \$15,082,250.80 (plus GST, if any) (and settlement would occur on 31 August 2018) (**Put Option**).

OVC has also entered into a call option which provides a right for OVC to purchase the Elderslea property in the period between 1 October 2017 and 31 March 2018 (prior to the exercise period for the Put Option) at the same purchase price, \$15,082,250.80 (**Call Option**). If the Call Option is exercised by OVC, the purchase would settle on 31 August 2018. As a result, OVC can "pre-empt" the Put Option by exercising the Call Option.

On 23 February 2017, OVC entered into an additional Call Option Deed with GEK for a sum of \$50,000 (**Additional Call Option**). The Additional Call Option entitles OVC to exercise the Call Option and purchase the Elderslea property in an earlier period between 1 March 2017 and 30 June 2017. If the Call Option is exercised during this period, Oceania can elect for settlement to occur on either 31 May 2017 (in which case the purchase price will be \$16,141,698.18) or 31 August 2017 (in which case the purchase price will be \$15,932,457.96), provided that if the Call Option is exercised following 1 May 2017, the settlement date shall be 31 August 2017.

3. TOTAL ESTIMATED COSTS OF THE OFFER AND ISSUE

The total estimated costs of the Offer and the issue are approximately \$10.5 million. Of this:

- (a) \$6.0 million is an estimate of the total amount to be paid by Oceania to the Joint Lead Managers. The amounts to be paid to Oceania to the Joint Lead Managers will depend on a number of factors, including the amount raised under the Offer;
- (b) \$368,000 is an estimate of the total amount to be paid by Oceania to PwC as fees in respect of its Independent Limited Assurance Report contained in the Offer Register; and
- (c) \$750,000 is a bonus Oceania has agreed to pay certain employees in recognition of their past services to Oceania and is payable on completion of the IPO.

4. MINIMUM INVESTMENT AND MINIMUM TOTAL AMOUNT TO BE RAISED

Minimum investment

Applications under the Broker Firm Offer must be for a minimum of 5,000 Shares.

Applications under the Priority Offer must be for a minimum of 500 Shares.

For more information, see the PDS and the Application Form.

Minimum total amount to be raised

A minimum amount of \$200 million must be raised before the Shares are issued or transferred.

5. JOINT LEAD MANAGER DISCLAIMER

The Joint Lead Managers have participated in the due diligence process for the Offer, but neither they nor their respective directors, employees, agents or advisers have independently verified the content of the PDS and Offer Register. Whilst the Joint Lead Managers and/or their respective directors, employees, agents and advisers may be liable under the FMC Act, those persons do not accept any separate liability to any person in respect of the Offer or the PDS and Offer Register. Each recipient of the PDS must make their own independent investigation and assessment of the financial condition and affairs of the issuer.