Better connection.

ANNUAL REPORT 2023

OCEANIA

Management commentary
(no financial statements)

We know the value of connection — connection to people, places, interests and treasured possessions — we understand its importance in the lives of our residents.

Our focus at Oceania is to ensure that our residents retain connection to what matters to them, continuing to lead lives filled with purpose. We create homes in the heart of communities, and design spaces and services that enhance social relationships, both within our villages and the local neighbourhood.

We forge valuable connections with our providers and keep pace with the wider world, bringing in ideas to innovate and improve.

Every life is rich with connection, and it is our privilege to honour that.

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LETTER FROM THE CHAIR

Positioning for future growth.

I am pleased to present our Annual Report for the year ended 31 March 2023.

Oceania has once again demonstrated its resilience and strength, delivering a solid financial performance in a challenging economic environment with a slowing residential property market, labour shortages and severe weather events.

Financial Performance

Unaudited Underlying EBITDA of $80.0m for the year ended 31 March 2023 was 5% higher than the prior corresponding period of $76.2m. This was largely as a result of the continued maturity of our portfolio supporting increased deferred management fee (DMF) and resale gains. Total capital gains for the year ended 31 March 2023 of $59.4m increased $3.1m, or 5%, from capital gains in the prior corresponding period of $56.3m.

Oceania's total assets increased to $2.5b as at 31 March 2023, compared with $2.2b as at 31 March 2022. This increase is largely due to the continued development across 11 sites during the period, as well as the developments at The Helier (Auckland), Lady Allum (Auckland) and The Bellevue (Christchurch) being valued as complete, partially offset by broadly unfavourable changes in valuation assumptions which are reflective of market conditions over the last year.

For the year ended 31 March 2023, operating cashflow was $70.2m, compared to $105.5m for the year ended 31 March 2022. This reflects a lower number of new sales in the current year and an investment in future growth through the buy back of some units at development sites.

As at 31 March 2023, Oceania had current drawn down debt and bonds of $557.8m, $7.4m of cash and $174.6m of undrawn net debt headroom.

Care

Oceania has long been regarded as the leader in the provision of high quality residential care services to older New Zealanders. Oceania has a higher weighting of care beds relative to its peers, and was the pioneer of care suites, as a premium model of care, back in 2008. Oceania has invested heavily in the care suite model to reduce reliance on Government funding and maintain attractive returns on capital. Since the inception of its care suite product, Oceania has capitalised on premium care earnings when margins on traditional care beds are difficult to achieve.

As at 31 March 2023, 37% of Oceania's total care beds are care suites, licensed to residents under an occupation right agreement model. Care suites deliver additional capital and DMF to the business and improve free cash flow growth as DMF for care suites is realised faster than DMF for villas and apartments. Care suite DMF has grown from $7.0m in FY2020 to $14.9m in FY2023 and this will continue to grow as the pipeline of care suite developments is completed.

In providing premium care services to our residents, Oceania continues to have a relatively high ratio of nurses to residents. This level of investment is required in order to provide the highest standard of resident experience and deliver the level of care expected by our current, and future, residents.

Management commentary
(no financial statements)

Looking ahead, Oceania is further investing in premium models of care, with its first fully privately funded care centre opening at The Helier (Auckland) in FY2024, providing further premium revenue growth in the business.

In addition to exiting our arrangement with Airedale Property Trust in respect of Everil Orr, we have entered into an agreement to sell two of our smaller Auckland care sites to another existing aged care operator. These divestments will enable cash to be released for reinvestment with higher returns.

Oceania has a proven track record of cash generation for its existing site developments and remains focused on consistently achieving positive outcomes in recycling cash.

Village

With the significant headwinds facing the construction sector over the last year, Oceania has been introducing measures to maintain the delivery of a strong development and sales pipeline. Oceania is focused on its cash recovery profile and the development of independent living villa products as the backbone of the next phase of Oceania's development projects will assist this. This is because villa developments deliver faster recycling of cash than apartment or care suite developments, as well as providing greater flexibility for staging and settlement of product. Oceania has key development sites in the near term development pipeline that are exclusively villa product to allow for staging and presales, compared to the more complex and capital intensive apartment and care developments.

As part of the execution of Oceania's greenfield development strategy, there will be a reweighting towards the construction of independent living villas, rather than apartments or care suites. As at 31 March 2023, Oceania's independent living unit portfolio comprises 53% villas and 47% apartments, with most of these apartments having been completed in the last four years. As we come to the end of our existing site developments, we will be looking to acquire land which would be suitable for villa product to extend our pipeline. This in turn will result in a higher portion of villa products in our portfolio.

Strategic Capital Management

Oceania's capital structure and capital management remain a key area of focus for Directors. While capital management has always been a focus for Oceania, with significant capital markets experience at both the Board and management level, this is becoming increasingly important in the current economic environment. Rising interest rates and economic uncertainty are seeing a greater focus on cash generation and balance sheet management for Oceania, as well as the sector as a whole.

Oceania has a proven record of cash generation from its existing site developments and, going forward, remains focused on consistently achieving positive outcomes in recycling cash. Oceania's current pipeline includes a significant number of developments at existing sites which do not require the holding cost of land banking. Oceania recognizes that an optimal cash recovery profile will be a key driver of value and growth as development margins come under pressure in future periods and as we move to extend the pipeline.

Although current challenges in the residential property market are seeing the average number of days to sell independent living units increase, there remains a strong demand from the market for high quality and bespoke product. We continue to see high levels of enquiry for both our independent living units and care suites across the country. Furthermore, settlements of independent living units continue to be achieved, albeit a couple of months later than we were observing a couple of years ago.

Over 28% of Oceania's independent living villas and apartments and care suites have been developed since 2016. We have seen the rewards from our first flagship developments at Meadowbank and The Sands, with net development cash on cash return from first time sales and resales, particularly with our care suite product. Once a site becomes fully mature, the site generates not only a significant increase in resale gains, but also realised DMF and increases in weekly village fees.

With a relatively new portfolio, Oceania's operating costs and maintenance capital expenditure are well controlled. Having said that, it is important to ensure that repairs and maintenance are funded in order to maintain an appropriate level of condition and refurbishment of the portfolio.

As part of its capital management programme, Oceania continues to review its current portfolio of sites in order to ensure optimal capital allocation and the recycling of cash within the business, with an emphasis on considering the future of sites that no longer fit Oceania's strategy. Oceania has entered into an agreement to sell two of its Auckland care sites to a smaller operator. This agreement is conditional on the purchaser obtaining the consent of the Ministry of Health and Te Whatu Ora to the transfer and the sale is expected to settle by August 2023. In the meantime, Oceania will be working with the purchaser to ensure a well-managed transition period for both staff and residents of these sites.

Dividend Policy and Dividend

Directors have declared a final dividend of 1.3 per share, taking full year dividends (non-imputed) to 3.2 cents per share, which represents 39% of Underlying Net Profit After Tax. The Directors have approved a change in the dividend policy to the pay out ratio, now being from 30% to 50% of Underlying Net Profit After Tax, in order to provide investment in growth.

A dividend reinvestment plan for our New Zealand and Australian shareholders will apply to this dividend, which is payable on 21 June 2023. This provides a cost effective and convenient way for our shareholders to increase their investment in Oceania without any brokerage fees, by reinvesting all or part of any dividend paid on their shares in additional Oceania shares instead of receiving that distribution in cash.

Sustainability

Oceania has made tangible progress over the last year in progressing its sustainability ambitions. Over the last year, Oceania has committed to the Science Based Target initiative and is currently working towards the implementation of the Climate-Related Financial Disclosures regime and climate risk disclosures.

Oceania has also prepared its updated Sustainability Framework, set out on pages 18 to 25 of this report, following an extensive process gaining insights from a wide range of stakeholders, including our people. This framework will guide Oceania's sustainability journey, resetting our sustainability aspirations and enabling the preparation of a clear programme of work to embed sustainability into everything we do.

As part of its commitment to sustainability, the Board has also established a dedicated Sustainability Committee. The Committee (comprising Rob Hamilton (Chair), Sally Evans and me) is responsible for assisting the Board in providing leadership and policy for sustainability initiatives, reviewing progress towards achieving sustainability targets, overseeing the implementation of Oceania's sustainability strategy and reviewing progress towards identifying and addressing climate-related issues.

Governance

During the year, Directors have continued to meet with residents at many of our sites around the country. It is great to meet our people onsite and observe the culture and day to day operations. We always enjoy the opportunity to meet with our residents and receive their feedback which is then incorporated into our continuous improvement processes.

I would also like to thank Directors for their dedication, commitment and wisdom and support that they have provided to the executive team during these challenging times.

Looking ahead

Oceania will continue to focus on its care and village strategy to improve resident experience, capital management, sustainability and position itself for future growth.

On behalf of the Board, I would like to thank our people for their enthusiasm, resilience and dedication throughout the year.

Yours sincerely

Liz Coutts

Elizabeth Coutts
Chair

Management commentary
(no financial statements)

TRADING HIGHLIGHTS — 31 March 2023

Aligned for better outcomes.

Financial
31 March 2023

Total assets
As at 31 March 2023

$2.5bn

15.8% higher than 31 March 2022 total assets of $2.2bn

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation
31 March 2023

$80.0m

5% ahead of 31 March 2022 proforma underlying earnings before interest, tax, depreciation and amortisation of $76.2m

Reported Total Comprehensive Income
31 March 2023

$34.5m

compared to 31 March 2022 reported total comprehensive income of $114.4m

Operating Cash Flow
31 March 2023

$70.2m

compared to 31 March 2022 reported operating cash flow of $105.5m

Operational
31 March 2023

Total sales

408

9.3% Lower than total sales for the period to 31 March 2022 of 450

54
New units

74
New care suites

98
Resale units

182
Resale care suites

Developments
31 March 2023

Resource consents secured during FY2023 for units and care suites

246

- Franklin (Pukekohe)

Units and care suites under construction as at 31 March 2023

409

- The Helier Stage 2 (St Heliers, Auckland)
- Redwood (Blenheim)
- The Bellevue Stage 2 (Christchurch)
- Elmwood Stage 1 (Manurewa, Auckland)
- The BayView Stage 3 (Tauranga)
- Awatere Stage 3 (Hamilton)
- Stoke (Nelson)
- Waterford Stage 1 (Hobsonville, Auckland)

Units and care suites completed in FY2023

233

- Lady Allum Stage 1 (Milford, Auckland)
- Woodlands (Motueka)
- The Helier Stage 1 (St Heliers, Auckland)
- St Johns Wood (Taupō)
- Stoke (Nelson)

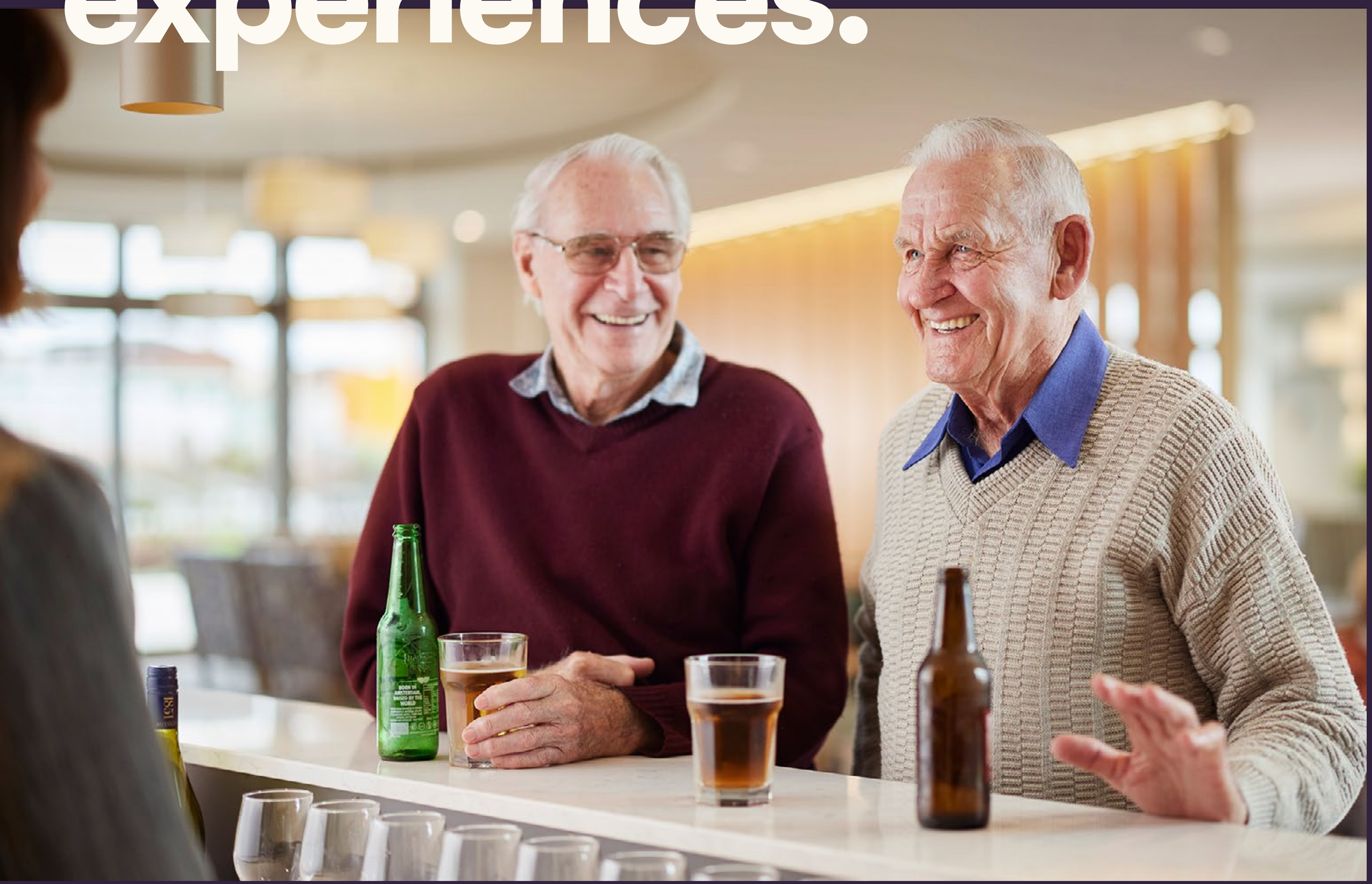
Units and care suites expected to be completed in FY2024

200-250

Management commentary
(no financial statements)

AT A GLANCE

Better experiences.



In our quest to reimagine the aged care and retirement living experience we constantly challenge ourselves to deliver better.

Staff

~3,000

Residents

~4,000

Care beds and care suites

2,635

Units

1,820

Existing sites with mature operations

27

Existing sites with current and planned developments

21

Total sites

48

As at 31 March 2023

Management commentary
(no financial statements)

LETTER FROM THE CEO

Executing on our strategy.

Our purpose is to reimagine the retirement and aged care living experience in New Zealand, and we constantly challenge ourselves to deliver better.

We have been executing on our five year strategy that we outlined in last year's Annual Report, despite the challenges that have been driven by global, economic and climate events that were outside of our control over the last year. Although there have been significant pressures that have been placed on our residents, staff and portfolio, we have shown a tremendous ability to remain agile and achieve strong performance through the disruption, exemplifying the resilience of our business and our wonderfully dedicated team.

Weather events

Oceania's operations were affected by the unprecedented weather events in the North Island in January/February 2023. Oceania stood up its Emergency Management Team, which met regularly to manage Oceania's response to these events and coordinate efforts to support our residents and staff during this time. After the worst of the weather had passed, our focus turned to the health, safety and wellbeing of our residents and staff. Our team worked tirelessly, standing shoulder to shoulder in supporting efforts, providing solutions and ensuring we delivered great outcomes for our residents and staff during this difficult time. The weather events required significant team resource reallocation with many people across the organisation allocated activities in providing support to our residents as well as working on the recovery and restoration of our sites. The deeper connections made with our residents and their families and friends, during these challenging weather events, have reinforced the real sense of community, connection, respect and dignity that comes from living at Oceania.

Four of our Auckland sites were affected by flooding following the weather event on Friday 27 January 2023. It was very pleasing to see three of these sites restored to full operations in the following week. This is a testament to the hard work of our team on the ground who stepped in to help support our residents and clean up after the flooding. There was extensive flooding at our Lady Allum site (Milford, Auckland) and all of our independent living apartment residents were relocated to alternative accommodation while repairs to buildings and building services were undertaken. After months of hard work, we are very pleased to see nearly all of our Lady Allum residents back in the apartments. We acknowledge that this has been a confronting and emotional time for our residents and we would like to thank everyone involved for their efforts in supporting our residents at Lady Allum during this time.

Oceania has five sites in the Hawkes Bay and we were very fortunate to only suffer from limited surface flooding at one of these sites, with residents at Atawhai (Taradale, Napier) evacuated as a precaution under the direction of Civil Defence when floodwaters began to rise. Although our Hawkes Bay sites suffered limited physical damage, the entire environment was severely compromised and all of our Hawkes Bay sites were affected by power cuts, limited means of communication and disruption as infrastructure and supply chains were affected. A number of our people in the Hawkes Bay were also impacted by Cyclone Gabrielle. In the days following the cyclone, we managed to make contact with all of our people in the affected areas to check they were safe and we provided immediate financial assistance to these staff to help them buy day-to-day essentials and help get them back on their feet. We have more recently established a fund to provide such emotional, physical and financial support as is required to help those most affected.

In looking back at these weather events and capturing the learnings from our response, we recognise that Oceania has the benefit of well designed and newer sites, with smaller resident populations to look after. Like many of our peers, Oceania had already invested in resilience measures to mitigate the risks associated with these type of events. These natural events once again highlighted the value that retirement and aged care living provides for our residents.

Market conditions

In addition to the challenges presented by the weather events, the New Zealand economy has also come under pressure in the last year from labour shortages, increasing inflation and a falling residential property market. Oceania has adapted and evolved to respond to many of these challenges, while also looking ahead to the opportunities that have emerged from this challenging and changing environment.

> In order to overcome difficult market conditions, Oceania is maintaining its focus on quality, managing its balance sheet and maintaining maximum optionality within its business.

Oceania has undoubtedly been adversely affected by ongoing labour shortages. Closed borders, confusion on immigration settings and uncompetitive wages relative to international markets continue to drive acute shortages in skilled labour. We are seeing this particularly in the case of clinical staff. Although the actual Government funding being provided to address pay parity and equity for aged residential care nurses is significantly short of what is required, this additional funding may assist the sector in the medium term and in any event with the increased public awareness should be an area of focus for Government in ensuring New Zealand remains competitive in a global war for skilled labour.

The impacts of inflation are being felt across Oceania's business operations in our key inputs and it shows up in increased cost pressure on wages, food, energy, medication and development costs. Oceania has responded to this in its resident value proposition, by offering certainty on entry price for its independent living villas and apartments and by providing confidence on the cost of weekly fees, so residents do not need to worry about rising costs such as Council rates, insurance and maintenance costs. Oceania is also well placed relative to its peers as we are a boutique provider of services with a smaller resident population at each village, which allows us to dynamically price the scarcity value of the great environment and service package that we offer.

Market commentators rightly draw parallels between a cooling residential property market and the corresponding impact on the retirement village sector. However, this narrative is overly simplistic and fails to differentiate between residents who are making a lifestyle choice to move into a retirement village and those residents who make a needs-based decision to move into a village or care centre. The current residential property market conditions are irrelevant for the large number of residents who make a needs-based decision to come into an Oceania village or care centre and we are continuing to see high levels of demand for our care suite product. While Oceania has certainly seen an increase in the average days to sell its independent living villas and apartments, we have observed higher levels of enquiry for our premium offering. This is in part due to Oceania offering an attractive downsizing option for residents within their local community, which allows residents to crystallize wealth that has been trapped in a larger residential home. In addition, Oceania provides a trusted pathway to high quality care through our highly successful care suite product.

The tail of COVID-19 is continuing to impact the construction sector and while projects are being delivered, they are taking longer to complete as contractors are finding it challenging to have a full complement of teams working on site.

Strategic Pillars

Oceania has developed four foundational strategic pillars in order to meet its ambition to create sustainable retirement and aged care living experiences for today, and for our people of tomorrow. These pillars are Offer, Resident Experience, People Capability and Growth.

Management commentary
(no financial statements)

Offer

A cornerstone of Oceania's business is its Offer – the design, development, build and sale of perfect properties for our residents of the future. Amidst challenging construction market conditions, we have taken a more targeted approach to development execution. This has led to the premiumisation of Oceania's built form and a bespoke "right product, right place" approach when undertaking new developments.

Oceania contracts out its construction to a small number of trusted high quality and capable construction partners. This has served us well and has allowed us to focus our attention on the replenishment of the development pipeline.

This approach has also allowed us to take a disciplined approach to our design and development activities, which in turn protects development margins.

Over the last 18 months, we have been re-evaluating our development pipeline to take a more targeted approach to our development activities. In the past, Oceania was exclusively a developer of brownfield sites. This caused a volatility in earnings as well as additional complexities and costs with the construction, as we needed to work around existing residents and operations. As we foreshadowed in last year's Annual Report, we are coming to the end of this type of development and are now accenting to the development of greenfield sites.

Oceania has sites around New Zealand and has intentionally designed smaller boutique villages. Most of our villages have a resident population of well below 200 and we have built recent new developments on less than one hectare of land. These smaller developments enable us to recycle cash more efficiently than from other larger developments.

In the year ended 31 March 2023, Oceania completed 66 independent living units and 167 care suites across five sites in Auckland, Taupo, Nelson and Motueka.

As at 31 March 2023, Oceania had 409 units under construction on eight sites in Auckland, Tauranga, Hamilton, Nelson, Blenheim and Christchurch. Despite the headwinds facing the construction sector, which have resulted in slight delays to two of our projects that were originally anticipated to be delivered in FY2023, we are making good progress on these developments. We expect to complete Stage Two of The Helier (Auckland) which comprises 17 apartments and 32 care suites by the end of 2023, 46 apartments at The Bellevue (Christchurch) in July 2023, 55 care suites at Redwood (Blenheim) in August 2023 and 28 apartments at The BayView (Tauranga) in November 2023. In addition to this we are forecast to complete the development of our 106 care suite development at Elmwood (Auckland) at the end of FY2024.

When Oceania acquired Bream Bay Village in July 2022, we also entered into an option agreement to acquire 6.7 hectares of greenfield development land adjacent to the village. The option agreement may be exercised once a plan change that is currently before the Whangarei District Council has become operative. Once this land has been acquired by Oceania, we will look to start building villas in a staged development.

Resident Experience

While Oceania has been on a quest to modernise and premiumise its physical building, landscapes and assets, we recognise that this alone will not deliver the required outcomes if our service offering has not been tailored to match the physical build.

Oceania is therefore reimagining retirement living through its service offering, focusing on resident health and wellbeing, recreation and convenience.

We were delighted to receive a Highly Commended award in the Readers Digest Trusted Brand Awards this year, recognising that Oceania's vision to Believe in Better is resonating well with consumers.

Oceania is well known for pioneering its innovative care suite product to reduce reliance on Government funding and to maintain attractive returns on capital. The care suite model is now well accepted by the market. We are continuing to see high levels of demand for our care suites, with 256 care suites sold in the year ended 31 March 2023 (up from 240 in the year ended 31 March 2022). Moving on beyond the concept of care suites, Oceania is continuing to innovate in this space, with its first fully privately funded care offering. This will provide residents with bespoke, personalised care while maintaining utmost comfort and enjoyment. Our residents will have the opportunity to decide the level of care services that match their needs and circumstances, without the restrictions imposed by the aged related residential care contract. We are excited by this new opportunity and are looking forward to welcoming our first privately funded care residents into The Helier later in the year.

> Oceania is focused on becoming an employer of choice and on developing a “Believe in Better” culture for its people.

People Capability

Oceania is, and has always been, a people business. We have approximately 3,000 staff delivering outstanding resident experience and service to our 4,000 residents every single day.

Given the challenging labour market, Oceania is focused on becoming an employer of choice and on developing a “Believe in Better” culture for its people. Over the last year, we have been refining our employee value proposition. It was great to see 75% of new staff participate in our Employee Share Scheme offer again in September 2022, as well as the vesting of shares in September 2022 for those employees who joined the first scheme in 2019.

We have recently completed our annual employee engagement survey and it was great to see not only a much higher level of participation but also an increased employer NPS score across the board. The survey showed that, despite the challenges presenting the sector, there is improved employee sentiment overall. We are reviewing the feedback that we received from the survey and are looking into how we can provide other financial and non-financial benefits to our people in order to appropriately reward and recognise them.

Oceania is also committed to growing the capability of its people. There has been a noticeable shift in the professionalisation of its people over the last year. We are developing our learning and development programmes across all teams and continue to invest and grow our people.

An example of this is Oceania’s Wesley Institute of Nursing Education. This provides both a Competency Assessment Programme for internationally qualified nurses to gain registration as a registered nurse in New Zealand, as well as a Return to Nursing Programme for New Zealand nurses wanting to return to the workforce after a period of absence. We have seen a significant increase in class sizes in recent intakes and it is great to be able to support the sector in developing career pathways for these individuals.

Growth

Oceania’s fourth strategic pillar is to deliver outstanding financial performance and sustainable growth. Oceania is a disciplined, prudent investor of its capital and we are taking a long term lens with respect to creating value.

Despite the current head winds facing the sector, we continue to see a good level of enquiry for sales across our 48 sites. The sector continues to be supported by a growing population of older New Zealanders who are seeking improved security, lifestyle and health outcomes while remaining part of their local community.

Furthermore, we are continuing to observe strong development margins and resale capital gains from sales of our independent living villas and apartments and care suites.

Oceania is well underway in the execution of its strategy of delivering quality, sustainable and well curated environments. Oceania’s properties have substance, purpose and create wonderful community and connection for our residents. This coupled with an increased offer of tailored services, for our growing resident population, support our growth ambitions ahead.

The Helier

Our premier development, The Helier, in St Heliers (Auckland) is an example of how the four strategic pillars have come together to create something that is really special. The Helier is reimagining the future of later life and will give our residents the opportunity to live in a way that has not been seen before in New Zealand. The independent living apartments boast bespoke details and are fitted out with quality materials and finishes. However, the amenities and services are what set The Helier apart from other retirement villages, with a range of dining, wellbeing and health wellbeing opportunities. Through the delivery of these first class services and facilities, The Helier allows its residents to maintain the luxurious and independent lifestyles they are accustomed to and value so highly, in a community that they love.

We are seeing strong levels of enquiry from prospective residents who are looking to move into The Helier later in the year.

Looking ahead

This year has been an important year for Oceania as we demonstrate the advancement and successful execution of our strategy.

Oceania continues to position itself well as the provider of critical infrastructure and essential services for older New Zealanders.

Our team have continued their absolute dedication to delivering the very best of services, particularly with the observed weather events and more challenging macro-economic environment.

We welcome our new residents, alongside our wonderful existing residents. We have enjoyed your company, your stories, connections and daily life at Oceania and look forward to another rewarding year of growth.

Brent Pattison

Chief Executive Officer

Management commentary
(no financial statements)

WEATHER EVENT RECOVERY

All for one, one for all.

It was supposed to be a Valentine's Day celebration – a shared meal, a few winks and a laugh, a smile or two shared but 556mm of rain overnight put a dampener on that. February 14th, 2023 was a day like no other at Atawhai Village, a tale of a dark day that was illuminated by human warmth and compassion. This is how it played out.

This is an uplifting story about the power of kindness, how a community facing disaster looked to each other for help. No one could foresee the damage Cyclone Gabrielle would inflict. Knowing it was coming was one thing, knowing how the day would unfold was a mystery that developed by the hour.

Mark Renwick, our Atawhai Village Manager, exudes a gentle confidence and quiet resolve. He spent a restless night listening to the rain pound on his roof, the phone at his bedside, ready to respond if there was an emergency at the home. But that night passed peacefully, however, he still had a gnawing doubt about the day ahead.

He made sure he arrived at the village early the next morning and did a quick tour of the property with the maintenance man, Gavin. Everything looked good. They were a bit short-staffed and there were a few puddles, but apart from that, there was no apparent damage.

They thought they'd dodged a bullet. What they didn't know was that about a quarter of Napier's annual rainfall had just fallen on the surrounding hills overnight. All that water was funnelling down the valley, picking up steam and debris, and one by one at least six bridges would be swept aside. And as each bridge and riverbank collapsed a surge of water rushed toward them.

At nine o'clock in the morning, Mark heard a rumour that the nearby river Tutaekuri had breached its banks. He jumped in his car and drove down toward the river and found a lone policewoman. He asked if the river had breached but she did not know. All communications and power in the area had suddenly gone down at 8.00 am.

He told her, "I am from Atawhai with 130 residents,"

She replied, "Just be ready to evacuate."

Atawhai Village Manager, Mark Renwick, with resident Phyllis

There was an emergency plan in place, but the plan was designed for flooding from the sky, but this was flooding from the river. The official evacuation point was at the front of the property.

"If we'd followed the laid out plan, the residents would be up to their waists in water."

At this point, things could have gone badly wrong. It was at this moment when everyone at Atawhai, residents and team members showed what their community meant to them.

There was no hesitation, everyone wanted to help. That day, only twenty out of thirty-five staff had been able to get into work and many of them were not able to do their jobs because the power was out. They also had their own homes and families to worry about but their first thought was to look after the residents of Atawhai. And when Mark asked for volunteers, there were no qualms.

Everyone rolled into action.

The water was creeping ever closer, so the first step was to evacuate the residents from the care centre to the main hall. Many of them were bedridden and with no power their beds were frozen in whatever position they were in when the power went out, so they had to be moved.

Mark's flight to the riverbank had brought Atawhai to the attention of the emergency services but they were stretched all over the Napier area. They were told they would have to evacuate. Gina, the laundry supervisor, had a brainwave. They would use the laundry truck to move bed-bound residents. It had a powered tailgate, so for the next five hours, they moved beds into the truck and ferried them to safety.

A number of village residents took responsibility to organise their fellow residents from the village so they could self-evacuate with their cars. Everyone knew what to do and where to go.

Phyllis Jane, a six year resident of Atawhai summed it up, "Everything just seemed to go so well, we were informed what we needed to do and it just fell into place. We just all supported each other."

Within a few hours, all 130 residents had been safely relocated to an emergency evacuation centre at a local intermediate school. Although safe, it was still not an ideal situation for the residents.

Evacuating care centre residents

> Everything just seemed to go so well, we were informed what we needed to do and it just fell into place. We just all supported each other.
>
> Phyllis – village resident

Oceania laundry team, Kirsty and Kim

> You expect great things out of your people but to see it delivered…it's the team… incredibly proud.
>
> Deborah – Business and Care Manager

All they'd been able to take with them were their emergency bags. Keith is a resident of the care centre, he'd made sure his wife was safe and was able to grab his treasured walking stick he's had since his fortieth birthday (given to him by a young employee and with the words "happy birthday you old stick" engraved on it) but very little else. "There was no panic whatsoever. I thought the organisation was excellent. The worst part of the day from my point of view was I spent about two hours sitting on a school chair. The most uncomfortable thing I ever sat on in my life."

Keith's treasured walking stick

The kitchen staff from the home were fully aware of everyone's plight. They had thought they were going to make a Valentine's meal in the dining hall that day, but instead, they collected all the food and took it down to the Evacuation Centres, so the residents and staff were fed and sustained with teas and coffees.

It wasn't ideal but it was a start. What struck Mark was that everything the residents needed was back at Atawhai. There were no beds or no facilities for older people. Later that day, the water started to recede and with it, Mark's reservations. After a few consultations, the decision was made to take everyone back to Atawhai. There was no power or lighting but it was their home.

It turned into a very long day. The water had receded but left a thick layer of slippery silt around the property. Six villas were totally flooded, and water had risen to within an inch of the care centre's front step.

Regional Facilities Manager, Clark, with residents Phyllis and Val

Guest Services Manager, Mata, and resident Helen

Everyone was back home but the hard work was just beginning. The pragmatism of staff and residents would set the tone. Two residents, Helen and Val, wheeled out their barbecue and set up a meal station in the village hall. Two barbecues that would feed fifty people, two meals a day for a week.

Val remembers, "The first day I had mince and macaroni. I took them all out and we warmed them up. Someone else had some bread and someone else brought some sausages. There was no power so everything in the fridges would go off, so people offered up their food to the group."

Deborah Dillon, the Business and Care Manager had been desperate to get in to help her team the day before. She tried every road and every bridge but could not get through. She was devastated and arrived two days later expecting the worst but found calm and order.

"There were systems in place the kitchen was running, I was incredibly proud. You expect great things out of your people but to see it delivered…it's the team…incredibly proud."

It took a day to get a generator up and running for the emergency lighting and three days before another generator arrived to help power the kitchens.

The clean-up was a whole other story. Everyone came out to help shovel the silt out of the way to make safe passageways. They just rolled up their sleeves and got on with it. Residents came out to help. Staff came in with family members to help. Atawhai's loyal local plumber brought his family with shovels. Everyone went above and beyond because they cared deeply.

Care centre residents Keith and Caroline

Oceania fosters a sense of connection and commitment to fulfilling the needs of their residents and the people of Atawhai exemplify that. What was high on Mark Renwick's priorities after things had settled down? Finding out what could they have done better. What could they learn from that day from feedback sessions with the residents?

You cannot minimise the destruction that Cyclone Gabrielle left in its wake. Many people, including residents and staff at Atawhai lost everything, their homes, possessions and precious memories that those possessions captured. But this is a story of hope and humanity, about people who came together because they cared for each other. Words can't convey how the people at Atawhai feel for each other, but their actions can.

Oceania fosters a sense of connection and commitment to fulfilling the needs of their residents and the people of Atawhai exemplify that.

KEITH'S STORY

"Our daughter lives in Knightsbridge. Her phone was out, our phone was out, no way of contacting her. We didn't know whether Knightsbridge was underwater. How do we find out about her? I was talking to Nicky (a carer at Atawhai). We asked her if she knew what was happening in Knightsbridge and she came back the next day and said 'I went out and talked to your daughter and she's all fine.' I was so thankful – she was a lovely person."

THE LADY WHO THOUGHT SHE'D LOST EVERYTHING

At first glance, it looked like a disaster, but Village manager Mark Renwick was able to salvage some hope from a destroyed home.

"I managed to find some things in her villa when I was cleaning through. There was a little Highlanders doll, and she loves her rugby, I got that and gave it to her and when she saw that, her eyes lit up."

Management commentary
(no financial statements)

HOW WE CREATE VALUE

Working on what matters.

Our purpose

We are creating sustainable retirement and aged care living experiences for today, and for our people of tomorrow.

Our strategic pillars

Offer
To design, develop, build and sell premium properties for our residents of the future

Resident Experience
To be the leader in the delivery of resident experience in retirement villages and aged care centres

People Capability
To build capability and develop a culture which enables our people to perform their life's best work

Growth
To deliver outstanding financial performance and sustainable growth

Our value drivers

Our people | Our expertise | Our villages | Our relationships | Our financial capital | Our natural capital

Our value outcomes

Residents love living in our communities

We delight our residents with hospitality inspired, customer led services

We are passionate about the wellbeing of our staff, residents and their families

We lead the way in how we do things

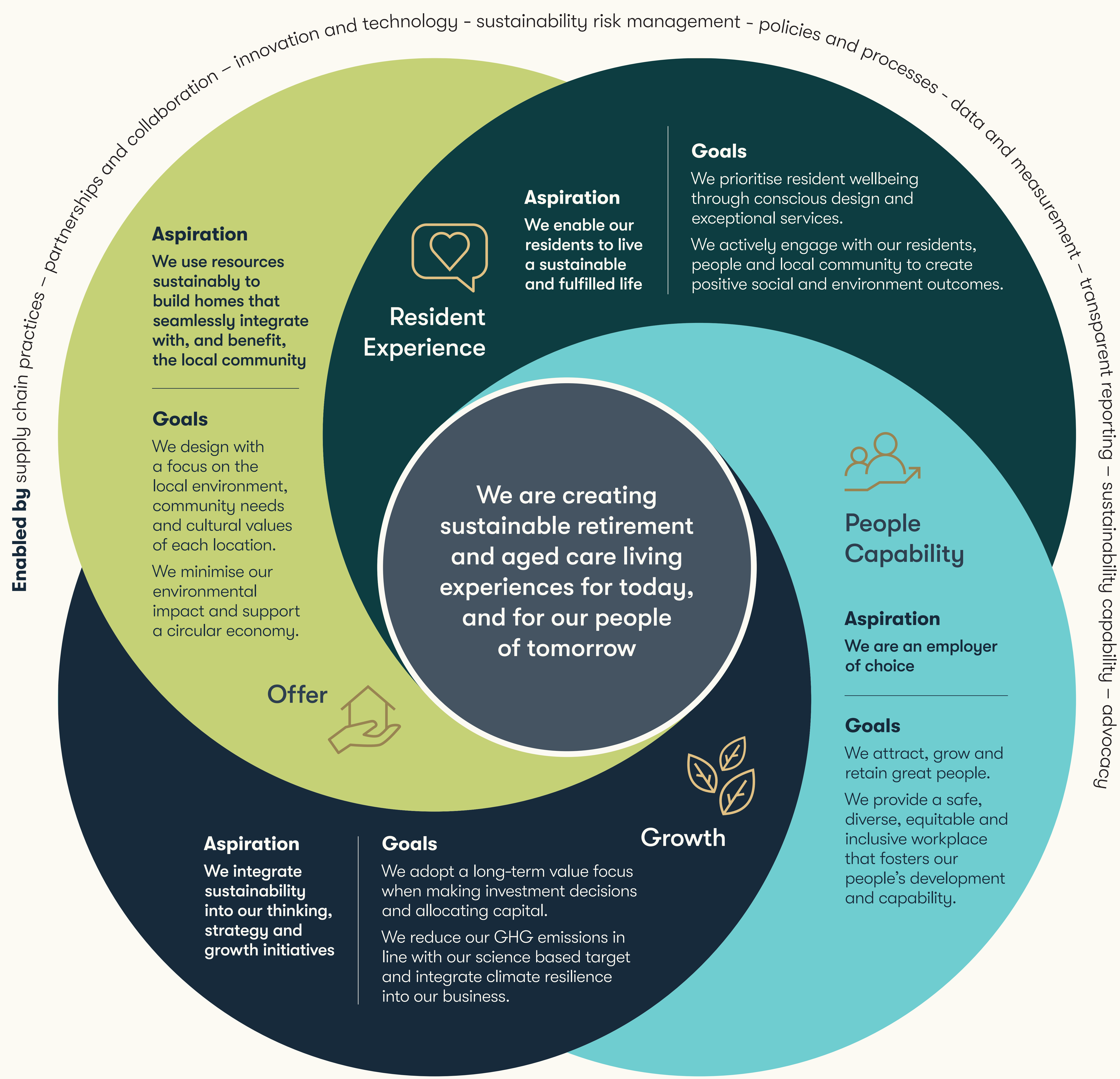
Management commentary
(no financial statements)

SUSTAINABILITY

Oceania's Sustainability Framework.

Over the course of FY2023, we have refreshed our Sustainability Framework that underpins our strategy.

Through the implementation of Oceania's refreshed Sustainability Framework 2023-2030, we will create long term value for our stakeholders and partners whilst taking care of the environment for generations to come. We recognise that when our people feel happy and valued, they provide the best experience for our residents.



Identifying our material impacts

We undertook a review of our most material impacts, using the latest Global Reporting Initiative (GRI) standards that came into effect on 1 January 2023.

We have determined Oceania's most significant economic, social and environmental impacts and these have informed the development of our refreshed Sustainability Framework.

The process for identifying and assessing Oceania's material impacts across the company's value chain, included 20 one-to-one interviews with members of the Board, external independent experts, and stakeholder representatives, internal workshops with Oceania's "future thinkers" and the executive, conversations with residents, and impact related sector research.

The material impacts were then ranked according to their significance and grouped into themes. The prioritisation of the material topics has been reviewed and approved by Oceania's executive and leadership.

Although these material topics have been determined using the impact focused GRI standard, many of our previous material topics are still incorporated.[1] Resident wellbeing and experience, as well as our people's wellbeing, continues to be highly material and core to everything we do.

Oceania takes an integrated approach to strategy, and we have grouped the material topics under the company's four strategic pillars - Offer, Resident Experience, People Capability and Growth - to inform the aspirations and goals in our refreshed Sustainability Framework, out to 2030. Overall, this process has helped us to identify our most material impacts and prioritise our sustainability efforts accordingly.

Material topic	Description of the material impacts
Greenhouse Gas emissions and climate	GHG emissions from corporate, village and aged care centre operations and embodied carbon.
Waste and environmental impact	The impact we have on the environment including waste going to landfill, biodiversity and ecosystems, emissions and pollution from operations, water, and the opportunity to support a circular economy.
Resident wellbeing	Resident safety and security, provision of quality care, social connectedness as well as health equity of older Māori and Pacific peoples and the capacity and capability of clinical staff.
Employment practices	Staff health and wellbeing can be affected by issues such as national workforce shortages, pay equity, health and safety and opportunities for professional development, and diversity and inclusion.
Community and social wellbeing	Impacting the cultural value of land, accessibility and affordability of aged residential care options for older New Zealanders, supporting the public health system by helping to free up public hospital beds and training NZ and internationally qualified nurses.
Economic contribution	Through economic activity and job creation and adding to housing supply.
Sustainable supply chain	Environmental and social impacts of procurement choices and supply chain practices.
Governance, ethics and trust	Trust levels with residents and their whānau through the provision of services to residents and ethical business conduct.

Oceania is on a sustainability journey. Through the implementation of our refreshed Sustainability Framework, we will work to enhance the positive impacts we have as a company and minimise or prevent the potential negative impacts. We will learn from experience and adapt our approach accordingly.

The updated GRI standards required us to evaluate our actual and potential, positive and negative, direct and indirect, impacts on the environment, society and economy, including human rights.

1 Many of the FY2022 material topics have been grouped together e.g. those in the former Prosperity pillar would fit under governance and ethics. Others, such as competitive behaviour, are no longer considered to be material topics under the new GRI standard "materiality" methodology.

Management commentary
(no financial statements)

Offer

Our sustainability goals

We want our villages to deliver true connection with communities, and tread lightly on the environment.

Place based design

We acknowledge that every place is different and has its own set of cultural, environmental, community and social factors that shape its identity and character. We have an impact on the cultural value of land and on the community. Through conscious design choices and engagement Oceania will seek to reinforce the identity of each place and create a sense of belonging among the people who live and work there. We will work to codify our approach in respect of new developments to **"design with a focus on the local environment, community needs and cultural values of each location"**.

Minimising environmental impact and supporting a circular economy

Through the design, build, and operation of our villages and care centres, we have an impact on the environment by consuming energy, water, and resources, generating waste and pollution, all of which can affect the land, ecosystem, and biodiversity. We are mindful of this impact and recognise that our goal to **"minimise our environmental impact and support a circular economy"** is important as we develop more villages and care centres into the future.

Our FY2023 journey

Waste

Oceania has been measuring its key operational waste streams for a number of years and looking for ways to address waste. During FY2023, we successfully concluded the first phase of a trial focused on vermicomposting for incontinence waste management and we intend to initiate a phase two trial in FY2024. In collaboration with several other retirement village operators, we have also conducted research with the University of Otago's Toitū Te Taiao Sustainability Office, to report on international and national best practice with respect to reducing and dealing with incontinence waste products.

In FY2023, we set targets, linked to our sustainability linked loan, to increase the diversion rate of construction waste away from landfill. As we continue to grow to meet the needs of New Zealand's ageing population, sustainable management of construction waste will help to reduce our environmental impact. In FY2023, we exceeded our regional diversion target, and narrowly missed the target for Auckland by 0.5%.

Eden, Mt Eden, Auckland

Sustainable refurbishments

Following a pilot at our Eden Village in FY2023, Oceania has partnered with Waste Management and All Heart NZ to roll out sustainable deconstruction practices across Oceania's portfolio, starting with the Auckland region.

In the year ahead, Oceania will review its sustainable deconstruction options in relation to its build pipeline. As we review our Oceania Design Principles, we will also look to incorporate circular economy principles. These initiatives and pilots are a first step for us to gather data and set the foundation for future targets.

Management commentary
(no financial statements)

Resident experience

Our sustainability goals

As a leader in resident experience, our aspiration is to enable residents to live a sustainable and fulfilled life.

Conscious design and exceptional services

We recognise that we have an impact on residents' wellbeing and feelings of safety and security. We have set a goal to **"prioritise resident wellbeing through conscious design and exceptional services"**.

Engaging residents, our people and communities for social and environmental outcomes

With over 4,000 residents and 3,000 staff, Oceania recognises it has a real opportunity to enable residents and staff to help **create positive social and environmental outcomes** for the community.

Our FY2023 journey

Increasing our ambition for Homestar and Greenstar

Oceania is designing and building new retirement villages to the Green Building Council's Homestar certification, prioritising environmental and health performance for the wellbeing of residents.

Our design team are specifying our new development in Franklin, Auckland to 7 Homestar, as well as exploring the feasibility of Greenstar for its community building and care centre.

We are exploring the use of the Green Building Council's HomeFit programme for our refurbishments to enable greater resident comfort and wellbeing.

Evidence-led design for dementia

We have completed our evidence-led design of the new dementia centre in Meadowbank, Auckland. The design has been underpinned by ten research-led design principles developed by Oceania's clinical team in collaboration with Dementia Auckland.

Care resident wellbeing

As part of our sustainability linked loan, Oceania set a target in FY2023 to improve care resident wellbeing and experience through excellent quality care. We designed a tailored metric that focuses on Oceania's model of care excellence, providing person-centred care, resident engagement, and including the residents' own expression of their health and wellbeing. Oceania is pleased to report that it exceeded its FY2023 target.

Positive outcomes from the Nurse Practitioner model

Over one third of our care centres have dedicated Nurse Practitioners, in place of contracted General Practitioners. Access to a Nurse Practitioner provides greater service flexibility and responsiveness leading to an improved care resident experience.

Five Ways to Wellbeing Programme

Following a successful trial we adopted the Five Ways to Wellbeing framework throughout our villages. This framework is an evidence-based approach to improving health and wellbeing and is endorsed by the Mental Health Foundation. We have trained our team members and redesigned our activity plans to ensure our residents have an opportunity to be actively involved in each important pillar.

Collaboration with Fair Food NZ

In FY2023, Oceania collaborated with Fair Food NZ, a non-profit that repurposes donated food to support vulnerable communities. Fair Food NZ enlisted Oceania residents to curate recipes for the donated food through a recipe competition. 170 entries were received, and the compiled recipes now serve as a repertoire for Fair Food NZ to create delicious meals by repurposing surplus food for those in need.

Management commentary
(no financial statements)

People capability

Our sustainability goals

Oceania is working to build capability and develop a culture which enables its people to perform their life's best work at Oceania.

We recognise that we impact the health and wellbeing of our people through our workforce practices, professional development programmes and approach to diversity and inclusion, and that our people's feelings of engagement and value can have a direct effect on resident experience. We know that external factors such as national workforce shortages, and pay equity, also impact on staff health and wellbeing.

Our aspiration is to be an employer of choice. We have goals to **"attract, grow and retain great people"**, and to **"provide a safe, diverse, equitable and inclusive workplace that fosters our people's development and capability"**.

Our FY2023 journey

Employee engagement

We had higher participation rates and an increased employer Net Promoter Score (NPS) from our latest annual employee engagement survey. The results from the survey show that despite the challenges in our sector, employee sentiment has improved overall.

In FY2023 Oceania introduced a sector leading parental leave policy, which tops up the amount received from the Government over 26 weeks to employees' usual pay for that period.

Health, safety and wellbeing

Keeping our people safe is a key part of employee health, safety and wellbeing.

In FY2023, during Mental Health Awareness Week, Oceania launched its Te Whare Tapa Whā employee wellbeing portal. Te Whare Tapa Whā is a metaphor based on the four pillars of a wharenui (meeting house) recognising when we look after all four aspects, we look after our hauora (wellbeing).

Our Employee Assistance Programme services continue to support our employees who require counselling for both personal and work-related issues. In FY2023, we expanded our Employee Assistance Programme to provide support to our residents who were affected by the Auckland flooding and Cyclone Gabrielle.

Training and development

We continued with our clinical training and leadership programmes for Oceania registered nurse and healthcare assistants.

In the year ahead, we will focus on developing learning and development programmes for our non-clinical staff.

Growth

Our sustainability goals

Oceania is pleased to make a positive economic contribution for its investors and stakeholders.

In FY2023, Oceania delivered 233 units and care suites helping to free up homes for purchase or rent as residents move into our villages, at a time when New Zealand faces a housing shortage. As an employer of 3000 staff, we create jobs for the local community and stimulate demand for goods and services. As part of our growth, we are mindful about integrating sustainability into our thinking, strategy and initiatives. We have set a goal to **"adopt a long-term value focus when making investment decisions and allocating capital."** This may require higher up front spending particularly in relation to development spend, but with the potential to create better long term value.

We know that as we grow, we will impact, and be impacted by, climate change. We have set a goal to **"reduce our GHG emissions in line with our science based target and integrate climate resilience into our business."**

Our FY2023 journey

Commitment to a science-based greenhouse gas emissions reduction target

We recognise the impact we have on the environment by generating greenhouse gas emissions through building and operating our villages and care centres. In FY2023, Oceania committed to the best practice international Science Based Targets initiative (SBTi) to set its GHG emissions reduction targets. Oceania has been measuring and managing its scopes 1, 2 and certain categories of scope 3 greenhouse gas emissions since 2019. Oceania has taken a detailed and considered approach in measuring its up front carbon that involved using the New Zealand Green Building Council embodied carbon calculations. Our emissions from embodied carbon relating to our developments and refurbishments is the main source of our total emissions profile[2]. We have undertaken a detailed measurement of this scope 3 capital goods emissions category and we will account for these emissions in the year that the construction or refurbishment completes.

The Helier, St Heliers, Auckland

Emissions reduction plan

We are committed to reducing our corporate emissions and have updated our emissions reduction plan for how we will meet our proposed science based targets. The use of natural gas and LPG in operating our villages and care centres is a significant source of these emissions. Transitioning off gas is a key pillar of our emissions reduction plan and we no longer design for gas.

Both the targets and emissions reduction plan will be submitted to the SBTi in FY2024 for verification.

Energy efficiency

In FY2023, Oceania continued to implement energy efficiency measures.

All new developments are designed and built with LED lighting. We also piloted a hot water heat pump system at our Te Mana care centre. The results have been pleasing, with a 30% gain in efficiency at the same time as increasing the much needed amount of hot water capacity required for Te Mana care centre.

With Oceania building to Homestar certification, and investigating the feasibility of Greenstar, these certifications ensure that buildings are designed and built efficiently to minimise greenhouse gas emissions once they are operational, through measures such as better insulation.

2 In FY2023 we rebaselined our emissions using a FY2022 base year, and conducted a full scope 3 (indirect emissions) materiality assessment. See our GHG Emissions Report for FY2023 and FY2022 on our website.

Management commentary
(no financial statements)

Preparation for Climate Risk Disclosures

The Sands, Browns Bay, Auckland

Oceania has developed a roadmap to prepare the business for meeting the requirements in the External Reporting Board's climate-related financial disclosure standards.

In FY2023, Oceania has made progress on a number of key roadmap milestones. These include our governance structure relating to sustainability and climate, with the establishment of a Board Sustainability Committee and Management Sustainability Steering Group. Climate has been a key agenda item for both the Committee and Steering Group meetings since their inception.

Oceania recognises it needs to proactively manage its climate risks and opportunities. In FY2023, we conducted a physical climate risk exposure assessment of our assets, and we are progressing with a full risk assessment. We were part of the Technical Working Group coordinated by the NZ Green Building Council to develop the sector scenario analysis for the building and construction sector. This analysis will help to inform our risk and opportunities assessment, including identifying transition risks.

We recognise that our strategy and sustainability framework needs to be responsive to the identified risks and opportunities, over the short, medium and long term and we will adapt our response accordingly. Our refreshed Sustainability Framework details our goals in relation to climate and sustainability.

Oceania will release its first full mandatory Climate Related Disclosures report next year.

> Oceania recognises it needs to proactively manage its climate risks and opportunities.

Sustainability – FY2023 highlights

- Measured all our material scope 3 greenhouse gas emissions sources for the first time
- Diverted 880.7 tonnes of construction waste from landfill
- Completed a sustainable refurbishments pilot at Eden Village, collecting more than 1,600kg of materials and avoiding 1.05tCO2e
- Trained 633 internationally qualified registered nurses through our Nursing Council accredited CAP (Competency Assessment Programme)
- Completed a new materiality assessment and refreshed our Sustainability Framework, out to 2030
- RVA Sustainability Awards finalist for the resident-led category
- Awarded ACC's Employer Accreditation Programme tertiary level status
- Established our first sustainability linked loan
- Launched our Five Ways to Wellbeing programme
- Improved our employer NPS engagement scores
- Linked sustainability performance to remuneration
- Residents collaborated with Fair Food NZ to provide 170 recipes to repurpose donated food into meals for vulnerable communities
- Implemented a sector leading parental leave policy
- Committed to the Science Based Targets initiative for reducing our GHG emissions
- Completed a physical climate risk exposure assessment
- Increased our green building ambition to 7 Homestar certification

CUSTOMER LED DESIGN AND SERVICE

The Helier by Oceania.

We thought, let's wipe the slate clean and re-imagine the future of retirement and aged care living in a way that has never been seen in New Zealand. The result is The Helier by Oceania. This unique lifestyle design is equivalent to living in a 5-star hotel every day.

It is retirement and aged care living that have been rethought from every angle. This stunning property has been developed with a deep familiarity and understanding of what is important to the residents in the local area.

Located in the heart of St Heliers, on the edge of Glover Park, this bespoke Village offers residents 360-degree views over Waitemata Harbour and the Auckland CBD. It is the scenery that makes living in Auckland so special and The Helier by Oceania takes full advantage of this stunning panorama with its considered design.

The Village is nestled in a suburban street. From the road frontage, it appears to be only two storeys high, as a clever and thoughtful design, which is stepped back into the cliff face, provides a sympathetic approach to the surrounding neighbourhood.

While aesthetics are important, it is the amenities and services that take The Helier from lovely to luxury. The high-end hotel experience begins the moment you arrive at the door thanks to valet parking. The in-house concierge service allows residents to experience their own city in new and exciting ways, and a personal chauffeur is on hand to whisk them away to their destination.

Naturally, health and wellbeing are front and centre at The Helier. A private gym and swimming pool make it simple to maintain fitness and a luxurious day spa will help residents to relax and unwind.

There is also much to enjoy for gastronomes. Dining opportunities include a café, bar, 5-star restaurant and wine lovers can make use of an exclusive wine library. An executive chef service will also be available to deliver a private culinary experience to residents and guests in their apartments.

Through these first-class services and amenities, The Helier allows its residents to maintain the luxurious and independent lifestyles they are accustomed to and value highly. We offer a place to live from not a place to live at.

There are also care residences for those requiring a little bit more support.

The Helier's Private Care Residences provide premium healthcare, within luxurious surroundings, a level of care second to none.

This boutique private nursing model is unique to The Helier and provides residents with bespoke, personalised care while maintaining utmost comfort and enjoyment, thanks to the Village's premier hospitality-led services.

This exciting new Village was launched via a private function held in September 2022 at Mantells in Mission Bay. Sir Graham Henry hosted this popular event and, like the experience at The Helier, it epitomised luxury. Initial demand has been strong.

We are committed to providing personalised retirement and aged care living experiences that have the bespoke needs of the local communities at their heart. One size does not fit all, and it is our pleasure to develop living spaces and experiences that allow our residents to continue to live the lives they have been accustomed to.

We are committed to providing personalised retirement and aged care living experiences that have the bespoke needs of the local communities at their heart.

BOARD OF DIRECTORS

Heart-centred leadership.

Our Board has a broad and deep range of complementary skills backed by years of experience.

Elizabeth Coutts

Chair and Independent Director

ONZM, BMS, FCA

Liz Coutts has been a Director of Oceania since 5 November 2014 and was appointed Chair in 2014. Liz is also the Chair of EBOS Group Limited and Voyage Digital (NZ) Limited trading as Two Degrees. 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.

Liz has previously been Chief Executive of Caxton Group, Chairman of Skellerup Holdings Limited, Meritec Group Limited, Industrial Research Limited, Life Pharmacy Limited and Ports of Auckland Limited, Deputy Chairman 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.

Liz is a member of all Board Committees.

Alan Isaac

Independent Director

CNZM, BCA, FCA

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.

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.

Alan is Chair of the Audit Committee and is a member of the People and Culture Committee.

Dame Kerry Prendergast

Independent Director

DNZM, CNZM, MBA (VUW), NZRN, NZM

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 Wellington Free Ambulance, Wellington Opera and Royal New Zealand Ballet. Dame Kerry is also a trustee of New Zealand Community Trust.

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. 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.

Dame Kerry is Chair of the Clinical and Health & Safety Committee.

Our Board Skill Set.

Core Competencies

- Core Strengths
- Markets & Customers
- Building & Maintaining Relationships
- Delivering Sustainable Growth
- Property & Construction
- Capital Structure & M
- Executive Leadership
- Australian Experience

Sally Evans
Independent Director
BHSc, MSc, FAICD, GAIST

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.

Sally is a Director of Healius Limited in Australia, Rest (Australian Super Fund), Allianz Australian Life Insurance Limited and Ingenia Communities. 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.

Sally is Chair of the People and Culture Committee and is a member of the Clinical and Health & Safety Committee and the Sustainability Committee.

Gregory Tomlinson
Independent Director
AME

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.

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 Chair of Heartland Group Holdings Limited.

Greg is Chair of the Development Committee.

Rob Hamilton
Independent Director
BSc, BCom

Rob has been a Director of Oceania since 17 September 2021. He is a respected member of the capital markets and finance community in New Zealand, with more than 30 years' experience in senior executive roles. Rob is currently a Director of Westpac New Zealand Limited and a Director of Tourism Holdings Limited. He was previously Chief Financial Officer at SkyCity Entertainment Group Limited and a Managing Director and Head of Investment Banking at Jarden (formerly First NZ Capital).

Rob was also previously a member of the Auckland Grammar School Board of Trustees and a Board member on the New Zealand Olympic Committee.

Rob is Chair of the Sustainability Committee and is a member of the Audit Committee.

Peter Dufaur
Independent Director
BProp

Peter has been a Director of Oceania since 17 September 2021. He has over 25 years' experience in the New Zealand property market, including 10 years as Head of Development for Goodman Property Trust. During his time at Goodman Property Trust, Peter was responsible for all of the Trust's development activity and oversaw more than $1.5 billion of successful property development.

Peter also sits on several private enterprise boards, including until recently, Chair of building products manufacturer Thermakraft. Peter is currently the Managing Director of Mayfair Group Limited, which is involved in property development, asset management and funds management across a wide variety of sectors in the New Zealand property market.

Peter is a member of the Development Committee.

Our Board Skill Set.
Core Competencies

- Core Strengths
- Markets & Customers
- Building & Maintaining Relationships
- Delivering Sustainable Growth
- Property & Construction
- Capital Structure & M
- Executive Leadership
- Australian Experience

BOARD OF DIRECTORS

Our Board skill set

Core Strengths

Governance 7/7

- Commitment to the highest standard of governance.
- Board experience (NZX 50 or equivalent) or experience as an advisor to Boards for at least 5 years.
- An ability to assess effectiveness of senior management.

Finance and accounting 6/7

- Senior executive or board experience in financial accounting and reporting, corporate finance and internal controls.
- Understanding of business and property valuation principles and their implications on the financial performance and position.

Risk management 7/7

- Developing and overseeing an appropriate risk framework and culture.
- Experience evaluating and managing financial and non-financial risks.

Capital markets and structure 7/7

- Experience with equity and debt markets, capital structuring and investment analysis.

Regulatory knowledge and experience 7/7

- An understanding of the regulatory environment in which we operate and the role that plays in ensuring sustainable custodianship of our assets and providing benefit to our customers.

Human resources 7/7

- Familiarity with people and best practice development and performance structures.

Health and safety 7/7

- Experience and understanding of health and safety and wellbeing requirements.

Markets & Customers

Customer advocacy 7/7

- Experience and understanding of sales, marketing and brand strategy and practices.

Aged care, hospitality & customer service market experience 7/7

- Experience and understanding (either at Board, leadership or senior consulting level) of the dynamics of the international and/or domestic aged care, hospitality and customer services markets, and opportunities and challenges within those markets.

Clinical experience 4/7

- Experience and understanding of the clinical requirements of the healthcare sector at a governance, leadership and/ or practitioner level.

Building & Maintaining Relationships

Government relationships 5/7

- An understanding of the functioning of Government and experience developing and maintaining a constructive relationship and interactions with Government and regulators.

Shareholder/investment community relationships 6/7

- Experience in and understanding of shareholder and investment community concerns and developing constructive relationships.

Delivering Sustainable Growth

Growth 7/7

- A track record of developing and implementing a successful and sustainable strategy of growth in business.

Strategy 7/7

- Ability to think strategically and assess strategic options and business plans.

Operational leverage 7/7

- Experience in leading or advising organisational change and creating value for the benefit of customers and shareholders.

Business model and technological disruption 7/7

- Understanding of differing business models and the potential for disruptive models and practices to impact customers and the supply chain.
- Understanding of the opportunity and risks provided by technology development.

Property & Construction

Property and construction 4/7

- Experience as an investor, leader or adviser in the property development market
- Experience as an investor, leader or adviser in the construction industry.

Capital Structure & Management

Capital structure and management 6/7

- Experience with a range of capital structures and management of capital within an organisation.

Executive Leadership

Executive leadership 7/7

- Experience in a senior executive leadership position in a large organisation.

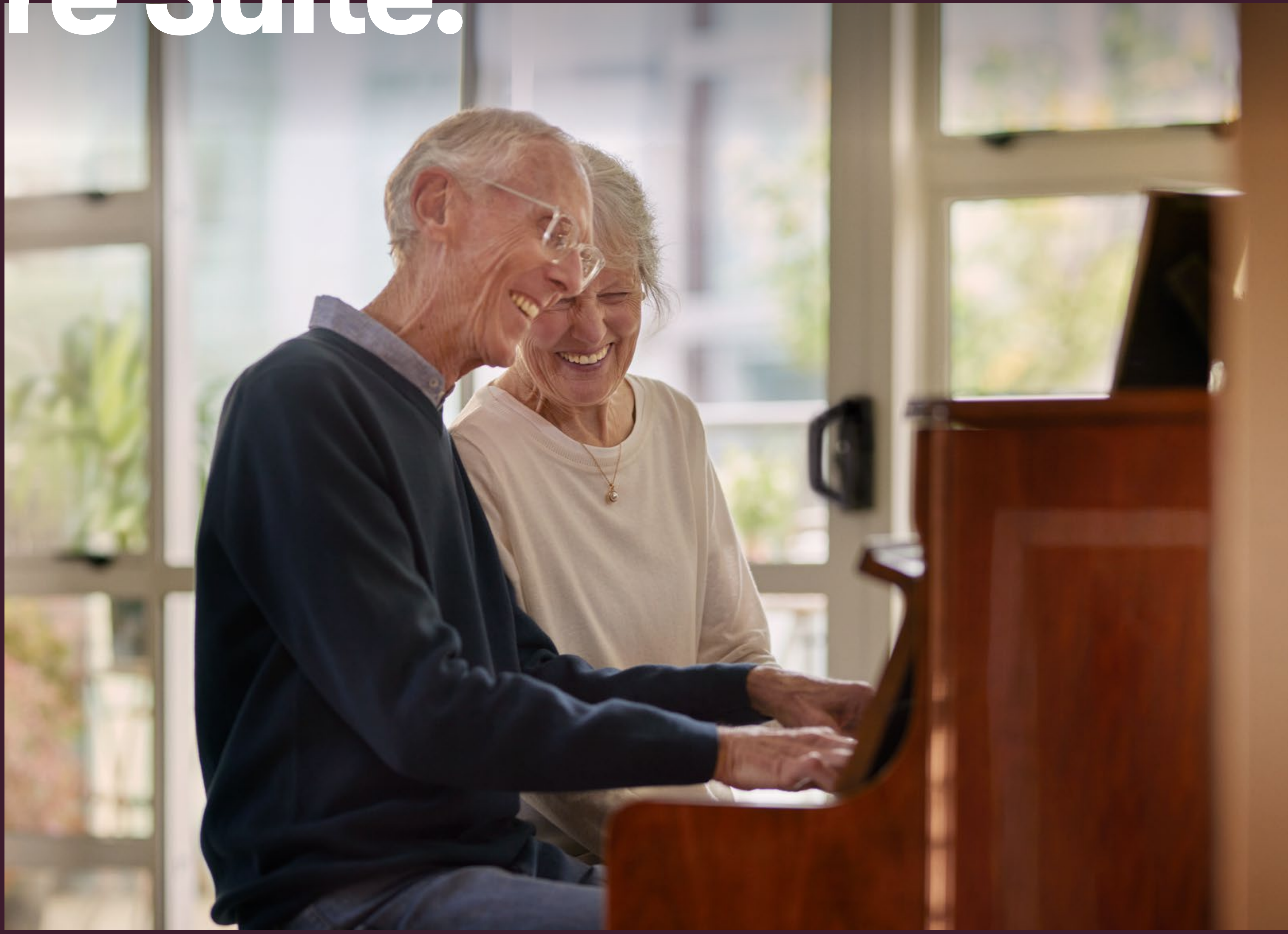
Australian Experience

Australian experience 2/7

- Experience and understanding (either at Board, leadership or senior consulting level) of business in Australia.

COUPLE'S CARE SUITE

Celebrating togetherness in a Couple's Care Suite.



Oceania is on a journey that will never end, to transform the retirement and aged care living experience. Listening and adapting, giving the physical and emotional well-being of our residents the highest priority.

Take our Couple's Care Suite as an example, it enables older couples to stay together if, and when, their needs increase. This ensures they are not separated from their greatest support network – each other.

Our Couple's Care Suite offering shows how Oceania is challenging norms and putting our residents at the heart of every decision, simply honouring love and protecting a couple's right to age together.

To celebrate this unique offering, we developed and launched a campaign called "The Duet" that portrays the love story of a couple through the years they've travelled together through love, togetherness – and a piano.

Inspired by a true story from one of our resident couples at The Bayview, Tauranga, we were able to authentically deliver this powerful story with dignity, empathy and grace.

We produced our own music to bring the story to life and shared this with residents and the general public who wrote to us asking for it.

THREE YEAR SUMMARY
For the Year Ended 31 March 2023

Financial Metrics

$NZm	March 23 12 Months	March 22 12 Months	March 21 10 Months
Underlying Net Profit after Tax[1,2,3]	**58.6**	56.7	41.9
Underlying EBITDA[1,2,3]	**80.0**	76.2	56.0
Profit for the Year[3]	**15.4**	61.1	85.7
Total Comprehensive Income	**34.5**	114.4	167.9
Total Assets[3]	**2,544.9**	2,197.7	1,882.2
Operating Cash Flow[3]	**70.2**	105.5	96.0

Operating Metrics

	March 23 12 Months	March 22 12 Months	March 21 10 Months
Units	**1,820**	1,625	1,367
Care Suites	**984**	854	847
Care Beds	**1,651**	1,725	1,807
Total	**4,455**	**4,204**	**4,021**
New Sales	**128**	184	194
Resales	**280**	266	194
Total	**408**	**450**	**388**
Occupancy	**90.4%**	92.0%	92.4%

1 This is a non-GAAP measure, refer to note 2.1 in the consolidated financial statements for further details.
2 On 21 April 2020 the Group claimed, and received payment of, a COVID-19 wage subsidy totalling $1.8m. This amount has subsequently been repaid in full on 18 May 2021 and as a result has been excluded from the table above. This proforma adjustment increases underlying EBITDA and underlying earnings in relation to the 12 month period to 31 March 2022 by $1.8m.
3 The March 2021 comparative period includes an adjustment for the impact in change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2 of the March 2022 report.

Management commentary
(no financial statements)

Consolidated Financial Statements

For the year ended 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

$NZ000's	Notes	March 23	March 22
Revenue	2.2	**247,178**	231,140
Change in fair value of investment property	3.1	**19,497**	63,475
Change in fair value of held for sale assets	3.3	**1,886**	-
Gain on purchase of business assets	1.3(i)	**543**	10,358
Other income	2.3	**16,866**	3,508
Total income		**285,970**	**308,481**
Employee benefits and other staff costs	2.4	**164,483**	156,446
Depreciation (buildings and care suites)	2.4, 3.2, 3.5	**11,363**	11,487
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4, 3.2, 3.5	**6,561**	7,133
Impairment of property, plant and equipment and right of use asset	2.4, 3.2	**6,531**	4,741
Impairment of right of use investment property	2.4, 3.5	**1,431**	115
Impairment of goodwill	2.4, 5.2	**2,347**	412
Rental expenditure in relation to right of use investment property	3.5	**158**	2,497
Finance costs	2.4	**14,315**	9,380
Other expenses	2.4	**66,781**	60,020
Total expenses		**273,970**	252,231
Profit before income tax		**12,000**	56,250
Income tax benefit	5.1	**3,448**	4,879
Profit for the year		**15,448**	61,129
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of property, plant and equipment for the year, net of tax	3.2, 5.1	**17,592**	46,359
Gain on revaluation of right of use assets for the year, net of tax	3.5, 5.1	**-**	229
		17,592	46,588
Items that may be subsequently reclassified to profit or loss			
Gain on cash flow hedges, net of tax		**1,503**	6,716
Other comprehensive income for the year, net of tax		**19,095**	53,304
Total comprehensive income for the year attributable to shareholders of the parent		**34,543**	114,433
Basic earnings per share (cents per share)	4.2	**2.2**	8.7
Diluted earnings per share (cents per share)	4.2	**2.2**	8.7

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

$NZ000's	Notes	March 23	March 22
Assets			
Cash and cash equivalents		**7,439**	9,745
Trade and other receivables	5.3	**108,929**	69,136
Derivative financial instruments	5.6	**6,026**	3,922
Assets held for sale	3.3	**101,652**	-
Investment property	3.1	**1,597,721**	1,378,552
Property, plant and equipment	3.2	**712,169**	686,592
Right of use assets	3.5	**4,287**	41,139
Intangible assets	5.2	**6,717**	8,603
Total assets		**2,544,940**	**2,197,689**
Liabilities			
Trade and other payables	5.4	**52,289**	40,980
Deferred management fee	3.4	**45,334**	42,067
Refundable occupation right agreements	3.4	**879,578**	775,765
Refundable occupation right agreements held for sale	3.4	**47,092**	-
Lease liabilities	3.5	**4,798**	9,894
Borrowings	4.4	**553,589**	380,140
Deferred tax liabilities	5.1	**-**	-
Total liabilities		**1,582,680**	**1,248,846**
Net assets		**962,260**	**948,843**
Equity			
Contributed equity	4.1	**713,374**	705,291
Retained deficit		**(68,496)**	(54,735)
Reserves		**317,382**	298,287
Total equity		**962,260**	**948,843**

The Board of Directors of the Company authorised these consolidated financial statements for issue on 24 May 2023.

For and on behalf of the Board

Elizabeth Coutts
Chair

Alan Isaac
Director

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

$NZ000's	Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
Balance as at 31 March 2021		675,625	(86,983)	248,849	(3,866)	833,625
Profit for the year		-	61,129	-	-	61,129
Other comprehensive income						
Revaluation of cash flow hedge net of tax		-	-	-	6,716	6,716
Revaluation of assets net of tax	3.2, 5.1	-	-	46,359	-	46,359
Revaluation of right of use assets net of tax	3.5, 5.1	-	-	229	-	229
Total comprehensive income		**-**	**61,129**	**46,588**	**6,716**	**114,433**
Transactions with owners						
Dividends paid	4.1	-	(29,559)	-	-	(29,559)
Share issue	4.1	20,000	-	-	-	20,000
Directly attributable transaction costs deducted from equity	4.1	(475)	-	-	-	(475)
Share issue: dividend reinvestment scheme	4.1	10,141	-	-	-	10,141
Employee share scheme	4.1	-	678	-	-	678
Total transactions with owners		**29,666**	**(28,881)**	**-**	**-**	**785**
Balance as at 31 March 2022		**705,291**	**(54,735)**	**295,437**	**2,850**	**948,843**
Profit for the year		**-**	**15,448**	**-**	**-**	**15,448**
Other comprehensive income						
Revaluation of cash flow hedge net of tax		**-**	**-**	**-**	**1,503**	**1,503**
Revaluation of assets net of tax	3.2, 5.1	**-**	**-**	**17,592**	**-**	**17,592**
Revaluation of right of use assets net of tax	3.5, 5.1	**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**15,448**	**17,592**	**1,503**	**34,543**
Transactions with owners						
Dividends paid	4.1	**-**	**(29,889)**	**-**	**-**	**(29,889)**
Share issue: dividend reinvestment scheme	4.1	**8,083**	**-**	**-**	**-**	**8,083**
Employee share scheme	4.1	**-**	**680**	**-**	**-**	**680**
Total transactions with owners		**8,083**	**(29,209)**	**-**	**-**	**(21,126)**
Balance as at 31 March 2023		**713,374**	**(68,496)**	**313,029**	**4,353**	**962,260**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2023

$NZ000's	Notes	March 23	March 22
Cash flows from operating activities			
Receipts from residents for village and care fees		**196,601**	190,096
Payments to suppliers and employees		**(228,926)**	(207,814)
Rental payments in relation to right of use investment property		**(158)**	(2,497)
Receipts from new occupation right agreements		**178,842**	214,188
Payments for outgoing occupation right agreements		**(79,267)**	(69,998)
Net goods and services tax received / (paid)		**14,608**	(7,672)
Receipts from insurance proceeds	1.3(iv)	**1,113**	-
Interest received		**1,759**	77
Interest paid		**(13,921)**	(10,171)
Interest paid in relation to right of use assets		**(445)**	(680)
Net cash inflow from operating activities		**70,206**	**105,529**
Cash flows from investing activities			
Proceeds from sale and / or disposal of property, plant and equipment and investment property		**-**	(6)
Payments for property, plant and equipment and intangible assets		**(55,160)**	(56,289)
Payments for investment property and investment property under development		**(103,626)**	(106,317)
Payments for assets held for sale		**(942)**	-
Payments for business assets	1.3(i)	**(59,873)**	(56,208)
Net cash outflow from investing activities		**(219,601)**	**(218,820)**
Cash flows from financing activities			
Proceeds from borrowings		**228,161**	162,513
Repayment of borrowings		**(54,290)**	(115,476)
Proceeds from bond issuance		**-**	100,000
Repayment of bank borrowing from bond proceeds		**-**	(100,000)
Proceeds from share placement		**-**	20,000
Capitalised costs in relation to share placement		**-**	(475)
Capitalised borrowing costs		**(2,171)**	(1,194)
Principal payments for right of use assets		**(2,805)**	(2,820)
Dividends paid		**(21,806)**	(19,418)
Net cash inflow from financing activities		**147,089**	**43,130**
Net decrease in cash and cash equivalents		**(2,306)**	**(70,161)**
Cash and cash equivalents at the beginning of the year		**9,745**	79,906
Cash and cash equivalents at end of year		**7,439**	**9,745**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 March 2023

Reconciliation of profit after income tax to net cash inflow from operating activities

$NZ000's	Notes	March 23	March 22
Profit for the year		**15,448**	61,129
Non cash items included in profit for the year			
Deferred management fees accrued but not settled	2.2	**(70,206)**	(57,527)
Depreciation (buildings and care suites)	2.4	**11,363**	11,487
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4	**6,561**	7,133
Impairment of goodwill	2.4	**2,347**	412
Net loss on disposal of property, plant and equipment		**3,171**	1,149
Fair value adjustment to investment property	3.1	**(19,497)**	(63,475)
Fair value adjustment to right of use investment property and right of use land and building	3.5	**1,431**	115
Impairment / (Reversal of impairment) of property, plant and equipment	3.2	**6,531**	4,741
Fair value adjustment to held for sale assets	3.3	**(1,886)**	-
Loss allowance for trade and other receivables	2.4	**37**	41
Interest accrued but not paid		**(1,009)**	(2,097)
Fair value movement on residents' share of resale gains	2.4	**1,724**	825
Fair value movement on cash flow hedges	5.6	**(6)**	(58)
Deferred tax benefit	5.1	**(3,448)**	(4,879)
Employee share scheme	4.3	**680**	678
Gain on purchase of business assets	1.3(i)	**(543)**	(10,358)
Other non cash items		**962**	670
		(61,788)	(111,143)
Cash items excluded from profit for the year			
Receipts from new occupation right agreements		**178,842**	214,188
Payments for outgoing occupation right agreements		**(79,267)**	(69,998)
		99,575	144,190
Increase in operating assets and liabilities			
Increase in trade and other receivables		**5,643**	13,110
Increase / (Decrease) in trade and other payables		**11,328**	(1,757)
Net cash inflow from operating activities		**70,206**	105,529

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

General Information

1.1 Basis of Preparation

(i) Entities Reporting

The consolidated financial statements of the Group are for the economic entity comprising Oceania Healthcare Limited (the "Company") and its subsidiaries (together "the Group"). Refer to note 5.5 for details of the Group structure.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oceania Healthcare Limited as at 31 March 2023 and the results of all subsidiaries for the year then ended.

The Group owns and operates various care centres and retirement villages throughout New Zealand. The Group's registered office is Level 11, 80 Queen Street, Auckland 1010, New Zealand.

(ii) Statutory Base

Oceania Healthcare Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993 and is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the NZX Main Board ("NZX") and the Australian Securities Exchange ("ASX") as a foreign exempt listing. The consolidated financial statements have been prepared in accordance with the requirements of the NZX and ASX listing rules, and Part 7 of the Financial Markets Conduct Act 2013.

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS") and other applicable New Zealand Financial Reporting Standards, as appropriate for for-profit entities. The Group is a Tier 1 for-profit entity in accordance with XRB A1.

The consolidated financial statements have been prepared in accordance with the going concern basis of accounting, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

The Consolidated Balance Sheet has been prepared using a liquidity format.

(iii) Measurement Basis

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, including investment properties, certain classes of property, plant and equipment, right of use assets and derivatives.

(iv) Key Estimates and Judgements

The preparation of the consolidated financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the following notes:

- Fair value of assets acquired in business combination (note 1.3(i))
- Insurance proceeds from recent weather event (note 1.3(iv))
- Classification of accommodation with a care or service offering (note 3)
- Fair value of investment property and investment property under development (note 3.1)
- Fair value of freehold land and buildings (note 3.2)
- Classification and fair value of held for sale facilities (note 3.3)
- Revenue recognition of deferred management fees (note 3.4)
- Fair value of right of use assets (note 3.5)
- Recognition of deferred tax (note 5.1)

1.2 Accounting Policies

(i) New Accounting Standards

No changes to accounting policies have been made during the year and the Group has not early adopted any standards, amendments or interpretations to existing standards that are not yet effective.

(ii) Measurement of Fair Value

The Group classifies its fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels.

Level 1: Quoted prices (unadjusted) in active markets for the identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of all financial assets and liabilities is considered to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1.3 Significant Events and Transactions

(i) Acquisitions

(A) Waterford on Hobsonville Point ("Waterford")

In the comparative period to 31 March 2022, Oceania Village Company Limited entered into a Sale and Purchase Agreement to purchase the business assets of Waterford on Hobsonville Point. Waterford is an established retirement village with 64 independent living villas and 36 independent living apartments. The Sale and Purchase Agreement was conditional on the parties obtaining Statutory Supervisor consent. This consent was received on 8 April 2021 and the transaction was settled on 23 April 2021 being the date of acquisition.

The business assets have been recognised as at the date of settlement and the future operating results consolidated from that point forward.

Purchase consideration and fair value of net assets acquired

The purchase price of $56.2m, settled in cash, was linked to the 31 March 2020 CBRE Limited valuation of Waterford. The acquisition was accounted for using the acquisition method as prescribed in NZ IFRS 3 Business Combinations. This standard requires that all identifiable assets and liabilities be assumed at their acquisition date fair value.

(B) Remuera Rise and Bream Bay

On 6 May 2022, a number of Sale and Purchase Agreements were entered into in relation to Remuera Rise and Bream Bay:

a. Oceania Village Company Limited and Oceania Care Company Limited entered into a Sale and Purchase Agreement with Remuera Rise Limited and Lifecare Residences NZ Limited to purchase the business assets in relation to Remuera Rise for a value of $38.1m subject to purchase price adjustments. Remuera Rise is an established village with 58 independent living apartments and 12 rest home beds. The Sale and Purchase Agreement was subject to the parties obtaining the consent of the Statutory Supervisor, the Ministry of Health and the Auckland District Health Board. This transaction was settled on 1 July 2022 which is the date of acquisition.

b. Oceania Village Company Limited entered into a Sale and Purchase Agreement with Private Health Care (NZ) Limited and PGB Investments Limited to purchase the shares of Bream Bay Village Limited for a value of $18.9m. At the time of acquisition eight villas were under construction. In accordance with the provisions of the Sale and Purchase Agreement the sales value of these villas was paid to the vendor as part of the purchase consideration. As at 30 September 2022 this amounted to $3.0m with all villas now occupied. Bream Bay Village is an established village with 83 independent living villas, including the eight villas under construction at the time of acquisition. The Sale and Purchase Agreement was subject to the parties obtaining Statutory Supervisor consent. This transaction was settled on 1 July 2022 which is the date of acquisition.

c. On 6 May 2022 Oceania Village Company Limited also entered into an option agreement with GNLC Limited to purchase 6.7 hectares of development land in Bream Bay, adjacent to Bream Bay Village. This agreement grants Oceania Village Company Limited the option to acquire this land for a purchase price of $8.4m plus GST if any. Oceania Village Company Limited may exercise the option agreement for the development land adjacent to Bream Bay Village within 20 working days of the plan change being made operative by Whangarei District Council following settlement of any appeals. As at 31 March 2023 Oceania Village Company Limited has not yet exercised this option.

Purchase consideration and fair value of net assets acquired

The purchase price was linked to the 31 March 2021 CBRE Limited valuation in respect of Remuera Rise and the 8 December 2021 Colliers valuation of Bream Bay Village Limited and both acquisitions were settled in cash. The acquisitions were accounted for using the acquisition method which requires that all identifiable assets and liabilities be assumed at their acquisition date fair value.

The operations of Remuera Rise had an immaterial impact on Net Profit before Tax in the period since acquisition to 31 March 2023, of which $2.3m is operating revenue. If the acquisition had taken place on 1 April 2022 the impact of the operations on Net Profit before Tax would have been immaterial. The impact on the fair value movements in the period is disclosed in note 3.1.

The operations of Bream Bay added $1.7m to Net Profit before Tax in the period since acquisition to 31 March 2023, of which $2.5m is operating revenue. If the acquisition had taken place on 1 April 2022 the impact of the operations on Net Profit before Tax would have been $2.0m. The impact on the fair value movements in the period is disclosed in note 3.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1.3 Significant Events and Transactions (continued)

Fair Value on Acquisition Date

$NZ000's	Remuera Rise March 2023 (provisional)	Bream Bay March 2023 (provisional)	Waterford March 2022
Assets			
Investment Property	73,899	64,111	104,022
Freehold Land	1,000	-	-
Freehold Buildings	150	-	-
Development Land	-	-	8,950
Chattels	-	-	63
Other Assets	64	32	-
Liabilities			
Resident liabilities	(37,594)	(41,637)	(46,437)
Employee entitlements	(164)	(10)	(19)
Other Liabilities	-	(16)	-
Net Assets Acquired	**37,355**	**22,480**	**66,579**
Total Consideration	**37,936**	**21,937**	**56,221**
(Goodwill recognised on purchase) / Gain on purchase of business asset	(581)	543	10,358

The goodwill on acquisition of Remuera Rise and the gain on purchase of Bream Bay arise due to differences in the key assumptions within the external valuer's valuations, including growth rate and discount rate, between the reference date for the acquisition and the settlement date. Goodwill created on the acquisition of Remuera Rise has been impaired in the year ended 31 March 2023.

Contingent liabilities

No material contingent liabilities with respect to any of the above mentioned transactions were noted during the due diligence process or since acquisition.

(ii) Disposal of leasehold interest

The Group has previously leased the Everil Orr site and assumed the role of Operator of both Care and Village operations. On 3 March 2023, the Group entered into a Deed with Airedale Property Trust, the lessor of the Everil Orr leasehold facility to exit the Group from the Everil Orr site. As a result the care operations were closed on 21 March 2023 and the lease terminated on 31 March 2023. On 31 March 2023 the Group's operating interest in relation to village operations at Everil Orr met the definition of held for sale. An amount of $1.1m in respect of the purchase of the Group's operational interest was received in full on 3 April 2023.

Refer to note 3.5 for the carrying value of the village business.

(iii) Debt refinancing

On 9 May 2022 it was announced an agreement was entered into with the banking syndicate to increase total debt facility limits from $350m to $500m for a tenure of five years.

The entire debt facility is sustainability-linked for the entire five year period with a penalty in the event of the Group not satisfying certain ESG targets and a discount in instances where ESG targets are met.

(iv) Weather Events: Auckland Floods and Cyclone Gabrielle

A number of significant weather events occurred in New Zealand during the second half of the year. The Group owns and operates a number of sites in the Auckland and Hawkes Bay regions which were impacted by these events. The Group is currently engaging with insurers in regards to a number of claims relating to the flooding in Auckland on 27 January 2023 and Cyclone Gabrielle on and around 14 February 2023. Claims are progressing under both Material Damage and Business Interruption policies. As at 31 March 2023 the Group has received $1.2m (including GST) from our insurers as progress payments on claims with a further $0.3m received since 31 March 2023.

Accounting policy in relation to insurance proceeds

Insurance proceeds are accounted for as reimbursements under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. Insurance income, and related assets are recognised when recovery is virtually certain.

The insurance proceeds and receivable in relation to these events have been included within the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet and are summarised below.

$NZ000's	Auckland Flooding	Cyclone Gabrielle
Statement of Comprehensive Income		
Insurance Proceeds – Material Damage		
- Investment Properties	7,736	344
- Freehold Buildings	1,919	23
Insurance Proceeds – Other	1,854	149
Balance Sheet		
Insurance receivable	10,397	516

The Group assess impairment impacts as a result of the weather events and treatment of insurance proceeds for material damage and business interruption as follows.

Material Damage

Amounts incurred in respect of remediation in the period to 31 March 2023 have been recognised as additions to the properties they relate. Affected properties have been valued by CBRE Limited as if the remediation has been completed and as such, an estimate of remaining costs to be incurred to fully remediate properties has been calculated based on third party quotations and assessments and has been recognised as a reduction to the property value as at 31 March 2023. Refer to notes 3.1 and 3.2 for impact on fair value.

These initial estimates are sensitive to the final remediation and the final insurance recovery for damage may differ from the initial assessment once final insurance instalments are received. As a result, the insurance recovery in respect of the material damage claim of $10.0m is subject to change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

1.3 Significant Events and Transactions (continued)

Other

In addition to recovery of the expected remediation costs, the Group seeks recovery of additional costs. These costs include business interruption costs and lost gross profit associated with the Auckland and Hawkes Bay sites which were impacted by the weather events and remediation. Initial recovery for these items is being sought from insurers where appropriate.

Income in relation to these items is recognised as other revenue when the costs or lost gross profit are incurred, and it is virtually certain that these costs will be reimbursed. The assessment of whether recoverability of these costs is virtually certain is a key judgement of the Group.

1.4 Market Capitalisation

At balance date, the market capitalisation of the Group (being the 31 March 2023 closing share price, as quoted on the NZX Main Board, multiplied by the number of shares on issue) was significantly below the carrying amount of the Group's net assets and shareholders' funds. In considering the difference, the Group notes that over 90% of total assets at 31 March 2023 are property assets carried at fair value as assessed by CBRE Limited and Colliers Limited as independent valuers. Colliers Limited was also engaged to perform a review of the CBRE Limited valuation of certain sites in the portfolio comprising 38.1% of the total value of property assets. The review supported the CBRE Limited valuation. On 8 May 2023 a sale and purchase agreement was entered into with respect to two sites held for sale for an amount in line with the CBRE Limited valuation of these sites.

2. Operating Performance

2.1 Operating Segments

The Group's chief operating decision maker is the Board of Directors.

The operating segments have been determined based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance. The assets and liabilities of the Group are reported to the chief operating decision maker in total not by operating segment.

The Group operates in New Zealand and comprises three segments; care operations, village operations and other.

Information regarding the operations of each reportable segment is included above. Amongst other criteria, performance is measured based on segmental underlying earnings before interest, tax, depreciation and amortisation ("EBITDA"), which is the most relevant measure in evaluating the performance of segments relative to other entities that operate within the aged care and retirement village industries.

Additional segmental reporting information

Capital expenditure: Refer to note 3 for details on capital expenditure.

Goodwill: Goodwill is allocated to care cash generating units.

What is Total Comprehensive Income?

Total comprehensive income is a measure of the total performance of all segments under NZ GAAP. It includes fair value movements relating to the Group's care centres and cash flow hedges.

	Care	Village	Other
Product	Includes traditional care beds and care suites.	Includes independent living and rental properties.	N/A
Services	The provision of accommodation, care and related services to Oceania's aged care residents. Includes the provision of services such as meals and care packages to independent living residents.	The provision of accommodation and related services to independent residents in the Group's retirement villages.	Provision of support services to the Group (includes administration, marketing and operations). In addition this segment includes the provision of training by the Wesley Institute of Nursing Education.
Recognition of Operating Revenue and Expenses	The Group derives Operating Revenue from the provision of care and accommodation. The daily fee is set annually by the Ministry of Health. In relation to the provision of superior accommodation above the Government specification the Group derives revenue from Premium Accommodation Charges ("PACs") or, in the case of care suites, through Deferred Management Fees ("DMF"). Operating Expenses primarily include staff costs, resident welfare expenses and overheads.	The Group derives Operating Revenue from weekly service fees and rental income. Operating Revenue also includes DMF accrued over the expected occupancy period for the relevant accommodation. Operating Expenses include village property maintenance, sales and marketing, and administration related expenses.	Includes corporate office and corporate expenses and rental costs relating to the Group's two leasehold sites. Finance costs relate to the cost of bank debt acquired for the purchase and development of villages. Income and expenditure relating to the Wesley Institute of Nursing Education is recognised in this segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.1 Operating Segments (continued)

	Care	Village	Other
Recognition of Fair Value movements on New Developments	Fair value increases or decreases are recognised in other comprehensive income (i.e. not in profit or loss) for the fair value movement above historical cost. Impairments below historical cost are recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Recognition of Fair Value movements on Existing Care Centres and Retirement Villages	Fair value movements are treated the same as above. When sites are decommissioned for development this results in an impairment of the buildings and chattels which is recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Recognition in Underlying Profit (refer note 2.1 overleaf)	Fair value movements are removed.	Fair value movements are removed. Realised gains on resales and the development margins from the sale of independent living units and care suites are included, reflective of the ownership structure of the assets.	No material adjustments.
Asset Categorisation	Assets used, or, in the case of developments, to be used, in the provision of care are recognised as property, plant and equipment.	Assets used for village operations are recognised as investment property.	Corporate office assets are recognised as property, plant and equipment. Assets include intangibles (e.g. software).

March 2023 $NZ000's	Care Operations	Village Operations	Other	Total
Revenue	194,520	48,490	4,168	247,178
Change in fair value of investment property	-	19,497	-	19,497
Change in fair value of held for sale assets	-	1,886	-	1,886
Gain on purchase of business assets	-	543	-	543
Other income	1,326	13,771	10	15,107
Total income	195,846	84,187	4,178	284,211
Operating expenses	(174,607)	(29,185)	(27,630)	(231,422)
Impairment of goodwill	(1,766)	(581)	-	(2,347)
Impairment of property, plant and equipment	(6,531)	-	-	(6,531)
Impairment of right of use investment property	-	(1,431)	-	(1,431)
Segment EBITDA	12,942	52,990	(23,452)	42,480
Interest income	-	411	1,348	1,759
Finance costs	-	-	(14,315)	(14,315)
Depreciation (buildings and care suites)	(10,659)	-	(704)	(11,363)
Depreciation and amortisation (chattels, leasehold improvements and software)	(5,024)	-	(1,537)	(6,561)
(Loss) / Profit before income tax	(2,741)	53,401	(38,660)	12,000
Income tax benefit	2,751	(18,625)	19,322	3,448
Profit / (Loss) for the year attributable to shareholders	10	34,776	(19,338)	15,448
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the year, net of tax	17,592	-	-	17,592
Gain on revaluation of right of use asset for the year, net of tax	-	-	-	-
Gain on cash flow hedges, net of tax	-	-	1,503	1,503
Total comprehensive income / (loss) for the year attributable to shareholders of the parent	17,602	34,776	(17,835)	34,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.1 Operating Segments (continued)

March 2022 $NZ000's	Care Operations	Village Operations	Other	Total
Revenue	187,434	41,607	2,099	231,140
Change in fair value of investment property	-	63,475	-	63,475
Gain on purchase of business assets	-	10,358	-	10,358
Other income	1,270	1,921	240	3,431
Total income	**188,704**	**117,361**	**2,339**	**308,404**
Operating expenses	(168,410)	(23,719)	(26,834)	(218,963)
Impairment of goodwill	(412)	-	-	(412)
Change in fair value of right of use investment property	-	(115)	-	(115)
Impairment of property, plant and equipment	(4,741)	-	-	(4,741)
Segment EBITDA	**15,141**	**93,527**	**(24,495)**	**84,173**
Interest income	-	7	70	77
Finance costs	-	-	(9,380)	(9,380)
Depreciation (buildings and care suites)	(10,899)	(3)	(585)	(11,487)
Depreciation and amortisation (chattels, leasehold improvements and software)	(5,780)	-	(1,353)	(7,133)
(Loss) / Profit before income tax	**(1,538)**	**93,531**	**(35,743)**	**56,250**
Income tax benefit	1,156	(4,380)	8,103	4,879
(Loss) / Profit for the year attributable to shareholders	**(382)**	**89,151**	**(27,640)**	**61,129**
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the year, net of tax	46,359	-	-	46,359
Gain on revaluation of right of use asset for the year, net of tax	229	-	-	229
Gain on cash flow hedges, net of tax	-	-	6,716	6,716
Total comprehensive income /(loss) for the year attributable to shareholders of the parent	**46,206**	**89,151**	**(20,924)**	**114,433**

Underlying net profit after tax ("Underlying Profit")

Underlying Profit and Underlying EBITDA are non-GAAP measures of financial performance and considered in the determination of dividends. The calculation of Underlying Profit and Underlying EBITDA requires a number of estimates to be approved by the Directors in their preparation. Both the methodology and the estimates may differ among companies in the retirement village sector. Underlying Profit and Underlying EBITDA do not represent cash flow generated during the year.

The Group calculates Underlying Profit and Underlying EBITDA by making the following adjustments to reported Net Profit after Tax:

	Net profit after tax
Remove	Change in fair value of investment property, right of use investment property assets and cash flow hedges and impairment / reversal of impairment of property, plant and equipment, right of use property, plant and equipment and held for sale assets
Add back	Impairment of goodwill
Add back	Rental expenditure in relation to right of use investment property assets
Add back / remove	Loss / gain on sale, decommissioning or purchase of assets and business assets including associated costs
Add back	Depreciation (care suites)
Remove	Insurance income recognised in relation to material damage due to adverse weather events
Add back	Directors' estimate of realised gains on the resale of units and care suites sold under an ORA
Add back	Directors' estimate of realised development margin on the first sale of new ORA units or care suites following the development of an ORA unit or care suite, conversion of an existing care bed to a care suite or conversion of a rental unit to an ORA unit
Add back	Deferred taxation component of taxation expense so that only the current tax expense is reflected
=	**Underlying Profit**
Remove	Interest income
Add back	Finance costs (including lease interest under NZ IFRS 16 Leases but excluding hedge ineffectiveness)
Add back	Depreciation and amortisation (including right of use and property, plant and equipment)
=	**Underlying EBITDA**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.1 Operating Segments (continued)

Resale gain – Underlying Profit

The Directors' estimate of realised gains on resales of ORA units and care suites (i.e. the difference between the incoming resident's ORA licence payment and the ORA licence payment previously received from the outgoing resident) is calculated as the net cash flow received, and receivable at the point that the ORA contract becomes unconditional and has either "cooled off" (the contractual period in which the resident can cancel the contract) or where the resident is in occupation at balance date.

Development margin – Underlying Profit

The Directors' estimate of realised development margin is calculated as the ORA licence payment received, and receivable, in relation to the first sale of new ORA units and care suites, at the point that the ORA contract becomes unconditional and has either "cooled off" or where the resident is in occupation at balance date, less the development costs associated with developing the ORA units and care suites. Where the development has been acquired in a business combination the development costs are equal to the purchase price.

The Directors' estimate of realised development margin for conversions is calculated based on the difference between the ORA licence payment received, and receivable, in relation to sales of newly converted ORA units and care suites, at the point that the ORA contract becomes unconditional and has either "cooled off" or where the resident is in occupation at balance date, and the associated conversion costs.

The table below describes the composition of development and conversion costs.

Included	**New builds:** – the construction costs directly attributable to the relevant project, including any required infrastructure (e.g. roads) and amenities related to the units (e.g. landscaping) as well as any demolition and site preparation costs associated with the project. The costs are apportioned between the ORA units and care suites, in aggregate, using estimates provided by the project quantity surveyor. The construction costs for the individual ORA units or care suites sold are determined on a prorated basis using gross floor areas of the ORA units and care suites; – an apportionment of land value based on the gross floor area of the ORA units and care suites developed. The value for Brownfield[1] development land is the estimated fair value of land at the time a change of use occurred[2] (from operating as a care centre or retirement village to a development site), as assessed by an external independent valuer. Greenfield[3] development land is valued at historical cost; and – capitalised interest costs to the date of project completion apportioned using the gross floor area of ORA units and care suites developed. **Conversions:** – of care beds to care suites - the actual refurbishment costs incurred; and – of rental units to ORA units - the actual refurbishment costs incurred and the fair value of the rental unit prior to conversion.
Excluded	– Construction, land (apportioned on a gross floor area basis) and interest costs associated with common areas and amenities or any operational or administrative areas.

1 Brownfield land refers to land previously utilised by, or part of, an operational aged care centre or retirement village.
2 The timing of a change of use is a Directors' estimate. It is based on a range of factors including evidence of steps taken to secure a resource consent and/or building consent for a particular development or stage of a development and the decommissioning of existing operations (either through the buy-back of existing village ORA units or decommissioning of an existing care centre). Note the cost of buybacks is not included in the development cost as an independent fair value of the land on an unencumbered basis is used as the value ascribed to the development land.
3 Greenfield land refers to land not previously utilised by, or as part of, an operational aged care centre or retirement village. Greenfield land is typically bare (undeveloped) land at the time of purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.1 Operating Segments (continued)

March 2023 $NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive income / (loss) for the year attributable to shareholders of the parent	17,602	34,776	(17,835)	34,543
Adjusted for Underlying Profit items				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment and held for sale assets[1]	(11,061)	(19,952)	(1,503)	(32,516)
Add: Impairment of goodwill	1,766	581	-	2,347
Add: Rental expenditure in relation to right of use asset	-	158	-	158
Add: Depreciation (care suites)	9,040	-	-	9,040
Less: Gain on purchase of business assets including associated costs	(735)	(147)	-	(882)
Less: Insurance income in relation to material damage due to weather events	-	(10,022)	-	(10,022)
Add: Realised resale gain	-	26,992	-	26,992
Add: Realised development margin	-	32,363	-	32,363
Underlying net profit before tax	16,612	64,749	(19,338)	62,023
Less: Deferred tax benefit	(2,751)	18,625	(19,322)	(3,448)
Underlying net profit after tax	13,861	83,374	(38,660)	58,575
Less: Interest income	-	(411)	(1,348)	(1,759)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	14,315	14,315
Add: Depreciation (buildings)	1,619	-	704	2,323
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	5,024	-	1,537	6,561
Underlying EBITDA[2]	20,504	82,963	(23,452)	80,015

1 Includes adjustment for material damage insurance in relation to affected properties.
2 Included in this balance remains an amount of $2.0m in relation to other insurance income. This insurance income relates to compensation for business interruption costs and lost gross profits incurred prior to 31 March 2023.

March 2022 $NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive income / (loss) for the year attributable to shareholders of the parent	46,206	89,151	(20,924)	114,433
Adjusted for Proforma items				
Add: Repayment of Wage Subsidy[1]	1,768	-	-	1,768
Adjusted for Underlying Profit items				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment	(41,848)	(63,359)	(6,716)	(111,923)
Add: Impairment of goodwill	412	-	-	412
Add: Rental expenditure in relation to right of use asset	-	2,497	-	2,497
Add: Depreciation (care suites)	8,403	-	-	8,403
Add: Loss / gain on sale, decommissioning or purchase of assets and business assets	(8)	(10,422)	98	(10,332)
Add: Realised resale gain	-	23,492	-	23,492
Add: Realised development margin	-	32,850	-	32,850
Underlying net profit before tax	14,933	74,209	(27,542)	61,600
Less: Deferred tax benefit	(1,156)	4,380	(8,103)	(4,879)
Underlying net profit after tax	13,777	78,589	(35,645)	56,721
Less: Interest income	-	(7)	(70)	(77)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	9,380	9,380
Add: Depreciation (buildings)	2,496	3	585	3,084
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	5,780	-	1,353	7,133
Underlying EBITDA	22,053	78,585	(24,397)	76,241

1 On 21 April 2020 the Group claimed, and received payment of, a COVID-19 wage subsidy totalling $1.8m. This amount has subsequently been repaid in full on 18 May 2021 and as a result has been excluded from the table above. This proforma adjustment increases underlying EBITDA and underlying NPAT in relation to the 12 month period to 31 March 2022 by $1.8m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.2 Revenue

How we earn revenue

Care	Village	Other
Daily care fees for long term and short term rest home, hospital and dementia residents	Deferred management fees – independent living	Training income
Premium accommodation charges	Village service fees – independent living	Interest income
Deferred management fees – care suites	Rental income – residents without a long term occupation right agreement	

Accounting Policy

Revenue is recognised in accordance with NZ IFRS 15 Revenue from Contracts with Customers ("NZ IFRS 15"). Deferred management fees and rental income are considered leases under NZ IFRS 16 Leases ("NZ IFRS 16"), and are therefore excluded from the scope of NZ IFRS 15. None of the Group's revenue, as defined by NZ IFRS 15, contains significant financing components.

Rest Home and Hospital Service Fees

A contract is in place with all care residents by means of an admission agreement. The resident receives the benefit as the care is administered and each resident incurs a contracted daily care fee set by the Government each year. Rest home and hospital service fees are recognised at the point in time the services are rendered which is specifically linked to the day the service is delivered. Where applicable these are recognised net of any associated rebates to residents.

Aged care subsidies received from the Ministry of Health, included in rest home, hospital and dementia fee revenue within the care segment, for the year ended March 2023 amounted to $110.7m (March 2022: $99.7m).

Premium Accommodation Charges

Premium accommodation charges are payable by residents who occupy a premium room above the level specified by the Government. The charge is included in their admission agreement and the charge is recognised when the accommodation is provided.

Deferred Management Fees

Deferred management fees are considered leases and are payable by residents of the Group's units, apartments and care suites under the terms of their ORA or unit title rights. Refer to note 3.4.

Management fees are typically payable on termination of the ORA up to a maximum percentage of a resident's occupation licence or unit title rights deposit for the right to share in the use and enjoyment of common facilities.

The timing of the recognition of deferred management fees is a critical accounting estimate and judgement. The deferred management fee is recognised on a straight line basis over the longer of the term specified in a resident's ORA or the average expected occupancy. The expected periods of occupancy are based on historical Group averages, for the relevant accommodation they are estimated to be 7 years for units, 5 years for apartments and 3 years for care suites from the date of occupation. Estimates of deferred management fee tenure are reviewed periodically. Where a change is made, it is the Group's policy to recognise the aggregate impact of this change in the period in which the change in estimate occurs.

Village Service Fees

Village service fees are charged to residents to recover a portion of village operating costs associated with services provided including staff wages, rates, and electricity. An ORA is in place with all village residents who receive the benefit of services throughout their stay. Village service fees are recognised over time as services are rendered.

Training Income

Training income is received from students attending short term training courses at the Wesley Institute of Nursing Education. Income is recognised when the course is provided.

Rental Income

Rental agreements are in place with all rental residents and set out the relevant weekly / monthly rental fee. The resident receives the benefit throughout their stay and revenue is recognised as it is earned.

$NZ000's	March 23	March 22
Rest home, hospital, dementia fees	**173,243**	167,804
Premium accommodation charge	**5,490**	4,820
Deferred management fees – independent living	**36,666**	30,751
Deferred management fees – care suites	**14,861**	14,107
Deferred management fees – leased site	**2,301**	2,360
Village service fees	**8,939**	7,605
Training income	**4,127**	2,094
Rental income	**608**	877
Other services provided to residents	**943**	722
	247,178	231,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.3 Other Income

Interest Income

Interest income is recognised on an accruals basis using the effective interest method.

Insurance Income

Insurance income in relation to recent weather events is recognised as per note 1.3(iv).

Other Income

Other income includes administration and legal income derived from the settlement of ORAs.

$NZ000's	March 23	March 22
Interest income	1,759	77
Insurance income	12,025	-
Change in fair value of ineffective cash flow hedges	6	58
Gain on disposal of property, plant and equipment	740	-
Other income	2,336	3,373
	16,866	3,508

2.4 Expenses

Accounting Policy

All operating expenses are recognised on an accrual basis.

$NZ000's	Notes	March 23	March 22
Profit before income tax includes the following expenses:			
Employee benefits and other staff costs			
Wages and salaries[1]		160,007	151,693
Termination benefits		470	686
Employee share scheme expense	4.3	606	414
Other staff costs[2]		3,400	3,653
		164,483	156,446
Depreciation and amortisation			
Depreciation of buildings	3.2	1,791	2,210
Depreciation of care suites	3.2	9,040	8,403
Depreciation of right of use assets (buildings)	3.5	532	874
Depreciation of chattels	3.2	4,354	4,827
Depreciation of right of use assets (chattels)	3.5	1,553	1,867
Amortisation of software	5.2	654	439
		17,924	18,620
Finance costs			
Interest on senior debt facilities		13,680	3,427
Interest on Retail Bond		6,175	4,681
Agency, commitment and line fees		4,246	2,990
Interest rate swaps		155	2,236
Capitalised interest and line fees		(11,356)	(5,114)
Amortisation of bank fees		952	626
Bank interest		18	-
Interest on right of use assets		445	534
		14,315	9,380
Impairment of property, plant and equipment	3.2	6,531	4,741
Impairment of right of use investment property		1,431	115
Rental expenditure in relation to right of use investment property	3.5	158	2,497
Impairment of goodwill	5.2	2,347	412

1 Includes the repayment of a Covid Subsidy in the prior year.
2 Other staff costs include costs such as staff training, uniforms and recruitment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2.4 Expenses (continued)

$NZ000's	Notes	March 23	March 22
Other expenses			
Fees paid to Auditor			
Audit and review of consolidated financial statements		**647**	540
Other assurance services – Trustee reporting		**8**	7
Other services – agreed upon procedures in respect of proxy voting at the Annual Shareholder Meeting		**7**	7
Other services related to understanding the potential impact of climate related reporting requirements		**17**	62
Total fees paid to auditor		**679**	616
Repairs and maintenance of property, plant and equipment including leasehold care centres		**3,486**	3,049
Repairs and maintenance of investment property including leasehold investment property		**1,855**	1,567
Loss on disposal of property, plant and equipment		**-**	27
Donations		**13**	33
Loss allowance for trade and other receivables	5.3	**37**	28
Resident consumables		**18,265**	17,460
Movement of Residents' share of resale gains		**1,724**	825
Insurance		**4,981**	4,332
Legal and professional services		**4,390**	3,676
Other expenses (no items of individual significance)		**31,351**	28,407
		66,781	60,020
Total Expenses		**273,970**	**252,231**

3. Property Assets

The Group operates care centres and retirement villages. As outlined in section 2.1, village sites are typically investment property and care sites are typically property, plant and equipment.

What is Investment Property?

Land and buildings are classified as investment property when they are held to generate revenue either through capital appreciation or through rental income.

As residents occupying our retirement villages live independently, the level of services provided is seen as secondary to the provision of accommodation. Accordingly, these buildings are classified as investment property as they are held primarily to generate DMF income.

What is Property, Plant and Equipment?

Land, buildings and chattels are classified as property, plant and equipment when they are used to generate revenue through the provision of goods and services or for administration purposes.

As residents occupying our care centres, including care suites, require services including nursing care, meals and laundry the buildings in which they live are considered to be operated by the Group to generate this revenue and are classified as property, plant and equipment.

What is a Care Suite?

Care suites are a premium offering for a resident requiring rest home or hospital level care. The care suite is located within a care centre. Rather than pay a daily premium accommodation charge for the provision of the premium room the residents enter into an ORA with a net management fee.

What is Held for Sale?

Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

Classification of Serviced Apartments and Care Suites

Where services are provided to residents who occupy accommodation under an ORA, it is the Group's policy to assess their level of significance in the context of the overall income derived from the serviced apartment or care suite in ascertaining whether the serviced apartment or care suite is freehold land and buildings (referred to as property, plant and equipment) or investment property.

The Group applies the following principles when ascertaining the appropriate accounting treatment to be applied:

CLASSIFICATION

Investment Property Village Assets		Property, Plant and Equipment Care Assets	
Independent living (villa or apartment)	Serviced apartment	Care suite	Traditional care bed

SCENARIO

Additional services are optional	Services are compulsory but an insignificant portion of total revenue from the unit	Services are compulsory and a significant portion of the total revenue from the unit	Full ARRC[1] funded care is compulsory for that unit/bed

CONSIDERATION OF SIGNIFICANCE OF CASH FLOWS

Qualitatively the business model is the provision of retirement accommodation	Quantitatively insignificant (a guideline of under 20% of total revenue is adopted) and qualitatively the business model is the provision of retirement accommodation	Quantitatively significant. Qualitatively the business model is the provision of care	Qualitatively the business model is the provision of care. Quantitative assessment not relevant as price of accommodation does not change overall purpose of the accommodation

3.1 Village Assets: Investment Property

Accounting Policy

Investment property includes both freehold land and buildings and land and buildings under development, comprising independent units, serviced apartments and common facilities, provided for use by residents under the terms of an ORA. Investment property is held for long-term yields and is not occupied by the Group. Investment property is held at fair value.

The fair value of investment property is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited and Colliers Limited as independent registered valuers and the cost of work undertaken in relation to investment property under development.

The movement in the carrying value of investment property, net of additions, transfers and disposals is recognised as a fair value movement in the Consolidated Statement of Comprehensive Income.

Fair value measurement on investment property under development is only applied if the fair value is considered to be reliably measurable. Where the fair value of a property under development can be determined, it is carried at fair value. Where the fair value of investment property under development cannot be reliably determined, the carrying amount is considered to be the fair value of the land plus the cost of work undertaken.

1 ARRC refers to age-related residential care

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.1 Village Assets: Investment Property (continued)

$NZ000's	Notes	March 23	March 22
Investment property under development at fair value			
Opening balance		**173,899**	143,720
Acquisition	1.3(i)	**-**	8,950
Impact of change to GST taxable supplies[1]		**(4,397)**	-
Transfer from property, plant and equipment	3.2	**-**	3,750
Capitalised expenditure (including land acquisitions)		**92,788**	90,531
Capitalised interest and line fees		**2,301**	2,585
Transfer to completed investment property		**(150,871)**	(89,626)
Transfer to property, plant and equipment	3.2	**-**	(65)
Transfer to held for sale	3.3	**(5,714)**	-
Change in fair value during the year – developments as at balance date		**33,732**	13,643
Change in fair value during the year – developments completed during the year[2]		**-**	411
Closing balance		**141,738**	**173,899**
Completed investment property at fair value			
Opening balance		**1,204,653**	956,083
Acquisition	1.3(i)	**138,010**	104,022
Impact of change to GST taxable supplies[1]		**(4,080)**	-
Transfer from investment property under development		**150,871**	89,626
Transfer to property, plant and equipment	3.2	**(1,552)**	-
Transfer to held for sale	3.3	**(29,119)**	-
Capitalised expenditure		**5,437**	4,209
Capitalised interest and line fees		**5,998**	1,292
Impairment as a result of weather events[3]		**(8,917)**	-
Change in fair value during the year - existing villages		**(13,782)**	22,511
Change in fair value during the year – recently completed developments[2]		**8,464**	26,910
Closing balance		**1,455,983**	**1,204,653**
Total investment property		**1,597,721**	**1,378,552**

Change in Fair Value Recognised in the Consolidated Statement of Comprehensive Income

$NZ000's	March 23	March 22
Increase in fair value of investment property	**219,169**	278,749
Add / (Less): Transfers to property, plant and equipment, right of use assets and held for sale during the year	**36,385**	(3,685)
Less: Capitalised expenditure including capitalised interest	**(98,047)**	(165,152)
Less: Resident obligations on acquisition	**(138,010)**	(46,437)
Change in fair value recognised in Consolidated Statement of Comprehensive Income	**19,497**	**63,475**

Included in the above change in fair value is an amount of $1.0m (decrease) in respect to fair value moments since acquisition date of the Remuera Rise site and $3.0m (decrease) in respect to the Bream Bay site (March 2022: $9.8m (increase) in respect to fair value moments since acquisition date of the Waterford site). The decrease in fair value at Bream Bay has arisen predominantly on first sell down of vacant units.

A reconciliation between the valuation and the amount recognised as investment property is as follows:

$NZ000's	March 23	March 22
Investment Property under development		
Valuation	**141,738**	173,899
	141,738	173,899
Completed Investment Property		
Valuation	**744,733**	592,982
Add: Refundable occupation licence payments	**884,890**	732,714
Add: Residents' share of resale gains	**5,920**	6,780
Less: Management fee receivable	**(147,278)**	(113,066)
Less: Resident obligations for units not included in valuation	**(32,282)**	(14,757)
	1,455,983	1,204,653
Total investment property at fair value	**1,597,721**	**1,378,552**

1 Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.
2 Recently completed developments refers to those developments which were being sold down during the year.
3 The above differs from the insurance income expected in instances where an indemnity value approach has been agreed with the insurers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.1 Village Assets: Investment Property (continued)

Where an incoming resident has an unconditional ORA in respect of a retirement village unit and the corresponding outgoing resident for that same accommodation has not yet been refunded, the independent valuation is adjusted for the incoming resident balances only. In certain circumstances accommodation under an ORA is valued as development land. In these situations the independent valuation is not adjusted for the refundable amounts and consequently no offsetting “gross up” is required. An adjustment of $33.1m (March 2022: $14.8m) is included in the above reconciliation to reflect this.

The valuation of investment property is adjusted for cash flows relating to refundable occupation licence payments, residents’ share of resale gains and management fee receivable recognised separately on the Consolidated Balance Sheet and also reflected in the valuation model.

Why do we adjust for the liability to residents?

In the external valuation the fair value of investment property includes an allowance for the amount that is payable by the Group to residents already in occupation within the property. However, this liability to existing residents is recognised in the Group’s Consolidated Balance Sheet (referred to as refundable occupation right agreements – refer to note 3.4). Accordingly, the Group adds this net liability to residents to the external valuation to “gross up” the fair value of investment property and avoid double counting the liability to residents.

Valuation Process and Key Inputs

Investment Property under Development

CBRE Limited and Colliers Limited (together the ‘external valuers’) provided valuations of development land in respect of investment property under development as at 31 March 2023.

The fair value of investment property is determined by the Directors having taken into consideration the valuation conducted by the external valuers as independent registered valuers and the cost of work undertaken in relation to investment property under development.

The Group has applied the following methodology in relation to the measurement of investment property under development:

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors’ valuation plus the cost of any work in progress. An amount of $59.5m as at 31 March 2023 (March 2022: $51.1m) has been recognised in relation to these development sites.

Where an individual development is of both investment property and freehold buildings in nature, the fair value of land and work in progress is apportioned between investment property under development and freehold land and buildings under development, by applying the estimated gross floor area for these respective areas of the development based on information obtained from the project quantity surveyors at the planning and design stages.

Practical completion achieved

Where a development is practically completed, or likely to be completed at, or close to, balance date the investment property is measured at its completed fair value per the Directors’ valuation with an adjustment made for any estimated costs, in accordance with the project budget, to be incurred to complete the development, and is then transferred to completed investment property.

Completed Investment Property

As required by NZ IAS 40 Investment Property, the valuation of investment property is adjusted for cash flows relating to refundable occupation licence payments, residents’ share of resale gains and management fees receivable recognised separately on the Consolidated Balance Sheet and also reflected in the valuation model.

The Group’s interest in all completed investment property was valued on 31 March 2023 by CBRE Limited and Colliers Limited, at a total of $744.7m (March 2022: $592.9m).

Property Specific Assumptions

Seismic Assessments

The external valuations, and accordingly the fair value of investment property, incorporates an allowance in relation to remediation to properties where seismic strength testing has been carried out.

Weather Events: Auckland Floods and Cyclone Gabrielle

The fair value of completed investment property has been adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods and Cyclone Gabrielle, an amount of $7.7m.

Key Accounting Estimates and Judgements

All investment properties have been determined to be Level 3 (March 2022: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Significant Unobservable Inputs

The significant unobservable input used in the fair value measurement of the Group’s development land is the value per m^2 assumption. Increases in the value per m2 rate result in the corresponding increases in the total valuation.

The significant unobservable inputs used in the fair value measurement of the Group’s portfolio of completed investment property are the discount rate and property price growth rate. There are no interdependencies or interplays between unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.1 Village Assets: Investment Property (continued)

The following assumptions have been used to determine fair value:

Significant Input	Description	2023	2022
Discount rate	The pre-tax discount rate	**14.0% - 20.0 % (median: 15.0 %)**	14.0% - 20.0% (median: 15.0%)
Property price growth rate	Anticipated annual property price growth over the cash flow period 0-4 years	**0.0 % - 3.0 %**	0.5% - 3.0%
Property price growth rate	Anticipated annual property price growth over the cash flow period 5+ years	**2.5 % - 3.5 %**	2.5% - 3.5%

Sensitivities

At 31 March 2023	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed investment property					
Valuation $NZ000's	**744,733**				
Difference $NZ000's		**(24,447)**	**26,541**	**43,075**	**(40,216)**
Difference %		**(3.3%)**	**3.6%**	**5.8%**	**(5.4%)**

At 31 March 2022	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed investment property					
Valuation $NZ000's	592,982				
Difference $NZ000's		(19,656)	20,281	32,693	(30,888)
Difference %		(3.3%)	3.4%	5.5%	(5.2%)

The stabilised occupancy period is a key driver of the CBRE Limited valuation. A significant increase / (decrease) in the occupancy period would result in a significantly lower/ (higher) fair value measurement.

Significant Input	2023	2022
Stabilised Occupancy Period	2.5 yrs – 8.9 yrs (median: 7.3 yrs)	2.7yrs – 8.8yrs (median: 7.1yrs)

Current ingoing price, for subsequent resales of ORAs, is a key driver of the CBRE Limited and Colliers Limited valuations. A significant increase / (decrease) in the ingoing price (as driven by the property growth rates) would result in a significantly higher / (lower) fair value measurement.

3.2 Care Assets: Property, Plant and Equipment

Accounting Policy

Property, plant and equipment comprises owner-occupied freehold land and buildings and plant and equipment operated by the Group for the provision of care services, care suites and land and buildings that are to be developed into care centres in the future.

Following initial recognition at cost, completed owner occupied freehold land and buildings and land and buildings under development are carried at fair value. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the assets' fair value at balance date. Any depreciation at the date of valuation is deducted from the gross carrying value of the asset, and the net amount is restated to the revalued amount of the asset. In periods where no valuation is carried out, the asset is carried at its revalued amount plus any additions, less any impairment and less any depreciation incurred since the date of the last valuation.

All other plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

In relation to land and buildings under development, fair value is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited as an independent registered valuer and the cost of work undertaken.

A property under construction is classified as land and buildings within property, plant and equipment where the completed development will be classified as such and as investment property where the completed development will be classified as an investment property. Fair value measurement on property under construction is only applied if the fair value is reliably measurable. Where the fair value of property under construction cannot be reliably determined the value is the fair value of the land plus the cost of work undertaken. Property under construction classified as land and buildings under development is revalued annually and is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings above cost are credited to the asset revaluation reserve in other comprehensive income; increases that offset previous decreases taken through profit or loss are recognised in profit or loss. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve in other comprehensive income; all other decreases are charged to profit or loss. When revalued assets are sold, or held for sale, the amounts included in the reserve are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.2 Care Assets: Property, Plant and Equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Category	Useful Life Range	Weighted Average Depreciation Rate
- Freehold buildings	10 - 50 years	2.4%
- Chattels and leasehold improvements	2 - 50 years	20%
- Motor vehicles	5 years	22%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. No depreciation is charged in the year of sale for all assets other than buildings in which case depreciation is charged to the earlier of the date of classification to held for sale or the date of sale.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount of the asset. These are included in the Consolidated Statement of Comprehensive Income.

$NZ000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Year ended 31 March 2023						
Opening net book amount		105,150	113,031	448,426	19,985	686,592
Additions		45,340	1,000	5,345	3,442	55,127
Impact of change to GST taxable supplies[1]		(894)	-	-	-	(894)
Capitalised interest and line fees		2,680	-	381	-	3,061
Disposals		-	-	-	(2)	(2)
Depreciation		-	-	(10,831)	(4,354)	(15,185)
Transfer from investment property	3.1	-	-	1,552	-	1,552
Transfer to held for sale	3.3	(1,319)	(14,740)	(14,418)	(1,519)	(31,996)
Reclassification within Property, Plant and Equipment		(58,452)	16,035	42,417	-	-
Revaluation surplus						
Comprehensive income						
- Impairment as a result of weather events		-	-	(1,943)	-	(1,943)
- Existing care centres		(2,189)	(640)	(1,759)	-	(4,588)
- Care centres recently developed / under development		-	-	-	-	-
Other comprehensive income[2]						
- Existing care centres		(2,014)	(5,615)	27,278	-	19,649
- Care centres recently developed / under development		796	-	-	-	796
Closing net book amount		89,098	109,071	496,448	17,552	712,169
At 31 March 2023						
Cost		-	-	-	54,548	54,548
Valuation		89,098	109,071	496,448	-	694,617
Accumulated depreciation		-	-	-	(36,996)	(36,996)
Net book amount		89,098	109,071	496,448	17,552	712,169

1 Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.
2 The revaluation noted in the Statement of Comprehensive Income differs from the above due to deferred tax, refer note 5.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.2 Care Assets: Property, Plant and Equipment (continued)

$NZ000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Year ended 31 March 2022						
Opening net book amount		54,767	92,800	437,079	19,627	604,273
Additions		45,071	1,259	4,919	5,300	56,549
Capitalised interest and line fees		1,067	-	170	-	1,237
Disposals		-	-	-	(115)	(115)
Depreciation		-	-	(10,613)	(4,827)	(15,440)
Transfer from investment property	3.1	65	(3,750)	-	-	(3,685)
Reclassification within Property, Plant and Equipment		320	-	(320)		-
Revaluation surplus						
Comprehensive income						
- Existing care centres		-	152	(4,963)	-	(4,811)
- Care centres recently developed / under development		-	-	70	-	70
Other comprehensive income[1]						
- Existing care centres		-	22,570	8,024	-	30,594
- Care centres recently developed / under development		3,860	-	14,060	-	17,920
Closing net book amount		**105,150**	**113,031**	**448,426**	**19,985**	**686,592**
At 31 March 2022						
Cost		-	-	-	56,981	56,981
Valuation		105,150	113,031	448,426	-	666,607
Accumulated depreciation		-	-	-	(36,996)	(36,996)
Net book amount		**105,150**	**113,031**	**448,426**	**19,985**	**686,592**

1 The revaluation noted in the Statement of Comprehensive Income differs from the above due to deferred tax, refer note 5.1.

Land and Buildings Under Development

A valuation in respect of development land was provided by CBRE Limited as at 31 March 2023.

Any costs incurred to 31 March 2023 on the developments are included in arriving at the fair value as at 31 March 2023.

The Group has applied the following methodology in relation to the measurement of land and buildings under development:

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of $63.9m as at 31 March 2023 (March 2022: $59.1m) has been recognised in relation to these development sites.

Where an individual development is of both investment property and freehold buildings in nature, the fair value of land and work in progress is apportioned between investment property under development and freehold land and buildings under development, by applying the estimated gross floor area for these respective areas of the development based on information obtained from the project quantity surveyors at the planning and design stages.

Practical completion achieved

Where a development is practically completed, or likely to be completed at, or close to, balance date the land and buildings are measured at its completed fair value per the Directors' valuation with an adjustment made for any estimated costs, in accordance with the project budget, to be incurred to complete the development, and is then transferred to completed land and buildings.

Completed Land and Buildings

A valuation in respect of completed land and buildings was provided by CBRE Limited as at 31 March 2023.

The valuation of the Group's care centres was apportioned to land, buildings, chattels and goodwill. The fair value of land and buildings as calculated by CBRE Limited is based on the level of rent able to be generated from the maintainable net cash flow of the site subject to average efficient management. The fair value of the Group's land and buildings as determined by the Directors is based on these apportionments. However, chattels are carried at historic cost less depreciation and the amount apportioned to goodwill by CBRE Limited is not recorded in the consolidated financial statements.

Care Suites and Serviced Apartments

As discussed earlier in note 3, where services are provided to residents who occupy accommodation under an ORA, it is the Group's policy to look at the significance of these services in the context of the overall revenue derived from the care suite or serviced apartment in ascertaining whether the care suite or serviced apartment is property, plant and equipment or investment property. Care suite residents occupying accommodation under an ORA receive a significant level of services. Hence, they are included in property, plant and equipment. Care suite land and buildings are held at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.2 Care Assets: Property, Plant and Equipment (continued)

Property Specific Assumptions

Weather Events: Auckland Floods and Cyclone Gabrielle

The fair value of completed freehold buildings has been adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods and Cyclone Gabrielle, an amount of $1.8m.

Key Accounting Estimates and Judgements

All land and buildings have been determined to be Level 3 (March 2022: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Critical Judgements and Estimates in Applying Accounting Policies

Classification of Care Suites

An area of significant judgement is determining the classification of those properties which are operated as care suites. Refer note 3 for further information.

Valuation of Freehold Land and Buildings

The valuation approach for the freehold land and buildings as at 31 March 2023 was an income capitalisation approach and/or discounted cash flow analysis supplemented by the direct comparison approach. The valuation is determined by the capitalisation of net cash flow profit/ earnings before interest, tax, depreciation, amortisation and rent ("EBITDAR") under the assumption a positive cash flow will be generated into perpetuity. Capitalisation rates used for the 31 March 2023 valuation range from 11.25% to 16.25 % with a median value of 12.50% (March 2022: 11.5% to 16.5% with a median value of 13.0%). The valuation was apportioned between land, buildings, chattels / plant and equipment and goodwill to determine the fair value of the assets.

The significant unobservable input used in the fair value measurement of the Group's development land is the value per m^2 assumption. Increases in the value per m2 rate result in corresponding increases in the total valuation.

The significant unobservable input used in the fair value measurement of the Group's portfolio of completed land and buildings is the capitalisation rate applied to earnings. A significant decrease/ (increase) in the capitalisation rate would result in significantly higher / (lower) fair value measurement.

Sensitivities

At 31 March 2023	**Adopted Value**	**Capitalisation Rate +50 bp**	**Capitalisation Rate -50 bp**
Freehold land and buildings			
Valuation $NZ000's	**605,519**		
Difference $NZ000's		**(35,120)**	**39,359**
Difference %		**(5.8%)**	**6.5%**

At 31 March 2022	Adopted Value	Capitalisation Rate +50 bp	Capitalisation Rate -50 bp
Freehold land and buildings			
Valuation $NZ000's	561,457		
Difference $NZ000's		(34,642)	38,684
Difference %		(6.2%)	6.9%

At 31 March 2023	**Adopted Value**	**Discount Rate +0.5%**	**Discount Rate -0.5%**	**Property Growth Rate +50 bp**	**Property Growth Rate -50 bp**
Completed care suite property					
Valuation $NZ000's	**188,380**				
Difference $NZ000's		**(6,184)**	**6,713**	**(10,173)**	**10,896**
Difference %		**(3.3%)**	**3.6%**	**(5.4%)**	**5.8%**

At 31 March 2022	**Adopted Value**	**Discount Rate +0.5%**	**Discount Rate -0.5%**	**Property Growth Rate +50 bp**	**Property Growth Rate -50 bp**
Completed care suite property					
Valuation $NZ000's	188,380				
Difference $NZ000's		(6,244)	6,443	10,386	(9,813)
Difference %		(3.3%)	3.4%	5.5%	(5.2%)

Carrying Value of Assets

The carrying amount at which both land and buildings would have been carried had the assets been measured under historical cost is as follows:

$NZ000's	**Freehold land**	**Freehold buildings**	**Freehold land and buildings under development**	**Total**
Carrying amount - Historical cost 2023	**32,161**	**250,774**	**35,813**	**318,748**
Carrying amount - Historical cost 2022	31,161	277,026	35,138	343,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.3 Held for Sale

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for investment property assets held for sale which are carried at fair value.

As at 31 March 2023 ten sites are being actively marketed for sale and as such meet the definition of held for sale. These sites and their respective land, building, investment property and plant and equipment have been reclassified for reporting purposes. As at 31 March 2023 one Right of Use Investment Property also met the definition of held for sale, refer to 1.3(ii)

Assets previously classed as Investment Properties and Right of Use Investment Properties are held on the Consolidated Balance Sheet at their fair value, assets previously classed as Property, Plant and Equipment are held on the Consolidated Balance Sheet at current valuation, which is the lower of fair value less costs to sell and the carrying amount.

Changes in fair value from the date of classification to held for sale are recognised in comprehensive income. See note 3.4 for resident liabilities associated with these held for sale assets.

$NZ000's	Notes	March 23	March 22
Opening balance		-	-
Transfer from investment property	3.1	34,833	-
Transfer from property, plant and equipment	3.2	31,996	-
Transfer from right of use assets	3.5	31,995	-
Additions		942	-
Change in fair value during the year		1,886	-
Closing balance		101,652	-

3.4 Refundable Occupation Right Agreements

What is an ORA?

An ORA is a contract which sets out the terms and conditions of occupation of an independent living unit or care suite. A new resident is charged a refundable occupation licence payment in consideration for the right to occupy one of the Group's units, apartments or care suites. On termination of the ORA the occupation licence payment is repaid to the exiting resident.

What is DMF?

An amount equal to a capped percentage of the occupation licence payment is charged by the Group as a management fee for the right of use and enjoy the common areas of the village. The deferred management fee is payable by the resident on termination of the ORA.

Accounting Policy

The occupation licence payment becomes payable when the ORA is unconditional and has either "cooled off" or where the resident is in occupation. The Group has a legal right to set-off any amounts owing to the Group by a resident against that resident's occupation licence payment. Such amounts include deferred management fees, recovery of village operating costs and recovery of outstanding obligations to the village.

The management fee receivable is recognised in accordance with the terms of the resident's ORA.

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy for the relevant accommodation i.e. 7 years for units, 5 years for apartments and 3 years for care suites (March 2022: 7yrs, 5yrs, 3yrs).

The management fee recognised in the Consolidated Statement of Comprehensive Income represents income earned in line with the average expected occupancy.

Included in the obligation to residents is an estimate of the amount expected to be paid to those residents whose ORA or unit title arrangement allows them to participate in the resale gain of the unit or apartment they occupy.

As the refundable occupation licence payment is repayable to the resident upon termination (subject to a new ORA being issued to an incoming resident), the fair value is equal to the amortised cost, being the amount that can be demanded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.4 Refundable Occupation Right Agreements (continued)

$NZ000's	March 23	March 22
Village		
Refundable occupation licence payments	**884,890**	732,714
Residents' share of resale gains	**5,920**	6,780
Less: Management fee receivable (per contract)	**(191,599)**	(149,636)
	699,211	589,858
Leasehold Village[1]		
Refundable occupation licence payments	**-**	38,650
Less: Management fee receivable (per contract)	**-**	(9,019)
	-	29,631
Care Suites		
Refundable occupation licence payments	**215,206**	186,987
Accommodation rebate	**83**	144
Less: Management fee receivable (per contract)	**(34,922)**	(30,855)
	180,367	156,276
Total refundable occupation right agreements	**879,578**	775,765
Held for Sale[2]		
Refundable occupation licence payments	**58,475**	-
Residents' share of resale gains	**220**	-
Less: Management fee receivable (per contract)	**(15,282)**	-
	43,413	-

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

$NZ000's	March 23	March 22
Village		
Management fee receivable (per contract)	**(191,599)**	(149,636)
Deferred management fee	**44,321**	36,570
Management fee receivable (per NZ IFRS)	**(147,278)**	(113,066)
Leasehold Villages		
Management fee receivable (per contract)	**-**	(9,019)
Deferred management fee	**-**	3,165
Management fee receivable (per NZ IFRS)	**-**	(5,854)
Care Suites		
Management fee receivable (per contract)	**(34,922)**	(30,855)
Deferred management fee	**1,013**	2,332
Management fee receivable (per NZ IFRS)	**(33,909)**	(28,523)
Held for Sale		
Management fee receivable (per contract)	**(15,282)**	-
Deferred management fee	**3,679**	-
Management fee receivable (per NZ IFRS)	**(11,603)**	-

1 Leasehold village balances relate to those refundable occupation licence payments and management fee receivable in relation to the Everil Orr site. The leasehold arrangement meets the definition of held for sale as at 31 March 2023.
2 The amount on the face of the Balance Sheet in relation to refundable occupation right agreements held for sale includes an amount of $3.7m in relation to deferred management fees detailed further in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.5 Leases

What's a right of use asset?

Right of use assets are assets held under a lease arrangement. It represents the value of the lessee's right to use an asset over the life of the lease. There is a corresponding lease liability on the Consolidated Balance Sheet which represents the present value of the future lease payments.

Accounting Policy

Right of use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the remaining lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

Right of use assets are initially recognised at cost, comprising of the initial amount of the lease liability less any lease incentives received. Right of use assets relating to equipment and motor vehicles, recognised in chattels, are subsequently depreciated using the straight line method from the commencement date to the end of the lease. Right of use assets relating to care centres are subsequently measured at fair value as determined by the Directors having taken into consideration the valuation performed by CBRE Limited. In considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

The lease payments are discounted using the interest rate Implicit in the lease. If that rate cannot be readily determined the incremental borrowing rate at the commencement of the lease is used.

Right of Use Asset

$NZ000's 12 months ended 31 March 2023	Notes	Investment Property	Land and Buildings	Chattels	Total
Opening net book value		33,373	4,188	3,578	41,139
Additions		53	439	1,336	1,828
Disposals		-	(40)	(14)	(54)
Modifications		-	(3,772)	-	(3,772)
Depreciation		-	(532)	(1,553)	(2,085)
Transfer to held for sale	3.3	(31,995)	-	-	(31,995)
Gain on disposal/modification		-	657	-	657
Revaluation for the year – Comprehensive Income		(1,431)	-	-	(1,431)
Revaluation for the year[1] - Other Comprehensive Income		-	-	-	-
Net book value as at 31 March 2023		-	940	3,347	4,287

$NZ000's 12 months ended 31 March 2022	Notes	Investment Property	Land and Buildings	Chattels	Total
Opening net book value		33,446	4,169	4,099	41,714
Additions		42	1,608	1,346	2,996
Disposals		-	(1,034)	-	(1,034)
Depreciation		-	(874)	(1,867)	(2,741)
Revaluation for the year – Comprehensive Income		(115)	-	-	(115)
Revaluation for the year – Other Comprehensive Income		-	319	-	319
Net book value as at 31 March 2022		**33,373**	**4,188**	**3,578**	**41,139**

$NZ000's 31 March 2023	Investment Property	Land and Buildings	Chattels	Total
Cost	-	-	10,510	10,510
Valuation	-	940	-	940
Accumulated depreciation	-	-	(7,163)	(7,163)
Net book value as at 31 March 2023	-	940	3,347	4,287

A reconciliation between the valuation and the amount recognised on the Consolidated Balance Sheet as right of use investment property is as follows:

$NZ000's	March 23	March 22
Right of use Investment Property		
Valuation	-	577
Add: Refundable occupation licence payments	-	38,650
Less: Management fee receivable	-	(5,854)
	-[1]	33,373

1 All interests in the operations of the Everil Orr leasehold site were transferred to held for sale during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3.5 Leases (continued)

Lease Liabilities

$NZ000's Year Ended 31 March 2023	Investment Property	Land and Buildings	Chattels	Total
Opening net book value	-	5,986	3,908	9,894
Additions	-	435	1,321	1,756
Disposals	-	-	(17)	(17)
Interest	-	111	334	445
Modification	-	(4,029)	-	(4,029)
Lease payments made	-	(1,342)	(1,909)	(3,251)
Lease liabilities as at 31 March 2023	-	1,161	3,637	4,798

$NZ000's Year Ended 31 March 2022	Investment Property	Land and Buildings	Chattels	Total
Opening net book value	-	7,021	4,492	11,513
Additions	-	1,605	1,346	2,951
Disposals	-	(1,750)	-	(1,750)
Interest	-	353	327	680
Lease payments made	-	(1,243)	(2,257)	(3,500)
Lease liabilities as at 31 March 2022	-	5,986	3,908	9,894

Lease of Investment Property

The Group leased one site, Everil Orr, which met the definition of investment property. The site comprised both apartments and common facilities provided for use by residents under the terms of an ORA. Payments to the lessor under this lease were made as ORAs are sold. Subsequent cash flows upon the sale and resale of the units were shared between the lessor and the Group.

On 3 March 2023 the Group entered into a Deed with Airedale Property Trust in respect of its leasehold interest at the Everil Orr site in Mt Albert in Auckland. Post that date the care building was closed and residents and employees were retained by Oceania and transferred to other sites across Auckland. The care operations were closed on 21 March 2023 and the lease terminated on 31 March 2023. On 31 March 2023 the Group's operating interest in relation to village operations at Everil Orr met the definition of held for sale. An amount of $1.1m in respect of the purchase of the Group's operational interest was received in full on 3 April 2023.

The carrying value of the right of use asset as at 31 March 2023 in respect of this leased site is recognised in held for sale at a value of $31.8m as at 31 March 2023 (31 March 2022: $33.4m in relation to the village site recognised as right of use investment property and $1.2m in relation to the care site recognised in right of use land and buildings).

Lease of Property, Plant and Equipment

The Group leases one care centre (March 2022: two care centres) which is valued as right of use assets as well as one corporate office building and various equipment and motor vehicles.

A valuation in respect of right of use property assets was provided by CBRE Limited as at 31 March 2023.

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

	March 2023 Shares	March 2022 Shares	March 2023 $NZ000's	March 2022 $NZ000's
Share capital				
Issued and fully paid up capital	720,555,185	710,204,500	713,374	705,291
Total contributed equity	720,555,185	710,204,500	713,374	705,291
Movements				
Opening balance of ordinary shares issued	710,204,500	689,276,946	705,291	675,625
Shares issued for employee share scheme	1,174,602	937,213	-	-
Shares issued for dividend reinvestment plan	9,176,083	7,525,087	8,083	10,141
Treasury shares reacquired	-	(3,164,556)	-	-
Share issue (rights issue)	-	15,629,810	-	20,000
Capitalised costs in relation to rights issue	-	-	-	(475)
Closing balance of ordinary shares issued	720,555,185	710,204,500	713,374	705,291

All ordinary shares rank equally with one vote attached to each fully paid ordinary share. The shares have no par value. The Company incurred no transaction costs issuing shares during the period (31 March 2022: nil).

Share Issue (Rights Issue)

On 16 April 2021, a total of 15,619,810 ordinary shares were issued with a value of $20.0m ($1.2796 per share) were issued in relation to the Retail Offer. Fees incurred of $0.5m have been offset against funds raised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4.1 Shareholder Equity and Reserves (continued)

Dividend Reinvestment Plan ("DRP")

On 25 July 2019, the Board approved the implementation of a dividend reinvestment plan for New Zealand and Australian shareholders. This plan has been effective for all subsequent dividends. This plan shall also be effective for the dividend payable on 21 June 2023 at a discount of 1% to the volume weighted average price of shares sold on the NZX Main Board over a period of five trading days starting on 6 June 2023. The dividend reinvestment plan shall apply to those shareholders who have provided a participation election by 5:00pm on the dividend election date, being 8 June 2022.

	March 2023 value per share	**March 2023 number of shares**	March 2022 value per share	March 2022 number of shares
Reinvestment of final dividend for the prior period	**$0.9875**	**3,823,536**	$1.4040	3,963,659
Reinvestment of interim dividend for the period	**$0.8041**	**5,352,547**	$1.2837	3,561,428

Long Term Incentive ("LTI")

On 15 September 2020 the Board approved a new Long Term Incentive Scheme for its senior executives ("LTI Scheme"). The LTI Scheme has been established to:

- provide an incentive to key executives to commit to Oceania for the long term; and
- align these executives' interests with the interests of Oceania's shareholders.

Participants in the Scheme will be granted Share Rights from time to time which will, on vesting, convert into an entitlement to receive ordinary shares. Vesting will depend on achievement of certain performance hurdles relating to Oceania's total shareholder return relative to the NZX50 and, for certain schemes Oceania's performance against EBITDA targets.

Share Rights become exercisable if the holder remains employed on the vesting date and performance hurdles are met over the period from the commencement date to the measurement date, and in certain other exceptional circumstances. On becoming exercisable, each Share Right will entitle the holder to receive one fully paid ordinary share in Oceania Healthcare Limited, less an adjustment for tax paid on the holder's behalf for the benefit received under the Scheme. The Share Rights have a nil exercise price.

Performance Hurdles

The Share Rights in the 2020 and 2021 grant are divided between two performance hurdles;

- Share Rights will qualify for vesting on a straight-line basis, from 0%, where the total shareholder return (TSR) from the commencement date to the measurement date is equal to the 35th percentile of the NZX50 Group, to 100% where the TSR is equal to or greater than the 75th percentile of the NZX50 Group; and
- For the second performance hurdle, Share Rights will qualify for vesting if the Group's annual growth in underlying earnings (before interest, tax, depreciation and amortisation) per share (UEPS) from the commencement date to the measurement date is equal to or greater than the target for growth in UEPS for that period.

The Share Rights for the 2022 grant are subject to one performance hurdle. Share Rights will qualify for vesting on a straight line basis, from 0%, where the TSR from the commencement date to the measurement date is equal to the 25th percentile of the NZX50 Group, to 100% where the TSR is equal to or greater than the 75th percentile of the NZX Group.

Lapse

- Share Rights will lapse where the performance hurdles are not met on a relevant measurement date or, in general, where the participant ceases to be employed by the Group before the vesting date (except in certain circumstances).

Recognition and Measurement

- On 18 November 2022, 1,430,150 share rights were issued for nil consideration and a nil exercise price in relation to the LTI Scheme for the provision of performance based remuneration in relation to the 2022 tranche.
- On 6 September 2021, 1,078,125 share rights were issued for nil consideration and a nil exercise price in relation to the LTI Scheme for the provision of performance based remuneration in relation to the 2021 tranche.

Vesting

- Of the 1,951,873 shares granted in respect of the 2020 LTI scheme a total of 349,007 have now vested and will be issued to the two remaining participants.

Dividends

On 24 May 2023, a final dividend of 1.3 cents per share (not imputed) was declared and will be paid on 21 June 2023. The record date for entitlement is 7 June 2023.

	March 2023 cents per share	**March 2023 $NZ000's**	March 2022 cents per share	March 2022 $NZ000's
Final dividend for the prior period	**2.3**	**16,335**	2.1	14,475
Interim dividend for the period	**1.9**	**13,589**	2.1	14,840
Total dividends declared during the period[1]		**29,924**		29,315

Asset Revaluation Reserve

The asset revaluation reserve is used to record the revaluation of freehold land and buildings and land and buildings under development. The amounts are recognised in the Consolidated Statement of Comprehensive Income when it affects profit or loss. Refer to note 3.2.

Cash Flow Hedge Reserve

The cash flow hedge reserve is used to record gains or losses on instruments used as cash flow hedges. The amounts are recognised in the Consolidated Statement of Comprehensive Income when the hedged transaction affects profit or loss. Refer to note 5.6.

1 Total dividends declared during each period differs to dividends paid per the Consolidated Statement of Changes in Equity as a result of dividends payable on shares held within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4.2 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the period.

	March 2023	March 2022
Profit after tax ($'000)	**15,448**	61,129
Weighted average number of ordinary shares outstanding ('000s)	**715,333**	705,400
Basic earnings per share (cents per share)	**2.2**	**8.7**

Diluted

Diluted Earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 March 2023 there were 349,007 shares with a dilutive effect (31 March 2022: nil).

	March 2023	March 2022
Profit after tax ($'000)	**15,448**	61,129
Weighted average number of ordinary shares outstanding ('000s)	**715,683**	705,400
Basic earnings per share (cents per share)	**2.2**	**8.7**

4.3 Employee Share Based Payments

Employee Share Plan

On 27 September 2022, 1,174,602 shares were issued as part of an employee share scheme ("ESS"). All permanent employees as at that date were invited to participate. Full time employee participants were allocated an equivalent of $800 of shares and part time employee participants were allocated an equivalent of $400 of shares. The shares are held in trust and will be transferred to the employee if the employee remains employed by Oceania (or any of its subsidiaries) for the following three years.

In the comparative year, on 7 December 2021, 937,213 shares were issued as part of the ESS.

4.4 Borrowings

Accounting Policy

Borrowings are initially recognised at fair value, including transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use. Other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

$NZ000's	March 2023	March 2022
Secured		
Bank loans	**332,764**	154,845
Deferred payment on acquisition	**250**	3,500
Capitalised loan costs	**(1,990)**	(270)
Retail Bond – OCA010	**125,000**	125,000
Retail Bond – OCA020	**100,000**	100,000
Capitalised bond costs	**(2,435)**	(2,935)
Total borrowings	**553,589**	**380,140**
Current	**250**	3,250
Non current	**557,764**	380,095
Total borrowings excluding capitalised loan costs	**558,014**	**383,345**

Recognition and Measurement

Bank Loans

Interest is charged using the BKBM Bill rate plus a margin and line fee. Interest rates applicable in the year to 31 March 2023 ranged from 4.05% to 7.52%(March 2022: 2.48% to 3.7%).

Deferred Payment on Acquisition of Previously Leased Site

Relates to the purchase of a previously leased site. The deferred payment is secured by a first charge mortgage over the property. No interest is charged unless the payment is in default.

Retail Bond

NZDX ID	Issue Date	No. of bonds	$NZ000's	Maturity	Fixed Interest	Trading Interest at March 23	Trading Interest at March 22
OCA010	19 Oct 20	125.0m	$125,000	19 Oct 27	2.3%	7.4%	4.8%
OCA020	13 Sept 21	100.0m	$100,000	13 Sept 28	3.3%	7.3%	4.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4.4 Borrowings (continued)

The bonds are quoted on the NZX Debt Market and their fair value at balance date is based on their listed market price as at balance date. Interest on OCA010 is payable quarterly in January, April, July and October in equal instalments.

Interest on OCA020 is payable quarterly in March, June, September and December in equal instalments.

Debt Financing

On 9 May 2022 it was announced an agreement was entered into with the banking syndicate to increase total debt facility limits from $350m to $500m for a tenure of five years as follows:

i. General Corporate Facility limit increased to $235m (formerly $85m); and

ii. Development Facility limit remains at $265m

The facilities are held by a banking syndicate comprising ANZ, ASB and ICBC.

The entire debt facility is sustainability-linked for the entire five year period with an interest penalty in the event of the Group not satisfying certain ESG targets and an interest discount in the event that certain targets are met.

Financing Arrangements

At 31 March 2023, the Group held committed bank facilities with drawings as follows:

$NZ000's	March 2023		March 2022	
	Committed	Drawn	Committed	Drawn
General Corporate Facility	235,000	111,850	85,000	21,500
Development Facility	265,000	220,914	265,000	133,345
Total	**500,000**	**332,764**	**350,000**	**154,845**

The Group's revolving Development Facility is utilised to cover costs associated with current development projects. The revolving General Corporate Facility is used for general corporate purposes as well as for development land and initial costs for projects not currently funded by the Development Facility.

Interest on the General Corporate Facility is typically payable quarterly. Interest on the Development Facility is capitalised and repaid together with principal using the ORA licence proceeds received upon settlement of initial sales of newly developed units and care suites. Line fees are payable quarterly on the committed General Corporate Facility and the Committed Development Facility.

The financial covenants in the Group's senior debt facilities, with which the Group must comply include:

a) Interest Cover Ratio - the ratio of Adjusted EBITDA to Net Interest Charges, where interest charges relates to the interest and commitment fees in relation to the General Corporate Facility and retail bonds, is not less than 2.0x;

b) Loan to Value Ratio – the ratio of total bank and retail bonds indebtedness shall not exceed 50% of the total property value of all Group's properties (including the "as-complete" valuations for projects funded under the Development Facility); and

c) Guarantor Group Coverage – at all times the Adjusted EBITDA of the Guaranteeing Group must be at least 90% of the Adjusted EBITDA of the total tangible assets of the Group; and

d) Development – at all times the outstanding principal amount under the Development Facility shall not exceed the Development Value. Development Value (per the most recent valuation excluding any settled stock) is the aggregate value of all Residential Facilities in all Developments that are being funded by the Development Facility less their cost to complete.

The covenants are tested half yearly. All covenants have been complied with during the period. The definition of Adjusted EBITDA is as prescribed in the Syndicated Facilities Agreement and adjusts for non cash items and is based on the accounting treatment in use before the introduction of NZ IFRS 16 Leases.

Assets Pledged as Security

The bank loans and bonds of the Group are secured by mortgages over the Group's care centre freehold land and buildings and rank second behind the Statutory Supervisors where the land and buildings are classified as investment property and investment property under development.

As at 31 March 2023 the balance of the bank loans over which the properties are held as security is $332.8m (March 2022: $154.8m).

Net Debt Reconciliation

Cash and cash equivalents include cash on hand. The following provides an analysis of net debt and the movements in net debt for the year.

$NZ000's	March 2023	March 2022
Cash and cash equivalents	7,439	9,745
Debt - repayable within one year	(2,152)	(5,743)
Debt - repayable after one year	(560,660)	(387,495)
Net Debt	**(555,373)**	(383,493)
Cash and liquid investments	7,439	9,745
Gross debt - fixed interest rates	(230,048)	(238,393)
Gross debt - floating interest rates	(332,764)	(154,845)
Net Debt	**(555,373)**	(383,493)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4.4 Borrowings (continued)

	Liabilities from Financing Activities			
$NZ000's	Cash	Finance leases	Borrowings	Total
Net Debt as at 31 March 2021	79,906	(11,513)	(329,930)	(261,537)
Cash flows	(70,161)	7,413	(47,037)	(109,785)
Acquisitions - finance leases	-	2,481	-	2,481
Terminations – finance leases	-	(10,929)	-	(10,929)
Other non-cash movements	-	2,655	(6,378)	(3,723)
Net debt as at 31 March 2022	9,745	(9,893)	(383,345)	(383,493)
Net Debt as at 31 March 2022	**9,745**	**(9,893)**	**(383,345)**	**(383,493)**
Cash flows	**(2,306)**	**3,250**	**(166,928)**	**(165,984)**
Acquisitions - finance leases	**-**	**(1,755)**	**-**	**(1,755)**
Terminations – finance leases	**-**	**4,046**	**-**	**4,046**
Other non-cash movements	**-**	**(446)**	**(7,741)**	**(8,186)**
Net debt as at 31 March 2023	**7,439**	**(4,798)**	**(588,014)**	**(555,373)**

5. Other Disclosures

5.1 Income Tax

What is Current Tax?

Current tax is an estimate of the tax that is payable to Inland Revenue for the current financial year.

What is Deferred Tax?

Deferred tax is an estimate of income tax that will be payable or recoverable in respect of temporary differences relating to the accounting and tax values of the Group's assets and liabilities. Deferred tax also includes the value of tax losses that we consider we will use in the future to meet any income tax obligation.

Accounting Policy

The tax expense or benefit for the year comprises current and deferred tax. Tax is recognised in the calculation of profit for the year in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income. In this case the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, and losses can be utilised.

$NZ000's	March 2023	March 2022
Income tax benefit		
Current tax	**-**	-
Deferred tax	**(3,448)**	(4,879)
	(3,448)	(4,879)
Taxation expense is calculated as follows:		
Profit before income tax	**12,000**	56,250
Tax at the New Zealand tax rate of 28%	**3,360**	15,750
Adjusted by the tax effect of:		
Non-taxable gain on purchase of business assets	**(156)**	(2,900)
Non-deductible impairment of goodwill	**657**	115
Non-deductible expenditure	**683**	563
Capitalised interest deductible for tax	**(3,181)**	(1,432)
Taxable deferred management fees	**(9,748)**	(6,787)
Non-assessable revaluation of investment property	**(8,519)**	(17,740)
Taxable depreciation	**(7,968)**	(5,891)
Accounting depreciation	**4,264**	4,473
Right of use asset	**(179)**	(194)
Non-deductible impairment of fixed assets	**1,850**	1,327
Adjustment for timing difference of provisions	**(532)**	1,006
Losses generated	**19,469**	11,710
Current tax expense	**-**	-
Impact of movements in investment property	**3,068**	(2,076)
Impact of movements in property, plant and equipment	**(3,072)**	(4,071)
Impact of movements in right of use assets	**430**	218
Impact of movements in held for sale assets	**8,084**	-
Other adjustments	**652**	(1,071)
Deferred management fee	**8,307**	6,787
(Reversal of other deferred tax assets not recognised) / Other deferred tax assets not recognised	**-**	(777)
Losses (recognised) / utilised or derecognised	**(20,917)**	(3,889)
Deferred tax benefit	**(3,448)**	**(4,879)**
Income tax benefit	**(3,448)**	(4,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.1 Income Tax (continued)

Movement in the Deferred Tax Balance:

$NZ000's	Balance 1 April 2022	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income	Balance 31 March 2023
Investment property	5,265	(3,068)	-	2,197
Property, plant and equipment	(11,163)	3,072	(2,853)	(10,944)
Right of use assets	594	(430)	-	164
Held for sale assets	-	(8,084)	-	(8,084)
Provisions and other assets / liabilities	6,416	(652)	(595)	5,169
DMF revenue in advance	(5,001)	(8,307)	-	(13,308)
Tax losses	3,889	20,917	-	24,806
Deferred tax (liabilities) / assets	-	3,448	(3,448)	-

$NZ000's	Balance 1 April 2021	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income	Balance 31 March 2022
Investment property	3,189	2,076	-	5,265
Property, plant and equipment	(13,079)	4,071	(2,155)	(11,163)
Right of use assets	902	(218)	(90)	594
Provisions and other assets / liabilities	7,979	1,071	(2,634)	6,416
DMF revenue in advance	1,786	(6,787)	-	(5,001)
Tax losses	-	3,889	-	3,889
Deferred tax assets not recognised	(777)	777	-	-
Deferred tax (liabilities) / assets	-	4,879	(4,879)	-

Recognition and Measurement

No income tax was paid or payable during the year (March 2022: nil).

Key Accounting Judgements

Deferred Tax on Investment Property

Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use"). An initial recognition exemption has been applied to newly developed village sites in accordance with NZ IAS 12 *Income Taxes*.

The Group's ORAs comprise two distinct cash flows (being an ORA deposit upon entering the unit and the refund of this deposit upon exit). In determining the tax base of investment property, the Group considered whether taxable cash flows are received at the end of the ORA period (i.e. upon refund of the ORA deposit by way of set off on exit by a resident) or at the beginning of the ORA period (i.e. at time of the receipt of the ORA deposit). The Group has carefully evaluated all the available information and considers it appropriate to recognise and measure the tax base and associated deferred tax based on the taxable cash flows being receivable at the end of the ORA period as this best represents the Group's contractual entitlement.

In calculating deferred tax under the Held for Use methodology, the Group has made significant judgements to determine taxable temporary differences. The carrying value of the Group's investment property is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Group has recognised deferred tax on the cash flows with a future tax consequence being DMF and deductible amounts as provided by external valuers, to the extent that it doesn't relate to land. The Group uses the external valuers valuation of land and improvements to estimate the apportionment of cash flows arising from the depreciable (i.e. buildings) and non-depreciable components (i.e. land).

Recognition of Deferred Tax on Tax Losses

After taking into consideration tax losses generated in the year to 31 March 2023, the Group now has an estimated $201.3m (March 2022: $130.3m) of available tax losses as at 31 March 2023.

The Group may recognise deferred tax assets to the extent that it is probable that the Group will generate future economic profits to offset the deferred tax assets or to the extent that they offset deferred tax liabilities. A deferred tax asset of $24.8m (March 2022: $3.9m) representing tax losses generated has been recognised as at 31 March 2023 in order to offset the net deferred tax liability position. All other available losses generated are held off balance sheet and are noted below:

NZ$000's	March 23	March 22
Opening balance – tax losses	130,333	86,875
Prior period adjustments: other	1,169	1,637
Losses per Inland Revenue	131,502	88,512
Losses utilised for the year	-	-
Losses forfeited during the year	-	-
Losses generated during the year	69,780	41,821
Closing balance – tax losses	**201,282**	**130,333**

The deferred tax liability recognised in respect of assets held for sale includes $7.9m relating to an expected taxable amount arising on transfer of the Group's village operations at Everil Orr that completed on 3 April 2023 (refer to note 1.3(ii) for more details). This is expected to utilise approximately $28.3m of gross tax losses on completion of the transaction.

5.2 Intangible Assets

Accounting Policy

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested at least once annually for impairment at 31 March and carried at cost less accumulated impairment losses. Impairments are recognised in the Statement of Comprehensive Income. Gains and losses on the disposal of an entity or cash generating unit ("CGU") include the carrying amount of goodwill relating to the entity or CGU sold. Goodwill is allocated to CGUs and these CGUs are grouped where appropriate for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.2 Intangible Assets (continued)

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. Where computer software licences are housed in the cloud they are capitalised to the extent the Group controls the licence and has rights to the software beyond rights to access. These costs are amortised on a straight line basis over their estimated useful lives (2.5 – 8 years).

$NZ000's	Goodwill	Software	Total
Year ended 31 March 2022			
Opening net book amount	5,345	3,123	8,468
Additions	-	986	986
Amortisation	-	(439)	(439)
Impairment charge	(412)	-	(412)
Closing net book amount	**4,933**	**3,670**	**8,603**
As at 31 March 2022			
At cost	207,387	4,655	212,042
Accumulated amortisation and impairment	(202,454)	(985)	(203,493)
Net book amount	4,933	3,670	8,603
Year ended 31 March 2023			
Opening net book amount	**4,933**	**3,670**	**8,603**
Additions	**581**	**534**	**1,115**
Amortisation	**-**	**(654)**	**(654)**
Impairment charge[1]	**(2,347)**	**-**	**(2,347)**
Closing net book amount	**3,167**	**3,550**	**6,717**
As at 31 March 2023			
At cost	**207,968**	**5,189**	**213,157**
Accumulated amortisation and impairment	**(204,801)**	**(1,639)**	**(206,440)**
Net book amount	**3,167**	**3,550**	**6,717**

Impairment Test for Goodwill

The carrying value of goodwill has been assessed on a site by site basis taking into account the sites results as a whole. An impairment is recognised when the carrying value of goodwill plus chattels is greater than the CBRE Limited value of goodwill plus chattels.

The carrying amount of goodwill at each site is not significant in comparison to the total amount of goodwill. All goodwill is allocated to the care CGUs.

Goodwill in relation to the Everil Orr site has been impaired on termination of the lease.

1 Impairment charge in the 12 months to 31 March 2023 includes $0.8m in relation to the disposal of goodwill at leasehold sites.

Key Judgements in Applying the Accounting Policies

Care CGUs Recoverable Amount

The recoverable amount of the individual care sites has been determined based on an external valuation of fair value less costs to sell by CBRE Limited as an external valuer. The fair value less costs to sell is considered level 3 in the fair value hierarchy. This has been used for comparison to current carrying value. The assumptions used in determining the fair value for care centres are disclosed in note 3.2.

5.3 Trade and Other Receivables

Accounting Policy

Trade receivables are amounts due from residents and various government agencies in the ordinary course of business and are recognised initially at fair value, being its transaction price, plus transaction costs. Trade receivables are held with the objective of collecting the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

Occupation licence payment receivables are recognised at the point in time that an ORA becomes unconditional and has either "cooled off" or where the resident is in occupation, and the resident has not yet made all of the contractual licence payment to the Group. The long term portion of this receivable has been discounted by $0.9m (March 2022: $0.5m). All other receivables are considered current.

$NZ000's	March 23	March 22
Net trade and other receivables		
Trade receivables	**21,788**	22,462
Less: Loss allowance	**(379)**	(450)
	21,409	**22,012**
Occupation licence payment receivable[1]	**74,146**	44,435
Insurance Receivable	**10,913**	-
Prepayments	**2,461**	2,689
Trade and other receivables	**108,929**	**69,136**

Recognition, Measurement and Judgements in Applying Accounting Policies

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of the trade receivable. To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days since resident departure and the funding stream and type of debtor. Judgement is used in selecting the inputs to the impairment calculation and is based on past history and forward looking assumptions.

1 Occupation licence receivable includes an amount of $64.2m in relation to short term occupation licence receivables expected to be recovered in less than 12 months. (31 March 2022: $43.2m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.3 Trade and Other Receivables (continued)

The Group has the following financial assets subject to the application of the expected credit loss model:

- Trade receivables from care operations for the provision of care fees revenue for rest home and hospital fees. These are split between private amounts owed by residents and amounts due from agencies such as the Ministry of Health and ACC.
- Trade receivables from village operations for the provision of weekly service fees and occupation licence payment receivables. These are receivable from residents.

The Group has applied a simplified approach to calculating the expected loss rate expected by applying a 2% allowance to trade receivables from care operations and 0% from village operations, adjusted for any other known factors with respect to individual debts.

There is no significant concentration of credit risk as trade receivables relate to individual residents and government agencies.

5.4 Trade and Other Payables

Accounting Policy

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Wages and Salaries, Annual Leave and Long Service Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for employee entitlements is carried at the present value of the estimated future cash flow.

The liability for long service leave is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

$NZ000's	March 23	March 22
Trade payables	**9,787**	2,043
Development accruals	**12,615**	8,665
Sundry payables and accruals[1]	**6,990**	6,334
Accrued interest on external borrowings	**1,360**	938
Employee entitlements	**21,537**	23,000
Trade and other payables	**52,289**	40,980

1 Sundry payables include $0.1m (March 2022: $0.1m) relating to cash held on behalf of residents.

5.5 Related Party Transactions

The below entities are subsidiaries of Oceania Healthcare Limited.

Name of Entity	Principal Activities	2023	2022	Class of shares
Oceania Group (NZ) Limited	Corporate office functions	**100%**	100%	Ordinary
Oceania Care Company Limited	Operation of aged care centres	**100%**	100%	Ordinary
Oceania Village Company Limited	Ownership and operation of retirement villages	**100%**	100%	Ordinary
OCA Employees Trustee Limited	Hold Employee Share Scheme shares on behalf of employees	**100%**	100%	Ordinary
Bream Bay Village Limited[1]	Non operating	**100%**	Nil	Ordinary

All subsidiaries are incorporated in New Zealand and have a balance date of 31 March (2022: 31 March). There are no significant restrictions on subsidiaries.

Key Management Personnel Compensation

Key management personnel are all executives with the authority for the strategic direction and management of the Group and exclude those in an Acting capacity.

$NZ000's	March 23	March 22
Directors' remuneration and expenses	**879**	759
Directors' dividends including DRP	**1,399**	1,151
Salaries and other short term employee benefits	**3,359**	3,075
Key management personnel dividends including DRP	**37**	58
Termination benefits	**-**	308
	5,674	**5,351**

Transactions with Related Parties

There are no outstanding balances with related parties (March 2022: nil).

5.6 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risks (including cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swap contracts to hedge certain interest rate risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates to determine market risk and aging analysis for credit risk.

1 The business operations and assets of Bream Bay Village Limited were sold to Oceania Village Company Limited on 30 September 2022 at carrying amount. Subsequent to this date the company is dormant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.6 Financial Risk Management (continued)

Classification and measurement

Financial assets are required to be classified into three measurement categories: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Group's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Trade receivables are amounts due from residents and various government agencies held to collect contractual cash flows in the ordinary course of business. These balances are held at amortised cost less a provision for impairment.

Risk management is carried out centrally by management under policies approved by the Board of Directors. The Directors provide written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(a) Fair Value Estimation

All financial assets (cash and cash equivalents, trade and other receivables and certain right of use assets) and financial liabilities (trade and other payables, lease liabilities and bank borrowings), other than derivatives, are measured at amortised cost, which approximates to fair value. Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. In considering the fair value of interest bearing assets and liabilities the estimated future interest rates approximate the discount rates used in a fair value assessment.

(b) Market Risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(c) Cash Flow Risk

The Group has no significant interest-bearing assets, as such the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The cash flow and interest rate risks are monitored by the Directors on a monthly basis. The Directors monitor the existing interest rate profile with reference to the Group's Treasury Policy and the Group's underlying interest rate exposure. Management present interest rate hedging analysis and strategies to the Directors for consideration and seek Director approval prior to entering into any interest rate swaps.

The following table shows the sensitivity of the Group's Profit / (Loss) and equity to a movement in interest rates of +/-1%. This assumes all other variables remain constant.

	+1%		-1%	
$NZ000's	**Profit / (Loss)**	**Equity**	**Profit / (Loss)**	**Equity**
2023				
Interest expense	2,104	1,128	(2,104)	(1,128)
Change in fair value of cash flow hedges	-	2,012	-	(2,065)
2022				
Interest expense	723	(136)	(723)	136
Change in fair value of cash flow hedges	112	3,016	(112)	(3,119)

Interest Rate Swaps

It is the Group's policy to manage interest rate risk through the use of interest rate swaps to reduce the impact of changes in interest rates on its floating rate long term debt. The objective of the interest rate swaps is to protect the Group from the short to medium term impact to cash flows which arises out of variability in floating interest rates.

Interest rate swaps are initially recognised at fair value on the date a contract is entered into and are subsequently measured at fair value on each reporting date. The fair values of the interest rate swaps are determined based on cash flows discounted to present value using current market interest rates.

Interest swaps are assessed for effectiveness at each reporting period. A retrospective calculation will be used to determine the amount of any ineffectiveness to recognised in comprehensive income.

The expected causes of ineffectiveness are as follows:

- Credit risk of the bank;
- Insufficient level of floating rate debt;
- Differing interest settlement dates; or
- Inter Bank Offered Rate ("IBOR") reform if the BKBM rate is replaced with another measure.

When interest rate swaps meet the criteria for cash flow hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (gain of $1.5m, March 2022: gain $6.7m), while the ineffective portion is recognised in other expenses in the Consolidated Statement of Comprehensive Income (nil impact, March 2022: gain $0.5m). Amounts taken to the interest rate reserve are transferred out of the reserve and included in the measurement of the hedged transaction when the forecast transaction occurs. When interest rate swaps do not meet the criteria for cash flow hedge accounting, all movements in fair value of the hedging instruments are recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.6 Financial Risk Management (continued)

Under the interest rate swap agreements, the Group has a right to receive interest at variable rates and an obligation to pay interest at fixed rates. Of the interest rate swaps in place at 31 March 2023, $100.0m (March 2022: $175.0m) are being used to cover approximately 30.1% (March 2022: 113%) of the loan principal outstanding. Bank loans of the Group currently bear an average fixed interest rate (including margin and line fees) of 4.1% (March 2022: 4.1%). The fair value of these agreements at 31 March 2023 is a $6.0m asset (March 2022: $3.9m asset). The agreements cover notional amounts for a period of 3 years, 5 years, and 7 years.

The notional principal amounts and the period of expiry of the interest rate swap contracts are as follows:

	Average contracted fixed interest rate		Notional principal amount	
	March 23 %	March 22 %	**March 23 $NZ000's**	March 22 $NZ000's
Less than 1 year	**-**	3.04	**-**	75,000
Between 1 and 3 years	**3.17**	3.17	**50,000**	50,000
Between 3 and 5 years	**3.35**	3.35	**50,000**	50,000

(d) Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure from trade and other receivables.

In the normal course of business, the Group has no significant concentrations of credit risk. Other than on a small number of exceptions, the Group requires settlement of the ORA before allowing occupation of its villas or apartments. Therefore, the Group does not face significant credit risk. The values attached to each financial asset in the Consolidated Balance Sheet represent the maximum credit risk. No collateral is held with respect to any financial assets. The Group enters into financial instruments with various counterparties in accordance with established limits as to credit rating and dollar limits and does not require collateral or other security to support the financial instruments.

Concentrations

Cash and cash equivalents of the Group are deposited with one of the major trading banks. Non-performance of obligations by the bank is not expected due to the credit rating of the counter party considered. The Standard and Poors credit rating of the counter party as at 31 March 2023 is AA- (March 2022: AA-).

The Group's receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents. Large receivables generally relate to the residential care subsidies which are received from Te Whatu Ora and Work and Income New Zealand. Neither of these entities has demonstrated, or is considered, a credit risk.

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, the Directors aim at maintaining flexibility in funding by keeping committed credit lines available.

Cash flow forecasting is regularly performed by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

The table below shows the maturity analysis of the Group's contractual undiscounted cash flows.

$NZ000's	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
2023				
Trade and other payables	22,367	-	-	-
Lease liabilities	2,658	1,814	3,251	4,230
Borrowings	6,175	6,175	474,852	101,650
Cash flow hedge - interest rate swaps	3,300	1,482	1,144	-
Refundable occupation right agreements	922,991	-	-	-
2022				
Trade and other payables	17,042	-	-	-
Lease liabilities	3,080	2,296	2,977	4,194
Borrowings	12,326	169,993	18,525	237,350
Cash flow hedge - interest rate swaps	148	(1,738)	(2,486)	-
Refundable occupation right agreements	775,765	-	-	-

The derivative financial instruments value of $6.0m on the Consolidated Balance Sheet as at 31 March 2023 is classified as non-current (March 2022: credit balance of $0.1m classified as current and debit balance of $4.0m classified as non-current).

The refundable ORAs are repayable to the resident on vacation of the unit, apartment, care suite or on the termination of the occupation right agreement and subsequent resale of the unit, apartment or care suite. The expected maturity of the refundable ORAs is shown in note 3.4.

(f) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The consolidated financial statements are prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5.7 Contingencies and Commitments

At 31 March 2023, the Group had no contingent liabilities (March 2022: nil).

At 31 March 2023, the Group has a number of commitments to develop and construct certain development sites totalling $124.8m (March 2022: $82.7m).

As at 31 March 2022, the Group had commitments of $10.9m in relation to the development of the Everil Orr site. These commitments have been extinguished as a result of the exit of the lease agreements in relation to this site.

As at 31 March 2023, the Group has a commitment in relation to the lease of Level 26, 188 Quay Street, Auckland from February 2024. The commencement date for this lease is 13 March 2024 for a term of 9 years.

There are no significant unrecognised contractual obligations entered into for future repairs and maintenance at balance date.

5.8 Events After Balance Date

Dividend

On 24 May 2023 a final dividend of 1.3 cents per share (not imputed) was declared and will be paid on 21 June 2023. The record date for entitlement is 7 June 2023. Refer to note 4.1.

Assets Held for Sale

On 3 April 2023 full and final settlement was received in respect of the right of use assets held for sale.

On 9 May 2023 the Group entered into a sale and purchase agreement with a third party in respect of the sale of two sites held for sale, conditional on Te Whatu Ora approval. The carrying amount of these sites as at 31 March 2023 is $10.2m and the transaction is expected to settle in August 2023.

Land Acquisition

On 5 April 2023 a sale and purchase agreement was entered into to acquire a parcel of land for $4.2m, settlement is expected to occur on 30 May 2023.

When Oceania acquired Bream Bay Village in July 2022, an option agreement was entered into to acquire 6.7 hectares of greenfield development land adjacent to the village subject to a future district plan change.

On 18 May 2023, the plan change was before the Whangarei District Council. The Group has ten days from notification that the plan change is operative to execute the option.

There have been no other significant events after balance date.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Oceania Healthcare Limited

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Independent auditor's report

To the shareholders of Oceania Healthcare Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Oceania Healthcare Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of trustee reporting, agreed upon procedures in respect of proxy voting at the Annual Shareholder Meeting and services related to understanding the potential impact of climate related reporting requirements. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited

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Description of the key audit matter	How our audit addressed the key audit matter

Valuation of investment property and freehold land and buildings
As disclosed in note 3.1 of the consolidated financial statements, the Group's investment property portfolio was valued at $1,597.7 million at 31 March 2023, which includes completed investment property and investment property under development.
 	
In addition, freehold land and buildings disclosed in note 3.2 of the consolidated financial statements, which are classified as Property, Plant and Equipment, are valued at $694.6 million at 31 March 2023. This includes freehold land and buildings operated by the Group for the provision of care services, care suites, and land and buildings to be developed into care facilities in the future (together referred to as freehold land and buildings).
 	
The Group's accounting policy is to measure these assets at fair value.
 	
Independent valuations of all investment property and freehold land and buildings were carried out by third party valuers, either CBRE Limited, or Colliers Limited (the Valuers).
 	
Completed investment property and care suites are recorded in the consolidated financial statements at a Directors' valuation which is based on the value determined by the Valuers as at 31 March 2023, adjusted by the Directors for:
• the estimated costs to be incurred to:
  – complete the development of any asset not complete at the date of the valuation
  – remediate any assets which have sustained damage due to weather events or where seismic strengthening works are required
  but have been valued by the Valuers as if it was complete; and
• completed investment property, refundable occupation licence payments, residents' share of resale
	Our audit procedures focused on obtaining sufficient audit evidence to evaluate whether the inclusion of the valuations in the consolidated balance sheet and disclosures made in the consolidated financial statements were materially appropriate.
	
	Our procedures included:
	
	External valuations
	We read the valuation reports and, on a sample basis, discussed the reports with the Valuer responsible for preparing the report. We assessed the valuation approach and confirmed that this was in accordance with the relevant accounting standards.
	
	On a sample basis, we tested whether property specific information supplied to the Valuers by the Group reflected the underlying property records held by the Group.
	
	From our discussions with management and the Valuers, and from our review of the valuation report, on a sample basis, assumptions (as detailed in the description of this Key Audit Matter) were determined for each individual property to reflect its characteristics, its overall quality, geographic location and desirability as a whole.
	
	Valuation adjustments
	We tested the adjustments made to the valuations determined by the Valuers as at 31 March 2023 as detailed in the description of this Key Audit Matter. This testing included:
	• obtaining quantity surveyors reports, on a sample basis, to support the estimated cost to complete and/or remediate as at 31 March 2023
	• obtaining support for a sample of transactions included in work in progress as at 31 March 2023
	• testing inputs into the gross up calculation including:
	  – utilising our data workflow tool to:
	    ○ check the carry over of existing resident data, which comprises refundable occupation licence payments in place as at 31 March 2022
	    ○ recalculate management fees receivable
	  – testing a sample of new refundable occupation licenses entered into during the year ended 31 March 2023

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Description of the key audit matter	How our audit addressed the key audit matter
gains and management fees receivable which are recognised separately on the consolidated balance sheet and also reflected in the Valuers's cash flow model, representing the 'gross up'. For each completed investment property and each care suite, assumptions and estimates were made in respect of: • property price growth rate; • stabilised occupancy periods; and • discount rate. Investment property under development and land and buildings to be developed into care facilities in the future are recorded in the consolidated financial statements at a Directors' valuation which is based on a range of values determined by the Valuers as at 31 March 2023, adjusted by the Directors for the cost of any work in progress. For each asset under development, assumptions and estimates were made in respect of the value per square metre of land. Freehold land and buildings operated by the Group for the provision of care services are recorded in the consolidated financial statements at a Directors' valuation which is based on the value determined by the Valuers as at 31 March 2023. For each property, assumptions and estimates are made in respect of: • forecast net cash flow profit/earnings before interest, tax, depreciation, amortisation, and rent; and • capitalisation rate. As outlined in note 1.4 of the consolidated financial statements, the market capitalisation of the Group was below the carrying value of the Group's net assets. Over 90% of the total assets of the Group as at 31 March 2023 are property assets carried at fair value. The valuation of the Group's property portfolio is inherently subjective. The	– obtaining the calculation of the resident's share of capital gains and, on a sample basis, testing inputs used in this calculation. **Assumptions and estimates** Our work over the assumptions focused on the largest properties within the portfolio and those properties where the assumptions used and/or year-on-year fair value movement suggested a possible outlier compared to the rest of the portfolio and the market data for the sector. On a sample basis, we held discussions with the Valuers to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included understanding any changes made to significant inputs and assumptions. We also sought to understand and consider restrictions imposed on the valuation process (if any) and the market conditions at balance date. On a sample basis, we engaged our in-house expert to challenge the work performed by the Valuers and assess the reasonableness of the assumptions used based on their knowledge gained from reviewing valuations of similar properties, known transactions and available market data. On a sample basis, we understood the apportionment of the valuations to each class of assets and assessed the reasonableness of this through discussions with the Valuers and our in-house expert. **Valuation estimates** Because of the judgement involved in determining valuations for individual properties and the existence of alternative assumptions and valuation methods, there is a range of values which can be considered reasonable when evaluating the independent property valuations used by the Group. If we identified an error in a property valuation or determined that the valuation was outside of a reasonable range, we evaluated the error or difference to determine if there was a material misstatement in the consolidated financial statements. We considered whether there were any events subsequent to the date of the Valuers' report which may have caused the valuation of investment property and freehold land and buildings to be materially different to those determined by the Valuers.

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited

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Description of the key audit matter	How our audit addressed the key audit matter
existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in assumptions on individual properties, when aggregated, could result in material differences, is why we have given specific audit focus and attention to this area.	We considered management's assessment of the Group's market capitalisation compared to the Group's net assets. This analysis was completed as part of our assessment of indicators of impairment. We considered the adequacy of the disclosures made in note 3 and note 1.4 to the consolidated financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment property and freehold land and buildings.
Deferred tax on investment property and care suites As disclosed in note 5.1 of the consolidated financial statements, the Group assesses deferred tax on investment property and care suites on the basis that the asset value will be realised through use ('Held for Use'). In applying the Held for Use methodology, the Group makes four key assumptions which involve significant judgement: 1. Determining the amount of taxable cash flows; 2. Timing of taxable cash flows, being at the end of the Occupation Right Agreement (ORA) period; 3. Apportionment of the value of investment property between land and buildings; and 4. Determining the number of years that commercial investment property is expected to be in use and depreciable for tax purposes. Due to the significant judgement exercised by the Group in determining the deferred tax on investment property and care suites, we have given specific audit focus and attention to this area.	**Assumptions with respect to realisation through held for use** With respect to the assumptions used in the calculation of deferred tax, we challenged the work performed and assessed the reasonableness of the assumptions based on our knowledge of the tax legislation and other accepted approaches in the industry. **1. Determining the amount of taxable cash flows** We agreed the amount of taxable cash flows of investment property and care suites to the Valuers' report, which is based on materially the same assumptions and estimates used in the valuation of investment property and care suites described above. **2. Timing of taxable cash flows** We tested a sample of new ORAs to confirm that the Deferred Management Fees (DMF) are contractually earned at the end of the ORA period. **3. Apportionment of investment property** We have agreed the inputs to the apportionment calculation to the Valuers' land valuation and recalculated the apportionment between land and buildings. **4. Determining the number of years that commercial investment property is expected to be depreciable for tax purposes** We determined a reasonable range for the expected period in which the relevant assets will be in use and depreciable for tax purposes. Management's judgement was within this range.

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Our audit approach

Overview

Overall group materiality: $2.4 million, which represents approximately 1% of revenue.

We chose revenue as the benchmark because, in our view, it is a key financial metric used in assessing the performance of the Group and is not as volatile as other profit or loss measures.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

As reported above, we have two key audit matters, being:

- Valuation of investment property and freehold land and buildings
- Deferred tax on investment property and care suites

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited

with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
24 May 2023

Auckland

CORPORATE GOVERNANCE

This section of the Annual Report provides information on Directors' independence, diversity and inclusion policies, remuneration and statutory disclosures.

Oceania's governance framework is guided by the recommendations set out in the 2020 edition of the NZX Corporate Governance Code (*NZX Code*). Oceania has prepared a statement on the extent to which it has followed the recommendations in the NZX Code. The Corporate Governance Statement is current as at 31 March 2023. Oceania considers that it has followed the recommendations in the NZX Code in all respects during the year ended 31 March 2023.

For detailed information on Oceania's corporate governance policies, practices and processes please refer to the Investor Centre section on the Oceania website - **oceaniahealthcare.co.nz/investor-centre/governance**. This contains the following documents:

Corporate Governance Statement

Constitution

Charters

- Board Charter
- Audit Committee Charter
- Clinical and Health and Safety Committee Charter
- Development Committee Charter
- People and Culture Committee Charter
- Sustainability Committee Charter

Policies

- Code of Values and Conduct
- Continuous Disclosure Policy
- Diversity and Inclusion Policy
- External Auditor Independence Policy
- Fraud Policy
- Health and Safety Policy
- Privacy Policy
- Remuneration Policy
- Trading in Company Securities Policy
- Whistleblowing Policy

Dividend Reinvestment Plan Offer Document

Director independence

As at 31 March 2023, the Board comprised seven Directors. All of the Directors are non-executive Directors. The Board has considered which of the Directors are Independent Directors for the purposes of the NZX Listing Rules (*Rules*), having regard to the Rules, including the factors in the NZX Code. The Board has determined that, as at 31 March 2023, all seven Directors are Independent Directors, including the Chair and the Chair of the Audit Committee. As at the date of this Annual Report, the Directors are:

Elizabeth Coutts	Chair, Independent Director	Appointed in November 2014
Alan Isaac	Independent Director	Appointed in October 2015
Dame Kerry Prendergast	Independent Director	Appointed in December 2016
Sally Evans	Independent Director	Appointed in March 2018
Gregory Tomlinson	Independent Director	Appointed in March 2018
Robert Hamilton	Independent Director	Appointed in September 2021
Peter Dufaur	Independent Director	Appointed in September 2021

Committee Membership

The Board has five standing committees to assist in the execution of the Board's duties, being the Audit Committee, the People and Culture Committee, the Clinical and Health and Safety Committee, the Development Committee and the Sustainability Committee. As at 31 March 2023, membership of the committees was as follows:

Audit Committee – Alan Isaac (Chair), Elizabeth Coutts, Robert Hamilton

People and Culture Committee – Sally Evans (Chair), Elizabeth Coutts, Alan Isaac

Clinical and Health and Safety Committee – Dame Kerry Prendergast (Chair), Elizabeth Coutts, Sally Evans

Development Committee – Gregory Tomlinson (Chair), Elizabeth Coutts, Peter Dufaur

Sustainability Committee – Robert Hamilton (Chair), Elizabeth Coutts, Sally Evans

Diversity and Inclusion

Oceania's Diversity and Inclusion Policy is available on its website at **oceaniahealthcare.co.nz/investor-centre/governance**. The Diversity and Inclusion Policy aims to ensure that Oceania has a focus on diversity throughout the organisation. This recognises that a diverse workforce contributes to business growth and performance, helping to drive an inclusive, high performance environment.

The Board considers that the Diversity and Inclusion Policy has been successfully implemented across the business with an excellent balance of gender and ethnicity at Director and officer levels. As at 31 March 2023 (and 31 March 2022 for the prior comparative period), the gender breakdown of the Directors, officers (as that term is defined in the NZX Listing Rules) and employees is as follows:

	31 March 2023			31 March 2022		
Gender	**Male**	**Female**	**Gender Diverse[1]**	**Male**	**Female**	**Gender Diverse[1]**
Directors	**4**	**3**	**0**	4	3	-
Officers	**2**	**3**	**0**	2	3	-
Employees	**466**	**2,425**	**16**	448	2,421	-

Oceania is introducing internal systems and processes to allow regular and efficient monitoring of policy objectives.

1 Gender diverse is self-identified and includes undeclared gender and "other" gender. Gender diverse statistics were not collected as at 31 March 2022.

Management commentary
(no financial statements)

CORPORATE GOVERNANCE (continued)

Remuneration Report

Remuneration Overview

Oceania presents this remuneration overview for the year ended 31 March 2023. This overview provides details of Oceania's approach to remuneration including incentive plans for executives that were in place for the year ended 31 March 2023 and remuneration received by the Chief Executive Officer *(CEO)* and the Directors.

Remuneration Principles

It is recognised that in order to drive sustainable business performance and execute the strategic plan, Oceania must attract and retain people of a high calibre with requisite expertise. Accordingly, the Board sets the remuneration of executives with regard to this and other business objectives.

It is Oceania's policy to align components of executive remuneration with the performance of Oceania and its shareholders. Executive remuneration therefore comprises both fixed and "at risk" (or performance-based) elements which are both short and long-term in nature. The purpose of this policy is to ensure that the interests of the executives, Oceania and its shareholders are aligned during the period over which the business results are realised.

As a result, the remuneration framework is structured to promote the long-term sustainable growth of Oceania with a portion of performance-based senior executive remuneration awarded as rights to equity.

Remuneration Governance

Oceania has established a People and Culture Committee to assist the Board in the conduct of the Board's responsibilities with regard to people and culture, including remuneration. The People and Culture Committee Charter can be found at **oceaniahealthcare.co.nz/investor-centre/governance**.

The People and Culture Committee is responsible for:

- Reviewing and recommending changes to Oceania's remuneration structure, people policies, procedures and practices, objectives and performance;
- Reviewing and recommending changes to the remuneration of the CEO and executives, having regard to Oceania's strategy, vision, values, business objectives and performance, the responsibilities and performance of executives and the general external market; and
- Reviewing and recommending changes to Director fees, taking into account the external market, work load, succession planning and the need to offer competitive fees to attract and retain non-executive Directors of a high calibre.

The Board is responsible for:

- Approving changes to Oceania's remuneration structure, people policies, procedures and practices, objectives and performance;
- Approving changes to the remuneration of the CEO and executives; and
- Recommending changes to non-executive Director remuneration, for approval by shareholders.

The members of the People and Culture Committee during the year ended 31 March 2023 were Sally Evans (Chair), Elizabeth Coutts and Alan Isaac.

Executive Remuneration Framework

Oceania's remuneration structure for executives, including the CEO, comprises three elements:

- Total fixed remuneration *(TFR)*;
- Short term incentive *(STI)*; and
- Long term incentive *(LTI)*.

The following summarises each component of executive remuneration. A summary of the remuneration of the CEO, Brent Pattison, is set out below.

a. Total Fixed Remuneration

Fixed remuneration includes base salary, the provision of a carpark, a vehicle allowance (in some cases) and Kiwisaver contributions. Each executive's fixed remuneration is set based on the individual's position, market relativity, and the individual's qualifications and experience. TFR is reviewed annually.

b. Short Term Incentive

The STI is currently a cash payment which is dependent on the achievement of a combination of Oceania and individual performance measures and is capped at a maximum achievement of 100% of base salary.

The performance measures are set by reference to the executive's responsibility and particular projects relevant to that executive and the business or function for which they are responsible. The purpose of the STI is to reward executives for meeting measurable objectives linked to a financial year.

The table below sets out the key terms for the STI plan granted to executives during the year ended 31 March 2023.

Feature	Approach
Purpose	Align individual performance with Oceania objectives Provide individuals with a competitive market position for total reward (ie variable and fixed pay components)
Eligibility	Those considered for participation in the STI programme must be able to impact the performance of their work area or function and also contribute to Oceania's overall performance.
Instrument	Cash
Performance criteria	The following criteria must be met before any payments are made: – Underlying EBITDA target for the financial year – Targets related to the delivery of strategic pillar initiatives – Targets focused on delivery key business projects – Achievement of a health and safety target – Achievement of a sustainability target

CORPORATE GOVERNANCE (continued)

c. Long Term Incentive

For the year ended 31 March 2023, Oceania had a performance share rights plan as its LTI for the executive team. The value and targets for the LTI plan are determined by the Board and are designed to provide an incentive to executives, retain key talent within the executive team and align the interests of the executive team and shareholders through the successful execution of Oceania's strategy.

The table below sets out the key terms for the grants made to executives under the LTI plan during the year ended 31 March 2023:

Feature	Approach
Eligibility	The Board determines whether an LTI plan will operate and the extent (if any) to which each executive is invited to participate in an LTI plan each year.
Instrument	Participants receive an allocation of Performance Share Rights. Participants are granted a share right dollar allocation as assessed by the Board with reference to external benchmarking. The number of Performance Share Rights to be allocated to each participant is determined based on the volume weighted average share price (VWAP) calculated over a 20 working day period on either side of the year end results announcement. If the performance hurdle is met at the end of a performance period, some or all of the Performance Share Rights will become Qualifying Share Rights. If the participant remains employed with Oceania until the vesting date, the Qualifying Share Rights will vest and be eligible for conversion into ordinary shares in Oceania for nil consideration. On conversion, participants will receive one ordinary share per Qualifying Share Right, less an adjustment for the amount of PAYE tax paid by Oceania on the participant's behalf for the benefit which the participant receives from the scheme.
Performance period	There are three performance periods, each applying to one third of the Performance Share Rights in a grant, including: – one year from 1 April 2022 to 31 March 2023; – two years from 1 April 2022 to 31 March 2024; and – three years from 1 April 2022 to 31 March 2025.
Performance hurdle	TSR Performance Hurdle: Oceania's total shareholder return (TSR) in the performance period relative to total shareholder return of the NZX50 group of companies. If Oceania is in the bottom quartile of TSR performance for the NZX50 group, then no Performance Share Rights will become Qualifying Share Rights. If Oceania is between 25% and 75% of TSR performance for the NZX50 group, then Performance Share Rights will become Qualifying Share Rights on a sliding scale. If Oceania is in the top quartile of TSR performance for the NZX50 group, then 100% of Performance Share Rights will become Qualifying Share Rights.
Dividends and voting rights	Performance Share Rights do not have voting rights or entitlement to dividends.
Cessation of employment	– If a participant ceases to be employed due to an Involuntary Event (such as death, redundancy or total permanent illness or injury), the Board may, in its absolute discretion, determine whether the participant's Qualifying Share Rights and any other Performance Share Rights may be retained by the participant as if he or she remained employed by Oceania, or whether the vesting of such Qualifying Share Rights and any other unvested Performance Share Rights may be accelerated. Any Performance Share Rights that are not retained or vested will lapse. – If a participant ceases to be employed for any other reason, all of the participant's Performance Share Rights, including any Qualifying Share Rights, will lapse.
Vesting	Although Performance Share Rights become Qualifying Share Rights at the end of each financial year (subject to meeting the performance hurdle), participants must wait until the vesting date for the Qualifying Share Rights to become eligible to convert into ordinary shares. The vesting date is 31 March 2025.

In addition to the grant summarised above, there was a small grant of 2020/2023 Performance Share Rights to the CEO to reflect an entitlement under the CEO's employment contract for the year ended 31 March 2021. This is summarised further under "LTI Payment" below.

The Board is currently considering the structure of the LTI grant for the year ended 31 March 2024.

CORPORATE GOVERNANCE (continued)

CEO Remuneration

The remuneration for the CEO for the year ended 31 March 2023 is as follows:

	Total fixed remuneration		STI	Subtotal	LTIP	Remuneration Total
	Base Salary	Other Benefits				
Paid in FY2023[1]	$729,240	$116,104	$292,500	$1,137,844	$7,685	$1,145,529
Earned in FY2023[2]	$729,240	$116,104	$154,000	$999,344	$7,685	$1,007,029

1. The total fixed remuneration and STI figures above include all monetary payments actually paid during the course of the year ended 31 March 2023, which include performance incentive payments for the year ended 31 March 2022. The table does not include amounts paid after 31 March 2023 that relate to the year ended 31 March 2023.
2 The total fixed remuneration and STI figures include all monetary amounts earned in respect of the year ended 31 March 2023.

The remuneration for the CEO for the year ended 31 March 2022 (being the prior comparative period) was as follows[1]:

Total fixed remuneration		STI	Subtotal	LTIP	Remuneration Total
Base Salary	Other Benefits				
$601,839	$61,802	$292,500	$956,141	$252,926	$1,209,067

1. The total fixed remuneration and STI figures above include all monetary payments actually paid during the course of the year ended 31 March 2022, which include performance incentive payments for the ten month period ended 31 March 2021. The table does not include amounts paid after 31 March 2022 that relate to the year ended 31 March 2022.

Fixed remuneration

In the year ended 31 March 2023, the CEO, Mr Pattison received fixed remuneration of $845,344. This includes a base salary, the provision of a carpark, a vehicle allowance and Kiwisaver contributions.

STI payment

In the year ended 31 March 2023, Mr Pattison received an STI payment of $292,500 for the achievement of certain targets in the year ended 31 March 2022. Targets were set with reference to a 10% increase in underlying EBITDA, sales and resales volumes, occupancy rates, the number of units under construction, retention of key staff, the number of care centres achieving three or four year certification, a health and safety target and an acquisition target.

In relation to the STI for the year ended 31 March 2023, targets were set with reference to a 10% increase in underlying EBITDA, sales volumes, occupancy rates, the number of units delivered in the period, employer NPS, a health and safety target, a sustainability target and an acquisition target. Mr Pattison's STI entitlement under the STI for the year ended 31 March 2023 is $280,000 and it is expected that Mr Pattison will receive 55% of the STI entitlement in respect of the year ended 31 March 2023. This payment will be made in May 2023.

LTI payment

During the year ended 31 March 2023, Mr Pattison received long term incentive benefits (comprised of Performance Share Rights) of $400,000 value at the time of grant.

The performance conditions for the 2022/2025 Performance Share Rights granted during the year ended 31 March 2023 are described above.

Mr Pattison was also granted 3,816 "2020/2023 Performance Share Rights" on the same terms and conditions, performance hurdles, and measurement periods, as Performance Share Rights granted in the year ended 31 March 2021. This reflected an entitlement in Mr Pattison's employment agreement for that year which had not previously been awarded. These 2020/2023 Performance Share Rights are subject to two performance hurdles, including:

(a) a TSR performance hurdle; and

(b) a hurdle based on annual growth in underlying earnings (before interest, tax, depreciation and amortisation) per share.

The vesting date for 2020/2023 Performance Share Rights was 31 March 2023.

Long term incentives in the form of equity instruments received by Mr Pattison to 31 March 2023 are:

	Grant Date	Vesting Date	Instrument	Status
LTI 2022/2025	1 April 2022	31 March 2025	395,922 Performance Share Rights	Unvested
LTI 2021/2024	1 April 2021	31 March 2024	375,000 Performance Share Rights	Unvested
LTI 2020/2023	15 September 2020	31 March 2023	421,254 Performance Share Rights[1]	50% vested 50% lapsed

1 Includes 417,442 Performance Share Rights granted in FY2021 and 3,816 Performance Share Rights granted in FY2023.

Key terms of CEO employment contract

The table below sets out the key terms of Mr Pattison's employment contract:

Contract duration	Notice period – company	Notice period – CEO	Termination provision (where notice provided)	Post-employment restraint
Ongoing until terminated by either party	6 months unless for cause	6 months	6 months	12 months

Three-year summary – CEO's remuneration

Name		Total Remuneration	Percentage STI against maximum	Percentage vested LTIs against maximum	Span of LTI performance period
Brent Pattison	FY2023	$1,145,529	55%	50%	2020-2021; 2020-2022; or 2020-2023[3]
	FY2022	$1,209,067	100%	N/A	N/A
	FY2021[1]	$39,313	0%[2]	N/A	N/A

1 Pro rated from start date of 6 March 2021
2 Mr Pattison's STI received in FY2021 is not included as the STI related to the period in which Mr Pattison was Chief Financial Officer.
3 Performance Share Rights in this grant had a measurement date of either 31 March 2021, 31 March 2022 or 31 March 2023, on which date performance against the performance hurdles was measured. All vesting occurred at the end of the three year period, on 31 March 2023.

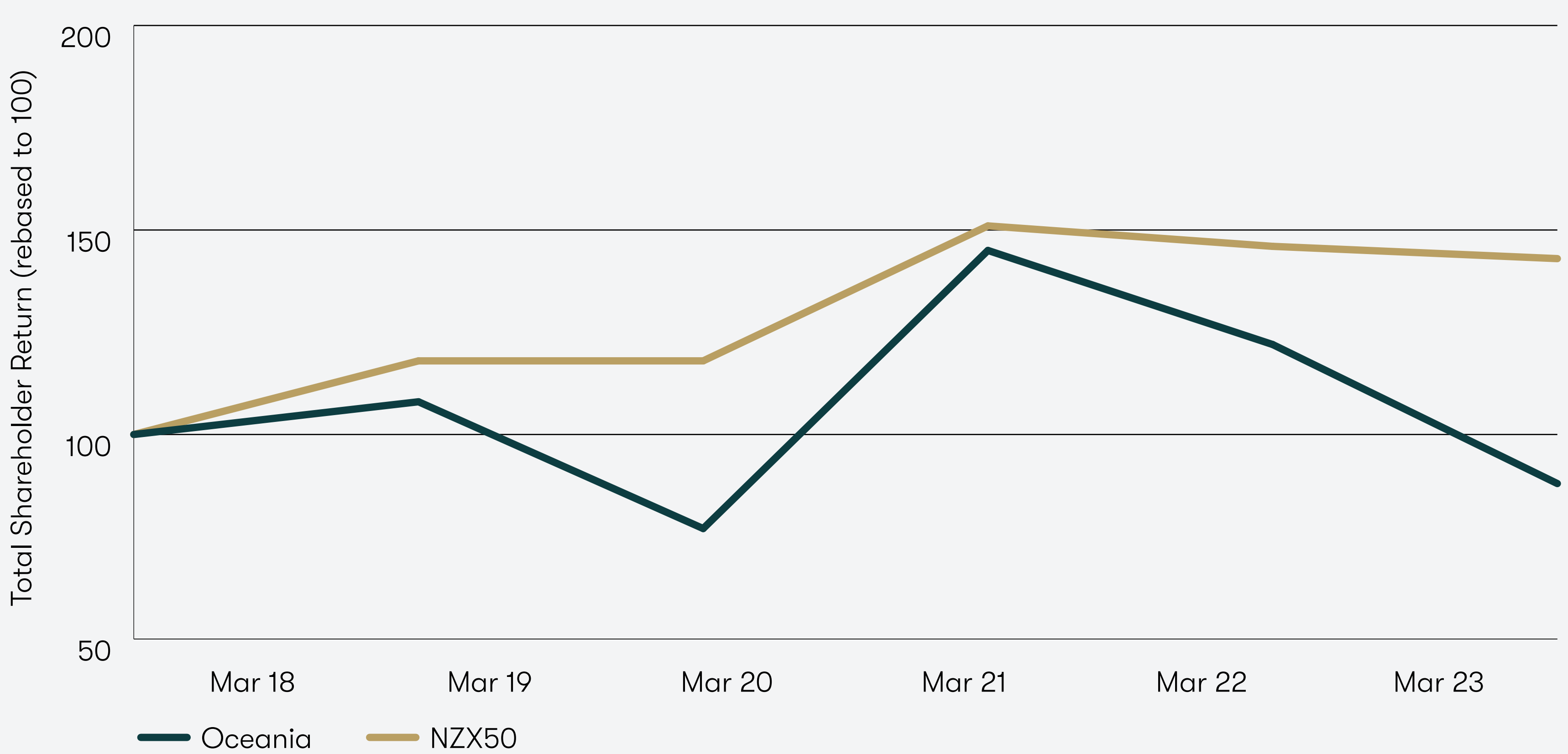
CORPORATE GOVERNANCE (continued)

Breakdown of CEO's pay for performance (FY2023)

	Description	Performance measures	Percentage achieved
STI	Set at a gross target amount of 40% of base remuneration (giving a current target of $280,000) and is achievable in each financial year	100% on company performance	55%
LTI – 2020/2023[1]	Three-year grant	50% based on TSR performance relative to NZX50 group	33%
		50% based on growth in underlying earnings per share being equal to or greater than the target	67%

1 The LTI-2020/2023 grant was based on Mr Pattison's appointment as Chief Financial Officer

Total Shareholder Return Performance (Five Year Summary)



Directors' Fees

Directors' remuneration is paid in the form of fees. A higher level of fees is paid to the Chair to reflect the additional time and responsibilities that this position involves. Additional fees are payable in respect of work carried out by the Chairs of the Audit Committee, People and Culture Committee, the Clinical and Health and Safety Committee, the Development Committee and the Sustainability Committee.

Non-executive Directors do not receive performance-based remuneration.

Total remuneration for non-executive Directors is subject to an aggregate fee pool limit. As at 31 March 2023, the maximum fee pool for non-executive Directors was $896,000 (plus GST, if any) per annum. The pool was last fixed at the Annual Shareholders Meeting on 23 June 2022. This maximum fee pool comprises total annual fees payable to non-executive Directors of $871,000 (plus GST, if any) as well as headroom of $25,000 in order to allow for the Board to approve payments to non-executive Directors for assuming additional responsibilities above and beyond the normal duties of either the Board or a Committee.

In the year ended 31 March 2023, the amount paid to non-executive Directors was $871,000 (plus GST and expenses). No payments were made to non-executive Directors for assuming additional responsibilities above and beyond the normal duties of the Board or a Committee for significant strategic work or projects.

Director Remuneration paid in the year ended 31 March 2023

Director	Board Fees	Audit Committee	Clinical and Health and Safety Committee	People and Culture Committee	Development Committee	Sustainability Committee	Total remuneration
Elizabeth Coutts (Chair)	$200,000	-	-	-	-	-	$200,000
Alan Isaac	$100,000	$20,000	-	-	-	-	$120,000
Dame Kerry Prendergast	$100,000	-	$15,000	-	-	-	$115,000
Sally Evans	$100,000	-	-	$12,000	-	-	$112,000
Gregory Tomlinson	$100,000	-	-	-	$12,000	-	$112,000
Robert Hamilton	$100,000	-	-	-	-	$12,000	$112,000
Peter Dufaur	$100,000	-	-	-	-	-	$100,000

The above fees exclude GST and expenses.

CORPORATE GOVERNANCE (continued)

Employees' Remuneration

Oceania did not employ people directly in the year ended 31 March 2023. All employees are employed by the subsidiaries of Oceania. The number of employees and former employees of Oceania's subsidiaries, not being a Director of Oceania, who received remuneration and other benefits the value of which was or exceeded $100,000 during the financial year ended 31 March 2023 is set out in the table of remuneration bands below.

The remuneration figures shown in the "Remuneration" column include all monetary payments actually paid during the course of the year ended 31 March 2023, which include performance incentive payments for the year ended 31 March 2022. The table does not include amounts paid after 31 March 2023 that relate to the year ended 31 March 2023.

Remuneration	Number of Employees	Remuneration	Number of Employees
$100,000 - $109,999	63	$230,000 - $239,999	1
$110,000 - $119,999	27	$240,000 - $249,999	1
$120,000 - $129,999	12	$250,000 - $259,999	3
$130,000 - $139,999	14	$270,000 - $279,999	1
$140,000 - $149,999	8	$290,000 - $299,999	2
$150,000 - $159,999	11	$300,000 - $309,999	1
$160,000 - $169,999	10	$360,000 - $369,999	1
$170,000 - $179,999	6	$470,000 - $479,999	1
$180,000 - $189,999	2	$500,000 - $509,999	1
$190,000 - $199,999	1	$510,000 - $519,999	1
$200,000 - $209,999	3	$540,000 - $549,999	1
$210,000 - $219,999	3	$1,130,000 - $1,139,999	1
$220,000 - $229,999	2		

Statutory Disclosures

Disclosure of Directors' Interests

The following particulars were entered in the Interests Register kept for Oceania and its subsidiaries during the year ended 31 March 2023:

Elizabeth Coutts: Disclosed the following new position: Chair of Voyage Digital (NZ) Limited, trading as "Two Degrees".

Disclosed she ceased to hold the following positions: Chair of Skellerup Holdings Limited and director of other companies in the Skellerup Group.

Dame Kerry Prendergast: Disclosed the following new position: Executive Chair of Royal New Zealand Ballet.

Disclosed she ceased to hold the following position: Chair of New Zealand Film Commission.

Gregory Tomlinson: Disclosed the following new position: Chair of Heartland Group Holdings Limited.

Sally Evans: Disclosed the following new position: Director of Allianz Australia Life Policy Services Pty Limited.

Robert Hamilton: Disclosed the following new positions: Director of NZX Limited, Member of the Auckland Grammar School Foundation Trust.

Disclosed he ceased to hold the following positions: Director of NZX Limited, Board Trustee of Auckland Grammar School.

Peter Dufaur: Disclosed the following new position: Director of Seventh Coalition Holdings Limited.

Specific Disclosures

There were no specific disclosures made by Directors during the year ended 31 March 2023 of any interests in transactions with Oceania or any of its subsidiaries.

Use of Company Information

During the year ended 31 March 2023, the Board did not receive any notices from Directors requesting use of Oceania's or any of its subsidiaries' information.

CORPORATE GOVERNANCE (continued)

Securities Dealings of Directors

Dealings by Directors of Oceania in relevant interests in Oceania's ordinary shares during the year ended 31 March 2023 are entered in the Interests Register:

Director	Number of ordinary shares	Nature of relevant interest	Acquisition / disposal	Consideration (per share)	Date of Transaction
Sally Evans	40,000	Registered and beneficial interest	Acquisition	$1.05	24 May 2022
Elizabeth Coutts	50,000	Beneficial interest	Acquisition	$1.01	27 May 2022
Elizabeth Coutts	25,000	Beneficial interest	Acquisition	$1.04	2 June 2022
Elizabeth Coutts	40,053	Beneficial interest	Acquisition	$0.99	21 June 2022
Alan Isaac	4,709	Beneficial interest	Acquisition	$0.99	21 June 2022
Dame Kerry Prendergast	5,464	Registered and beneficial interest	Acquisition	$0.99	21 June 2022
Sally Evans	2,732	Registered and beneficial interest	Acquisition	$0.99	21 June 2022
Gregory Tomlinson	619,977	Beneficial interest	Acquisition	$0.99	21 June 2022
Peter Dufaur	1,167	Registered and beneficial interest	Acquisition	$0.99	21 June 2022
Elizabeth Coutts	42,762	Beneficial interest	Acquisition	$0.80	14 December 2022
Alan Isaac	4,851	Beneficial interest	Acquisition	$0.80	14 December 2022
Dame Kerry Prendergast	5,630	Registered and beneficial interest	Acquisition	$0.80	14 December 2022
Sally Evans	2,827	Registered and beneficial interest	Acquisition	$0.80	14 December 2022
Gregory Tomlinson	643,618	Beneficial interest	Acquisition	$0.80	14 December 2022
Peter Dufaur	1,202	Registered and beneficial interest	Acquisition	$0.80	14 December 2022

Directors' Interests in Shares

Directors of Oceania have disclosed the following relevant interests in shares as at 31 March 2023:

Director	Number of shares in which a relevant interest is held
Elizabeth Coutts	1,902,507 shares
Alan Isaac	311,389 shares
Dame Kerry Prendergast	361,297 shares
Sally Evans	143,584 shares
Gregory Tomlinson[1]	27,882,244 shares
Robert Hamilton	40,500 shares
Peter Dufaur	77,169 shares

1 Gregory Tomlinson's relevant interests are legally held by Tomlinson Group Investments Limited and Harrogate Trustee Limited.

Indemnity and Insurance

Oceania has granted indemnities, as permitted by the Companies Act 1993 and the Financial Markets Conduct Act 2013, in favour of each of its Directors. Oceania also maintains Directors' and Officers' liability insurance for its Directors and officers.

Auditor's Fees

Oceania's external auditor is PricewaterhouseCoopers. Total fees paid to PricewaterhouseCoopers in its capacity as auditor during the financial year ended 31 March 2023 were $647,000. Total fees paid to PricewaterhouseCoopers for other professional services (being trustee reporting, agreed upon procedures for proxy voting at the Annual Shareholder Meeting and services related to understanding the potential impact of climate related reporting requirements) during the financial year ended 31 March 2023 were $31,000. No other fees were paid to PricewaterhouseCoopers for other professional services.

Total fees paid to PricewaterhouseCoopers in its capacity as auditor during the financial year ended 31 March 2022 (for the prior comparative period) were $540,000. Total fees paid to PricewaterhouseCoopers for other professional services (being trustee reporting, requested procedures for the LTIP, services related to understanding the potential impact of climate related reporting requirements and agreed upon procedures for the Annual Shareholders Meeting) during the financial year ended 31 March 2022 (for the prior comparative period) were $76,000. No other fees were paid to PricewaterhouseCoopers for other professional services.

Donations

During the year ended 31 March 2023, Oceania paid a total of $12,621 in donations.

Listings

Oceania's shares are listed on the NZX Main Board and the Australian Securities Exchange operated by ASX Limited. Oceania is listed on ASX as a Foreign Exempt Listing, which means that Oceania is required to comply with the NZX Listing Rules but it is exempt from the majority of the ASX Listing Rules. In accordance with ASX Listing Rule 1.15.3, Oceania confirms that it has complied with the NZX Listing Rules for the financial year ended 31 March 2023.

NZX Waivers

Oceania did not apply for or rely upon any waivers from the requirements of the NZX Listing Rules during the financial year ended 31 March 2023.

Credit Rating

Oceania currently has not sought a credit rating.

Former Directors

Stephen Speers, Paul Gray and Neville Cook resigned as Directors of Bream Bay Village Limited on 1 July 2022.

Subsidiary Company Directors

Brent Pattison and Kathryn Waugh are the Directors of all Oceania's subsidiaries as at 31 March 2023, with the exception of OCA Employees Trustee Limited (the Directors of which are Elizabeth Coutts and Sally Evans).

No remuneration is payable, and there is no entitlement to other benefits, for any directorship of a subsidiary.

CORPORATE GOVERNANCE (continued)

Shareholder and Bondholder Information

Twenty Largest Registered Shareholders

(as at 30 April 2023)

	Registered Shareholder	Number of Shares	% Shares
1	New Zealand Central Securities Depository Limited (see further table below)	232,514,395	32.26
2	Forsyth Barr Custodians Limited	47,487,678	6.59
3	FNZ Custodians Limited	38,732,192	5.37
4	Custodial Services Limited	38,591,574	5.35
5	New Zealand Depository Nominee Limited	24,686,484	3.42
6	Tomlinson Group Investments Limited[1]	23,831,055	3.3
7	Hobson Wealth Custodian Limited	22,866,534	3.17
8	Lennon Holdings Limited	8,253,467	1.14
9	H & G Limited	6,150,000	0.85
10	JB Were (NZ) Nominees Limited	5,656,740	0.78
11	FNZ Custodians Limited	5,134,716	0.71
12	Andrew Craig Strong and Alison Jean Strong	4,669,071	0.64
13	JB Were (NZ) Nominees Limited	4,585,074	0.63
14	Harrogate Trustee Limited[1]	4,051,189	0.56
15	M A Janssen Limited	3,870,026	0.53
16	Forsyth Barr Custodians Limited	3,236,482	0.44
17	Leveraged Equities Finance Limited	3,206,784	0.44
18	OCA Employees Trustee Limited	2,636,659	0.36
19	FNZ Custodians Limited	2,464,365	0.34
20	Hobson Wealth Custodian Limited	2,437,707	0.33
Total		**485,062,192**	**67.21**

1 Gregory Tomlinson's relevant interests are held by Tomlinson Group Investments Limited and Harrogate Trustee Limited

New Zealand Central Securities Depository Limited provides a custodial depository service that allows electronic trading of securities to its members. It does not have a beneficial interest in these shares. Its major holdings of Oceania shares are held on behalf of:

	Name	Number of Shares	% Shares
1	BNP Paribas Nominees (NZ) Limited	33,313,659	4.62
2	HSBC Nominees (New Zealand) Limited	25,348,085	3.52
3	MFL Mutual Fund Limited	24,698,588	3.43
4	Accident Compensation Corporation	21,928,302	3.04
5	Generate Kiwisaver Public Trust Nominees Limited	21,716,060	3.01
6	ANZ Wholesale Trans-Tasman Property Securities Fund	20,962,952	2.91
7	Citibank Nominees (New Zealand) Limited	17,619,181	2.45
8	JP Morgan Chase Bank NA NZ	17,531,737	2.43
9	HSBC Nominees (New Zealand) Limited	12,357,869	1.72
10	ANZ Wholesale Australasian Share Fund	9,321,825	1.29
11	Simplicity Nominees Limited	6,454,423	0.90
12	TEA Custodians Limited Client Property Trust Account	6,008,710	0.83
13	Pathfinder Nominees Limited	5,934,909	0.82
14	Public Trust Class 10 Nominees Limited	2,681,299	0.37
15	BNP Paribas Nominees (NZ) Limited	2,615,422	0.36
16	ANZ Wholesale Property Securities	2,115,160	0.29
17	BNP Paribas Nominees (NZ) Limited	585,700	0.08
18	ANZ Custodial Services New Zealand Limited	540,946	0.08
19	Public Trust RIF Nominees Limited	370,083	0.05
20	Public Trust RIF Nominees Limited	270,218	0.04

Spread of Registered Shareholdings

(as at 30 April 2023)

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 – 1,000	986	11.5	482,609	0.07
1,001 – 5,000	2,126	24.79	6,240,730	0.86
5,001 – 10,000	1,623	18.93	12,387,758	1.72
10,001 – 100,000	3,399	39.63	102,095,922	14.17
100,001 and over	442	5.15	599,348,166	83.18
Totals	**8,576**	**100**	**720,555,185**	**100**

Management commentary
(no financial statements)

CORPORATE GOVERNANCE (continued)

Substantial Product Holders

According to notices given under the Financial Markets Conduct Act 2013, the following were substantial product holders of Oceania as at 31 March 2023:

Substantial Product Holder	Number of Shares	% of shares held at date of notice	Date of Notice
ANZ New Zealand Investments Limited, ANZ Bank New Zealand Limited and ANZ Custodial Services New Zealand Limited	54,134,576	7.569	15 December 2022

Twenty Largest Registered Bondholders OCA 010

(as at 30 April 2023)

	Registered Bondholder	Number of Bonds	% Bonds
1	Custodial Services Limited	44,574,000	35.65
2	New Zealand Central Securities Depository Limited (see further table below)	24,351,000	19.48
3	FNZ Custodians Limited	17,306,000	13.84
4	Hobson Wealth Custodian Limited	11,404,000	9.12
5	Forsyth Barr Custodians Limited	5,118,000	4.09
6	Investment Custodial Services Limited	2,446,000	1.95
7	Forsyth Barr Custodians Limited	1,277,000	1.02
8	JB Were (NZ) Nominees Limited	1,275,000	1.02
9	FNZ Custodians Limited	940,000	0.75
10	FNZ Custodians Limited	695,000	0.55
11	David James Foster & Linda Joyce Foster	500,000	0.4
12	Craig John Thompson	500,000	0.4
13	Custodial Services Limited	452,000	0.36
14	Henry & William Williams Memorial Trust Incorporated	400,000	0.32
15	Hugh McCracken Ensor	370,000	0.29
16	William Leonard Wright & Gillian Wright	350,000	0.28
17	Hobson Wealth Custodian Limited	200,000	0.16
18	Robert Raymond Paterson	200,000	0.16
19	Hobson Wealth Custodian Limited	195,000	0.15
20	Gabriele Landvogt	170,000	0.13
Total		**112,723,000**	**90.12**

New Zealand Central Securities Depository Limited provides a custodial depository service that allows electronic trading of securities to its members. It does not have a beneficial interest in these bonds. Its major holdings of Oceania bonds are held on behalf of:

	Name	Number of Bonds	% Bonds
1	TEA Custodians Limited Client Property Trust Account	12,590,000	10.07
2	Generate Kiwisaver Public Trust Nominees Limited	4,080,000	3.26
3	Mint Nominees Limited	3,490,000	2.79
4	Queen Street Nominees ACF PIE Funds	2,895,000	2.32
5	JP Morgan Chase Bank NA NZ Branch	500,000	0.40
6	Public Trust RIF Nominees Limited	358,000	0.29
7	Public Trust RIF Nominees Limited	160,000	0.13
8	ANZ Custodial Services New Zealand Limited	110,000	0.09
9	Public Trust Class 10 Nominees Limited	97,000	0.08
10	BNP Paribas Nominees (NZ) Limited	71,000	0.06

Spread of Registered Bondholdings OCA 010

(as at 30 April 2023)

Size of Holding	Number of Bondholders	%	Number of Bonds	%
1,001 – 5,000	18	4.06	90,000	0.07
5,001 – 10,000	88	19.86	864,000	0.69
10,001 – 100,000	303	68.4	10,560,000	8.45
100,001 and over	34	7.68	113,486,000	90.79
Totals	**443**	**100**	**125,000,000**	**100**

CORPORATE GOVERNANCE (continued)

Twenty Largest Registered Bondholders OCA 020

(as at 30 April 2023)

	Registered Bondholder	Number of Bonds	% Bonds
1	New Zealand Central Securities Depository Limited (see further table below)	28,303,000	28.3
2	Custodial Services Limited	25,466,000	25.46
3	FNZ Custodians Limited	11,242,000	11.24
4	Forsyth Barr Custodians Limited	10,425,000	10.42
5	Hobson Wealth Custodian Limited	8,223,000	8.22
6	Investment Custodial Services Limited	1,830,000	1.83
7	Forsyth Barr Custodians Limited	1,066,000	1.06
8	FNZ Custodians Limited	922,000	0.92
9	Hobson Wealth Custodian Limited	623,000	0.62
10	JB Were (NZ) Nominees Limited	569,000	0.56
11	KIWIGOLD.CO.NZ Limited	400,000	0.4
12	Marianne Mathilde Marie Stoessel	350,000	0.35
13	Andrew William Gawlik & Susan Mary Gawlik	280,000	0.28
14	Custodial Services Limited	183,000	0.18
15	JB Were (NZ) Nominees Limited	175,000	0.17
16	FNZ Custodians Limited	173,000	0.17
17	Paul Arnold Aitken	170,000	0.17
18	Lili Wang	150,000	0.15
19	Woodford Enterprises Limited	150,000	0.15
20	Visregen Technologies Limited	140,000	0.14
Total		**90,840,000**	**90.79**

New Zealand Central Securities Depository Limited provides a custodial depository service that allows electronic trading of securities to its members. It does not have a beneficial interest in these bonds. Its major holdings of Oceania bonds are held on behalf of:

	Name	Number of Bonds	% Bonds
1	Generate Kiwisaver Public Trust Nominees Limited	12,100,000	12.1
2	National Nominees Limited	9,553,000	9.55
3	TEA Custodians Limited Client Property Trust Account	5,900,000	5.9
4	JP Morgan Chase Bank NA NZ Branch	400,000	0.4
5	Westpac Banking Corporate NZ Financial Markets Group	172,000	0.17
6	Public Trust RIF Nominees Limited	110,000	0.11
7	BNP Paribas Nominees (NZ) Limited	68,000	0.07

Spread of Registered Bondholdings OCA 020

(as at 30 April 2023)

Size of Holding	Number of Bondholders	%	Number of Bonds	%
1,001 – 5,000	55	10.83	275,000	0.28
5,001 – 10,000	137	26.97	1,134,000	1.13
10,001 – 100,000	289	56.89	7,569,000	7.57
100,001 and over	27	5.31	91,022,000	91.02
Totals	**508**	**100**	**100,000,000**	**100**

Management commentary
(no financial statements)

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Management commentary
(no financial statements)