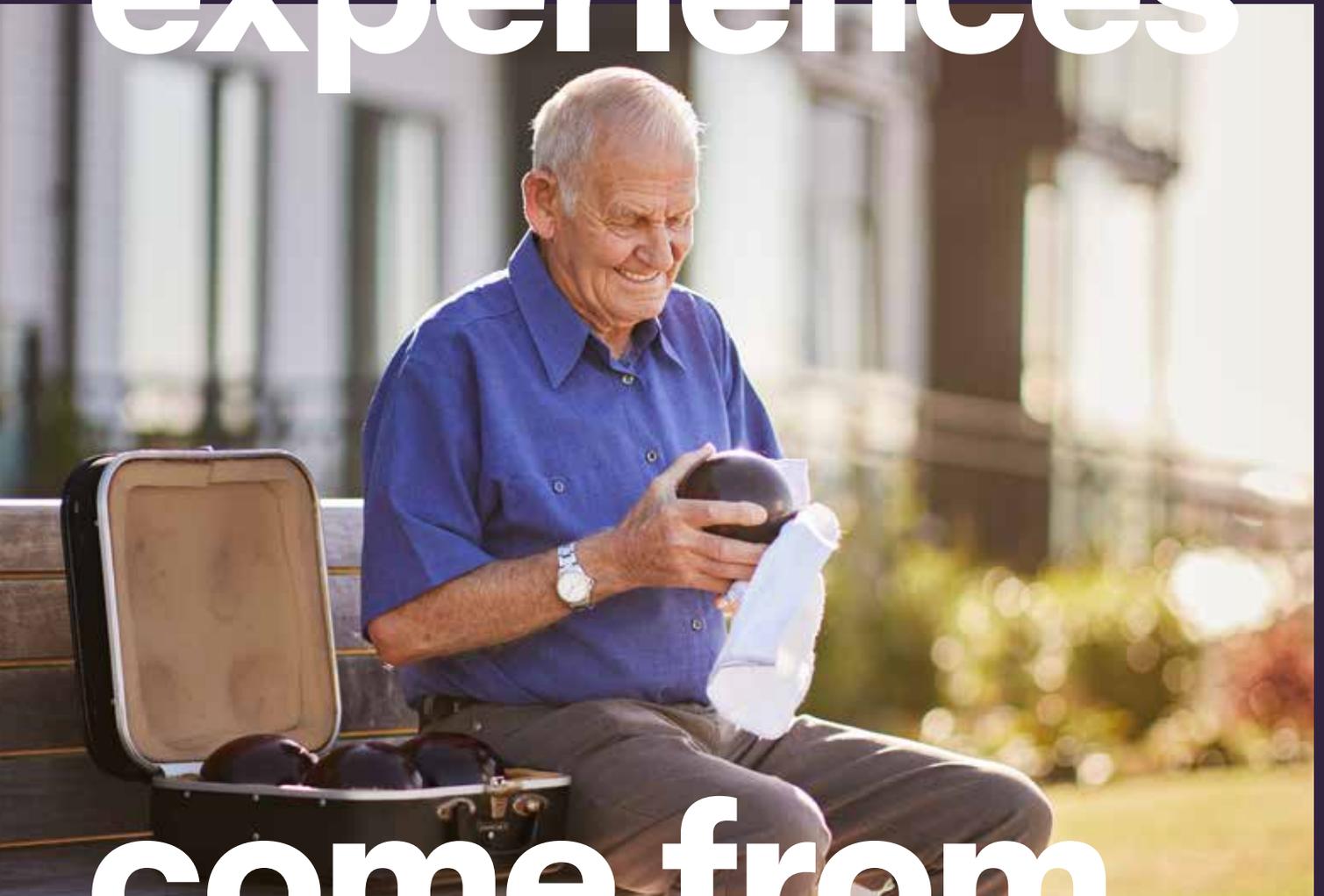
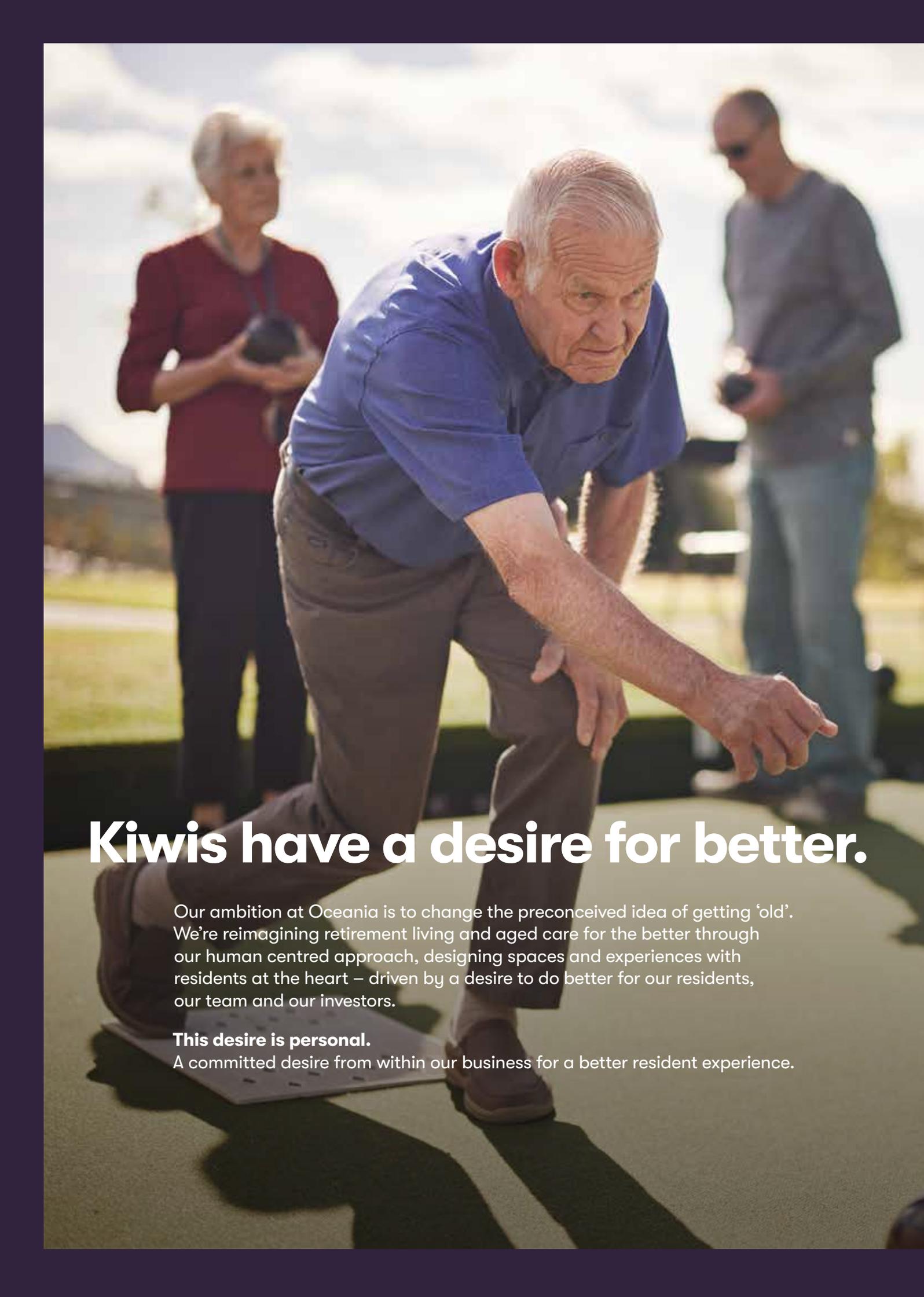


# Better experiences



# come from within.





# Kiwis have a desire for better.

Our ambition at Oceania is to change the preconceived idea of getting 'old'. We're reimagining retirement living and aged care for the better through our human centred approach, designing spaces and experiences with residents at the heart – driven by a desire to do better for our residents, our team and our investors.

**This desire is personal.**

A committed desire from within our business for a better resident experience.

# It's in our DNA.

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## LETTER FROM THE CHAIR

# Results from the heart.

I am pleased to present our Annual Report for the year ended 31 March 2022.

Oceania has remained focused on providing a safe environment for its people to live and work in and has continued to demonstrate resilience and strength in its business model despite the demands of the pandemic and macro environment. These factors have contributed to a solid financial result for the year ended 31 March 2022.

## Financial Performance

Last year Oceania changed its balance date from 31 May to 31 March. This Annual Report represents the first full 12 month period under the new balance date and has a comparative reporting period of the 10 month period to 31 March 2021.

Unaudited Underlying EBITDA of \$76.2m for the year ended 31 March 2022 was 16% higher than the prior corresponding period of \$65.6m. This was largely as a result of strong sales and resales despite the COVID lockdowns and the increased premium charges from previous developments in the form of growing deferred management fees.

Oceania's total assets increased to \$2.2b as at 31 March 2022, compared with \$1.9b as at 31 March 2021. This material increase is due to the addition of the Waterford and Franklin transactions in the period coupled with growth in asset value on first time sales of development sites.

For the year ended 31 March 2022, operating cashflow was \$105.5m, compared to \$96.0m for the 10 months to 31 March 2021, reflecting strong first time sales and resales during the period.

Throughout the year, Oceania has further strengthened its balance sheet to ensure that it is fit for future growth,

with the issue of a second retail bond and the refinance and increase in its banking facilities. Building on the successful inaugural issue of Oceania's \$125m retail bond in October 2020, Oceania issued a second retail bond of \$100m in September 2021. This second retail bond was again heavily oversubscribed and strengthens Oceania's position to support future growth.

On 9 May 2022, Oceania announced that it had entered into an amended Facilities Agreement which provides for an increase in facility size from \$350m to \$500m and an extension of maturity date to mid 2027. The increased facilities will be used to accelerate Oceania's development pipeline and are pivotal to Oceania's growth strategy moving forward.

As at 31 March 2022, Oceania had current drawn down debt and bonds of \$379.8m and \$9.7m of cash, representing \$204.9m of undrawn net debt headroom.

On 9 May 2022, Oceania announced that it had entered into conditional agreements to purchase Remuera Rise (Newmarket, Auckland) and Bream Bay Village (Northland) for approximately \$57m. Remuera Rise comprises 58 apartments and 12 care beds, while Bream Bay Village currently comprises 75 villas, with an additional eight villas under construction and development potential for an additional 124 villas. This acquisition was undertaken following exclusive negotiations with the vendors and will deliver Oceania an existing vertical village in the heart of Newmarket, Auckland, with significant embedded value, as well as a recently developed village in Bream Bay and a development opportunity in the form of a neighbouring parcel of land. The agreements are conditional



**“ In the coming years, Oceania will be seeking to leverage its established operating platform and accelerate its development pipeline, by pursuing a range of both organic and inorganic growth opportunities.**

Elizabeth Coutts – Chair

upon Statutory Supervisor, Ministry of Health and DHB consent and it is expected that completion will occur by July 2022.

Oceania is reviewing its current portfolio of sites and its development pipeline to create increased optionality, which in turn will ensure optimal capital allocation and the recycling of cash within the business. We will update the market on the outcome of this review in due course.

The Directors have declared a final dividend of 2.3 cents per share, taking full year dividends (non-imputed) to

4.4 cents per share, which represents 53.9% of Underlying Net Profit After Tax. This reflects strong trading and operating cashflow throughout the period. A dividend reinvestment plan for our New Zealand and Australian shareholders will apply to this dividend, which is payable on 21 June 2022. 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.

## Strategy

With the current macro environment and market context presenting challenges for all businesses, including Oceania, Oceania has been reassessing its strategy and its approach going forward. Oceania has developed four key strategic pillars – offer, resident experience, people capability and growth – and is working towards achieving specific goals for each of these pillars.

With the completion and sell-down of many of its key developments in recent years, Oceania is now moving beyond its brownfield development pipeline opportunities. The next cycle for Oceania is in both the execution of acquisitions of premium properties as demonstrated by the recent acquisitions of Remuera Rise and Bream Bay Village together with a greenfield development strategy. The acquisition of premium properties can deliver strong accretion to underlying earnings per share. A greenfield development strategy is attractive to Oceania as it

provides greater flexibility to stage developments, product can be brought to market more quickly and presales will be easier to achieve. Oceania has been investigating greenfield land acquisitions in key population growth areas of New Zealand. Any such acquisitions must be on-strategy and deliver sustainable value to shareholders.

In the year ended 31 March 2022, Oceania completed the acquisition of 7.9 hectares of land at Franklin. The development at Franklin represents a transition to a full service, fully integrated village including a range of on-site amenity and community facilities on a greenfield site.

As part of the greenfield development strategy, there will be a reweighting towards the construction of

independent living villas, rather than apartments or care rooms. Our experience in delivering units to market has demonstrated that while the end product itself is important, all product delivered to our residents needs to be designed, constructed and finished in such a way as to enhance resident experience. Initial work on the design and staging of the development at Franklin is being undertaken with an enhanced resident experience in mind.

Oceania's differentiating factor has been its commitment to care. Oceania is continuing to deliver clinical excellence and explore new initiatives in care to maximise resident experience and the quality of care provided to our residents.

In order to deliver quality care and services to its residents, Oceania is focused on attracting and retaining the best people. Oceania is committed to fostering and developing people capabilities across Oceania.

In the coming years, Oceania will be seeking to leverage its established operating platform and accelerate its development pipeline, by pursuing a range of both organic and inorganic growth opportunities.

## Governance

We welcomed Rob Hamilton and Peter Dufaur to the Board in September 2021. Rob and Peter bring extensive experience in the capital markets, finance and property development sectors respectively and have made a significant contribution since joining the Board, particularly in relation to the refinance and the acquisition of Remuera Rise and Bream Bay Village.

Patrick McCawe resigned from the Board with effect from 16 February 2022 and we thank him for his

contribution over the last five years, in particular his work on Oceania's retail bonds and the capital raise in recent years.

As foreshadowed at the Annual Shareholders Meeting in June 2021, the Board has undertaken a review of Director fees. A resolution to authorise an increase in Directors' fees will be put to shareholders at the Annual Shareholders Meeting on 23 June 2022. It is important to note that fees paid to each Director have not changed since Oceania's listing in 2017 and the workload has increased significantly since that time. The additional work undertaken by Directors since 2017 has provided Oceania with a strong platform for growth. Looking forward, Directors' workload is expected to continue to increase with more legislative and regulatory changes being proposed and stakeholders' expectations increasing to consider and monitor a broader range of non-financial measures. It is also necessary to set fees at a sufficient level to attract directors with the necessary skills and experience. Further information on the resolution to authorise an increase in Directors' fees will be included in the forthcoming Notice of Meeting.

## Sustainability

We have also made significant progress with our ESG initiatives and reporting over the last six months. With the changes in the macro environment over the last two years, we have updated the materiality matrix, setting out what matters most to our stakeholders, being our residents and their families, our people and local communities, our investors and funders, our suppliers, industry bodies and the Government.

The updated materiality matrix set out in this Annual Report forms the pillars of our strategy and key performance indicators for success.

Work is well underway on Oceania's sustainable finance framework, including the development of key performance indicators, and this will be finalised in the coming months.

Oceania is also in the process of developing its climate related disclosures against the standards based on the TCFD framework and this will be available on Oceania's website later in the year.

## Looking Ahead

In the five years since Oceania's listing on NZX and ASX, Oceania has made tremendous progress having completed a number of key brownfield developments and has demonstrated clinical excellence in the delivery of care to its residents. As we look beyond the COVID-19 lockdowns of 2020-2021, we are looking forward to executing on Oceania's strategic priorities and developments in order to deliver performance and growth.

On behalf of the Board, I would like to thank the Directors and our team of dedicated staff for their continued hard work and effort during what has been another demanding year.

Yours sincerely



**Elizabeth Coutts**

Chair

“ 2 births, 19 deaths and countless interventions that saved lives...”

Gary – Ex Volunteer Fire Chief and St John's paramedic



# Building connections.



As you enter Gary and wife Shirley's apartment, there's a plaque on the wall that says, "Retirement is when you stop living at work and begin to work at living."

Gary's embracing that mantra at The BayView and enjoying life within the village.

A softly spoken, modest man with kind blue eyes and a firm handshake, Gary's a giver who understands the value of community. Throughout his life he's given back more than most and has always been connected to the heart of his community. He knows exactly what it means to be an active community member.

In his home town of Piopio, he not only owned the Four Square supermarket where he was proprietor for 47 years, (he sold the shop in 1998), but for 18 years was Volunteer Fire Chief and a paramedic with St John's Ambulance at the same time. As he puts it,

he attended "2 births, 19 deaths and countless interventions that saved lives. Typically, he gives the credit for allowing him to do this to his family, who helped run the Four Square.

"I like to get involved," says Gary.

When he retired, he and Shirley moved to Waihi Beach and Gary started "working at living" in earnest. As he puts it "the work just started then!" He extensively remodelled the house and built a substantial home with room for all the family. He also built a 6-metre boat to take the family fishing. His 'man shed' was a hive of activity, "I've always enjoyed having a project," he says.

And of course, giving back to the voluntary community continued too, he got involved with building the Waihi Beach RSA, putting in bar tops and seating areas.

Now as a resident at The BayView nothing has changed; Gary is finding other ways to give back, and his story continues... (page 113)

## TRADING HIGHLIGHTS 12 months to 31 March 2022

# A better experience is the bottom line.

## \$ Financial 12 month period to 31 March 2022

Total assets  
as at 31 March 2022

\$2.2bn

16.6%  
higher than 31 March 2021  
total assets of \$1.9bn

Underlying Earnings Before Interest,  
Tax, Depreciation and Amortisation  
12 months to 31 March 2022

\$76.2m

16.2%  
ahead of 12 months to 31 March 2021  
proforma underlying earnings before  
interest, tax, depreciation and  
amortisation of \$65.6m

Reported Total  
Comprehensive Income  
12 months to 31 March 2022

\$114.4m

compared to 10 months  
to 31 March 2021 reported  
total comprehensive  
income of \$167.9m

Operating Cash Flow  
12 months to 31 March 2022

\$105.5m

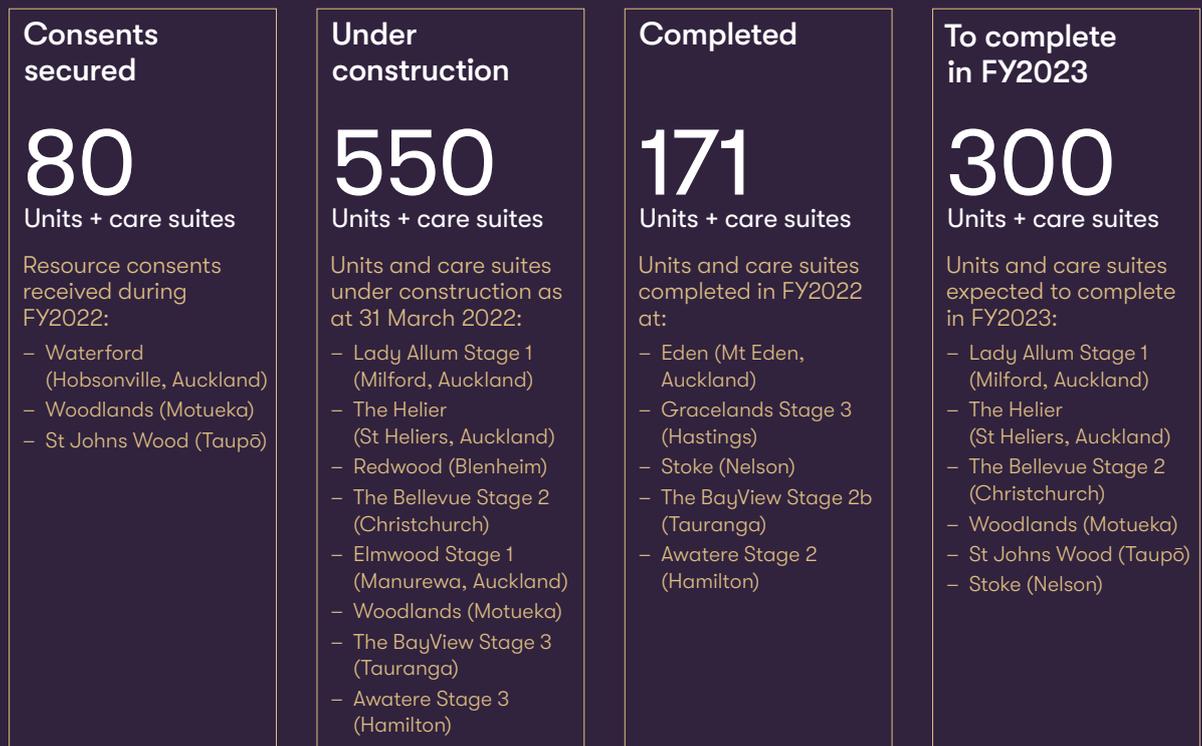
compared to 10 months  
to 31 March 2021 reported  
operating cash flow  
of \$96.0m



**Operational** 12 month period to 31 March 2022



**Developments** 12 month period to 31 March 2022



## AT A GLANCE

# The belief in better.

In our quest to reimagine the aged care and retirement living experience we constantly challenge ourselves to deliver better. We have committed to a future development delivery of over 300 units per annum, underpinned by our current development pipeline of over 1,957 new residences of which 71.3% is already consented.



Staff

2,900



Residents

4,000



Care beds and care suites

2,579



Units

1,625

Existing sites with  
mature operations

25

Existing sites  
with brownfield  
developments  
(current and planned)

20

Undeveloped sites

1

Total sites

46

As at 31 March 2022

“ We drove up and loved the location and the view. Then we met Trudi, and she was great. We bought off the plans, and you know, it couldn't be nicer.

Shirley – The BayView resident

OUR TIMELINE

# Celebrating our 5<sup>th</sup> Listing Anniversary.

In the five years since Oceania listed on the NZX and ASX a journey of performance and growth has seen a significant number of proof points.





OCA joined the NZX50 on 3 May 2019



Completion of new care centre at Awatere, Hamilton (comprising 90 care suites)



Completion of The Sands (comprising 63 apartments and 44 care suites)



Sale of 251m shares by Oceania Healthcare Holdings Limited



Completion of Green Gables, Nelson (28 apartments, 61 care suites)



Completion of Meadowbank Stage Five (26 apartments) – the last stage of independent living apartments to be constructed at Meadowbank



Inaugural \$125m retail bond offer

May 2019

January 2020

May 2020

September 2020

OUR TIMELINE cont.



Appointment of Brent Pattison as Chief Executive Officer



Completion of The Bellevue (22 apartments and 71 care suites)



March 2021



\$100m capital raise and acquisition of Waterford (Hobsonville Point, Auckland) and Franklin care centre and adjacent land (Pukekohe, Auckland)



April 2021



Completion of 49 apartments at Eden (Auckland)



May 2021



Appointment of Rob Hamilton and Peter Dufaur as Independent Directors



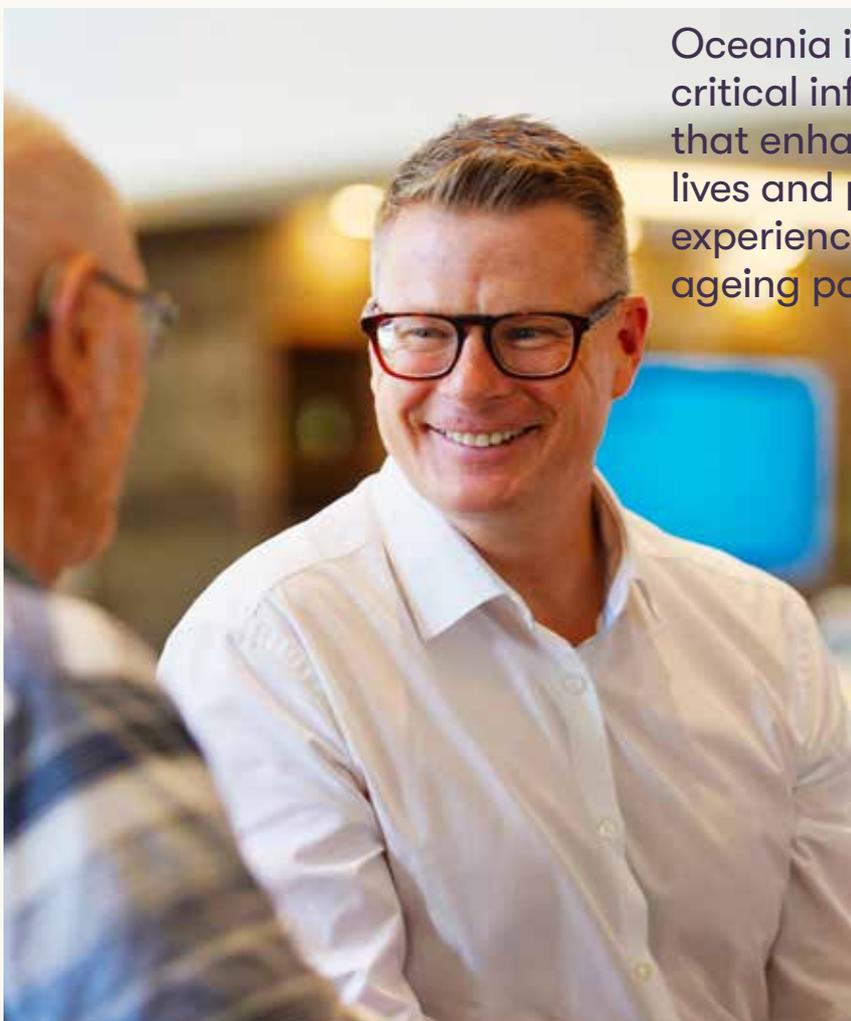
\$100m retail bond offer

Aug/Sept 2021



## LETTER FROM THE CEO

# Our growth and performance.



John, a resident at Meadowbank, sharing some stories with Brent, our Chief Executive Officer

Oceania is committed to growing critical infrastructure and services that enhance our residents' lives and provide a better living experience for New Zealand's ageing population.

**At Oceania we continue to invest for the future. Instead of letting current challenging times slow our ambitions, we have prudently increased our investment levels demonstrating our commitment to building an even better future for Oceania, our residents, their families, our people and shareholders.**

The year began with the completion of the acquisition of Waterford (Hobsonville Point, Auckland) in April 2021. This property has added significant value to the portfolio and achieved 19 new apartment sales plus a greenfield opportunity with consent granted for the development of 50 independent living apartments to be commenced in May 2022.

The strengthening of our balance sheet has provided a solid platform for ongoing growth and is a highlight of the period. In addition to the second retail bond of \$100m in September 2021, we were pleased to announce an increase in the banking facilities, from \$350m to \$500m, and an extension in tenor to mid 2027. This will enable Oceania to accelerate its development pipeline and grow the business through organic and inorganic opportunities.



We are also very pleased to announce that we have recently entered into agreements to acquire a further two prime retirement living properties and a greenfield landbank.

Remuera Rise is a prestigious retirement living apartment complex located in Newmarket, Auckland offering commanding views to the Hauraki Gulf. Residences include 58 luxury independent living apartments and 12 specialist care residences. Bream Bay Village is in Ruakaka, Northland. It comprises 75 quality independent living villas and an additional 8 under construction on 4.7 hectares.

Oceania has also entered into an option agreement to acquire 6.7 hectares of greenfield development land adjacent to Bream Bay Village. Preliminary design plans comprise 124 villas and high-quality resident amenity.

The opportunity was a targeted strategic investment and conducted under exclusivity with the vendor and successfully executed in a short time frame, demonstrating the value of Oceania's belief in developing positive partnerships.

These notable achievements were achieved against a challenging macroeconomic backdrop.

Oceania has continued to navigate through the challenges arising from COVID-19. Its upfront investment in its clinical quality platform has proved to be valuable for managing the risks of COVID-19 over the last two years. We adopted a risk management approach to dealing with COVID-19 and allowed family members and friends to continue visiting our residents during alert levels. This connection provided

significant wellness benefits to all. This was also reflected in the results of the InterRai data (the mandatory clinical assessment data used by all aged care operators in New Zealand) which shows that Oceania's residents have felt happier and less lonely than residents of other aged care providers. In addition, the level of team absences was low compared to other aged care providers, which meant that our teams could continue providing the same high level of care to our residents. We can't express enough our gratitude for our amazing people who continue to go the extra mile during these demanding times.

### Our People

Oceania has always been, and continues to be, a people business. Our people are at the heart of everything we do and are key to the provision of high quality care and other services to our residents. Given the current employment market, we are focused on ensuring Oceania attracts the right people, and then retains these people within our business. The workforce crisis facing the sector is ongoing, and we are continuing to implement new initiatives to address staff shortages, including the introduction of additional learning and development opportunities, wellness initiatives and improved employee benefits.

We were delighted to welcome Andrew Buckingham as Group General Manager Property and Development in January 2022. Andrew has been actively involved in the initial work on the design of the Franklin development, as well as the acquisition of Remuera Rise and Bream Bay Village. Andrew's

“Oceania has always been, and continues to be, a people business. Our people are at the heart of everything we do and are key to the provision of high quality care and other services to our residents.

Brent Pattison –  
Chief Executive Officer



Oceania Waterford

passion is in the curation of great resident experience that is evidenced in intelligent, award winning and sustainable living spaces for our residents, staff and guests.

We have also made further investment in our sustainability team, with the appointment of a senior manager who brings significant experience in sustainability in the aged care sector and will be instrumental in delivering the next phases of Oceania’s sustainability journey.

Our employee share scheme was offered again to our people in late 2021. This scheme gives our people the opportunity to own a stake in Oceania and to share in our growth. Permanent staff are invited to participate in the scheme and receive an allocation of \$800 per annum (for full-time employees) and \$400 per annum (for part-time employees) of Oceania shares. There was a 82% uptake in December 2021, which is the highest uptake since the scheme began in September 2019. We are looking forward to the vesting of shares in September 2022 for those employees who joined the first scheme in 2019, and are delighted that we can recognise our people in this way for the crucial part they play in Oceania’s success.

As noted in our Interim Report, Oceania became a member of ACC’s Accredited Employer Programme on 1 April 2021. During the year ended 31 March 2022, Oceania enjoyed the benefits of this, with better case management, early prevention and a significant reduction in the number of lost time injuries compared to prior periods. Following the audit in April 2022, Oceania has been awarded tertiary status in the programme, which is the highest rating and an outstanding achievement given Oceania has only been in the programme for one year. In the audit, we were commended on the positive health and safety culture within our business. We are very pleased to receive this result and look forward to continuing to build upon the health and safety culture within the business.

In addition to providing care and village services to our residents, Oceania has also invested in the development and operation of Wesley Institute of Nursing Education. The Wesley Institute provides both a

conversion Competency Assessment Programme for internationally qualified nurses and provides a route for these people to practice as registered nurses in New Zealand, as well as a Return to Nursing Programme for New Zealand nurses wanting to return to the workforce after five years or more of absence. These courses provide a valuable service to people wishing to pursue nursing as a career in New Zealand, at a time when registered nurse shortages are at an all-time high.

**Developments**

We continue to make good progress on the execution of our development pipeline in the year ended 31 March 2022.

In the year ended 31 March 2022, 171 units were completed across our developments at Eden (Auckland), Gracelands (Hastings), Stage Two at The BayView (Tauranga) and Stage Two at Awatere (Hamilton). The year started with the completion of 50 new independent living apartments at Eden in April 2021 and we welcomed our first residents into the Bremner apartments at this time. 18 new villas were completed at Gracelands in September/October 2021 and these have all been sold. This was the last stage of development at Gracelands, which now comprises 119 independent living villas. 35 independent living apartments were completed at The BayView in March 2021 and the remaining 39 apartments in Stage Two were completed in December 2021.

Finally, 63 new independent living apartments at Awatere were delivered in March 2022.

As at 31 March 2022, there were 550 units under construction at 8 sites across New Zealand.

The development of 113 new care suites at Lady Allum (Milford, Auckland) was initially scheduled to be delivered in FY2022 but this project has been



**Why it’s personal for our CEO, Brent:**

“My passion for the sector began with my grandparents who were my biggest champions, and for whom I had the deepest respect. They were everyday people, who lived in a railway house alongside Paekakariki Station. They understood the importance of community and worked hard to ensure that everyone around them felt purpose and inclusion. I have learnt some of my most important life lessons from them including overcoming adversity, always taking a positive approach to life, and the importance of forging strong relationships. One of my happiest memories is turning up to see Nana and Grandad, chatting with them, and helping them complete their latest jigsaw puzzle. Now when you turn up to my house, there’s always a new jigsaw puzzle on the go.”

delayed as a result of COVID-19 construction delays and this is now expected to be completed in July 2022.

The premium Waimarie Street development in St Heliers, Auckland, is progressing well and is expected to be completed in March 2023. This flagship village, comprising 79 premium independent living apartments and 32 care suites, will be called “The Helier” to reflect the private label nature of this offering. We are in the process of registering the village and will start taking applications for the independent living apartments in the coming months.

The extension of the care centre at Woodlands (Motueka) is progressing well. Stage One, which involves the construction of 14 new care suites, is currently on track for completion in June 2022. Stage Two, which comprises the internal reconfiguration of eight standard rooms to create four new care suites, will commence at the completion of Stage One.

Construction of 57 care suites at Redwood (Blenheim) is well underway, with Stage One (comprising the new kitchen, staff room, dining room and

temporary reception) completed in February 2022, and the care centre on track for completion in March 2023.

Stage Two of the development at The Bellevue (Christchurch), comprising 46 new independent living apartments is also progressing well, with completion scheduled for March 2023.

The construction of 106 care suites at Elmwood (Auckland) commenced in September 2021 and is progressing on programme at present. Construction is expected to be completed by July 2023.

Finally, following the conclusion of Stage Two at The BayView (Tauranga) in December 2021, we have started detailed excavation work for the building foundations of Stage Three, comprising 28 independent living apartments. This next stage of the development is scheduled to be complete in October 2023.

### Resident Experience

Oceania’s ambition is to be the leader in the delivery of resident centred retirement and aged care living in New Zealand.

Oceania has always been an innovator in the sector and has led the evolution of the resident experience including the transformation from aged care rooms to premium care suites and the creation of Nurse Practitioners to provide primary healthcare services to our aged care residents.

And our “Believe in Better” promise doesn’t stop there.

Oceania is now taking the concept of resident experience further. Fresh thinking has generated exciting new innovative services that will be launched at our premium site The Helier (St Heliers, Auckland) in 2023.

Oceania is also intending to introduce the concept of private hospital care at The Helier. A private care model will provide residents a world-leading care experience and allow Oceania to work outside of the restrictions of the current DHB and Age Related Residential Care funding model.

### Outlook

The retirement village and aged care sector continues to expand as the New Zealand population ages. Whilst there is a natural market growth opportunity, the true opportunity lies with innovation and consistently delivering great resident experience. Along with our ongoing growth and performance ambitions, our focus is set to reimagine the resident experience to deliver unprecedented services across both retirement and aged care living. We will continue to confidently invest in developing critical infrastructure to support our ambitions.

We have an exciting future and I thank you for your support.



Brent Pattison  
Chief Executive Officer



## CHANGE OF BALANCE DATE

This represents the second Annual Report since the change of balance date to 31 March and the first for a full 12 month period. Provided below are the proforma underlying earnings positions for the 12 month period to 31 March 2022 with comparative 12 month period to 31 March 2021.

## Underlying Earnings 12 month comparative position

The following 12 month trading position as provided below represents the trading position of the Company.

The periods represent:

- 12 months to 31 March 2022; and
- 12 months to 31 March 2021 (comparative period)

This forms the basis of the trading highlights pages in this Annual Report.

\$NZ000's	Audited 12 months to 31 March 2022	Unaudited 12 months to 31 March 2021
Care	22,053	21,313 <sup>1</sup>
Village Operating	22,243	16,458
Resales Cap Gain	23,492	18,959
Development Margin	32,850	29,524
Corporate	(24,397)	(20,699) <sup>2</sup>
<b>Group Underlying EBITDA</b>	<b>76,241</b>	<b>65,555</b> <sup>1,2</sup>
Interest	(9,303)	(7,879)
Depreciation	(10,217)	(8,705)
<b>Underlying NPAT</b>	<b>56,721</b>	<b>48,971</b> <sup>1,2</sup>
Occupied Beds per day	2,312	2,305
Effective Bed Capacity per day	2,514	2,504
<b>Effective Occupancy (%)</b>	<b>92.0%</b>	<b>92.0%</b>
Existing ORAs sold	92	88
New ORAs sold	118	107
Existing Care Suites Sold	174	124
New Care Suites Sold	66	115
<b>Total ORAs Sold</b>	<b>450</b>	<b>434</b>

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 earnings in relation to the 12 month period to 31 March 2022 by \$1.8m. The proforma 12 month period to 31 March 2021 has been restated to remove the impact of the subsidy claim.

2. 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.



# The connection culture

**The BayView Tauranga may be one of our newer villages, but already the residents are making it their own, and the village management and staff could not be happier about it.**

There is no 'us' (residents) and 'them' (staff), as can sometimes be the case in retirement villages. At The BayView, its genuinely one big family, connected by a shared view to create an environment that feels like a close knit community, so they can enjoy great experiences together.

Sales Manager Trudi explains.

*"It's all about the residents, we want to hear what they want to do, and create a village that they want to live in – it's their village. Linda (Village Manager) has been instrumental in creating that culture, she's amazing."*

That cohesive vision is already taking shape. The village has been designed and built to cater for wide variety of interests and activities, so residents can 'do their own thing'.

One example? The tools shed, (the man cave), where resident Gary (featured here) and mate Terry have made bowls carriers for their fellow bowlers. The newly-finished indoor pool complex now hosts aqua aerobic classes, which are a huge hit, and the regular yoga classes are already well attended.

"Not everything suits everyone, but there's something for everyone", says Trudi, explaining there's a residents' suggestion box in the café at The BayView, where residents can suggest any activities they want to do, or movies they want see at the on-site cinema. The village staff are only too keen to make it happen. The latest suggestion is Bridge classes and matches - it's underway.

The light, versatile and appealing shared spaces encourage residents to enjoy the company of others and enjoy activities together. The main lounge has breakout areas for cards; there's a private lounge which residents can use to host family gatherings, or just watch the tennis.

The library is a lovely space. The bus is there for shopping and any trips (suggestions in the box please!). Happy hour on Fridays is very popular!

Residents are empowered by this connectivity culture. Early resident Raewyn started teaching Mah-jong - now there's a game going regularly. The construction manager at the village bought a Mah-jong board on Trade Me and brought it in for the growing group of players to use.



Villa residents (with their own vege patches) bring up avocados or rhubarb they've grown to share with everyone, other residents just take what they want. That's the culture at The BayView and residents love it.

Trudi explains they know they're doing something right when visitors or prospective residents coming into The BayView feel the vibe and mention it.

**“They feel all the positivity of our connection culture, there's no better statement I could make about our village, they feel it, we all love it.**

## COVID-19 LEADERSHIP

# Best practice for a better industry.

Oceania has continued to successfully navigate the challenges associated with operating an aged care and retirement village business throughout the COVID-19 pandemic.

**Its upfront investment in clinical quality, as well as the adoption of a risk management approach and ethical reasoning in its decision making, have served Oceania well throughout this period.**

We are very grateful to our people for their hard work and going the extra mile during these difficult times. Oceania introduced its own vulnerable staff assessments in March 2020. In contrast to the then current guidance from the Ministry of Health, Oceania applied a risk assessment process to determine which of our staff were

vulnerable and unable to continue working during the COVID-19 outbreak in early 2020. This model was later adopted by the DHBs.

Oceania's response to COVID-19 was assisted by high levels of vaccination for both residents and staff, including boosters. We introduced mandatory vaccination for our staff early on in the pandemic, before this was required by the Government mandate. As part of this, our clinical team spent a significant amount of time communicating with our people and educating them about the benefits of vaccination.

Oceania has adopted rigorous procedures and infection control practices to ensure the safety of our residents and our people. Given the high levels of vaccination and the risk mitigants in place, Oceania chose to adopt a risk management approach based on a risk assessment framework in responding to COVID-19 and allowed visiting to continue during the pandemic except where we had outbreaks. Even during outbreaks, compassionate visiting with full PPE has always been permitted. This meant that our residents were not unnecessarily subjected to lockdown measures and this has positively impacted on our residents as demonstrated in our feelings of loneliness indicator through InterRai where Oceania's score was significantly below the national average.

In late January 2022, we established an Emergency Management Team (led by Dr Frances Hughes) to provide a coordinated response when more than one site was affected by COVID-19. All members of the Emergency Management Team brought extensive incident management experience from across a range of industries including healthcare, armed forces and intelligence. The range of experiences of the team members was pivotal in providing a coordinated response to our sites in managing the risks arising from COVID-19. Having an Emergency Management Team structure in place meant that we were able to provide early logistical support to our sites, consolidate levels of PPE stock and implement regional stockpiles, manage discussions with the DHBs and Public Health Units on a consistent basis, identify when and where to deploy staff and provide consistent decision-



Ana and Lois, Nurse Educators, enjoying connecting with colleagues at the Oceania International Nurse's Day Clinical Leaders Symposium



“ Dr Frances Hughes was awarded the Risk Professional of the Year in the Risk New Zealand Awards for her work in managing COVID-19 risks for both Oceania and the aged care industry as a whole.

making and advice to our people. The Emergency Management Team framework used by Oceania was based on the Coordinated Incident Management System (CIMS) model used by Government agencies and other organisations. During this period, wider organisational personnel attended a one day CIMS training workshop to increase skill development in the Emergency Management Team and ensure sustainability. The adoption of this Emergency Management Team structure has led to an overall improvement in Oceania’s readiness to deal with other non-pathogenic events in the future, such as fires or earthquakes.

Our people continued coming to work when it was safe to do so and, unlike many other aged care providers, the most staff we had off work at one time was 87 (out of 2,900). This was as a result of the Emergency Management Team measures that we put in place, as well as the provision of support to our sites, including providing clear guidelines on when people need to be off work and when they can safely come back to work again. We provided pastoral care to our staff and supported them in their return to work, and provided mental health material

to explain how to manage stress. We also provided bespoke recognition to our people for their efforts, with Brent Pattison and Dr Frances Hughes personally calling sites where staff were under pressure to acknowledge the work and ensure our people were feeling valued by the business. Our residents were also very grateful for the efforts of our people during this time, with many stories shared of how our people respected the residents’ personal preferences during isolation periods, and how residents enjoyed receiving their favourite meals in their rooms accompanied by personalised get well cards and best wishes from our staff.

Our expertise in managing COVID-19 risks has also provided unique opportunities for Oceania. One of our independent living residents suffered a medical event while in Australia in mid-2021 and when this resident returned to New Zealand, Oceania managed the MIQ period for this resident in one of our aged care centres, rather than the resident staying in a Government MIQ facility for the 14 day isolation period. We worked in conjunction with the Regional Public Health Service and the DHB to facilitate this outcome for the resident. We received

additional Government funding for this arrangement, as well as acknowledgement from the both the Regional Public Health Service and the DHB of Oceania’s high standards of clinical care.

On 30 March 2022, Dr Frances Hughes was awarded the Risk Professional of the Year in the Risk New Zealand Awards for her work in managing COVID-19 risks for both Oceania and the aged care industry as a whole. The judges commended Dr Hughes on thinking about the important role of risk culture and noted that that is what specifically stood out in her nomination. We are delighted that Dr Hughes’ hard work throughout the pandemic has been recognised in this way.

The lens of COVID-19 has given Oceania a completely different risk assessment process for everything that we do. It means that we need to constantly adapt and respond to change and ensure that Oceania, as an organisation, is nimble to respond to any challenges that arise in the future.

# How we create value

## Our purpose

To reimagine the retirement and aged care living experience in New Zealand

## Our value drivers

### Our people

Highly motivated, passionate and safe staff

### Our expertise

The capability of our people and quality of our systems

### Our villages

The quality of our villages and landbank

### Our relationships

The strength of the relationships we have with our key stakeholders and our brand reputation

### Our financial capital

The combination of shareholder funds, banking facilities and operating cash flow employed to maintain and grow our business

### Our natural capital

The quality of the natural resources we rely on to run our business today and in the future

## Our business

### \$ Yield

From superior care and independent living experiences

+

### \$ Growth

Development of our landbank by recycling capital from sales

# The pursuit of better

Develop



Sell



## 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

# Working on what matters

## Strategy

We have refreshed our strategy, taking into consideration what is important to key stakeholders and evaluating which risks and opportunities have the greatest impact on our ability to create value in the short and long term.

Our strategy is to achieve sustainable performance by delivering on our four strategic pillars – Offer, Resident Experience, People Capability and Growth – underpinned by technology, innovation and our sustainability framework.



### Our purpose

To reimagine the retirement and aged care living experience in New Zealand.

### Our strategic pillars

<p><b>Offer</b></p> <p>To design, develop, build and sell premium properties for our residents of the future</p>	<p><b>Resident Experience</b></p> <p>To be the leader in the delivery of resident experience in retirement villages and aged care centres</p>	<p><b>People Capability</b></p> <p>To build capability and develop a culture, which enables our people to perform their life's best work</p>	<p><b>Growth</b></p> <p>To deliver outstanding financial performance and sustainable growth</p>
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### Our value outcomes

<p>Residents love living in our communities</p> 	<p>We delight our residents with hospitality inspired, customer led services</p> 	<p>We are passionate about the wellbeing of our staff, residents and their families</p> 	<p>We lead the way in how we do things</p> 
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### Our drivers

Our people – Our expertise – Our villages – Our financial capital – Our natural capital

### Our enablers

Technology – Innovation – our Sustainability Framework:

#### People

**Our goals**

We delight our residents and staff by caring for them and making a difference to their happiness every day.

**Our measure**

Employee wellness engagement, resident engagement, health and safety.

	
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#### Planet

**Our goals**

Through better use of our resources we will substantially reduce our environmental impact enabling carbon neutrality in the future.

**Our measure**

Waste to landfill, energy efficiency, greenhouse gas emissions.

	
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#### Prosperity

**Our goals**

Integrated thinking will be embedded in our strategy, decision making, long term planning and reporting by 2022.

**Our measure**

Financial returns and shareholder value growth.

			
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**Offer**

**We are curating great spaces through the design, development and provision of services to our residents of the future and are doing so in a sustainable manner.**

Oceania has a well-established and proven brownfield development-led growth strategy, facilitated by a strong development team and investment in an operational platform built for scale.

With the recent strategy to undertake greenfield developments and acquisitions, as well as brownfield developments, Oceania is well positioned to leverage its established operational platform to pursue a wide range of organic and inorganic growth opportunities.

Building design and construction has a significant impact on the sustainability of our business in terms of our future emissions, building efficiency, revenue, profitability, safety, resident satisfaction, staff engagement and waste generation.

We evaluate the sustainable impact of a project prior to undertaking any acquisition, construction or refurbishment project.

**Resident Experience**

**We are leading in the delivery of resident-centred aged care and retirement village experience in New Zealand through our Model of Care and excellence service offerings.**

Oceania is committed to ensuring that it provides outstanding clinical excellence in care and enhanced services to its residents.

Oceania continues to distinguish itself from other aged care and retirement village operators with its focus on the provision of care and services, which is a needs based product, rather than the delivery of built form products.

Oceania provides resident-centred care and services that enhance the quality of our residents' lives.

Oceania is focused on delivering an incremental and sustained improvement in the resident experience, with an improvement in clinical indicators, delivering an evidence-based practice, and an expansion in our clinical offerings to cover full scope services.

Furthermore, Oceania's reputation for the delivery of high quality care is providing opportunities for Oceania to partner with other organisations to bring a high quality care offering to older New Zealanders in those regions that need it most.

**People Capability**

**We have a culture which enables our people to be engaged, included and valued and perform their life's best work at Oceania.**

Our people are at the very heart of what we do. It is the passion of our people that allows Oceania to continue to build on its success for future growth.

Oceania maintains a strong focus on learning and development as part of our commitment to provide a career development pathway for our staff.

Our Wesley Institute of Nursing Education provides CAP (Competence Assessment Programme) training to internationally-qualified nurses (IQNs) that meets Nursing Council requirements and provides a route for IQNs to practice in New Zealand.

Our aged care education centre is generating research and opportunities for partnerships with universities. This evidence base is crucial to our offering in the future for our residents and staff.

We have also established good relationships with some governments overseas who are starting to refer IQNs to our conversion courses through the Wesley Institute of Nursing Education.

## Materiality matrix

At the end of 2021, we refreshed our materiality matrix, building on the deep dive work we started in 2020, where we looked into what mattered most to our key stakeholders, and where Oceania could have the greatest impact.

These material topics inform both the pillars of our strategy, and our sustainability framework that underpins our strategy. In the year ahead we will look to refresh our sustainability framework goals and measures, aligned to the refreshed materiality matrix.



### People

1. Resident Experience
2. Product design and service
3. Selling practices
4. Competitive behaviour
5. Community relations
6. Access and affordability
7. Employee health, safety and wellbeing
8. Employee practices
9. Employee engagement diversity and inclusion
10. Te Ao Maori

### Prosperity

11. Governance oversight and reporting
12. Critical incident risk management
13. Systemic risk management
14. Management of legal and regulatory requirements
15. Business ethics
16. Data security and privacy

### Planet

17. Waste management
18. GHG emissions
19. Sustainable supply chain management
20. Physical impacts of climate change
21. Water management
22. Energy management

## Key ESG highlights for FY22



We are building our new developments to **6 HomeStar** and we are a member of the New Zealand Green Building Council. In the past year we have achieved 6 HomeStar rating across four of our sites.



We have completed a **Task Force on Climate-related Disclosures (TCFD)** maturity assessment, with an external provider, in order to support our climate-related disclosures journey. From this we have established a TCFD roadmap that we will implement over the next two years. We are also establishing a management sustainability committee.



Following **energy audits** at a selection of our high energy consuming sites last year, we have been working through energy efficiency measures starting with retrofitting LED lighting and shower restrictors.



We have amended our car procurement requirements so that all new lease cars for residents and corporates are either **EV or hybrid**, and we are working on incorporating sustainability into our RFP process for material suppliers.



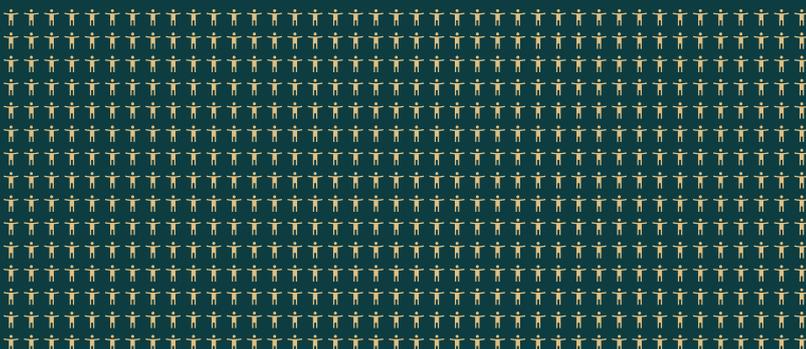
Oceania continues its work with MyNoke, a large worm farming company, on an incontinence product **vermicomposting** trial. Waste from six care centres has been processed and studied at MyNoke's Taupo worm farm.



The majority of our care centres are now **diverting food waste** through a variety of methods including onsite Bokashi composting, vermicomposting, pig buckets and commercial composting.



Our **"I love music"** programme now has over 600 residents enrolled. Since the launch of the programme in 2017, we have provided personalised playlists to over 1200 of our residents. Remote sign-up options mean families can enroll and choose music for their loved ones from anywhere in the world.



We have started rolling out Oceania's signature exercise programme **"Move & Groove"**, currently available at some of our centres, to independent living residents. Move & Groove Village has been designed by fitness industry professionals and created against the ACC criteria of 'Strength and Balance' designed to reduce falls and fractures amongst over 65s.



**Val got on board with the bowls momentum at The BayView. She's energised by the bowling group interaction and enjoys the camaraderie and company. She saw a need, and set about finding a solution!**

Val joined the growing bowling group at The BayView, (there are now nine players and more to come). She quickly saw the need for the supply of more essentials - the expanding membership needed more bowls to accommodate the influx of new players at the Monday and Wednesday morning rollups.

Val was onto it.

She placed an advertisement in the local free newspaper and got a reply from a retiring member of the Bayswater Bowling Club, who as Val says, was able to sell not only his wife's bowls, but his own as well.

## Rolling with it.

Val gratefully snapped up both sets. So now the group has eight.

Linda (Village Manager) saw to it that Val was not out of pocket for her efforts. She was keen for the centre to support the bowls group in any way possible and ensured Val was reimbursed.

Val's on a roll now, she's since organised the supply of two more sets, as and when needed, so everyone can play. Gary and Terry could be busy in the workshop building a few more personalised carriers!

BOARD OF DIRECTORS

# Leading with heart.

Our Board has a broad and deep range of complementary skills backed by years of experience. We were pleased to announce two additional Board members with Rob Hamilton and Peter Dufaur joining the Board as Independent Directors during the year.



**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 Skellerup Holdings Limited and EBOS Group Limited. 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 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 the New Zealand Film Commission, Wellington Free Ambulance, Wellington Opera and Royal New Zealand Ballet. Dame Kerry is also a trustee of New Zealand Community Trust.

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.

**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.



**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 a director of Heartland Bank 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 (including Chair of the Audit Committee). 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 is also a member of the Auckland Grammar School Board of Trustees and has previously been a Board member on the New Zealand Olympic Committee.

Rob 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



 Core Strengths

<b>Governance</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Commitment to the highest standard of governance.</li> <li>• Board experience (NZX 50 or equivalent) or experience as an advisor to Boards for at least 5 years.</li> <li>• An ability to assess effectiveness of senior management.</li> </ul>
<b>Finance and accounting</b>	<b>6/7</b>	<ul style="list-style-type: none"> <li>• Senior executive or board experience in financial accounting and reporting, corporate finance and internal controls.</li> <li>• Understanding of business and property valuation principles and their implications on the financial performance and position.</li> </ul>
<b>Risk management</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Developing and overseeing an appropriate risk framework and culture.</li> <li>• Experience evaluating and managing financial and non-financial risks.</li> </ul>
<b>Capital markets and structure</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Experience with equity and debt markets, capital structuring and investment analysis.</li> </ul>
<b>Regulatory knowledge and experience</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Human resources</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Familiarity with people and best practice development and performance structures.</li> </ul>
<b>Health and safety</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Experience and understanding of health and safety and wellbeing requirements.</li> </ul>

 Markets & Customers

<b>Customer advocacy</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• Experience and understanding of sales, marketing and brand strategy and practices.</li> </ul>
<b>Aged care, hospitality &amp; customer service market experience</b>	<b>7/7</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Clinical experience</b>	<b>4/7</b>	<ul style="list-style-type: none"> <li>• Experience and understanding of the clinical requirements of the healthcare sector at a governance, leadership and/or practitioner level.</li> </ul>

 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 technology 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.

## THREE YEAR SUMMARY

For the year ended 31 March 2022

### Financial Metrics

\$NZm	March 2022 12 months	March 2021 10 months	May 2020 12 months
Underlying Net Profit after Tax <sup>1,2,3,4</sup>	56.7	41.9	43.7
Underlying EBITDA <sup>1,3,4</sup>	76.2	56.0	64.3
Profit / (loss) for the Period <sup>4</sup>	61.1	85.7	(12.8)
Total Comprehensive Income <sup>4</sup>	114.4	167.9	10.7
Total Assets <sup>4</sup>	2,197.7	1,882.2	1,547.3
Operating Cash Flow <sup>4</sup>	105.5	96.0	98.4

### Operating Metrics

	March 2022 12 months	March 2021 10 months	May 2020 12 months
Units	1,625	1,367	1,285
Care Suites	854	847	679
Care Beds	1,725	1,807	1,882
<b>Total</b>	<b>4,204</b>	<b>4,021</b>	<b>3,846</b>
New Sales	184	194	189
Resales	266	194	166
<b>Total</b>	<b>450</b>	<b>388</b>	<b>355</b>
Occupancy	92.0%	92.4%	91.5%

1 This is a non-GAAP measure, refer to note 2.1 in the consolidated financial statements for further details.

2 Underlying Net Profit after Tax has been restated in the May 2020 comparative period to exclude depreciation in respect of care suites in line with the current period.

3 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. Underlying EBITDA and underlying earnings in relation to the 12 months to 31 May 2020 has also been restated to remove the impact of the subsidy claim. The statutory comparative period of 10 months to 31 March 2021 is not impacted.

4 Includes an adjustment for the impact of change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

# Consolidated Financial Statements

For the year ended 31 March 2022

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

\$NZ000's	Notes	March 2022 12 months	March 2021 10 months
Revenue	2.2	231,140	175,417
Change in fair value of investment property	3.1	63,475	79,969
Change in fair value of right of use investment property	3.4	-	2,299
Gain on purchase of business assets	1.3	10,358	-
Other income	2.3	3,508	2,069
<b>Total income</b>		<b>308,481</b>	<b>259,754</b>
Employee benefits and other staff costs	2.4	156,446	115,728 <sup>1</sup>
Depreciation (buildings)	2.4, 3.2, 3.4	11,487	8,615
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4, 3.2, 3.4	7,133	4,919 <sup>1</sup>
Impairment / (reversal of impairment) of property, plant and equipment and right of use asset	2.4, 3.2	4,741	(4,267)
Impairment of right of use investment property	2.4	115	-
Impairment of goodwill	2.4, 5.2	412	1,220
Rental expenditure in relation to right of use investment property	2.4, 3.4	2,497	4,115
Finance costs	2.4	9,380	6,795
Other expenses <sup>2</sup>	2.4	60,020	47,345 <sup>1</sup>
<b>Total expenses</b>		<b>252,231</b>	<b>184,470<sup>1</sup></b>
<b>Profit before income tax</b>		<b>56,250</b>	<b>75,284<sup>1</sup></b>
Income tax benefit	5.1	4,879	10,396
<b>Profit for the period</b>		<b>61,129</b>	<b>85,680<sup>1</sup></b>
<b>Other comprehensive income</b>			
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Gain on revaluation of property, plant and equipment for the period, net of tax	3.2, 5.1	46,359	78,583
Gain on revaluation of right of use assets for the period, net of tax	3.4, 5.1	229	61
		<b>46,588</b>	<b>78,644</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Gain on cash flow hedges, net of tax		6,716	3,609
<b>Other comprehensive income for the period, net of tax</b>		<b>53,304</b>	<b>82,253</b>
<b>Total comprehensive income for the period attributable to shareholders of the parent</b>		<b>114,433</b>	<b>167,933<sup>1</sup></b>
Basic earnings per share (cents per share)	4.2	8.7	13.8
Diluted earnings per share (cents per share)	4.2	8.7	13.8

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

1 Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

2 Included in Other Expenses for the 12 months to 31 March 2022 is a repayment of \$1.8m in respect of the COVID-19 wage subsidy.

## CONSOLIDATED BALANCE SHEET

As at 31 March 2022

<b>\$NZ000's</b>	<b>Notes</b>	<b>March 2022</b>	<b>March 2021</b>
<b>Assets</b>			
Cash and cash equivalents		<b>9,745</b>	79,906
Trade and other receivables	5.3	<b>69,136</b>	47,992 <sup>1</sup>
Derivative financial instruments	5.6	<b>3,922</b>	-
Investment property	3.1	<b>1,378,552</b>	1,099,803
Property, plant and equipment	3.2	<b>686,592</b>	604,273 <sup>1</sup>
Right of use assets	3.4	<b>41,139</b>	41,714
Intangible assets	5.2	<b>8,603</b>	8,468 <sup>1</sup>
<b>Total assets</b>		<b>2,197,689</b>	<b>1,882,156<sup>1</sup></b>
<b>Liabilities</b>			
Trade and other payables	5.4	<b>40,980</b>	44,308
Derivative financial instruments	5.6	-	5,486
Deferred management fee	3.3	<b>42,067</b>	41,499
Refundable occupation right agreements	3.3	<b>775,765</b>	618,433
Lease liabilities	3.4	<b>9,894</b>	11,513
Borrowings	4.4	<b>380,140</b>	327,292
Deferred tax liabilities	5.1	-	-
<b>Total liabilities</b>		<b>1,248,846</b>	<b>1,048,531</b>
<b>Net assets</b>		<b>948,843</b>	<b>833,625<sup>1</sup></b>
<b>Equity</b>			
Contributed equity	4.1	<b>705,291</b>	675,625
Retained deficit		<b>(54,735)</b>	(86,983) <sup>1</sup>
Reserves		<b>298,287</b>	244,983
<b>Total equity</b>		<b>948,843</b>	<b>833,625<sup>1</sup></b>

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

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
<b>Balance as at 31 May 2020</b>	<b>588,389</b>	<b>(157,630)<sup>1</sup></b>	<b>170,205</b>	<b>(7,475)</b>	<b>593,489<sup>1</sup></b>
Profit for the period	-	85,680 <sup>1</sup>	-	-	85,680 <sup>1</sup>
<b>Other comprehensive income</b>					
Revaluation of cash flow hedge net of tax	-	-	-	3,609	3,609
Revaluation of assets net of tax	3.2, 5.1	-	78,583	-	78,583
Revaluation of right of use assets net of tax	3.4, 5.1	-	61	-	61
<b>Total comprehensive income</b>	<b>-</b>	<b>85,680<sup>1</sup></b>	<b>78,644</b>	<b>3,609</b>	<b>167,933<sup>1</sup></b>
<b>Transactions with owners</b>					
Dividends paid	4.1	-	(15,476)	-	(15,476)
Share issue	4.1	80,000	-	-	80,000
Directly attributable transaction costs deducted from equity	4.1	(1,939)	-	-	(1,939)
Share issue: dividend reinvestment scheme	4.1	9,175	-	-	9,175
Employee share scheme	4.1	-	443	-	443
<b>Total transactions with owners</b>		<b>87,236</b>	<b>(15,033)</b>	<b>-</b>	<b>72,203</b>
<b>Balance as at 31 March 2021</b>	<b>675,625</b>	<b>(86,983)<sup>1</sup></b>	<b>248,849</b>	<b>(3,866)</b>	<b>833,625<sup>1</sup></b>
Profit for the year	-	61,129	-	-	61,129
<b>Other comprehensive income</b>					
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	3.4, 5.1	-	229	-	229
<b>Total comprehensive income</b>	<b>-</b>	<b>61,129</b>	<b>46,588</b>	<b>6,716</b>	<b>114,433</b>
<b>Transactions with owners</b>					
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
<b>Total transactions with owners</b>		<b>29,666</b>	<b>(28,881)</b>	<b>-</b>	<b>785</b>
<b>Balance as at 31 March 2022</b>	<b>705,291</b>	<b>(54,735)</b>	<b>295,437</b>	<b>2,850</b>	<b>948,843</b>

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

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

\$NZ000's	March 2022 12 months	March 2021 10 months
<b>Cash flows from operating activities</b>		
Receipts from residents for village and care fees	190,096	142,290
Payments to suppliers and employees	(207,814)	(145,324) <sup>1</sup>
Rental payments in relation to right of use investment property	(2,497)	(4,115)
Receipts from new occupation right agreements	214,188	171,387
Payments for outgoing occupation right agreements	(69,998)	(52,157)
Net Goods and Services Tax paid	(7,672)	(8,088)
Interest received	77	24
Interest paid	(10,171)	(7,307)
Interest paid in relation to right of use assets	(680)	(757)
<b>Net cash inflow from operating activities</b>	<b>105,529</b>	<b>95,953<sup>1</sup></b>
<b>Cash flows from investing activities</b>		
Proceeds from sale and / or disposal of property, plant and equipment and investment property	(6)	-
Payments for property, plant and equipment and intangible assets	(56,289)	(36,185) <sup>1</sup>
Payments for investment property and investment property under development	(106,317)	(66,005)
Payments for business assets	(56,208)	-
<b>Net cash outflow from investing activities</b>	<b>(218,820)</b>	<b>(102,190)<sup>1</sup></b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	162,513	90,274
Repayment of borrowings	(115,476)	(89,652)
Proceeds from bond issuance	100,000	125,000
Repayment of bank borrowing from bond proceeds	(100,000)	(125,000)
Proceeds from share placement	20,000	80,000
Capitalised costs in relation to share placement	(475)	(1,939)
Capitalised borrowing costs	(1,194)	(1,861)
Principal payments for right of use assets	(2,820)	(2,002)
Dividends paid	(19,418)	(6,301)
<b>Net cash inflow from financing activities</b>	<b>43,130</b>	<b>68,519</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(70,161)</b>	<b>62,282</b>
Cash and cash equivalents at the beginning of the period	79,906	17,624
<b>Cash and cash equivalents at end of period</b>	<b>9,745</b>	<b>79,906</b>

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

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 March 2022

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

\$NZ000's	Notes	March 2022 12 months	March 2021 10 months
<b>Profit for the period</b>		<b>61,129</b>	<b>85,680<sup>1</sup></b>
<b>Non cash items included in profit for the period</b>			
Deferred management fees accrued but not settled	2.2	<b>(57,527)</b>	(32,901)
Depreciation (buildings and care suites)	2.4	<b>11,487</b>	8,615
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4	<b>7,133</b>	4,920 <sup>1</sup>
Impairment of goodwill	2.4	<b>412</b>	1,220
Net loss on disposal of property, plant and equipment		<b>1,149</b>	995
Fair value adjustment to investment property	3.1	<b>(63,475)</b>	(79,969)
Fair value adjustment to right of use investment property and right of use land and buildings	3.4	<b>115</b>	(2,262)
Impairment / (reversal of impairment) of property, plant and equipment	3.2	<b>4,741</b>	(4,304)
Loss allowance for trade and other receivables	2.4	<b>41</b>	18
Interest accrued but not paid		<b>(2,097)</b>	(1,723)
Fair value movement on residents' share of resale gains	2.4	<b>825</b>	2,026
Fair value loss on cash flow hedges	5.6	<b>(58)</b>	-
Deferred tax benefit	5.1	<b>(4,879)</b>	(10,396)
Employee share scheme	4.3	<b>678</b>	443
Gain on purchase of business assets		<b>(10,358)</b>	-
Other non cash items		<b>670</b>	557 <sup>1</sup>
		<b>(111,143)</b>	<b>(112,761)<sup>1</sup></b>
<b>Cash items excluded from profit for the period</b>			
Receipts from new occupation right agreements		<b>214,188</b>	171,387
Payments for outgoing occupation right agreements		<b>(69,998)</b>	(52,157)
		<b>144,190</b>	<b>119,230</b>
<b>Increase in operating assets and liabilities</b>			
Increase / (Decrease) in trade and other receivables		<b>13,110</b>	(2,271)
(Decrease) / Increase in trade and other payables		<b>(1,757)</b>	6,075
<b>Net cash inflow from operating activities</b>		<b>105,529</b>	<b>95,953<sup>1</sup></b>

The Board of Directors of the Company authorised these consolidated financial statements for issue on 20 May 2022.

For and on behalf of the Board



**Elizabeth Coutts**  
Chair



**Alan Isaac**  
Director

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

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

# Notes to the Consolidated Financial Statements

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 1. 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 2022 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. During the year the Group Corporate Office functions were relocated to new premises. The Group's registered office is Level 11, 80 Queen Street, Auckland 1010, New Zealand (31 March 2021: 2 Hargreaves Street, St Mary's Bay, Auckland 1011).

#### (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)
- 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)
- Revenue recognition of deferred management fees (note 3.3)
- Fair value of right of use assets (note 3.4)
- Recognition of deferred tax (note 5.1)

## 1.2 Accounting Policies

Accounting policies that summarise the measurement basis used and which are relevant to understanding the consolidated financial statements are provided throughout the notes to these consolidated financial statements.

Other relevant policies are provided as follows:

### (i) Principles of Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### (ii) Functional and Presentational Currency

These consolidated financial statements are presented in New Zealand Dollars which is the Company's functional currency and the Group's presentation currency. Unless otherwise stated the consolidated financial statements are presented in round thousands of dollars. The use of \$m signifies millions of dollars.

### (iii) Goods and Services Tax ('GST')

The Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement have been prepared so that all components are stated exclusive of any GST that can be claimed with the net amount of GST payments/receipts being shown in the cash flow statement under operating activities. GST is only deductible by the Group to the extent that it relates to care operations. All items in the Consolidated Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

### (iv) Comparative Information

Where a change has been made to the presentation of the consolidated financial statements to that used in prior periods, comparative figures have been restated accordingly. Changes to comparative disclosures has been detailed in note 1.2 (v).

### (v) New Accounting Standards

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') arrangements. This was in response to the IFRIC agenda decision in April 2021 clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

No other 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.

#### *Software-as-a-Service ('SaaS') arrangements*

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period but where the Group does not control the underlying software used in the arrangement. Under the new accounting policy, where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. If costs do not meet the recognition criteria, they are expensed when incurred. The useful lives of the intangible assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

During the year the Group reviewed the agreements supporting documentation for all capitalised software and associated projects. In light of guidance from the IFRIC agenda decision, one item of software which was capitalised during the year ended 31 May 2020 no longer met the criteria for capitalisation. The Group has applied the required treatment retrospectively and the effect of this change in treatment is shown below.

Comparative information has been restated to reflect the retrospective application of SaaS guidance with respect to one item of software held by the Group which was purchased in 2017.

The impact of this to the period ended 31 March 2021 profit and loss is a net increase to Net Profit after Tax of \$146k comprising:

- a decrease to amortisation, recognised in depreciation and amortisation (chattels, leasehold improvements and software), of \$274k;
- an increase in staff costs, recognised in employee benefits and other staff costs, of \$59k; and
- an increase to IT costs, recognised in other expenses, of \$69k.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 1.2 Accounting Policies (continued)

A net decrease to Net Assets as at 31 March 2021 of \$1.6m comprises a decrease in intangible assets of \$2.1m, an increase in chattels of \$0.2m and an increase in prepayments, recognised in trade and other receivables, of \$0.3m. The opening retained deficit increased by \$1.5m.

An increase in payments to suppliers and employees of \$84k and a corresponding decrease in payments for property, plant and equipment and intangible assets within the Consolidated Cash Flow Statement.

The balance of the impact to Net Profit after Tax was incurred in the periods from November 2017 to 31 May 2020. The total impact on Net Profit after Tax comprised a decrease to amortisation of \$0.3m offset by an increase in staff costs of \$1.2m and an increase to IT costs of \$0.6m.

#### (vi) 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).

### 1.3 Significant Events and Transactions

#### (i) COVID-19

On 11 March 2020, the World Health Organisation declared COVID-19 to be a global pandemic. COVID-19 has impacted the health and wellbeing of people around the world and in turn the outbreak and the associated restrictions put in place to fight the virus have had a significant adverse impact on the global economy.

The New Zealand Government's initial overall public health strategy in respect of the COVID-19 pandemic affecting New Zealand was elimination with the overall goal to stop community transmission in New Zealand. In the time from the emergence of the virus in New Zealand during March 2020 until 2 December 2021 this strategy involved a framework of Alert Levels and lockdowns which various regions moved through as cases were detected.

On 2 December 2021 the New Zealand Government moved to a strategy of minimisation and protection. This framework aims to protect both those who are the most at risk of severe disease/outcomes as well as the health system that is required to treat these people and continue to function to maintain other health services. Rather than Alert Levels and lockdowns the minimisation and protection framework focuses on vaccinations and the use of traffic lights – 3 settings that are designed to help prevent and managed outbreaks and cases. Rather than generalised lockdowns the traffic light system uses vaccine mandates, capacity limits and localised protections and lockdowns.

The pandemic has had an immaterial impact on Oceania's income as providers of an essential service. There has however been an impact on the Group's expenditure as wages increase as a result of staff absences and increased costs associated with the provision of personal protective equipment.

#### Certain key judgements and estimates are applied in the consolidated annual financial statements

The Directors have assessed the impact of COVID-19 on these judgements and estimates and concluded that no changes are necessary. This is primarily due to Oceania providing an essential service.

No changes to the methodology or input estimates in relation to expected credit losses have been required as a result of continued strong collection levels in respect of private care fees and deferred settlement of Occupation Right Agreement ("ORA") contracts.

**(ii) Acquisition: Waterford on Hobsonville Point ('Waterford')**

On 23 March 2021, 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. The financial effects of this transaction have been recognised in these annual financial statements.

*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>\$NZ000's</b>	<b>Fair value on acquisition</b>
<b>Assets</b>	
Investment Property	104,022
Development Land	8,950
Chattels	63
<b>Liabilities</b>	
Resident liabilities	(46,437)
Employee entitlements	(19)
<b>Net assets acquired</b>	<b>66,579</b>
<b>Total consideration</b>	<b>56,221</b>
Gain on purchase of business asset	10,358

The gain on acquisition is due to the difference in the key assumptions within CBRE Limited's valuations, including growth rate and discount rate, between 31 March 2020, being the reference date for the acquisition, and 23 April 2021 being the settlement date, largely reflecting a reversal of COVID-19 impacts.

The above differs from what was disclosed in the 30 September 2021 interim consolidated financial statements due to a revision of Deferred Tax treatment of DMF (Sept 2021: \$8.5m).

The operation of Waterford added \$13.2m to Net Profit before Tax in the period since acquisition to 31 March 2022, of which \$3.0m is operating revenue. The impact on the fair value movements in the year is disclosed in note 3.1.

*Contingent liabilities*

No material contingent liabilities with respect to this transaction were noted during the due diligence process or since acquisition. Should any future contingent liabilities arise, they will be disclosed in future consolidated financial statements.

**(iii) Balance Date**

On 9 July 2020 the Group received approval from the Commissioner of Inland Revenue to change the balance date for the Group and its subsidiaries to 31 March. The comparatives represent a period of ten months.

**(iv) Capital Raise**

On 16 April 2021, a total of 15,619,810 ordinary shares (\$20.0m, \$1.2796 per share) were issued in relation to the Retail Offer announced on 24 March 2021. These shares rank equally in all aspects with existing shares.

**(v) Retail Bond**

On 30 August 2021 Oceania Healthcare Limited announced an offer of up to \$75m (with the ability to accept up to an additional \$25m in oversubscriptions) of 7 year secured fixed rate bonds. On 13 September 2021 bonds totalling \$100.0m were issued to New Zealand retail investors. These bonds mature on 13 September 2028. A fixed interest rate of 3.3% per annum applies to the Bonds. Refer to note 4.4 for the impact on the year to 31 March 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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.

	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 Learning.
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 (2021: three).  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 Learning is recognised in this segment.
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

	Care	Village	Other
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).

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 notes 3.1, 3.2 and 3.4 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 2.1 Operating Segments (continued)

<b>12 months ended 31 March 2022</b> <b>\$NZ000's</b>	<b>Care</b> <b>Operations</b>	<b>Village</b> <b>Operations</b>	<b>Other</b>	<b>Total</b>
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
<b>Total income</b>	<b>188,704</b>	<b>117,361</b>	<b>2,339</b>	<b>308,404</b>
Operating expenses	(168,410)	(23,719)	(26,834)	(218,963)
Impairment of goodwill	(412)	-	-	(412)
Impairment of right of use investment property	-	(115)	-	(115)
Impairment of property, plant and equipment	(4,741)	-	-	(4,741)
<b>Segment EBITDA</b>	<b>15,141</b>	<b>93,527</b>	<b>(24,495)</b>	<b>84,173</b>
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)
<b>(Loss) / profit before income tax</b>	<b>(1,538)</b>	<b>93,531</b>	<b>(35,743)</b>	<b>56,250</b>
Income tax benefit	1,156	(4,380)	8,103	4,879
<b>(Loss) / profit for the period attributable to shareholders</b>	<b>(382)</b>	<b>89,151</b>	<b>(27,640)</b>	<b>61,129</b>
<b>Other comprehensive income</b>				
Gain on revaluation of property, plant and equipment for the period, net of tax	46,359	-	-	46,359
Gain on revaluation of right of use asset for the period, net of tax	229	-	-	229
Loss on cash flow hedges, net of tax	-	-	6,716	6,716
<b>Total comprehensive income for the year attributable to shareholders of the parent</b>	<b>46,206</b>	<b>89,151</b>	<b>(20,924)</b>	<b>114,433</b>

<b>10 months ended 31 March 2021</b> <b>\$NZ000's</b>	<b>Care Operations</b>	<b>Village Operations</b>	<b>Other</b>	<b>Total</b>
Revenue	146,572	28,199	646	175,417
Change in fair value of investment property	-	79,969	-	79,969
Change in fair value of right of use investment property	-	2,299	-	2,299
<b>Other income</b>	<b>512</b>	<b>1,524</b>	<b>9</b>	<b>2,045</b>
<b>Total income</b>	<b>147,084</b>	<b>111,991</b>	<b>655</b>	<b>259,730</b>
Operating expenses	(128,602)	(20,517)	(18,069) <sup>1</sup>	(167,188) <sup>1</sup>
Impairment of goodwill	(1,220)	-	-	(1,220)
Reversal of impairment of property, plant and equipment	4,169	98	-	4,267
<b>Segment EBITDA</b>	<b>21,431</b>	<b>91,572</b>	<b>(17,414)<sup>1</sup></b>	<b>95,589<sup>1</sup></b>
Interest income	-	4	20	24
Finance costs	-	-	(6,795)	(6,795)
Depreciation (buildings and care suites)	(8,410)	-	(205)	(8,615)
Depreciation and amortisation (chattels, leasehold improvements and software)	(4,164)	-	(755) <sup>1</sup>	(4,919) <sup>1</sup>
<b>Profit / (loss) before income tax</b>	<b>8,857</b>	<b>91,576</b>	<b>(25,149)<sup>1</sup></b>	<b>75,284<sup>1</sup></b>
Income tax benefit	10,112	594	(310)	10,396
<b>Profit / (loss) for the period attributable to shareholders</b>	<b>18,969</b>	<b>92,170</b>	<b>(25,459)<sup>1</sup></b>	<b>85,680<sup>1</sup></b>
<b>Other comprehensive income</b>				
Gain on revaluation of property, plant and equipment for the period, net of tax	78,583	-	-	78,583
Gain on revaluation of right of use asset for the period, net of tax	61	-	-	61
Loss on cash flow hedges, net of tax	-	-	3,609	3,609
<b>Total comprehensive income for the period attributable to shareholders of the parent</b>	<b>97,613</b>	<b>92,170</b>	<b>(21,850)<sup>1</sup></b>	<b>167,933<sup>1</sup></b>

1 Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 2.1 Operating Segments (continued)

#### 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 period.

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

	<b>Net Profit after Tax</b>
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 and right of use property, plant and equipment
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
Add back	Depreciation (care suites)
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
<b>=</b>	<b>Underlying Profit</b>
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)
<b>=</b>	<b>Underlying EBITDA</b>

#### 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.

<b>Included</b>	<p><b>New builds:</b></p> <ul style="list-style-type: none"> <li>– 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;</li> <li>– an apportionment of land value based on the gross floor area of the ORA units and care suites developed. The value for Brownfield<sup>1</sup> development land is the estimated fair value of land at the time a change of use occurred<sup>2</sup> (from operating as a care centre or retirement village to a development site), as assessed by an external independent valuer. Greenfield<sup>3</sup> development land is valued at historical cost; and</li> <li>– capitalised interest costs to the date of project completion apportioned using the gross floor area of ORA units and care suites developed.</li> </ul> <p><b>Conversions:</b></p> <ul style="list-style-type: none"> <li>– of care beds to care suites – the actual refurbishment costs incurred; and</li> <li>– of rental units to ORA units – the actual refurbishment costs incurred and the fair value of the rental unit prior to conversion.</li> </ul>
<b>Excluded</b>	<ul style="list-style-type: none"> <li>– construction, land (apportioned on a gross floor area basis) and interest costs associated with common areas and amenities or any operational or administrative areas.</li> </ul>

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 2022

### 2.1 Operating Segments (continued)

12 months ended 31 March 2022 \$NZ000's	Care Operations	Village Operations	Other	Total
<b>Total comprehensive income for the period attributable to shareholders of the parent</b>	<b>46,206</b>	<b>89,151</b>	<b>(20,924)</b>	<b>114,433</b>
<b>Adjusted for Proforma items</b>				
Add: Repayment of Wage Subsidy <sup>1</sup>	1,768	-	-	1,768
<b>Adjusted for Underlying Profit items</b>				
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
<b>Underlying net profit before tax</b>	<b>14,933</b>	<b>74,209</b>	<b>(27,542)</b>	<b>61,600</b>
Less: Deferred tax benefit	(1,156)	4,380	(8,103)	(4,879)
<b>Underlying net profit after tax</b>	<b>13,777</b>	<b>78,589</b>	<b>(35,645)</b>	<b>56,721</b>
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
<b>Underlying EBITDA</b>	<b>22,053</b>	<b>78,585</b>	<b>(24,397)</b>	<b>76,241</b>

<sup>1</sup> 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 and reduces the underlying EBITDA and underlying NPAT position in relation to the 12 month period to 31 March 2021 by \$1.8m. The statutory comparative period being the 10 months to 31 March 2021 is not impacted by this proforma adjustment.

<b>10 months ended 31 March 2021</b> <b>\$NZ000's</b>	<b>Care Operations</b>	<b>Village Operations</b>	<b>Other</b>	<b>Total</b>
<b>Total comprehensive income for the period attributable to shareholders of the parent</b>	97,613	92,170	(21,850) <sup>1</sup>	<b>167,933<sup>1</sup></b>
<b>Adjusted for Underlying Profit items</b>				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment	(82,811)	(82,367)	(3,609)	(168,787)
Add: Impairment of goodwill	1,220	-	-	1,220
Add: Rental expenditure in relation to right of use asset	-	4,115	-	4,115
Add: Depreciation (care suites)	6,173	-	-	6,173
Add: Loss / gain on sale, decommissioning or purchase of assets and business assets	-	-	(84)	(84)
Add: Realised resale gain	-	17,913	-	17,913
Add: Realised development margin	-	23,815	-	23,815
<b>Underlying net profit before tax</b>	<b>22,195</b>	<b>55,646</b>	<b>(25,543)<sup>1</sup></b>	<b>52,298<sup>1</sup></b>
Less: Deferred tax benefit	(10,112)	(594)	310	(10,396)
<b>Underlying net profit after tax</b>	<b>12,083</b>	<b>55,052</b>	<b>(25,233)<sup>1</sup></b>	<b>41,902<sup>1</sup></b>
Less: Interest income	-	(4)	(20)	(24)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	6,795	6,795
Add: Depreciation (buildings)	2,237	-	206	2,443
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	4,164	-	755 <sup>1</sup>	4,919 <sup>1</sup>
<b>Underlying EBITDA</b>	<b>18,484</b>	<b>55,048</b>	<b>(17,497)<sup>1</sup></b>	<b>56,035<sup>1</sup></b>

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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 to March 2022 amounted to \$99.7m (10 months to March 2021: \$82.8m).

#### 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 3.3.

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.

Deferred management fees are recognised with respect to the leased retirement village site as per note 3.4.

### 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 2022 12 months	March 2021 10 months
Rest home, hospital, dementia fees	167,804	132,780
Premium accommodation charge	4,820	3,606
Deferred management fees – independent living	30,751	20,234
Deferred management fees – care suites	14,107	9,479
Deferred management fees – leased site	2,360	1,869
Village service fees	7,605	5,208
Training income	2,094	663
Rental income	877	914
Other services provided to residents	722	664
	<b>231,140</b>	<b>175,417</b>

## 2.3 Other Income

### Interest Income

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

### Other Income

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

\$NZ000's	March 2022 12 months	March 2021 10 months
Interest income	77	24
Change in fair value of ineffective cash flow hedges	58	-
Other income	3,373	2,045
	<b>3,508</b>	<b>2,069</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 2.4 Expenses

#### Accounting Policy

All operating expenses are recognised on an accrual basis.

\$NZ000's	Notes	March 2022 12 months	March 2021 10 months
<b>Profit before income tax includes the following expenses:</b>			
<b>Employee benefits and other staff costs</b>			
Wages and salaries		151,693 <sup>3</sup>	113,183 <sup>2</sup>
Termination benefits		686	281
Employee share scheme expense	4.3	414	255
Other staff costs <sup>1</sup>		3,653	2,009 <sup>1</sup>
		<b>156,446</b>	<b>115,728<sup>2</sup></b>
<b>Depreciation and amortisation</b>			
Depreciation of buildings	3.2	2,210	1,948
Depreciation of care suites	3.2	8,403	6,173
Depreciation of right of use assets (buildings)	3.4	874	494
Depreciation of chattels	3.2	4,827	3,136 <sup>1</sup>
Depreciation of right of use assets (chattels)	3.4	1,867	1,609
Amortisation of software	5.2	439	174 <sup>2</sup>
		<b>18,620</b>	<b>13,534<sup>2</sup></b>
<b>Finance costs</b>			
Interest on senior debt facilities		3,427	3,468
Interest on Retail Bond		4,681	1,291
Agency, commitment and line fees		2,990	2,782
Interest rate swaps		2,236	2,302
Capitalised interest and line fees		(5,114)	(4,261)
Amortisation of bank fees		626	455
Bank interest		-	1
Interest on right of use assets		534	757
		<b>9,380</b>	<b>6,795</b>
<b>Impairment / (reversal of impairment) of property, plant and equipment</b>	3.2	<b>4,741</b>	<b>(4,267)</b>
<b>Impairment of right of use investment property</b>		<b>115</b>	<b>-</b>
<b>Rental expenditure in relation to right of use investment property</b>	3.4	<b>2,497</b>	<b>4,115</b>
<b>Impairment of goodwill</b>	5.2	<b>412</b>	<b>1,220</b>

1 Other staff costs include costs such as staff training, uniforms and recruitment.

2 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.

3 Includes the repayment of a Covid Subsidy.

\$NZ000's	Notes	March 2022 12 months	March 2021 10 months
<b>Other expenses</b>			
<b>Fees paid to Auditor</b>			
Audit and review of consolidated financial statements		540	396
Other assurance services – Trustee reporting		7	6
Other services – Proxy voting (Annual Shareholders Meeting)		7	-
Task Force on Climate-Related Financial Disclosures (TCFD) gap analysis and materiality matrix		62	-
<b>Total fees paid to auditor</b>		<b>616</b>	402
Repairs and maintenance of property, plant and equipment including leasehold care centres		3,049	2,410
Repairs and maintenance of investment property including leasehold investment property		1,567	1,301
Loss / (gain) on disposal of property, plant and equipment		27	(84)
Donations		33	3
Loss allowance for trade and other receivables	5.3	28	18
Resident consumables		17,460	14,340
Increase in Residents' share of resale gains		825	2,026
Insurance		4,332	2,928
Legal and professional services		3,676	2,867
Other expenses (no items of individual significance)		28,407	21,134 <sup>1</sup>
		<b>60,020</b>	47,345 <sup>1</sup>
<b>Total Expenses</b>		<b>252,231</b>	<b>184,470<sup>1</sup></b>

1 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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.

### 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



#### CONSIDERATION OF SIGNIFICANCE OF CASH FLOWS



1 ARRC refers to age-related residential care.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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 as an independent registered valuer 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.

\$NZ000's	Notes	March 2022	March 2021
<b>Investment property under development at fair value</b>			
Opening balance		143,720	145,020
Transfer from property, plant and equipment		3,750	-
Capitalised expenditure (including land acquisitions)		99,481	63,881
Capitalised interest and line fees		2,585	3,028
Transfer to completed investment property		(89,626)	(99,512)
Transfer to property, plant and equipment		(65)	-
Change in fair value during the period – developments as at balance date		13,643	7,826
Change in fair value during the period – developments completed during the period		411	23,477
<b>Closing balance</b>		<b>173,899</b>	<b>143,720</b>
<b>Completed investment property at fair value</b>			
Opening balance		956,083	802,060
Acquisition <sup>1</sup>		46,437	-
Transfer from investment property under development		89,626	99,512
Transfer to property, plant and equipment	3.2	-	(1,329)
Capitalised expenditure		61,794	7,050
Capitalised interest and line fees		1,292	124
Disposals		-	-
Change in fair value during the period – existing villages		22,511	34,888
Change in fair value during the period – recently completed developments <sup>2</sup>		26,910	13,778
<b>Closing balance</b>		<b>1,204,653</b>	<b>956,083</b>
<b>Total investment property</b>		<b>1,378,552</b>	<b>1,099,803</b>

1 Relates to resident liabilities acquired on acquisition of Waterford on Hobsonville Point, the value of the underlying property is included within capitalised expenditure. Refer to note 1.3 for details.

2 Recently completed developments refers to those developments which were being sold down during the period.

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

\$NZ000's	March 2022 12 months	March 2021 10 months
Increase in fair value of investment property	278,749	152,003
Add: Transfers to property, plant and equipment and to right of use assets during the period	(3,685)	1,329
Less: Capitalised expenditure including capitalised interest	(165,152)	(74,083)
Less: Resident obligations on acquisition	(46,437)	-
Add: Disposals	-	720
<b>Change in fair value recognised in Consolidated Statement of Comprehensive Income</b>	<b>63,475</b>	<b>79,969</b>

Included in the above change in fair value is an amount of \$9.8m (increase) in respect to fair value moments since acquisition date of the Waterford site. The movement in fair value has arisen predominantly on first sell down of vacant apartments.

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

\$NZ000's	March 2022	March 2021
<b>Investment property under development</b>		
Valuation	173,899	143,720
	<b>173,899</b>	<b>143,720</b>
<b>Completed Investment Property</b>		
Valuation	592,982	474,215
Add: Refundable occupation licence payments	732,714	573,766
Add: Residents' share of resale gains	6,780	7,205
Less: Management fee receivable	(113,066)	(84,433)
Less: Resident obligations for units not included in valuation	(14,757)	(14,670)
	<b>1,204,653</b>	<b>956,083</b>
<b>Total investment property at fair value</b>	<b>1,378,552</b>	<b>1,099,803</b>

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 CBRE Limited 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 CBRE Limited valuation is not adjusted for the refundable amounts and consequently no offsetting 'gross up' is required. An adjustment of \$14.8m (31 March 2021: \$14.7m) 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 CBRE Limited 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 3.3). Accordingly, the Group adds this net liability to residents to the CBRE Limited valuation to 'gross up' the fair value of investment property and avoid double counting the liability to residents.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 3.1 Village Assets: Investment Property (continued)

#### Valuation Process and Key Inputs

##### Investment Property under Development

CBRE Limited provided valuations of development land in respect of investment property under development as at 31 March 2022.

The fair value of investment property 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 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 \$51.1m as at 31 March 2022 (31 March 2021: \$51.6m) 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 2022 by CBRE Limited at a total of \$592.9m (31 March 2021: \$472.2m).

#### Investment Property Held for Sale

Investment property 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 their fair value.

#### Property Specific Assumptions

##### *Seismic Assessments*

The CBRE Limited valuation, 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 in prior years.

#### Key Accounting Estimates and Judgements

All investment properties have been determined to be Level 3 (2021: 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<sup>2</sup> assumption. Increases in the value per m<sup>2</sup> 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.

The following assumptions have been used to determine fair value:

Significant Input	Description	2022	2021
Discount rate	The pre-tax discount rate	<b>14.0% – 20.0%</b> <b>(median: 15.0%)</b>	14.0% – 20.0% (median: 15.0%)
Property price growth rate	Anticipated annual property price growth over the cash flow period 0-4 years	<b>0.5% – 3.0%</b>	0.5% – 3.5%
Property price growth rate	Anticipated annual property price growth over the cash flow period 5+ years	<b>2.5% – 3.5%</b>	2.5% – 3.5%

### Sensitivities

At 31 March 2022	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
<b>Completed investment property</b>					
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%)

At 31 March 2021	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
<b>Completed investment property</b>					
Valuation \$NZ000's	474,215				
Difference \$NZ000's		(17,288)	18,442	18,025	(31,516)
Difference %		(3.6%)	3.9%	3.8%	(6.6%)

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	2022	2021
Stabilised occupancy period	<b>2.7 yrs – 8.8 yrs</b> <b>(median: 7.1 yrs)</b>	2.8yrs – 8.5yrs (median: 7.0yrs)

Current ingoing price, for subsequent resales of ORAs, is a key driver of the CBRE Limited valuation. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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, whereas previously the fair value was held at the CBRE Limited valuation plus the cost of work undertaken in relation to land and buildings under development.

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.

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% (31 March 2021: 2.75%)
– 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
<b>Year ended 31 March 2022</b>						
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)	-	-
<b>Revaluation surplus</b>						
<i>Comprehensive income</i>						
– Existing care centres		-	152	(4,963)	-	(4,811)
– Care centres recently developed / under development		-	-	70	-	70
<i>Other comprehensive income<sup>1</sup></i>						
– Existing care centres		-	22,570	8,024	-	30,594
– Care centres recently developed / under development		3,860	-	14,060	-	17,920
<b>Closing net book amount</b>		<b>105,150</b>	<b>113,031</b>	<b>448,426</b>	<b>19,985</b>	<b>686,592</b>
<b>At 31 March 2022</b>						
Cost		-	-	-	56,981	56,981
Valuation		105,150	113,031	448,426	-	666,607
Accumulated depreciation		-	-	-	(36,996)	(36,996)
<b>Net book amount</b>		<b>105,150</b>	<b>113,031</b>	<b>448,426</b>	<b>19,985</b>	<b>686,592</b>

1 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 2022

### 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
<b>Period ended 31 March 2021</b>						
Opening net book amount		54,206	77,496	339,916	18,372	489,990
Additions		18,664	-	8,189	4,391 <sup>1</sup>	31,224 <sup>1</sup>
Capitalised interest and line fees		837	-	271	-	1,108
Disposals		-	-	-	-	-
Depreciation		-	-	(8,121)	(3,136) <sup>1</sup>	(11,257) <sup>1</sup>
Transfer from investment property	3.1	-	-	1,329	-	1,329
Reclassification within property, plant and equipment		(32,998)	(2,105)	35,103	-	-
<b>Revaluation surplus</b>						
<i>Comprehensive income</i>						
- Existing care centres		1,610	1,076	1,543	-	4,229
- Care centres recently developed / under development		-	-	75	-	75
<i>Other comprehensive income<sup>1</sup></i>						
- Existing care centres		2,007	16,333	31,757	-	50,097
- Care centres recently developed / under development		10,441	-	27,017	-	37,458
<b>Closing net book amount</b>		<b>54,767</b>	<b>92,800</b>	<b>437,079</b>	<b>19,627<sup>1</sup></b>	<b>604,273<sup>1</sup></b>
<b>At 31 March 2021</b>						
Cost		-	-	-	51,796 <sup>1</sup>	51,796 <sup>1</sup>
Valuation		54,767	92,800	437,079	-	584,646
Accumulated depreciation		-	-	-	(32,169) <sup>1</sup>	(32,169) <sup>1</sup>
<b>Net book amount</b>		<b>54,767</b>	<b>92,800</b>	<b>437,079</b>	<b>19,627<sup>1</sup></b>	<b>604,273<sup>1</sup></b>

#### Land and Buildings Under Development

A valuation in respect of development land was provided by CBRE Limited as at 31 March 2022.

Any costs incurred to 31 March 2022 on the developments are included in arriving at the fair value as at 31 March 2022.

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 \$59.1m as at 31 March 2022 (31 March 2021: \$16.2m) 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.

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

*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 2022.

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. The CBRE Limited valuation included \$12.4m of goodwill (31 March 2021: \$10.4m) in respect of completed land and buildings.

**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.

**Key Accounting Estimates and Judgements**

All land and buildings have been determined to be Level 3 (31 March 2021: 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 2022 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 2022 valuation range from 11.5% to 16.5% with a median value of 13.0% (31 March 2021: 10.9% to 18.5% with a median value of 13.6%). 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<sup>2</sup> assumption. Increases in the value per m<sup>2</sup> 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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

#### Sensitivities

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

At 31 March 2021	Adopted Value	Capitalisation Rate +50 bp	Capitalisation Rate -50 bp
<b>Freehold land and buildings</b>			
Valuation \$NZ000's	529,879		
Difference \$NZ000's		(32,694)	36,509
Difference %		(6.2%)	6.9%

At 31 March 2022	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
<b>Completed care suite property</b>					
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%)

At 31 March 2021	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
<b>Completed care suite property</b>					
Valuation \$NZ000's	170,367				
Difference \$NZ000's		(6,211)	6,625	6,476	(11,323)
Difference %		(3.6%)	3.9%	3.8%	(6.6%)

#### Assets 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 measured 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.

#### 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
<b>Carrying amount</b>				
– Historical cost 2022	31,161	277,026	35,138	343,325
<b>Carrying amount</b>				
– Historical cost 2021	32,008	245,872	3,052	280,932

### 3.3 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 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 (2021: 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 2022

### 3.3 Refundable Occupation Right Agreements (continued)

\$NZ000's	March 2022	March 2021
<b>Village</b>		
Refundable occupation licence payments	732,714	573,766
Residents' share of resale gains	6,780	7,205
Less: Management fee receivable (per contract)	(149,636)	(117,300)
	<b>589,858</b>	<b>463,671</b>
<b>Leasehold Village</b>		
Refundable occupation licence payments	38,650	37,130
Less: Management fee receivable (per contract)	(9,019)	(6,647)
	<b>29,631</b>	<b>30,483</b>
<b>Care Suites</b>		
Refundable occupation licence payments	186,987	152,273
Accommodation rebate	144	375
Less: Management fee receivable (per contract)	(30,855)	(28,369)
	<b>156,276</b>	<b>124,279</b>
<b>Total refundable occupation right agreements</b>	<b>775,765</b>	<b>618,433</b>

### Reconciliation of Management Fees recognised under NZ IFRS and per ORA

\$NZ000's	March 2022	March 2021
<b>Village</b>		
Management fee receivable (per contract)	(149,636)	(117,300)
Deferred management fee	36,570	32,867
<b>Management fee receivable (per NZ IFRS)</b>	<b>(113,066)</b>	<b>(84,433)</b>
<b>Leasehold Villages</b>		
Management fee receivable (per contract)	(9,019)	(6,647)
Deferred management fee	3,165	2,590
<b>Management fee receivable (per NZ IFRS)</b>	<b>(5,854)</b>	<b>(4,057)</b>
<b>Care Suites</b>		
Management fee receivable (per contract)	(30,855)	(28,369)
Deferred management fee	2,332	6,042
<b>Management fee receivable (per NZ IFRS)</b>	<b>(28,523)</b>	<b>(22,327)</b>

### 3.4 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 of 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

##### 12 months ended 31 March 2022

\$NZ000's	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 period – Comprehensive Income		(115)	-	-	(115)
Revaluation for the period <sup>1</sup> – Other Comprehensive Income		-	319	-	319
<b>Net book value as at 31 March 2022</b>		<b>33,373</b>	<b>4,188</b>	<b>3,578</b>	<b>41,139</b>

1 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 2022

### 3.4 Leases (continued)

#### 10 months ended 31 March 2021

\$NZ000's	Notes	Investment Property	Land and Buildings	Chattels	Total
Opening net book value		31,140	4,837	4,845	40,822
Additions		7	33	872	912
Disposals		-	(266)	(9)	(275)
Depreciation		-	(494)	(1,609)	(2,103)
Revaluation for the period – Comprehensive Income		2,299	(37)	-	2,262
Revaluation for the period – Other Comprehensive Income		-	96	-	96
<b>Net book value as at 31 March 2021</b>		<b>33,446</b>	<b>4,169</b>	<b>4,099</b>	<b>41,714</b>

#### 31 March 2022

\$NZ000's	Investment Property	Land and Buildings	Chattels	Total
Cost	-	-	9,188	9,188
Valuation	33,373	4,188	-	37,561
Accumulated depreciation	-	-	(5,610)	(5,610)
<b>Net book value as at 31 March 2022</b>	<b>33,373</b>	<b>4,188</b>	<b>3,578</b>	<b>41,139</b>

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 2022	March 2021
<b>Right of use Investment Property</b>		
Valuation	577	373
Add: Refundable occupation licence payments	38,650	37,130
Less: Management fee receivable	(5,854)	(4,057)
	<b>33,373</b>	<b>33,446</b>

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

**Lease Liabilities****12 months ended 31 March 2022**

<b>\$NZ000's</b>	<b>Investment Property</b>	<b>Land and Buildings</b>	<b>Chattels</b>	<b>Total</b>
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)
<b>Lease liabilities as at 31 March 2022</b>	<b>-</b>	<b>5,986</b>	<b>3,908</b>	<b>9,894</b>

**10 months ended 31 March 2021**

<b>\$NZ000's</b>	<b>Investment Property</b>	<b>Land and Buildings</b>	<b>Chattels</b>	<b>Total</b>
Opening net book value	-	7,865	5,136	13,001
Additions and disposals	-	(349)	863	514
Interest	-	352	345	697
Lease payments made	-	(847)	(1,852)	(2,699)
<b>Lease liabilities as at 31 March 2021</b>	<b>-</b>	<b>7,021</b>	<b>4,492</b>	<b>11,513</b>

*Lease of Investment Property*

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

Due to the variability of these payments both the right of use asset and the corresponding lease liability were initially recognised at nil value. Rental payments are recognised as a rental expense through the Consolidated Statement of Comprehensive Income. The right of use asset is held at fair value in accordance with NZ IAS 40 *Investment Property*. The fair value is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited.

The carrying value of the right of use asset as at 31 March 2022 in respect of this leased site is \$33.4m (31 March 2021: \$33.4m).

On 15 February 2021 the Group entered into a Sale and Purchase Agreement to purchase one leased site for a purchase price of \$5.0m. Date of settlement was 18 June 2021. In accordance with NZ IFRS 16 *Leases* any difference in purchase price and the carrying amount of the lease liability immediately before the purchase shall be recorded as an adjustment to the carrying amount of the asset. The carrying value at the date of acquisition was \$1.0m with a corresponding liability of \$1.8m.

*Lease of Property, Plant and Equipment*

The Group leases two care centres (31 March 2021: three care centres) which are valued as right of use assets as well as on one corporate office building and various equipment and motor vehicles. The Group's Corporate office moved in November 2021 to 80 Queen St, Auckland. A new lease was entered into at this time with the previous lease at 2 Hargreaves St, St Mary's Bay expiring in May 2022.

A valuation in respect of right of use property assets was provided by CBRE Limited as at 31 March 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 4. Shareholder Equity and Funding

#### 4.1 Shareholder Equity and Reserves

	March 2022 Shares	March 2021 Shares	March 2022 \$NZ000's	March 2021 \$NZ000's
<b>Share capital</b>				
Authorised, issued and fully paid up capital	<b>710,204,500</b>	689,276,946	<b>705,291</b>	675,625
<b>Total contributed equity</b>	<b>710,204,500</b>	<b>689,276,946</b>	<b>705,291</b>	<b>675,625</b>
<b>Movements</b>				
Opening balance of ordinary shares issued	<b>689,276,946</b>	618,056,183	<b>675,625</b>	588,389
Shares issued for employee share scheme	<b>937,213</b>	1,193,045	-	-
Shares issued for dividend reinvestment plan	<b>7,525,087</b>	8,489,256	<b>10,141</b>	9,175
Share issue (placement)	-	61,538,462	-	80,000
Capitalised costs in relation to share placement	-	-	-	(1,939)
Treasury shares reacquired	<b>(3,164,556)</b>	-	-	-
Share issue (rights issue)	<b>15,629,810</b>	-	<b>20,000</b>	-
Capitalised costs in relation to rights issue	-	-	<b>(475)</b>	-
<b>Closing balance of ordinary shares issued</b>	<b>710,204,500</b>	<b>689,276,946</b>	<b>705,291</b>	<b>675,625</b>

All ordinary shares are authorised and 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 2021: nil).

#### Share Issue (Placement)

On 29 March 2021 a total of 61,538,462 shares with a value of \$1.30 per share were issued in relation to an Institutional Placement. These shares rank equally with existing shares. The Placement was fully underwritten. Fees incurred of \$1.9m have been offset against funds raised.

#### Share Issue (Rights Issue)

On 16 April 2021, a total of 15,619,810 ordinary shares 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.

#### 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 2022 at a discount of 2% to the volume weighted average price of shares sold on the NZX Main Board over a period of five trading days starting on 3 June 2022. 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 2022 value per share	March 2022 number of shares	March 2021 value per share	March 2021 number of shares
Reinvestment of final dividend for the prior period	<b>\$1.4040</b>	<b>3,963,659</b>	\$0.9910	2,613,632
Reinvestment of interim dividend for the period	<b>\$1.2837</b>	<b>3,561,428</b>	\$1.5331	1,399,054

Further, in the prior period 4,476,570 shares with a value of \$0.9910 were issued in the six months to 30 November 2020 pursuant to an underwriting agreement with Macquarie Securities (NZ) Limited.

## 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 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 each 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.

### 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 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.
- On 1 September 2021 the Group acquired 3,164,556 shares held by OCA Employees Trustee Limited, a subsidiary, in relation to a previously cancelled long term incentive plan scheme. The shares had been classified as Treasury Shares as the Group had a beneficial interest in the 3,164,556 shares.
- On 20 November 2020, 1,948,061 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. Since that point a total of 1,252,325 share rights that were granted at that time have lapsed as a consequence of executives leaving employment with the Company.

## Group Structure

There are no major shareholders.

## Dividends

On 20 May 2022, a final dividend of 2.3 cents per share (not imputed) was declared and will be paid on 21 June 2022. The record date for entitlement is 7 June 2022.

	March 2022 cents per share	March 2022 \$NZ000's	March 2021 cents per share	March 2021 \$NZ000's
Final dividend for the prior year	2.1	14,475	1.2	7,417
Interim dividend for period	2.1	14,840	1.3	8,142
<b>Total dividends declared during the period<sup>1</sup></b>		<b>29,315</b>		<b>15,559</b>

<sup>1</sup> 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 2022

### 4.1 Shareholder Equity and Reserves (continued)

#### Asset Revaluation Reserve

The asset revaluation reserve is used to record the revaluation of freehold land and buildings and land and buildings under development.

#### 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.

### 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.

	<b>March 2022 12 months</b>	March 2021 10 months
<b>Profit after tax (\$'000)</b>	<b>61,129</b>	<b>85,680<sup>1</sup></b>
Weighted average number of ordinary shares outstanding ('000s)	<b>705,400</b>	621,537
<b>Basic earnings per share (cents per share)</b>	<b>8.7</b>	<b>13.8</b>

#### 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 2022 there were no shares with a dilutive effect (31 March 2021: nil).

	<b>March 2022 12 months</b>	March 2021 10 months
<b>Profit after tax (\$'000)</b>	<b>61,129</b>	<b>85,680<sup>1</sup></b>
Diluted weighted average number of ordinary shares outstanding ('000s)	<b>705,400</b>	621,537
<b>Diluted earnings per share (cents per share)</b>	<b>8.7</b>	<b>13.8</b>

### 4.3 Employee Share Based Payments

#### Employee Share Plan

On 7 December 2021 937,213 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 period, on 22 September 2020 1,193,045 shares were issued as part of the ESS.

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## 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 period in which they are incurred.

\$NZ000's	March 2022	March 2021
<b>Secured</b>		
Bank loans	154,845	204,930
Deferred payment on acquisition	3,500	-
Capitalised loan costs	(270)	(473)
Retail Bond – OCA010	125,000	125,000
Retail Bond – OCA020	100,000	-
Capitalised bond costs	(2,935)	(2,165)
<b>Total borrowings</b>	<b>380,140</b>	<b>327,292</b>
Current	3,250	-
Non current	380,095	329,930
<b>Total borrowings excluding capitalised loan costs</b>	<b>383,345</b>	<b>329,930</b>

### 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 2022 ranged from 2.48% to 3.70% (period to 31 March 2021: 2.40% to 2.58%).

#### 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. Refer to note 3.4.

#### Retail Bond

NZDX ID	Issue Date	No. of Bonds	\$NZ000's	Maturity	Fixed Interest	Trading Interest at March 2022	Trading Interest at March 2021
OCA010	19 Oct 20	125.0m	\$125,000	19 Oct 27	2.3%	4.8%	2.7%
OCA020	13 Sept 21	100.0m	\$100,000	13 Sept 28	3.3%	4.7%	-

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 4.4 Borrowings (continued)

#### Debt Financing

Total debt facility limits are \$350.0m. The General Corporate Facility limit is \$85.0m, and the Development Facility limit is \$265.0m. The maturity of the Facilities is 31 July 2023.

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 as follows:

- i. General Corporate Facility limit increased to \$235m (formerly \$85m); and
- ii. Development Facility limit remains at \$265m.
- iii. The increased facilities will be held by a banking syndicate to be agreed between the Company and ANZ.

#### Financing Arrangements

At 31 March 2022, the Group held committed bank facilities with drawings as follows:

\$NZ000's	March 2022		March 2021	
	Committed	Drawn	Committed	Drawn
General Corporate Facility	85,000	21,500	85,000	-
Development Facility	265,000	133,345	265,000	204,930
<b>Total</b>	<b>350,000</b>	<b>154,845</b>	<b>350,000</b>	<b>204,930</b>

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 is not less than 2.0x;
- (b) Loan to Value Ratio – the ratio of total bank 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 year. The Group has agreed with its banks that the calculation of Adjusted EBITDA and Net Interest, for the purposes of the financial covenants, shall continue to be 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 2022 the balance of the bank loans over which the properties are held as security is \$154.8m (31 March 2021: \$204.9m).

### 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 2022	March 2021
Cash and cash equivalents	9,745	79,906
Debt – repayable within one year	(5,743)	(2,431)
Debt – repayable after one year	(387,495)	(339,012)
<b>Net debt</b>	<b>(383,493)</b>	<b>(261,537)</b>
Cash and liquid investments	9,745	79,906
Gross debt – fixed interest rates	(238,393)	(136,513)
Gross debt – floating interest rates	(154,845)	(204,930)
<b>Net debt</b>	<b>(383,493)</b>	<b>(261,537)</b>

### Liabilities from Financing Activities

\$NZ000's	Cash	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
<b>Net debt as at 31 May 2020</b>	<b>17,624</b>	<b>(2,407)</b>	<b>(10,594)</b>	<b>-</b>	<b>(326,686)</b>	<b>(322,063)</b>
Cash flows	62,282	2,253	8,503	-	(592)	72,446
Acquisitions – finance leases	-	178	578	-	-	756
Terminations – finance leases	-	(3,132)	(10,595)	-	-	(13,727)
Other non-cash movements	-	677	3,026	-	(2,652)	1,051
<b>Net debt as at 31 March 2021</b>	<b>79,906</b>	<b>(2,431)</b>	<b>(9,082)</b>	<b>-</b>	<b>(329,930)</b>	<b>(261,537)</b>
<b>Net debt as at 31 March 2021</b>	<b>79,906</b>	<b>(2,431)</b>	<b>(9,082)</b>	<b>-</b>	<b>(329,930)</b>	<b>(261,537)</b>
Cash flows	(70,161)	1,595	5,818	-	(47,037)	(109,785)
Acquisitions – finance leases	-	899	1,582	-	-	2,481
Terminations – finance leases	-	(3,143)	(7,786)	-	-	(10,929)
Other non-cash movements	-	587	2,068	(3,250)	(3,128)	(3,723)
<b>Net debt as at 31 March 2022</b>	<b>9,745</b>	<b>(2,493)</b>	<b>(7,400)</b>	<b>(3,250)</b>	<b>(380,095)</b>	<b>(383,493)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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 period.

##### 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 period 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 2022 12 months	March 2021 10 months
<b>Income tax benefit</b>		
Current tax	-	-
Deferred tax	(4,879)	(10,396)
	<b>(4,879)</b>	<b>(10,396)</b>
<b>Taxation expense is calculated as follows:</b>		
Profit before income tax	56,250	75,284 <sup>1</sup>
Tax at the New Zealand tax rate of 28%	15,750	21,080 <sup>1</sup>
<i>Adjusted by the tax effect of:</i>		
Non-taxable gain on purchase of business assets	(2,900)	-
Non-deductible impairment of goodwill	115	342
Non-deductible expenditure	563	387
Capitalised interest deductible for tax	(1,432)	(1,193)
Taxable deferred management fees	(6,787)	(3,752)
Non-assessable revaluation of investment property	(17,740)	(23,035)
Taxable depreciation	(5,891)	(5,910) <sup>1</sup>
Accounting depreciation	4,473	3,213
Right of use asset	(194)	28
Non-deductible impairment / (reversal of non-deductible impairment) of fixed asset	1,327	(1,194)
Adjustment for timing difference of provisions	1,006	683
Losses generated	11,710	9,351
<b>Current tax expense</b>	<b>-</b>	<b>-</b>
Impact of movements in investment property	(2,076)	(4,149)
Impact of movements in property, plant and equipment	(4,071)	(10,159) <sup>1</sup>
Impact of movements in right of use assets	218	(8)
Other adjustments	(1,071)	(723)
Deferred management fee	6,787	3,752
(Reversal of other deferred tax assets not recognised) / other deferred tax assets not recognised	(777)	777 <sup>1</sup>
Losses (recognised) / utilised or derecognised	(3,889)	114
<b>Deferred tax benefit</b>	<b>(4,879)</b>	<b>(10,396)</b>
<b>Income tax benefit</b>	<b>(4,879)</b>	<b>(10,396)</b>

1 Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 5.1 Income Tax (continued)

#### Movement in the Deferred Tax Balance:

\$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	-	-
<b>Deferred tax (liabilities) / assets</b>	<b>-</b>	<b>4,879</b>	<b>(4,879)</b>	<b>-</b>

\$NZ000's	Balance 1 June 2020	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income	Balance 31 March 2021
Investment property	(960)	4,149	-	3,189
Property, plant and equipment	(14,266) <sup>1</sup>	10,159 <sup>1</sup>	(8,972)	(13,079) <sup>1</sup>
Right of use assets	929	8	(35)	902
Provisions and other assets / liabilities	8,645	723	(1,389)	7,979
DMF revenue in advance	5,538	(3,752)	-	1,786
Tax losses	114 <sup>1</sup>	(114) <sup>1</sup>	-	-
Deferred tax assets not recognised	-	(777) <sup>1</sup>	-	(777) <sup>1</sup>
<b>Deferred tax (liabilities) / assets</b>	<b>-</b>	<b>10,396</b>	<b>(10,396)</b>	<b>-</b>

#### Recognition and Measurement

No income tax was paid or payable during the year (31 March 2021: nil).

#### Key Accounting Judgements

##### Deferred Tax on Investment Property and Care Suites

Deferred tax on investment property and care suites 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 and care suites, 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.

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

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 CBRE Limited, to the extent that it doesn't relate to land. The Group uses the CBRE Limited 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

The Company and its subsidiaries exited the former OHHL tax consolidated group from 31 May 2015. All tax losses incurred by the Company and its subsidiaries until 31 May 2015 are tax losses of the OHHL consolidated tax group (of which the Group is no longer a member).

After taking into consideration losses generated in the period to 31 March 2022, the Group now has an estimated \$130.3m (31 March 2021: \$86.9m) of available tax losses as at 31 March 2022.

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 \$3.9m (31 March 2021: \$nil) representing tax losses generated has been recognised as at 31 March 2022 in order to offset the net deferred tax liability position. All other available tax losses generated are held off balance sheet and are noted below:

NZ\$000's	March 2022 12 months	March 2021 10 months
Opening balance – tax losses	86,875	53,435
Prior period adjustments: other	1,637	43
Losses per Inland Revenue	88,512	53,478
Losses utilised for the period	-	-
Losses forfeited during the period	-	-
Losses generated during the period	41,821	33,397
<b>Closing balance – tax losses</b>	<b>130,333</b>	<b>86,875</b>

## 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 2022

### 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 have 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).

<b>\$NZ000's</b>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
<b>Period ended 31 March 2021</b>			
Opening net book amount	6,565	1,986 <sup>1</sup>	8,551 <sup>1</sup>
Additions	-	1,311 <sup>1</sup>	1,311 <sup>1</sup>
Amortisation	-	(174) <sup>1</sup>	(174) <sup>1</sup>
Impairment charge	(1,220)	-	(1,220)
<b>Closing net book amount</b>	<b>5,345</b>	<b>3,123<sup>1</sup></b>	<b>8,468<sup>1</sup></b>
<b>As at 31 March 2021</b>			
At cost	207,387	6,017 <sup>1</sup>	213,404 <sup>1</sup>
Accumulated amortisation and impairment	(202,042)	(2,894) <sup>1</sup>	(204,936) <sup>1</sup>
<b>Net book amount</b>	<b>5,345</b>	<b>3,123<sup>1</sup></b>	<b>8,468<sup>1</sup></b>
<b>Year ended 31 March 2022</b>			
Opening net book amount	<b>5,345</b>	<b>3,123</b>	<b>8,468</b>
Additions	-	<b>986</b>	<b>986</b>
Amortisation	-	<b>(439)</b>	<b>(439)</b>
Impairment charge	<b>(412)</b>	-	<b>(412)</b>
Disposal	-	-	-
<b>Closing net book amount</b>	<b>4,933</b>	<b>3,670</b>	<b>8,603</b>
<b>As at 31 March 2022</b>			
At cost	<b>207,387</b>	<b>4,655</b>	<b>212,042</b>
Accumulated amortisation and impairment	<b>(202,454)</b>	<b>(985)</b>	<b>(203,439)</b>
<b>Net book amount</b>	<b>4,933</b>	<b>3,670</b>	<b>8,603</b>

#### Impairment Test for Goodwill

The carrying value of goodwill has been assessed on a site by site basis taking into account the sites 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.

### 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.

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

### 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 \$0.5m (2021: \$0.5m).

\$NZ000's	March 2022	March 2021
<b>Net trade and other receivables</b>		
Trade receivables	22,462	14,337
Less: Loss allowance	(450)	(454)
	<b>22,012</b>	<b>13,883</b>
Occupation licence payment receivable	44,435	29,219
Prepayments	2,689	2,890 <sup>1</sup>
Deposits on freehold land and buildings	-	2,000
<b>Trade and other receivables</b>	<b>69,136</b>	<b>47,992<sup>1</sup></b>

#### 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.

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.

For the current year 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. In the prior period the Group used a matrix of percentages between 1% and 100% based on the class of debtor, funding stream and resident departure date.

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

<sup>1</sup> Comparatives have been restated for the impact of a change in accounting policy in regards to the accounting for Software-as-a-Service arrangements. Refer to note 1.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 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.

Sundry payables include \$0.1m (2021: \$0.1m) relating to cash held on behalf of residents.

#### 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.

<b>\$NZ000's</b>	<b>March 2022</b>	March 2021
Trade payables	<b>2,043</b>	9,302
Development accruals	<b>8,665</b>	10,138
Sundry payables and accruals	<b>6,334</b>	5,343
Accrued interest on external borrowings and derivatives	<b>938</b>	900
Employee entitlements	<b>23,000</b>	18,625
<b>Trade and other payables</b>	<b>40,980</b>	<b>44,308</b>

### 5.5 Related Party Transactions

The below entities are subsidiaries of Oceania Healthcare Limited.

<b>Name of Entity</b>	<b>Principal Activities</b>	<b>2022</b>	<b>2021</b>	<b>Class of shares</b>
Oceania Group (NZ) Limited	Corporate office functions	<b>100%</b>	100%	Ordinary
Oceania Care Company Limited	Operation of aged care centres	<b>100%</b>	100%	Ordinary
Oceania Village Company Limited	Ownership and operation of retirement villages	<b>100%</b>	100%	Ordinary
OCA Employees Trustee Limited	Hold Employee Share Scheme shares on behalf of employees	<b>100%</b>	100%	Ordinary

All subsidiaries are incorporated in New Zealand and have a balance date of 31 March (2021: 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 2022 12 months	March 2021 10 months
Directors' remuneration and expenses	759	561
Directors' dividends including DRP	1,151	398
Salaries and other short term employee benefits	3,075	2,107
Key management personnel dividends including DRP	58	83
Termination benefits <sup>1</sup>	308	-
	<b>5,351</b>	<b>3,149</b>

### Transactions with Related Parties

There are no outstanding balances with related parties (31 March 2021: 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.

### 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 entity'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.

<sup>1</sup> Termination benefits in the 12 months to 31 March 2022 were made to three employees who met the definition of 'key management' and ceased to be employed by the Group during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 5.6 Financial Risk Management (continued)

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.

\$NZ000's	+1%		-1%	
	Profit / (loss)	Equity	Profit / (loss)	Equity
<b>2022</b>				
Interest expense	723	(136)	(723)	136
Change in fair value of cash flow hedges	112	3,016	(112)	(3,119)
<b>2021</b>				
Interest expense	(33)	(33)	33	33
Change in fair value of cash flow hedges	-	5,081	-	(5,284)

### 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 recognise 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 \$6.7m, 31 March 2021: gain \$3.6m), while the ineffective portion is recognised in other income in the Consolidated Statement of Comprehensive Income (gain \$0.5m, 31 March 2021: nil). 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.

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. New interest rate swaps of \$175.0m were put in place with an effective date of 1 June 2019 (with a trade date of 30 April 2019). Of the interest rate swaps in place at 31 March 2022, \$175.0m (2021: 175.0m) are being used to cover approximately 113% (2021: 85%) of the loan principal outstanding. These agreements effectively change the Group's interest exposure on the principal covered by the interest rate swaps from a floating rate to a fixed rate, with a weighted average interest rate of 1.9%. Bank loans of the Group currently bear an average fixed interest rate (including margin and line fees) of 4.1% (2021: 4.1%). The fair value of these agreements at 31 March 2022 is a \$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 2022 %	March 2021 %	March 2022 \$NZ000's	March 2021 \$NZ000's
Less than 1 year	3.04	-	75,000	-
Between 1 and 3 years	3.17	3.04	50,000	75,000
Between 3 and 5 years	3.35	3.17	50,000	50,000
Over 5 years	-	3.35	-	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 2022 is AA- (2021: 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 in aggregate via the various District Health Boards 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.

<b>\$NZ000's</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
<b>2022</b>				
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	-	-	-
<b>2021</b>				
Trade and other payables	24,783	-	-	-
Lease liabilities	3,108	1,521	4,213	6,373
Borrowings	7,942	8,394	214,215	127,875
Cash flow hedge - interest rate swaps	2,772	2,386	1,497	-
Refundable occupation right agreements	618,433	-	-	-

Of the derivative financial instruments value on the Balance Sheet as at 31 March 2022, a credit balance of \$0.1m is classified as current and a debit balance of \$4.0m is classified as non-current (31 March 2021: all 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 3.3.

**(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 10 month period ended 31 March 2022

### 5.7 Contingencies and Commitments

At 31 March 2022, the Group had no contingent liabilities or assets (31 March 2021: nil).

At 31 March 2022, the Group has a number of commitments to develop and construct certain sites totalling \$82.7m (31 March 2021: \$131.4m) of which \$82.7m (31 March 2021: \$131.4m) relates to development sites.

As at 31 March 2022, a commitment of \$7.9m (31 March 2021: \$9.3m) exists in relation to Stage One and \$3.0m (31 March 2021: \$5.8m) in relation to Stage Two in the form of future lease payments in respect of the development of Everil Orr, a leasehold site. Lease payment obligations arise as ORAs are sold. Refer to note 3.4 for further details.

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

### 5.8 Events After Balance Date

#### 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 as follows:

- (i) General Corporate Facility limit increased to \$235m (formerly \$85m); and
- (ii) Development Facility limit remains at \$265m.

The increased facilities will be for a period of 5 years and held by a banking syndicate to be agreed between the Company and ANZ.

#### Acquisitions

On 6 May 2022, a number of Sale and Purchase Agreements were entered into in relation to certain assets:

- 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 is subject to the parties obtaining the consent of the Statutory Supervisor, the Ministry of Health and the Auckland District Health Board and the Bream Bay Village agreement becoming unconditional. Settlement is expected in July 2022.
- b. Oceania Village Company Limited entered into a Sale and Purchase Agreement with Private Health Care (NZ) Limited and PBG Investments Limited to purchase the shares of Bream Bay Village Limited for a value of \$18.9m subject to purchase price adjustments. Bream Bay Village is an established village with 75 independent living villas. The Sale and Purchase Agreement is subject to the parties obtaining Statutory Supervisor consent and the Remuera Rise agreement becoming unconditional. Settlement is expected in July 2022.
- c. Oceania Village Company Limited entered into an option agreement, effective for six months, 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 may exercise the option 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.

#### (i) Provisional 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.

At the date of finalising the annual financial statements, due to the acquisition date having not passed, no acquisition date valuations have been obtained and the purchase price allocation calculation has not yet been finalised.

This calculation will be finalised in the interim report for the six month period ended 30 September 2022.

#### (ii) Contingent liabilities

No material contingent liabilities with respect to this transaction were noted during the due diligence process. Should, on a detailed review of the assets, any future contingent liabilities arise they will be disclosed in future financial statements.

#### Dividend

On 20 May 2022 a final dividend of 2.3 cents per share (not imputed) was declared and will be paid on 21 June 2022. The record date for entitlement is 7 June 2022. Refer to note 4.1.

There have been no other significant events after balance date.

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Oceania Healthcare Limited



### Independent auditor's report

To the shareholders of Oceania Healthcare Limited

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#### 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 2022, 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 2022;
- 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.

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#### 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, Task Force on Climate-Related Financial Disclosures (TCFD) gap analysis and materiality matrix work and agreed upon procedures in respect of proxy voting at the Annual Shareholder Meeting. The provision of these other services has not impaired our independence as auditor of the Group.

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#### 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited



Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment property and freehold land and buildings</b></p> <p>As disclosed in notes 3.1 and 3.2 of the consolidated financial statements, the Group's:</p> <ul style="list-style-type: none"> <li>investment property portfolio was valued at \$1,378.6 million at 31 March 2022 and included completed investment property and investment property under development</li> <li>freehold land and buildings were valued at \$666.6 million at 31 March 2022. This included 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).</li> </ul> <p>The Group's accounting policy is to measure these assets at fair value.</p> <p>Independent valuations of all investment property and freehold land and buildings were carried out by a third party valuer, CBRE Limited (the Valuer).</p> <p>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 Valuer as at 31 March 2022, adjusted by the Directors for:</p> <ul style="list-style-type: none"> <li>the estimated costs to be incurred to complete development of any asset not complete at the date of the valuation, but valued by the Valuer as if it was complete; and</li> <li>completed investment property, refundable occupation licence payments, residents' share of resale gains and management fees receivable which are recognised separately on the consolidated balance sheet and also reflected in the Valuer's cash flow model.</li> </ul>	<p>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.</p> <p>Our procedures included:</p> <p><b>External valuations</b></p> <p>We read the valuation report and discussed it with the Valuer. We assessed the valuation approach and confirmed that this was in accordance with the relevant accounting standards.</p> <p>On a sample basis, we tested whether property specific information supplied to the Valuer by the Group reflected the underlying property records held by the Group.</p> <p>From our discussions with management and the Valuer, and from our review of the valuation report, 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.</p> <p><b>Valuation adjustments</b></p> <p>We tested, on a sample basis, the adjustments made to the valuations determined by the Valuer as at 31 March 2022 as detailed in the description of this Key Audit Matter. This testing included obtaining quantity surveyors reports to support the estimated cost to complete developments as at 31 March 2022. We also obtained supporting documentation for a sample of transactions included in work in progress as at 31 March 2022.</p> <p><b>Assumptions and estimates</b></p> <p>Our work over the assumptions focused on the largest properties within the portfolio and those properties where the assumptions used and/or period-on-period fair value movement suggested a possible outlier compared to the rest of the portfolio and the market data for the sector.</p> <p>We held discussions with the Valuer 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.</p>



Description of the key audit matter	How our audit addressed the key audit matter
<p>For each completed investment property and each care suite, assumptions and estimates were made in respect of:</p> <ul style="list-style-type: none"> <li>• property price growth rate;</li> <li>• stabilised occupancy periods; and</li> <li>• discount rate.</li> </ul> <p>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 Valuer as at 31 March 2022, adjusted by management for the cost of any work in progress.</p> <p>For each asset under development, assumptions and estimates were made in respect of the price per square metre of land.</p> <p>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 Valuer as at 31 March 2022.</p> <p>For each property, assumptions and estimates are made in respect of:</p> <ul style="list-style-type: none"> <li>• forecast earnings before interest, tax, depreciation, amortisation, and rent; and</li> <li>• capitalisation rate.</li> </ul> <p>The valuation of the Group's property portfolio is inherently subjective. The 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.</p>	<p>We engaged our in-house expert to challenge the work performed by the Valuer 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.</p> <p>We understood the apportionment of the valuations to each class of assets and assessed the reasonableness of this through discussions with the Valuer and our in-house expert.</p> <p><b>Valuation estimates</b></p> <p>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.</p> <p>We considered whether there were any events subsequent to the date of the Valuer's report which may have caused the valuation of investment property and freehold land and buildings to be materially different to those determined by the Valuer.</p> <p>We considered the adequacy of the disclosures made in note 3 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.</p>

## INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited



Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Deferred tax on investment property and care suites</b></p> <p><b>Determination of deferred tax balances</b></p> <p>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').</p> <p>In applying the Held for Use methodology, the Group makes four key assumptions which involve significant judgement:</p> <ol style="list-style-type: none"> <li>1. Determining the amount of taxable cash flows;</li> <li>2. Timing of taxable cash flows, being at the end of the Occupation Right Agreement (ORA) period;</li> <li>3. Apportionment of the value of investment property between land and buildings; and</li> <li>4. Determining the number of years that commercial investment property is expected to be in use and depreciable for tax purposes.</li> </ol> <p>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.</p>	<p><b>Assumptions with respect to realisation through held for use</b></p> <p>With respect to the assumptions used in the calculation of deferred tax, we engaged our in-house tax specialist to challenge the work performed and assess the reasonableness of the assumptions based on their knowledge of the tax legislation and other accepted approaches in the industry.</p> <ol style="list-style-type: none"> <li>1. <b>Determining the amount of taxable cash flows</b> We agreed the amount of taxable cash flows of investment property and care suites to the Valuer's report, which is based on materially the same assumptions and estimates used in the valuation of investment property and care suites described above.</li> <li>2. <b>Timing of taxable cash flows</b> 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.</li> <li>3. <b>Apportionment of investment property</b> We have agreed the inputs to the apportionment calculation to the Valuer's land valuation and recalculated the apportionment between land and buildings.</li> <li>4. <b>Determining the number of years that commercial investment property is expected to be depreciable for tax purposes</b> 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.</li> </ol>



**Our audit approach**

**Overview**



Overall group materiality: \$2.3 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Oceania Healthcare Limited



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 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.

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### 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.

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### 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.



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**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.

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

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Leopino Foliaki', written in a cursive style.

Chartered Accountants  
20 May 2022

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 2022. Oceania considers that it has followed the recommendations in the NZX Code in all respects during FY2022.

For detailed information on Oceania's corporate governance policies, practices and processes please refer to the Investors section on the Oceania website – [www.oceaniahealthcare.co.nz/investor-centre/governance](http://www.oceaniahealthcare.co.nz/investor-centre/governance). This contains the following documents:

### Corporate Governance Statement

#### Constitution

#### Charters

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

#### Policies

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

### Dividend Reinvestment Plan Offer Document

#### Director Independence

As at 31 March 2022, 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, having regard to the rules, including the factors in the NZX Code. The Board has determined that, as at 31 March 2022, 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 four 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 and the Development Committee. As at 31 March 2022, 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

### Diversity

Oceania’s Diversity Policy is available on its website at [www.oceaniahealthcare.co.nz/investor-centre/governance](http://www.oceaniahealthcare.co.nz/investor-centre/governance). The Diversity 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 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 2022 (and 31 March 2021 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:

Gender	31 March 2022		31 March 2021	
	Male	Female	Male	Female
Directors	4	3	3	3
Officers	2	3	3	5
Employees	448	2,421	398	2,375

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

## CORPORATE GOVERNANCE (continued)

### Remuneration Report

#### Remuneration Overview

Oceania presents this remuneration overview for the year ended 31 March 2022. 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 2022 and remuneration received by the CEO and the Directors.

#### Remuneration Principles

It is recognised that in order to support the business and its strategy, Oceania must attract and retain people of a high calibre. 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. 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 [www.oceaniahealthcare.co.nz/investor-centre/governance](http://www.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 2022 were Sally Evans (Chair), Elizabeth Coutts and Alan Isaac.

#### Executive Remuneration Framework

Oceania's remuneration structure for executives, including the Chief Executive Officer ("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. The 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 the STI.

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 2022.

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: <ul style="list-style-type: none"> <li>- Underlying EBITDA target for the financial year</li> <li>- Targets related to the delivery of strategic pillar initiatives</li> <li>- Targets focused on delivery of key business projects</li> <li>- Achievement of a health and safety target.</li> </ul>

### c. Long Term Incentive

Oceania has as its LTI a performance share rights plan. 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 the executives under the LTI plan during the year ended 31 March 2022.

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 by applying an external valuation which takes into account the probability of vesting and the probability of share value. If the relevant performance hurdles are 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	Three years from 1 April 2021 to 31 March 2024.
Performance hurdles	There are two performance hurdles, with a 50% weighting for each: <ul style="list-style-type: none"> <li>- TSR Performance Hurdle: Oceania's total shareholder return in the performance period is greater than the 35th percentile total shareholder return of the NZX50 group of companies.</li> <li>- EPS Performance Hurdle: Oceania's annual growth in underlying earnings before interest, tax, depreciation and amortisation per share over the relevant performance period is equal to or greater than 10% per year.</li> </ul>
Dividends and voting rights	Performance Share Rights do not have voting rights or entitlement to dividends.

## CORPORATE GOVERNANCE (continued)

Cessation of employment	<ul style="list-style-type: none"> <li>– 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 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 Performance Share Rights may be accelerated. Any Performance Share Rights that are not retained or vested will lapse.</li> <li>– If a participant ceases to be employed for any other reason, all of the participant's Performance Share Rights and Qualifying Share Rights will lapse.</li> </ul>
Vesting	Although Performance Share Rights become Qualifying Share Rights at the end of each year (subject to meeting the performance hurdles), participants must wait until the vesting date for the Qualifying Share Rights to become eligible to convert into ordinary shares.

The terms of the LTI plan will be amended for the year ended 31 March 2023. The table below sets out the key terms for the invitation to executives to participate in 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	<p>Participants receive an allocation of Performance Share Rights.</p> <p>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 will be 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Performance period	Three years from 1 April 2022 to 31 March 2025.
Performance hurdle	<p>TSR Performance Hurdle: Oceania's total shareholder return 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.</p>
Dividends and voting rights	Performance Share Rights do not have voting rights or entitlement to dividends.
Cessation of employment	<ul style="list-style-type: none"> <li>– 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 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 Performance Share Rights may be accelerated. Any Performance Share Rights that are not retained or vested will lapse.</li> <li>– If a participant ceases to be employed for any other reason, all of the participant's Performance Share Rights and Qualifying Share Rights will lapse.</li> </ul>
Vesting	Although Performance Share Rights become Qualifying Share Rights at the end of each year (subject to meeting the performance hurdles), participants must wait until the vesting date for the Qualifying Share Rights to become eligible to convert into ordinary shares.

## CEO Remuneration

The remuneration for the CEO for the year ended 31 March 2022 is as follows<sup>1</sup>:

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

<sup>1</sup> The total fixed remuneration and STI figures shown 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.

The remuneration for the CEO for the 10 month period ended 31 March 2021 (being the prior comparative period) was as follows:

	Total fixed remuneration			Subtotal	LTIP	Remuneration Total
	Base Salary	Other Benefits	STI			
Brent Pattison <sup>1</sup>	\$28,931 <sup>2</sup>	\$1,350 <sup>2</sup>	0 <sup>3</sup>	\$30,281	\$9,032 <sup>2</sup>	\$39,313
Earl Gasparich <sup>4</sup>	\$394,980 <sup>5</sup>	\$31,073 <sup>5</sup>	\$106,500	\$532,553	-	\$532,553
Total for CEO	\$423,911	\$32,423	\$106,500	\$562,834	\$9,032	\$571,866

<sup>1</sup> Mr Pattison became acting CEO on 6 March 2021 and CEO on 22 March 2021.

<sup>2</sup> Salary, other benefits and LTIP pro-rated from Mr Pattison's 6 March 2021 start date.

<sup>3</sup> Mr Pattison's STI received during the year is not included as the STI related to the period in which Mr Pattison was Chief Financial Officer.

<sup>4</sup> Mr Gasparich resigned from the position as CEO on 6 March 2021.

<sup>5</sup> Salary and other benefits pro-rated to the date that Mr Gasparich resigned as CEO (being 6 March 2021).

### Fixed remuneration

In the year ended 31 March 2022, the CEO, Mr Pattison received fixed remuneration of \$663,641. This includes a base salary, the provision of a carpark, a vehicle allowance and KiwiSaver contributions.

### STI payment

In the year ended 31 March 2022, Mr Pattison received an STI payment of \$292,500 for the achievement of certain targets in the 10 month period to 31 March 2021, during which time Mr Pattison held the role of Chief Financial Officer of Oceania (until 6 March 2021).

In relation to the STI for the year ended 31 March 2022, targets were set with reference to a 10% increase in underlying EBITDA, sales and resale 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. Mr Pattison's STI entitlement under the STI for the year ended 31 March 2022 is \$292,500 and it is expected that Mr Pattison will receive the STI entitlement in respect of the year ended 31 March 2022. This payment will be made in May 2022.

### LTI payment

During the year ended 31 March 2022, Mr Pattison received long term incentive benefits (comprising of performance share rights) of \$252,926 value at the time of grant.

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

Mr Pattison, together with other executives, will be issued with Performance Share Rights in relation to the performance period 1 April 2022 to 31 March 2025.

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

	Grant Date	Vesting Date	Instrument	Status
LTI 2021/2024	1 April 2021	31 March 2024	375,000 Performance Share Rights	Unvested
LTI 2020/2023	15 September 2020	31 March 2023	521,739 Performance Share Rights	Unvested

### 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

## CORPORATE GOVERNANCE (continued)

### 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 and the Clinical and Health and Safety 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 2022, the maximum fee pool for non-executive Directors was \$762,500 per annum. The pool was last fixed five years ago at \$582,500 per annum when there were five Directors. The pool has increased and decreased since then with the appointment and resignation of Directors in accordance with NZX Listing Rule 2.11.3.

### Director Remuneration paid for the year ended 31 March 2022

Director	Board Fees	Audit Committee	Clinical and Health and Safety Committee	People and Culture Committee	Total Remuneration
Elizabeth Coutts (Chair)	\$180,000	-	-	-	\$180,000
Alan Isaac	\$90,000	\$20,000	-	-	\$110,000
Dame Kerry Prendergast	\$90,000	-	\$15,000	-	\$105,000
Sally Evans	\$90,000	-	-	\$7,500	\$97,500
Patrick McCawe <sup>1</sup>	\$78,750	-	-	-	\$78,750
Gregory Tomlinson	\$90,000	-	-	-	\$90,000
Robert Hamilton <sup>2</sup>	\$48,452	-	-	-	\$48,452
Peter Dufaur <sup>2</sup>	\$48,452	-	-	-	\$48,452

1 Patrick McCawe resigned as a Director with effect from 16 February 2022.

2 Robert Hamilton and Peter Dufaur were appointed as Directors on 17 September 2021.

The above fees exclude GST and expenses.

### Employees' Remuneration

Oceania did not employ people directly in the year ended 31 March 2022. 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 2022 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 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.

Remuneration	Number of Employees	Remuneration	Number of Employees
\$100,000 - \$109,999	19	\$230,000 - \$239,999	1
\$110,000 - \$119,999	13	\$240,000 - \$249,999	1
\$120,000 - \$129,999	12	\$250,000 - \$259,999	1
\$130,000 - \$139,999	13	\$280,000 - \$289,999	1
\$140,000 - \$149,999	10	\$290,000 - \$299,999	2
\$150,000 - \$159,999	9	\$300,000 - \$309,999	1
\$160,000 - \$169,999	2	\$320,000 - \$329,999	2
\$170,000 - \$179,999	3	\$350,000 - \$359,999	1
\$180,000 - \$189,999	2	\$400,000 - \$409,999	2
\$190,000 - \$199,999	1	\$410,000 - \$419,999	1
\$200,000 - \$209,999	4	\$1,200,000 - \$1,209,999	1
\$210,000 - \$219,999	3		

## 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 2022:

**Alan Isaac:** Disclosed he ceased to hold the following position: President of Institute of Directors.

**Dame Kerry Prendergast:** Disclosed she ceased to hold the following positions: Board Member of Wellington Phoenix Football Club; Member of Three Waters Programme Advisory Board.

Disclosed the following new positions: Chair of Victoria University Foundation; Director of FINNZ.

**Gregory Tomlinson:** Disclosed the following new positions: Director of Villa Maria Estate Limited; Director of Terra Vitae Vineyards Limited.

**Robert Hamilton:** Disclosed the following positions: Director of Tourism Holdings Limited; Director of Westpac New Zealand Limited; Director of Stelvio Consulting Limited; Director of Kamari Consulting Limited; Board Trustee of Auckland Grammar School; and Consultant to Synlait Milk Limited (through Stelvio Consulting Limited).

**Peter Dufaur:** Disclosed the following positions: Director of Rakino Way Investments Limited; Director of Mens Welding Club Limited; Director of Ockleston Holdings Limited; Director of Ockleston Investments Limited; Director of Wellsford Welding Club Limited; Director of Welding Holdings Limited; Director of Pagan Properties Limited; Director of Drury Lane GP Limited; Director of Mayfair Investment 2101 Limited; Director of Mayfair Investment 1901 Limited; Director of Mayfair Group Limited; Director of Druces Road Investment Limited; Director of MD Investment Holdings Limited; Director of Arch Hill Investment Limited; Director of Dufaur Investment Trustee Limited; Director of Symonds Street Investments Limited; Director of Mayfair Drury 2102 Limited; and Director of Bounty Lane Limited.

### Specific Disclosures

There were no specific disclosures made by Directors during the year ended 31 March 2022 of any interests in transactions with Oceania or any of its subsidiaries.

### Use of Company Information

During the year ended 31 March 2022, the Board did not receive any notices from Directors requesting use of Oceania's or any of its subsidiaries' information.

### Securities Dealings of Directors

Dealings by Directors of Oceania in relevant interests in Oceania's ordinary shares during the year ended 31 March 2022 are entered in the Interests Register:

Director	Number of ordinary shares	Nature of relevant interest	Acquisition / disposal	Consideration (per share)	Date of transaction
Elizabeth Coutts	39,074	Beneficial ownership	Acquisition	\$1.28	16 April 2021
Alan Isaac	15,339	Beneficial ownership	Acquisition	\$1.28	16 April 2021
Dame Kerry Prendergast	31,259	Registered and beneficial ownership	Acquisition	\$1.28	16 April 2021
Gregory Tomlinson	78,148	Beneficial ownership	Acquisition	\$1.28	16 April 2021
Elizabeth Coutts	23,122	Beneficial ownership	Acquisition	\$1.40	22 June 2021
Alan Isaac	2,862	Beneficial ownership	Acquisition	\$1.40	22 June 2021
Dame Kerry Prendergast	3,437	Registered and beneficial ownership	Acquisition	\$1.40	22 June 2021
Sally Evans	828	Registered and beneficial ownership	Acquisition	\$1.40	22 June 2021
Gregory Tomlinson	358,936	Beneficial ownership	Acquisition	\$1.40	22 June 2021
Alan Isaac	10,000	Beneficial ownership	Acquisition	\$1.48	28 July 2021
Gregory Tomlinson	668,674	Beneficial ownership	Acquisition	\$1.40	12 October 2021

## CORPORATE GOVERNANCE (continued)

Director	Number of ordinary shares	Nature of relevant interest	Acquisition / disposal	Consideration (per share)	Date of transaction
Gregory Tomlinson	731,326	Beneficial ownership	Acquisition	\$1.42	14 October 2021
Gregory Tomlinson	350,000	Beneficial ownership	Acquisition	\$1.41	15 October 2021
Gregory Tomlinson	55,000	Beneficial ownership	Acquisition	\$1.41	18 October 2021
Gregory Tomlinson	28,729	Beneficial ownership	Acquisition	\$1.41	19 October 2021
Elizabeth Coutts	25,000	Beneficial ownership	Acquisition	\$1.31	30 November 2021
Elizabeth Coutts	25,000	Beneficial ownership	Acquisition	\$1.31	3 December 2021
Sally Evans	19,100	Registered and beneficial ownership	Acquisition	\$1.33	7 December 2021
Sally Evans	12,000	Registered and beneficial ownership	Acquisition	\$1.33	8 December 2021
Peter Dufaur	74,800	Registered and beneficial ownership	Acquisition	\$1.34	8 December 2021
Elizabeth Coutts	25,667	Beneficial ownership	Acquisition	\$1.28	20 December 2021
Alan Isaac	3,272	Beneficial ownership	Acquisition	\$1.28	20 December 2021
Dame Kerry Prendergast	3,796	Registered and beneficial ownership	Acquisition	\$1.28	20 December 2021
Sally Evans	917	Registered and beneficial ownership	Acquisition	\$1.28	20 December 2021
Gregory Tomlinson	428,444	Beneficial ownership	Acquisition	\$1.28	20 December 2021

## Directors' Interests in Shares

Directors of Oceania have disclosed the following relevant interests in shares as at 31 March 2022:

Director	Number of shares in which a relevant interest is held
Elizabeth Coutts	1,644,692 shares
Alan Isaac	301,829 shares
Dame Kerry Prendergast	350,203 shares
Sally Evans	98,025 shares
Gregory Tomlinson <sup>1</sup>	26,618,649 shares
Robert Hamilton	40,500 shares
Peter Dufaur	74,800 shares

<sup>1</sup> 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 2022 were \$540,000. Total fees paid to PricewaterhouseCoopers for other professional services (being trustee reporting, requested procedures for the LTIP, advice on the Task Force on Climate-Related Financial Disclosures (TCFD) gap analysis and materiality matrix workshop and agreed upon procedures for the Annual Shareholders Meeting) during the financial year ended 31 March 2022 were \$76,000. No other fees were paid to PricewaterhouseCoopers for other professional services.

### Donations

During the year ended 31 March 2022, Oceania paid a total of \$32,573 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 2022.

### 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 2022.

### Credit Rating

Oceania currently has not sought a credit rating.

### Former Directors

Patrick McCawe resigned as a Director of Oceania Healthcare Limited on 16 February 2022.

Jill Birch resigned as a Director of Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited on 1 June 2021.

### Subsidiary Company Directors

Brent Pattison and Kathryn Waugh are the Directors of all Oceania's subsidiaries as at 31 March 2022, 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 2022)

Registered Shareholder	Number of Shares	% Shares
1 New Zealand Central Securities Depository Limited (see further table below)	218,040,773	30.70
2 FNZ Custodians Limited	50,482,100	7.10
3 Custodial Services Limited	49,647,940	6.99
4 Forsyth Barr Custodians Limited	39,406,151	5.54
5 Hobson Wealth Custodian Limited	30,223,612	4.25
6 Tomlinson Group Investments Limited <sup>1</sup>	22,751,055	3.20
7 New Zealand Depository Nominee Limited	21,093,993	2.97
8 JBWere (NZ) Nominees Limited	7,762,390	1.09
9 Lennon Holdings Limited	7,000,000	0.98
10 H & G Limited	6,000,000	0.84
11 FNZ Custodians Limited	5,186,352	0.73
12 Andrew Craig Strong and Alison Jean Strong	4,650,418	0.65
13 JBWere (NZ) Nominees Limited	4,570,586	0.64
14 Harrogate Trustee Limited <sup>1</sup>	3,867,594	0.54
15 M A Janssen Limited	3,024,026	0.42
16 Forsyth Barr Custodians Limited	2,967,343	0.41
17 Leveraged Equities Finance Limited	2,966,112	0.41
18 OCA Employees Trustee Limited	2,624,731	0.36
19 ASB Nominees Limited	2,315,960	0.32
20 Jinyue Zhang and Ting Wu	2,026,056	0.28
<b>Total</b>	<b>486,607,192</b>	<b>68.42</b>

<sup>1</sup> 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 Citibank Nominees (New Zealand) Limited	26,300,057	3.70
2 HSBC Nominees (New Zealand) Limited	23,130,314	3.26
3 MFL Mutual Fund Limited	22,350,114	3.15
4 Accident Compensation Corporation	21,705,727	3.06
5 HSBC Nominees (New Zealand) Limited	21,622,160	3.04
6 Generate Kiwisaver Public Trust Nominees Limited	20,959,528	2.95
7 BNP Paribas Nominees (NZ) Limited	18,669,339	2.63
8 JP Morgan Chase Bank NA NZ	16,486,828	2.32
9 ANZ Wholesale Trans-Tasman Property Securities Fund	11,061,577	1.56
10 ANZ Wholesale Australasian Share Fund	8,321,825	1.17
11 TEA Custodians Limited Client Property Trust Account	7,131,695	1.00
12 Simplicity Nominees Limited	5,943,555	0.84
13 BNP Paribas Nominees (NZ) Limited	2,934,040	0.41
14 Public Trust Class 10 Nominees Limited	2,215,369	0.31
15 ANZ Wholesale Property Securities	2,046,335	0.29
16 Pathfinder Caresaver	1,736,409	0.24
17 Pathfinder Nominees Limited	1,669,400	0.24
18 BNP Paribas Nominees (NZ) Limited	1,396,755	0.20
19 Public Trust RIF Nominees Limited	898,441	0.13
20 ANZ Custodial Services New Zealand Limited	881,832	0.12

### Spread of Registered Shareholdings

(as at 30 April 2022)

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 - 1,000	964	11.17	490,485	0.07
1,001 - 5,000	2,178	25.24	6,456,081	0.91
5,001 - 10,000	1,696	19.65	12,903,823	1.82
10,001 - 100,000	3,381	39.17	100,351,365	14.13
100,001 and over	412	4.77	590,002,746	83.07
<b>Total</b>	<b>8,631</b>	<b>100.00</b>	<b>710,204,500</b>	<b>100.00</b>

### 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 2022:

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	44,885,700	6.360	13 September 2021
Jarden Securities Limited and Harbour Asset Management Limited	38,719,934	5.452	30 March 2022

## CORPORATE GOVERNANCE (continued)

### Twenty Largest Registered Bondholders OCA 010

(as at 30 April 2022)

Registered Bondholder	Number of Bonds	% Bonds
1 Custodial Services Limited	44,530,000	35.62
2 New Zealand Central Securities Depository Limited (see further table below)	25,543,000	20.43
3 FNZ Custodians Limited	17,522,000	14.01
4 Hobson Wealth Custodian Limited	10,883,000	8.70
5 Forsyth Barr Custodians Limited	5,435,000	4.34
6 Investment Custodial Services Limited	2,249,000	1.79
7 JB Were (NZ) Nominees Limited	1,375,000	1.10
8 FNZ Custodians Limited	640,000	0.51
9 FNZ Custodians Limited	620,000	0.49
10 Forsyth Barr Custodians Limited	570,000	0.45
11 David James Foster and Linda Joyce Foster	500,000	0.40
12 F S Investments Limited	500,000	0.40
13 Craig John Thompson	500,000	0.40
14 Custodial Services Limited	401,000	0.32
15 Henry and William Williams Memorial Trust Incorporated	400,000	0.32
16 Hugh McCracken Ensor	370,000	0.29
17 William Leonard Wright and Gillian Wright	350,000	0.28
18 Hobson Wealth Custodian Limited	250,000	0.20
19 Robert Raymond Paterson	200,000	0.16
20 Gabriele Landvogt	170,000	0.13
<b>Total</b>	<b>113,008,000</b>	<b>90.34</b>

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 Queen Street Nominees ACF PIE Funds	4,075,000	3.26
4 Mint Nominees Limited	3,490,000	2.79
5 JP Morgan Chase Bank NA NZ Branch	500,000	0.4
6 Queen Street Nominees ACF Hobson Wealth	348,000	0.28
7 Public Trust RIF Nominees Limited	160,000	0.13
8 ANZ Custodial Services New Zealand Limited	110,000	0.09
9 BNP Paribas Nominees (NZ) Limited	71,000	0.06
10 Westpac Banking Corporate NZ Financial Markets Group	62,000	0.05
11 ANZ Bank New Zealand Limited	57,000	0.05

### Spread of Registered Bondholdings OCA 010

(as at 30 April 2022)

Size of Holding	Number of Bondholders	%	Number of Bonds	%
1,001 – 5,000	14	3.19	70,000	0.06
5,001 – 10,000	93	21.19	908,000	0.73
10,001 – 100,000	297	67.65	10,133,000	8.10
100,001 and over	35	7.97	113,889,000	91.11
<b>Total</b>	<b>439</b>	<b>100.00</b>	<b>125,000,000</b>	<b>100.00</b>

### Twenty Largest Registered Bondholders OCA 020

(as at 30 April 2022)

Registered Bondholder	Number of Bonds	% Bonds
1 New Zealand Central Securities Depository Limited (see further table below)	36,958,000	36.95
2 Custodial Services Limited	22,213,000	22.21
3 FNZ Custodians Limited	11,237,000	11.23
4 Forsyth Barr Custodians Limited	9,915,000	9.91
5 Hobson Wealth Custodian Limited	5,342,000	5.34
6 FNZ Custodians Limited	1,371,000	1.37
7 Investment Custodial Services Limited	1,070,000	1.07
8 Forsyth Barr Custodians Limited	1,039,000	1.03
9 JB Were (NZ) Nominees Limited	417,000	0.41
10 KIWIGOLD.CO.NZ Limited	400,000	0.4
11 Hobson Wealth Custodian Limited	209,000	0.2
12 Custodial Services Limited	188,000	0.18
13 JB Were (NZ) Nominees Limited	175,000	0.17
14 Paul Arnold Aitken	170,000	0.17
15 FNZ Custodians Limited	158,000	0.15
16 Forsyth Barr Limited	155,000	0.15
17 Forsyth Barr Custodians Limited	150,000	0.15
18 Lili Wang	150,000	0.15
19 Woodford Enterprises Limited	150,000	0.15
20 Visregen Technologies Limited	140,000	0.14
<b>Total</b>	<b>91,607,000</b>	<b>91.53</b>

## CORPORATE GOVERNANCE (continued)

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	12,200,000	12.20
2 National Nominees Limited	9,553,000	9.55
3 Westpac Banking Corporate NZ Financial Markets Group	5,815,000	5.82
4 TEA Custodians Limited Client Property Trust Account	5,470,000	5.47
5 BNP Paribas Nominees (NZ) Limited	1,860,000	1.86
6 Queen Street Nominees ACF PIE Funds	1,250,000	1.25
7 JP Morgan Chase Bank NA NZ Branch	700,000	0.70
8 Queen Street Nominees ACF Hobson Wealth	110,000	0.11

### Spread of Registered Bondholdings OCA 020

(as at 30 April 2022)

Size of Holding	Number of Bondholders	%	Number of Bonds	%
1,001 - 5,000	53	10.84	265,000	0.27
5,001 - 10,000	134	27.4	1,094,000	1.09
10,001 - 100,000	273	55.83	6,784,000	6.78
100,001 and over	29	5.93	91,857,000	91.86
<b>Total</b>	<b>489</b>	<b>100</b>	<b>100,000,000</b>	<b>100</b>



## Building connections...

(Continued from page 05)

After 23 years by the coast, Gary and wife Shirley have sold up at Waihi Beach, and with his hand-crafted boat finding a new home in the Tasman region (having traversed Cook Strait), Gary is a resident at The BayView and getting involved with a new project; building and making connections while he's doing it.

New to bowls, he's not only playing the game, connecting with other residents and forging new friendships, he's also been helping good friend Terry create bespoke bowls containers for the bowling fraternity, in the residents' tools workshop (the 'man cave') at The BayView. It's a great initiative that's bringing even more community energy to The BayView.

The individually named and meticulously finished carved wooden carriers are a huge hit with the bowlers.

"The boys" have thoughtfully designed and built two styles of carrier, one large that carries all four bowls in a single carrier, and a 2-bowl version, predominantly for the ladies, allowing them to carry a bowls carrier in each hand and distribute their weight evenly. Clever.

Gary of course, gives all the credit to Terry, "he made it happen, I just like to help out".

Yep, just helping out. A lifelong commitment from a quietly spoken community hero. At The BayView, Gary's finding ways to connect with his new home and contribute to the village, and he might say he's getting plenty back.



“I've always enjoyed having a project...

Gary – Resident at The BayView

