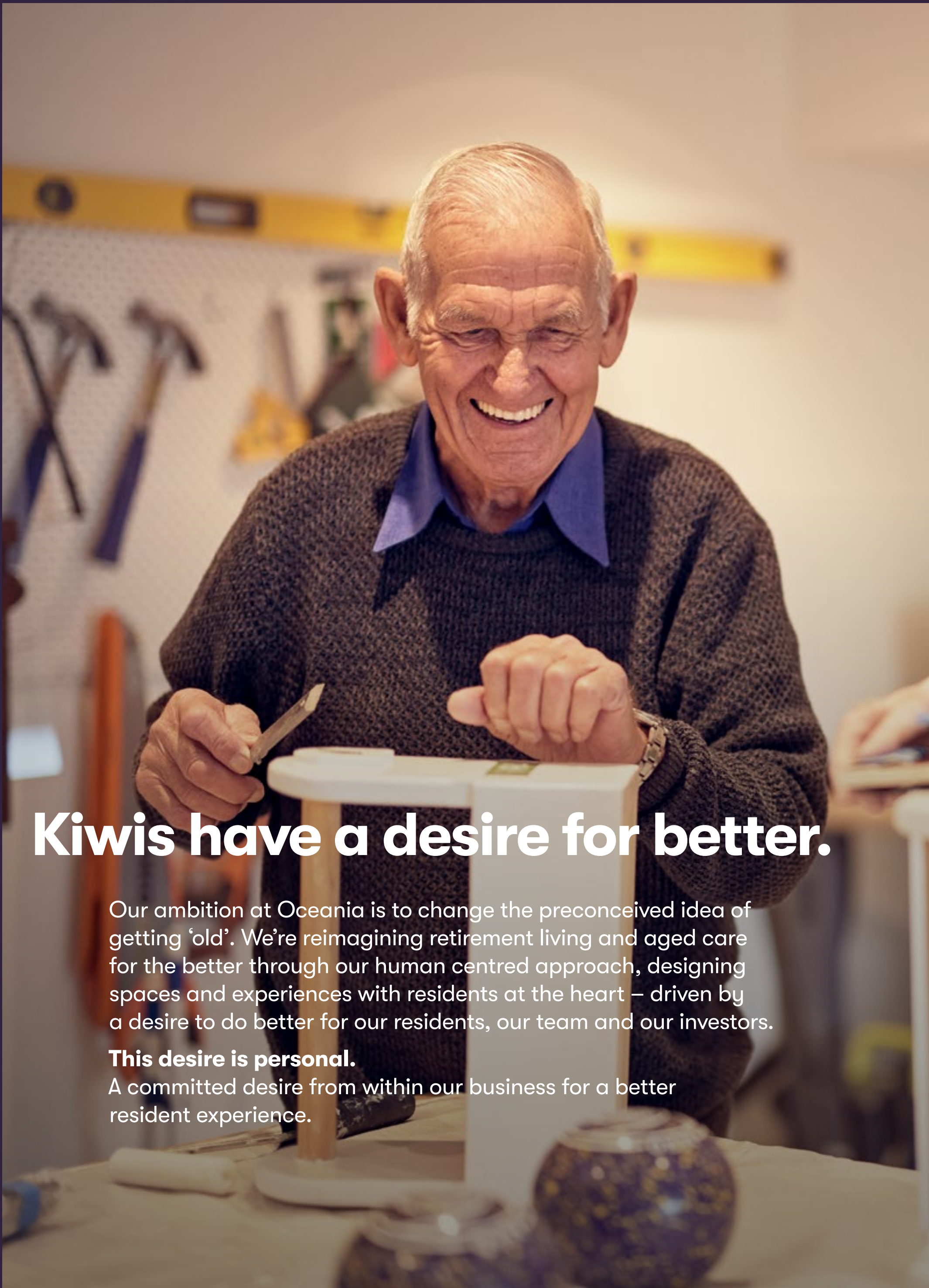
Better experiences

come from within.

INTERIM REPORT 2023

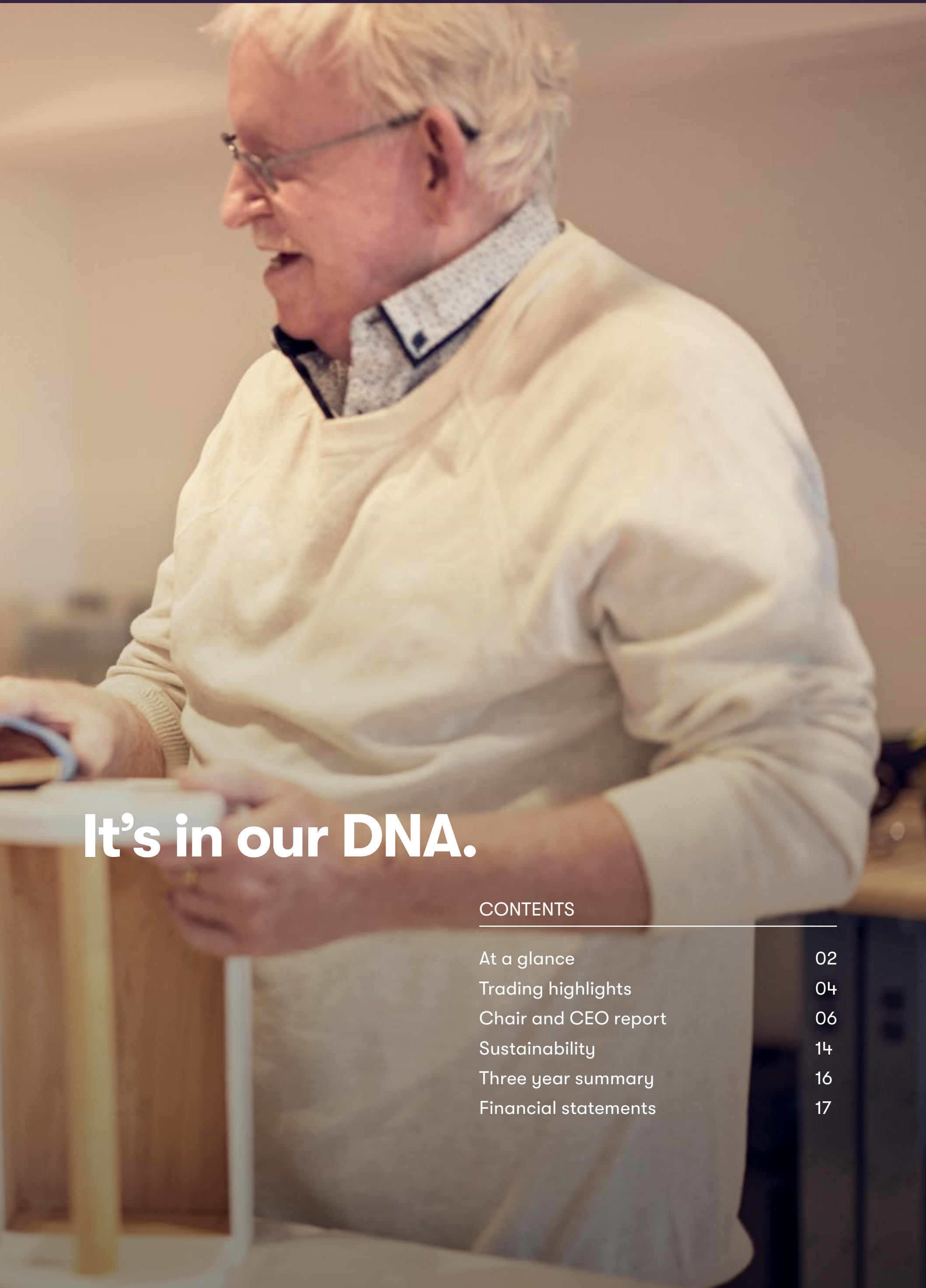
OCEANIA



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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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. Our future development delivery is underpinned by our current development pipeline of 1,836 new residences of which 83% is already consented.

Staff

2,900

Residents

4,100

Care beds and care suites

2,624

Units

1,766

Existing sites with mature operations

26

Existing sites with future developments (current and planned)

21

Undeveloped sites

1

Total sites

48

As at 30 September 2022

TRADING HIGHLIGHTS six months to 30 September 2022

A better experience is the bottom line.

Financial six month period to 30 September 2022

Total assets
as at 30 September 2022

$2.5bn

11.5%
higher than 31 March 2022 total assets of $2.2bn

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation
six months to 30 September 2022

$38.7m

6.0%
ahead of six months to 30 September 2021 proforma underlying earnings before interest, tax, depreciation and amortisation of $36.5m

Reported Total Comprehensive Income
six months to 30 September 2022

$27.3m

compared to six months to 30 September 2021 reported total comprehensive income of $62.7m

Operating Cash Flow
six months to 30 September 2022

$31.4m

compared to six months to 30 September 2021 reported operating cash flow of $52.5m

Operational six month period to 30 September 2022

Total sales

226

compared to six months to 30 September 2021 reported total sales of 230

28 New units

52 Resale units

33 New care suites

113 Resale care suites

Developments six month period to 30 September 2022

New consents secured

246 Units + care suites

Resource consents received during the six months to 30 September 2022:

- Franklin (Auckland)

Under construction

519 Units + care suites

Units and care suites under construction as at 30 September 2022:

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

Completed

127 Care suites

Care suites completed in the six months to 30 September 2022:

- Lady Allum (Milford, Auckland)
- Woodlands (Motueka)

Further expected to complete in FY2023

156 Units + care suites

Further units and care suites expected to complete in FY2023:

- The Helier (St Heliers, Auckland)
- The Bellevue Stage 2 (Christchurch)
- St Johns Wood (Taupō)
- Stoke (Nelson)

CHAIR AND CEO LETTER

Delivering on our brand promise.

Elizabeth Coutts

Brent Pattison

We are pleased to present our Interim Report for the six month period to 30 September 2022.

It has been a busy six month period for Oceania in continuing to execute its strategy, and the solid financial performance of the business in the period has been underpinned by the ongoing success of its care suite model. We have observed strong resale volumes of both independent living villas and apartments, as well as care suites, throughout the period. Sales activity has been complemented by the delivery of our development pipeline, with key projects progressing well.

The key highlights for the first half of FY2023 have included:

- Unaudited underlying EBITDA of $38.7m, a 6% increase ($2.2m) compared to the six month period ended 30 September 2021.
- Realised gains from new sales and resales up 12% compared with the prior corresponding period, with strong development and resale margin performance (for both independent living apartments and villas, as well as care suites).

- Enhancements to our bank debt facilities agreement, with an increased facility size from $350m to $500m, an extension of maturity date to 2027, as well as the inclusion of sustainability linked targets.
- Completion of the new care centre, comprising 113 care suites, at Lady Allum (Milford, Auckland), as well as 14 new care suites at Woodlands (Motueka).
- Interim dividend of 1.9 cents per share (not imputed) announced. This will have a record date of 30 November 2022 and will be paid on 14 December 2022. The Dividend Reinvestment Plan will apply to this dividend.

Financial Performance

Oceania's total assets are now $2.5b, representing 12% growth since 31 March 2022. The increase includes the addition of the Remuera Rise and Bream Bay acquisitions of $57.0m which were completed on 1 July 2022.

As at 30 September 2022, Oceania had current drawn debt and bonds of $503.2m and $5.8m of cash, representing $227.6m of undrawn net debt headroom. The increased facilities will be used to accelerate Oceania's development pipeline and are critical to Oceania's growth strategy moving forward.

Oceania's unaudited underlying EBITDA was $38.7m for the six month period ended 30 September 2022, representing a $2.2m or 6% increase on the six month period ended 30 September 2021. This result was primarily due to continued growth in deferred management fees, strong resales achieved and the increased premium revenue capture as Oceania embeds its care premiumisation strategy.

For the six months ended 30 September 2022, operating cashflow was $31.4m, compared to $52.5m for the six month period ended 30 September 2021. This reflects an investment in future growth through the buy back of units at development sites and slower initial new sales at Awatere (Hamilton).

The Directors have declared an interim dividend of 1.9 cents per shares (not imputed). The record date for entitlement is 30 November 2022 and the dividend will be paid on 14 December 2022. The dividend reinvestment plan for our New Zealand and Australian shareholders will apply to this dividend payment at a discount of 2.0% to the volume weighted average price of shares sold on the NZX Main Board over a period of five trading days starting on 29 November 2022.

Market Conditions

Oceania has demonstrated resilience against the backdrop of challenging market conditions throughout the period. Despite well publicised nursing and other labour shortages, Oceania has continued to deliver on its promise to provide high quality care to its residents. However, these workforce shortages have had an unfavourable impact on occupancy in the Care business, which has seen occupancy levels return to pre-COVID levels.

Oceania's construction activities have remained relatively unaffected by external market factors to date and we have continued to make steady progress with our development projects. Although we experienced some construction delays as a result of Omicron and supply chain disruptions during the period, our development programme is now largely on track. Our development team is working closely with construction partners and is monitoring suppliers to ensure the availability of materials in order to meet the development programme.

We have achieved a good level of resales during the period despite operating in a softening housing market. The timing of sales of independent living apartments and villas has been impacted by conditions in the broader residential property market and we are starting to see an increase in the median days to sell these units. However, the price of retirement village units in the sector, including at Oceania's villages, has historically been well below the median house price in the surrounding catchment areas. As a result of this buffer, Oceania has either maintained or increased pricing for its independent living villas and apartments over the last six months.

Strategy

Oceania's strategy is to achieve sustainable performance by delivering on its four strategic pillars – offer, resident experience, people capability and growth – underpinned by technology, innovation and its sustainability framework.

Oceania's care suite model is a proof point of its strategy and provides a pathway to the development of Oceania's private paying model of care. Just as Oceania innovated with the development of its care suite product in 2008-2010, Oceania is once again innovating with the development of a private model of care at some of its premium sites. The introduction of this private care model will enable Oceania to deliver bespoke services to its care residents depending on their specific needs and desires, with additional staffing and a choice of services provided. These sites are then free to operate outside the restrictions of the current Government funding model, which will in turn enable a portion of Oceania's portfolio to have less reliance on Government funding for its ongoing operations.

Oceania is taking a disciplined approach to the allocation of capital in its business. With Oceania's brownfields development pipeline well established, Oceania is now turning its focus to greenfield development opportunities. Planning is well underway for Franklin, which represents the first move towards a fully integrated greenfield development for Oceania, offering a full continuum of care in one of the fastest growing secondary urban areas in New Zealand.

In order to execute its greenfield development strategy, Oceania is continuing to pursue opportunities to acquire additional development land in targeted growth locations around New Zealand. Oceania continues to have strong balance sheet capacity to support this acquisition strategy and our disciplined approach to growth.

Oceania is continuing to review its current portfolio of sites and its development pipeline to ensure optimal capital allocation and the recycling of cash within the business, with a particular emphasis on considering the future of those sites that no longer fit Oceania's strategy or meet the required return thresholds. An update will be provided to the market on exiting such sites in due course.

Sales

Total sales volumes of 226 for the period pleasingly included strong capital gains for resale independent living units in the six months to 30 September 2022 as many of these units were previously occupied by residents who have enjoyed living in our villages for more than ten years. One of the highlights of the period has been resale unit volumes, with 165 resale independent living unit and care suite sales in the six months to 30 September 2022, compared to 129 resale independent living unit and care suite sales in the six months to 30 September 2021. This represents a 28% increase, which is a pleasing achievement.

Lady Allum (Milford, Auckland)

The Stage Two Awatere apartment development in Hamilton that was completed in March 2022 was an innovation to deliver higher density apartment living to the central Hamilton market. Our initial new sales capture for this stage of the development, comprising 63 apartments, has been below expectations. We are now seeing an increase in enquiries for new apartments and care suites at a number of sites around New Zealand.

It has been pleasing to see a broader acceptance of our care suite model by families looking for premium care options for their loved ones. Residents and their families appreciate the financial certainty that a care suite offers relative to other forms of premium aged residential care accommodation, and we are now starting to observe a level of presales for our new care suite developments, including at Lady Allum (Milford, Auckland) which opened recently.

The development of our flagship village, The Helier, in St Heliers, Auckland is progressing well, with completion of the first apartments expected by 31 March 2023. Positioned as a "New Era in Luxury Living", The Helier comprises 79 independent living apartments and 32 care residences. We have observed high levels of enquiry for The Helier and have started taking applications for independent living apartment residents to move in next year.

Developments

As noted above, our development activities have progressed well during the period. In the six month period to 30 September 2022, we delivered 127 care suites at Lady Allum (Milford, Auckland) and Woodlands (Motueka).

There are 519 units and care suites currently under construction in Auckland, Hamilton, Tauranga, Blenheim and Christchurch and we are on track to deliver between 280 and 300 units and care suites in FY2023 across six sites nationwide.

Looking further ahead, the total development pipeline comprises 1,836 units and care suites, with 83% of this pipeline already consented.

Many of Oceania's current development projects are brownfield development projects, with 46 independent living apartments at The Bellevue (Christchurch) expected to be complete by the end of the financial year, with the care centre development at Redwood (Blenheim) to follow shortly after. We are also in the early stages of brownfield development projects at Elmwood (Manurewa, Auckland – 106 care suites), Awatere (Hamilton – 74 new apartments) and The BayView (Tauranga – 28 further new apartments).

Oceania has made two acquisitions and recently embarked on a greenfield development strategy, with four large scale development opportunities in progress at these sites. The first example of this, being the development of 50 new apartments at Waterford (Hobsonville Point, Auckland), is now underway and is expected to be completed in mid-2024.

Oceania was delighted to receive a Merit Award at the Property Council of New Zealand Awards in August 2022 for its development at The BayView Stage Two. This development was entered into the Multi-Unit Residential Property Award category which included a range of traditional residential apartment buildings as well as some other retirement village projects. This was the first time that Oceania has submitted a nomination for these Awards, so it was extremely pleasing to receive this Merit Award for The BayView Stage Two.

Sustainability

Oceania is collaborating with the wider retirement village and aged care industry to build momentum on sustainability. A Retirement Villages Association Sustainability Committee has been established with representation from a range of retirement village operators, including Oceania, to tackle common challenges such as waste minimisation and diversion.

We are also implementing our roadmap in preparation for our climate risk disclosure obligations under the External Reporting Board requirements. Our people are participating in the Technical Working Group for property and construction, coordinated by the New Zealand Green Building Council, to develop climate risk scenarios for the property and construction sector. These scenarios will assist Oceania with its disclosures.

In June 2022, Oceania announced that it had entered into a sustainability linked loan with its banking partners. The loan was structured to align with the latest global sustainability principles and is underpinned by Oceania's sustainable finance framework. By starting to link its borrowings to its sustainability vision, Oceania is committed to driving its performance even further and with greater ambition.

Oceania was pleased to be a finalist for the Retirement Villages Association's Resident-Led Sustainability Award this year. The residents at Meadowbank Village (Auckland) worked with our team to join the "Love New Zealand Soft Plastic Recycling Scheme" that is run by the Packaging Forum. Soft plastics from the village were sent to Future Post, where it was turned into fence posts for farming and horticultural products. The residents' efforts are now coming full circle and Future Post has supplied two new garden beds at Meadowbank Village made from the recycled soft plastics. It is great to see initiatives like this developed by our residents.

People

We welcomed Anita Hawthorne to the Executive Team in July 2022 as Group General Manager Sales & Service. Anita brings more than 20 years of proven senior leader experience in customer innovation, customer experience and operational excellence from Air New Zealand.

Oceania is a people centred business, with over 2,900 staff and 4,100 residents. Oceania's future success is dependent on our fantastic team out at sites delivering outstanding resident experience every day. With the ongoing challenges in the employment market, we continue to remain focused on ensuring that Oceania attracts the right people and then retains these people.

The employee share scheme was offered again to our people in September 2022. 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 75% uptake of new staff in this year's offer. We also saw 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.

Looking ahead

Once again, we would like to thank our Directors for their contribution and our staff for their ongoing work in providing excellent services and care to our residents over the last six months. We remain focused on delivering on our brand promise to Believe in Better and reimagine the retirement and aged care living sector in New Zealand.

Elizabeth Coutts
Chair

Brent Pattison
Chief Executive Officer

Sustainability

Sustainability underpins Oceania's strategic pillars, and we are currently refreshing our sustainability framework as we work to embed sustainability across our organisation.

Governance

We have established a sustainability committee with our CEO, CFO and other members of the Executive Team and Head of Sustainability, to oversee delivery of our sustainability aspirations.

A new Board Sustainability sub-Committee has also been established and now meets quarterly throughout the year.

Sustainable Finance

During the first half of the year, we agreed our first Sustainability Linked Loan and set out our Sustainable Finance Framework. Our Sustainability Linked Loan links our $500m five year debt facility to achieving ambitious environmental and social goals.

The funding will go towards delivering Oceania's business growth strategy, enabling Oceania to accelerate its development pipeline and grow the business through organic and inorganic opportunities, at the same time as enhancing the resident experience and building people capability.

The five year loan commits Oceania to certain year on year targets to qualify for the loan interest discount, and penalty interest can be incurred if targets are not met.

Our Sustainability Linked Loan Key Performance Indicators

1. **Greenhouse gas emissions:** Oceania will reduce its greenhouse gas emissions in line with targets approved by the international Science Based Targets initiative and develop an emission reduction plan to meet the annual reduction targets.
2. **Construction waste:** Oceania will increase its diversion rate of construction waste away from landfill. This will become increasingly important as Oceania increases its build pipeline.
3. **Care resident wellbeing:** Oceania will work to improve the experience and wellbeing of residents through excellent quality of care, and resident engagement.

Climate Risk Disclosures

We continue to implement our Taskforce on Climate-related Financial Disclosures (TCFD) Roadmap in preparation for our climate risk disclosure requirements in future financial years. We have worked with the Retirement Village Association (RVA) to respond to the XRB's climate related disclosure standards consultation.

Oceania has also come together with other professionals to form a Technical Working Group, facilitated by the NZ Green Building Council, to develop climate related scenarios for the property and construction sector.

In our 31 March 2023 Annual Report we will provide further information on our TCFD Roadmap implementation across the four themes of governance, risk management, strategy and metrics and targets.

Oceania has been measuring and managing its emissions (scope 1, 2 and some limited scope 3 emissions) for a number of years and set a target to reduce emissions intensity by 12% by 2025, below a 2019 base year. We are pleased to report that we are currently on track to exceed this target. We are currently working on re-baselining our emissions in preparation for setting a science based target and assessing all our material scope 3 emissions.

Ross and Judi.

Our Meadowbank village residents were recognised for their sustainability efforts as a finalist in the 2022 Retirement Village Association sustainability awards – resident led category.

THREE YEAR SUMMARY

For the six months ended 30 September 2022

Financial Metrics

$NZm	Unaudited Sept 2022	Unaudited Sept 2021	Unaudited Nov 2020[5]
Underlying Net Profit After Tax [1, 2, 3, 4]	**27.8**	27.5	26.9
Underlying EBITDA [1, 3, 4]	**38.7**	36.5	35.3
Profit for the Period [4]	**11.2**	36.9	24.8
Total Comprehensive Income	**27.3**	62.7	57.0
Total Assets [4]	**2,450.8**	2,064.3	1,672.2
Operating Cash Flow [4]	**31.4**	52.5	74.5

Operating Metrics

$NZm	Unaudited Sept 2022	Unaudited Sept 2021	Unaudited Nov 2020[5]
Units	**1,766**	1,509	1,310
Care Suites	**972**	849	772
Care Beds	**1,652**	1,803	1,830
Total	**4,390**	**4,161**	**3,912**
New Sales	**61**	101	145
Resales	**165**	129	123
Total	**226**	**230**	**268**
Occupancy	**91.0%**	92.5%	92.1%

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

[2] Underlying Net Profit after Tax has been restated in the November 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 6 month period to 30 September 2021 by $1.8m. The period being the six months to 30 November 2020 is not impacted by this proforma adjustment.

[4] The November 2020 comparative period includes an adjustment for the impact in change in accounting policy in regards to the accounting for Software as a Service arrangements. Refer to note 1.2 of the September 2021 report. The September 2021 comparative period includes an adjustment to the gain on purchase of business assets. Refer to note 1.3(ii).

[5] The Group had a change of balance date on 31 March 2021 and therefore this comparative period represents the six months from 1 June to 30 November 2020.

Consolidated Interim Financial Statements

For the six months ended 30 September 2022

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

$NZ000's	Notes	Unaudited Six months Sept 2022	Unaudited Six months Sept 2021
Revenue		**122,117**	113,935
Change in fair value of investment property	3.1	**21,328**	31,299
Change in fair value of right of use investment property	3.5	**-**	986
Gain on purchase of business assets	1.3	**543**	10,358[1]
Other income		**1,467**	1,223
Total income		**145,455**	**157,801**[1]
Employee benefits and other staff costs[2]		**80,799**	77,002
Depreciation (buildings and care suites)	3.2, 3.5	**5,821**	6,337
Depreciation and amortisation (chattels, leasehold improvements and software)	3.2, 3.5	**3,500**	3,529
Impairment of property, plant and equipment and right of use asset	3.2, 3.5	**2,636**	193
Impairment of held for sale assets	3.3	**2,545**	-
Impairment of right of use investment property	3.5	**1,431**	-
Impairment of goodwill		**705**	338
Rental expenditure in relation to right of use investment property	3.5	**-**	1,928
Finance costs		**6,331**	4,121
Other expenses[3]		**33,059**	29,077
Total expenses		**136,827**	**122,525**
Profit before income tax		**8,628**	**35,276**[1]
Income tax benefit	5.1	**2,570**	1,664[1]
Profit for the period		**11,198**	**36,940**

[1] Comparatives include an adjustment to the gain on acquisition of business assets. Refer to note 1.3(ii).

[2] Included in other staff costs for the six months to 30 September 2021 is a payment of $1.8m in respect of the COVID-19 wage subsidy.

[3] Included in other expenses for the six months to 30 September 2022 is an expense of $1.1m (30 September 2021: $0.4m credit) in respect of the movement in residents' share of resale gains.

$NZ000's	Notes	Unaudited Six months Sept 2022	Unaudited Six months Sept 2021
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of property, plant and equipment for the period, net of tax	3.2,5.1	**14,156**	22,488
(Loss) / gain on revaluation of right of use assets for the period, net of tax	3.5,5.1	**(54)**	119
		14,102	**22,607**
Items that may be subsequently reclassified to profit or loss			
Gain on cash flow hedges, net of tax		**1,961**	3,108
Other comprehensive income for the period, net of tax		**16,063**	**25,715**
Total comprehensive income for the period attributable to shareholders of the parent		**27,261**	**62,655**
Basic earnings per share (cents per share)	4.2	**1.6**	5.3
Diluted earnings per share (cents per share)	4.2	**1.6**	5.3

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

CONSOLIDATED BALANCE SHEET

As at 30 September 2022

$NZ000's	Notes	Unaudited Sept 2022	Audited Mar 2022
Assets			
Cash and cash equivalents		**5,830**	9,745
Trade and other receivables		**86,957**	69,136
Derivative financial instruments		**6,662**	3,922
Assets held for sale	3.3	**64,784**	-
Investment property	3.1	**1,542,403**	1,378,552
Property, plant and equipment	3.2	**696,327**	686,592
Right of use assets	3.5	**39,339**	41,139
Intangible assets		**8,531**	8,603
Total assets		**2,450,833**	**2,197,689**
Liabilities			
Trade and other payables		**45,658**	40,980
Deferred management fee	3.4	**47,171**	42,067
Refundable occupation right agreements	3.4	**870,476**	775,765
Refundable occupation right agreements held for sale	3.4	**15,548**	-
Lease liabilities	3.5	**9,381**	9,894
Borrowings	4.3	**498,543**	380,140
Deferred tax liabilities	5.1	**-**	-
Total liabilities		**1,486,777**	**1,248,846**
Net assets		**964,056**	**948,843**
Equity			
Contributed equity	4.1	**709,068**	705,291
Retained deficit		**(59,362)**	(54,735)
Reserves		**314,350**	298,287
Total equity		**964,056**	**948,843**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

$NZ000's	Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
Balance as at 1 April 2021 (audited)		675,625	(86,983)	248,849	(3,866)	833,625
Profit for the period [1]		-	36,940	-	-	36,940
Other comprehensive income						
Revaluation of cash flow hedge net of tax		-	-	-	3,108	3,108
Revaluation of assets net of tax	3.2, 5.1	-	-	22,488	-	22,488
Revaluation of right of use assets net of tax	3.5, 5.1	-	-	119	-	119
Total comprehensive income		**-**	**36,940**	**22,607**	**3,108**	**62,655**
Transactions with owners						
Dividends paid	4.1	-	(14,730)	-	-	(14,730)
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	5,567	-	-	-	5,567
Employee share scheme	4.1	-	278	-	-	278
Total transactions with owners		**25,092**	**(14,452)**	**-**	**-**	**10,640**
Balance as at 30 September 2021 (unaudited)		**700,717**	**(64,495)**	**271,456**	**(758)**	**906,920**
Balance as at 1 April 2022 (audited)		**705,291**	**(54,735)**	**295,437**	**2,850**	**948,843**
Profit for the period		**-**	**11,198**	**-**	**-**	**11,198**
Other comprehensive income						
Revaluation of cash flow hedge net of tax		**-**	**-**	**-**	**1,961**	**1,961**
Revaluation of assets net of tax	3.2, 5.1	**-**	**-**	**14,156**	**-**	**14,156**
Revaluation of right of use assets net of tax	3.5, 5.1	**-**	**-**	**(54)**	**-**	**(54)**
Total comprehensive income		**-**	**11,198**	**14,102**	**1,961**	**27,261**
Transactions with owners						
Dividends paid	4.1	**-**	**(16,320)**	**-**	**-**	**(16,320)**
Share issue: dividend reinvestment scheme	4.1	**3,777**	**-**	**-**	**-**	**3,777**
Employee share scheme	4.1	**-**	**495**	**-**	**-**	**495**
Total transactions with owners		**3,777**	**(15,825)**	**-**	**-**	**(12,048)**
Balance as at 30 September 2022 (unaudited)		**709,068**	**(59,362)**	**309,539**	**4,811**	**964,056**

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

[1] Comparatives include an adjustment to the gain on acquisition of business assets. Refer to note 1.3(ii).

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2022

$NZ000's	Notes	Unaudited Six months Sept 2022	Unaudited Six months Sept 2021
Cash flows from operating activities			
Receipts from residents for village and care fees		**90,886**	97,043
Payments to suppliers and employees		**(110,304)**	(108,308)
Rental payments in relation to right of use investment property		**-**	(1,928)
Receipts from new occupation right agreements		**100,407**	109,323
Payments for outgoing occupation right agreements		**(41,472)**	(35,664)
Net goods and services tax paid		**(1,894)**	(4,750)
Interest received		**360**	21
Interest paid		**(6,258)**	(2,986)
Interest paid in relation to right of use assets		**(335)**	(301)
Net cash inflow from operating activities		**31,390**	**52,450**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(35,845)**	(25,238)
Payments for investment property and investment property under development		**(42,158)**	(61,031)
Payments for assets held for sale		**(500)**	-
Payments for business assets	1.3(ii)	**(59,873)**	(56,208)
Net cash outflow from investing activities		**(138,376)**	**(142,477)**

$NZ000's	Unaudited Six months Sept 2022	Unaudited Six months Sept 2021
Cash flows from financing activities		
Proceeds from borrowings	**153,605**	70,880
Repayment of borrowings	**(34,290)**	(51,686)
Proceeds from bond issuance	**-**	100,000
Repayment of bank borrowing from bond proceeds	**-**	(100,000)
Proceeds from share placement	**-**	20,000
Capitalised costs in relation to share placement	**-**	(475)
Capitalised borrowing costs	**(2,171)**	(1,194)
Principal payments for right of use assets	**(1,530)**	(1,445)
Dividends paid	**(12,543)**	(9,163)
Net cash inflow from financing activities	**103,071**	**26,917**
Net decrease in cash and cash equivalents	**(3,915)**	**(63,110)**
Cash and cash equivalents at the beginning of the period	**9,745**	79,906
Cash and cash equivalents at end of period	**5,830**	**16,796**

The Board of Directors of the Company authorised these consolidated interim financial statements for issue on 23 November 2022.

For and on behalf of the Board

Liz Coutts

Elizabeth Coutts
Chair

Alan Isaac
Director

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

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. General Information

1.1 Basis of Preparation

(i) Entities Reporting

The consolidated interim 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 5.2 for details of the Group structure.

The consolidated interim financial statements incorporate the assets and liabilities of all subsidiaries of Oceania Healthcare Limited as at 30 September 2022 and the results of all subsidiaries for the six months then ended.

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

(ii) Statutory Base

Oceania Healthcare Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993 and is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the NZX Main Board ("NZX") and the Australian Securities Exchange ("ASX") as a foreign exempt listing. The consolidated interim 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 interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They also comply with NZ IAS 34 – *Interim Financial Reporting*, IAS 34 – *Interim Financial Reporting* and other applicable New Zealand Financial Reporting Standards, as appropriate for for-profit entities. They do not include all the notes of the type normally included in the consolidated annual financial statements. Accordingly, these consolidated interim financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2022, prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). The Group is a Tier 1 for-profit entity in accordance with XRB A1.

The accounting policies that materially affect the measurement of the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet and the Consolidated Cash Flow Statement have been applied on a basis consistent with those used in the audited consolidated financial statements for the year ended 31 March 2022.

The consolidated interim financial statements for the six months ended 30 September 2022 and comparatives for the six months ended 30 September 2021 are unaudited. The consolidated annual financial statements for the year ended 31 March 2022 were audited and form the basis for the comparative figures for that period in these statements. They are presented in New Zealand dollars which is the Group's presentation currency.

The consolidated interim 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 interim 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 interim 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 interim financial statements are disclosed in the following notes:

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

1.2 Accounting Policies

(i) New Accounting Standards

During the comparative period, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software as a Service 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 and has been reflected in the comparative periods.

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.

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

(ii) Measurement of Fair Value

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

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

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

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

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

1.3 Significant Events and Transactions

(i) COVID-19

The Directors have assessed the impact of COVID-19 on the judgements and estimates applied in the consolidated interim financial statements 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

1.3 Significant Events and Transactions (continued)

(ii) Acquisitions

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

In the comparative period to 30 September 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.

Purchase consideration and fair value of net assets acquired

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

(B) Remuera Rise (Auckland) and Bream Bay (Ruakākā)

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

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

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

c. On 6 May 2022 Oceania Village Company Limited also entered into an option agreement with GNLC Limited to purchase 6.7 hectares of development land in Bream Bay, adjacent to Bream Bay Village. This agreement grants Oceania Village Company Limited the option to acquire this land for a purchase price of $8.4m plus GST if any. Oceania Village Company Limited may exercise the option agreement for the development land adjacent to Bream Bay Village within 20 working days of the plan change being made operative by Whangarei District Council following settlement of any appeals. As at 30 September 2022 Oceania Village Company Limited has not yet exercised this option.

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 and both acquisitions were settled in cash. The acquisitions were accounted for using the acquisition method which requires that all identifiable assets and liabilities be assumed at their acquisition date fair value.

The operations of Remuera Rise added $0.6m to Net Profit before Tax in the period since acquisition to 30 September 2022, of which $0.8m is operating revenue. The impact on the fair value movements in the period is disclosed in note 3.1.

The operations of Bream Bay added $0.7m to Net Profit before Tax in the period since acquisition to 30 September 2022, of which $0.6m is operating revenue. The impact on the fair value movements in the period is disclosed in note 3.1.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

1.3 Significant Events and Transactions (continued)

Fair Value on Acquisition Date

$NZ000's	Remuera Rise (provisional)	Bream Bay (provisional)	Waterford (Sept 2021)
Assets			
Investment Property	73,899	64,111	104,022
Freehold Land	1,000	-	-
Freehold Buildings	150	-	-
Development Land	-	-	8,950
Chattels	-	-	63
Other Assets	64	32	-
Liabilities			
Resident liabilities	(37,594)	(41,637)	(46,437)
Employee entitlements	(164)	(10)	(19)
Other Liabilities	-	(16)	-
Net assets acquired	**37,355**	**22,480**	**66,579**
Total consideration	**37,936**	**21,937**	**56,221**
(Goodwill recognised on purchase) / Gain on purchase of business asset	(581)	543	10,358[1]

The goodwill on acquisition of Remuera Rise and the gain on purchase of Bream Bay arise due to differences in the key assumptions within the external valuer's valuations, including growth rate and discount rate, between the reference date for the acquisition and the settlement date.

Goodwill created on the acquisition of Remuera Rise has been impaired in the period to 30 September 2022.

Contingent liabilities

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

[1] The gain on purchase of business assets at Waterford above differs from what was disclosed in the 30 September 2021 interim consolidated financial statements. This is due to the revision of Deferred Tax treatment of DMF on finalisation of the acquisition accounting which was disclosed in the 31 March 2022 Annual Report. This resulted in a reduction of $1.8m to a deferred tax liability on acquisition (Sept 2021: $8.5m). The comparative amounts in these statements have been restated to reflect this change.

(iii) Debt refinancing

Debt financing

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

The entire debt facility is sustainability-linked for the entire five year period with a discount in the event of the Group successfully satisfying, and a penalty in the event of the Group not satisfying, certain ESG targets. See note 4.3.

1.4 Market Capitalisation

At balance date, the market capitalisation of the Group (being the 30 September 2022 closing share price, as quoted on the NZX Main Board, multiplied by the number of shares on issue) was below the carrying amount of the Group's net assets. In considering the difference, the Group notes that over 90% of total assets at 30 September 2022 are property assets carried at fair value as assessed by CBRE Limited and Colliers Limited as independent valuers.

2. Operating Performance

2.1 Operating Segments

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

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

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

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

Additional segmental reporting information

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

Goodwill: Goodwill is allocated to 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 INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

2.1 Operating Segments (continued)

	Care
Product	Includes traditional care beds and care suites.
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.
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.
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).
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).
Recognition in Underlying Profit (refer note 2.1 overleaf)	Fair value movements are removed.
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.

Village	Other
Includes independent living and rental properties.	N/A
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.
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.
Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
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.
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).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

2.1 Operating Segments (continued)

Six months ended 30 September 2022 (unaudited) $NZ000's	**Care Operations**	**Village Operations**	**Other**	**Total**
Revenue	96,493	24,059	1,565	122,117
Change in fair value of investment property	-	21,328	-	21,328
Gain on purchase of business assets	-	543	-	543
Other income	84	1,017	6	1,107
Total income	96,577	46,947	1,571	145,095
Operating expenses	(85,334)	(14,165)	(14,359)	(113,858)
Impairment of goodwill	(124)	(581)	-	(705)
Impairment of property, plant and equipment	(2,636)	-	-	(2,636)
Impairment of right of use investment property		(1,431)	-	(1,431)
Impairment of held for sale assets	-	(2,545)	-	(2,545)
Segment EBITDA	8,483	28,225	(12,788)	23,920
Interest income	-	17	343	360
Finance costs	-	-	(6,331)	(6,331)
Depreciation (buildings and care suites)	(5,447)	-	(374)	(5,821)
Depreciation and amortisation (chattels, leasehold improvements and software)	(2,730)	-	(770)	(3,500)
Profit / (loss) before income tax	306	28,242	(19,920)	8,628
Income tax benefit	400	(589)	2,759	2,570
Profit / (loss) for the period attributable to shareholders	706	27,653	(17,161)	11,198
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the period, net of tax	14,156	-	-	14,156
Loss on revaluation of right of use asset for the period, net of tax	(54)	-	-	(54)
Gain on cash flow hedges, net of tax	-	-	1,961	1,961
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	14,808	27,653	(15,200)	27,261

Six months ended 30 September 2021 (unaudited) $NZ000's	Care Operations	Village Operations	Other	Total
Revenue	93,341	19,733	861	113,935
Change in fair value of investment property	-	31,299	-	31,299
Change in fair value of right of use investment property	-	986	-	986
Gain on purchase of business assets	-	10,358[1]	-	10,358[1]
Other income	147	982	73	1,202
Total income	**93,488**	**63,358**	**934**	**157,780**
Operating expenses	(84,264)	(11,195)	(12,548)	(108,007)
Impairment of goodwill	(338)	-	-	(338)
Impairment of property, plant and equipment	(193)	-	-	(193)
Segment EBITDA	**8,693**	**52,163[1]**	**(11,614)**	**49,242[1]**
Interest income	-	3	18	21
Finance costs	-	-	(4,121)	(4,121)
Depreciation (buildings and care suites)	(6,193)	-	(144)	(6,337)
Depreciation and amortisation (chattels, leasehold improvements and software)	(2,949)	-	(580)	(3,529)
(Loss) / profit before income tax	**(449)**	**52,166[1]**	**(16,441)**	**35,276[1]**
Income tax benefit	583	(2,697)[1]	3,778	1,664[1]
Profit / (loss) for the period attributable to shareholders	**134**	**49,469**	**(12,663)**	**36,940**
Other comprehensive income				
Gain on revaluation of property, plant and improvement for the period, net of tax	22,488	-	-	22,488
Gain on revaluation of right of use asset for the period, net of tax	119	-	-	119
Gain on cash flow hedges, net of tax	-	-	3,108	3,108
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	**22,741**	**49,469**	**(9,555)**	**62,655**

[1] Gain on purchase of business assets has been revised for a change in deferred tax treatment. Refer to note 1.3(ii).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 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:

	Net profit after tax
Remove	Change in fair value of investment property, right of use investment property assets and cash flow hedges and impairment / reversal of impairment of property, plant and equipment, right of use property, plant and equipment and held for sale assets
Add back	Impairment of goodwill
Add back	Rental expenditure in relation to right of use investment property assets
Add back / remove	Loss / gain on sale, decommissioning or purchase of assets and business assets including associated legal costs
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
=	**Underlying Profit**
Remove	Interest income
Add back	Finance costs (including lease interest under NZ IFRS 16 *Leases* but excluding hedge ineffectiveness)
Add back	Depreciation and amortisation (including right of use property, plant and equipment)
=	**Underlying EBITDA**

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

2.1 Operating Segments (continued)

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

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

[1] Brownfield land refers to land previously utilised by, or part of, an operational aged care centre or retirement village.

[2] The timing of a change of use is a Directors' estimate. It is based on a range of factors including evidence of steps taken to secure a resource consent and/or building consent for a particular development or stage of a development and the decommissioning of existing operations (either through the buy-back of existing village ORA units or decommissioning of an existing care centre). Note the cost of buybacks is not included in the development cost as an independent fair value of the land on an unencumbered basis is used as the value ascribed to the development land.

[3] Greenfield land refers to land not previously utilised by, or as part of, an operational aged care centre or retirement village. Greenfield land is typically bare (undeveloped) land at the time of purchase.

Six months ended 30 September 2022 (unaudited) $NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	14,808	27,653	(15,200)	27,261
Adjusted for Underlying Profit items				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment and held for sale assets	(11,466)	(17,351)	(1,961)	(30,778)
Add: Impairment of goodwill	124	581	-	705
Add: Rental expenditure in relation to right of use asset	-	-	-	-
Add: Depreciation (care suites)	4,385	-	-	4,385
Less: Gain on purchase of business assets including associated costs	-	(316)	-	(316)
Add: Realised resale gain	-	16,436	-	16,436
Add: Realised development margin	-	12,651	-	12,651
Underlying net profit before tax	7,851	39,654	(17,161)	30,344
Less: Deferred tax benefit	(400)	589	(2,759)	(2,570)
Underlying net profit after tax	7,451	40,243	(19,920)	27,774
Less: Interest income	-	(17)	(343)	(360)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	6,331	6,331
Add: Depreciation (buildings)	1,062	-	374	1,436
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	2,730	-	770	3,500
Underlying EBITDA	11,243	40,226	(12,788)	38,681

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

2.1 Operating Segments (continued)

Six months ended 30 September 2021 (unaudited) $NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	22,741	49,469	(9,555)	**62,655**
Adjusted for Proforma Items				
Add: Repayment of Wage Subsidy[1]	1,768	-	-	1,768
Adjusted for Underlying Profit items				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment	(22,415)	(32,284)	(3,108)	(57,807)
Add: Impairment of goodwill	338	-	-	338
Add: Rental expenditure in relation to right of use asset	-	1,928	-	1,928
Add: Depreciation (care suites)	4,807	-	-	4,807
Less: Gain on purchase of business assets including associated costs	-	(10,408)[2]	-	(10,408)[2]
Add: Realised resale gain	-	10,639	-	10,639
Add: Realised development margin	-	15,252	-	15,252
Underlying net profit before tax	7,239	34,596[2]	(12,663)	29,172[2]
Less: Deferred tax benefit	(583)	2,697[2]	(3,778)	(1,664)[2]
Underlying net profit after tax	**6,656**	**37,293**	**(16,441)**	**27,508**
Less: Interest income	-	(3)	(18)	(21)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	3,921	3,921
Add: Depreciation (buildings)	1,386	-	144	1,530
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	2,949	-	580	3,529
Underlying EBITDA	**10,991**	**37,290**	**(11,814)**	**36,467**

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

[2] Gain on purchase of business assets has been revised for a change in deferred tax treatment. Refer to note 1.3(ii).

3. Property Assets

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

What is Investment Property?

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

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

What is Property, Plant and Equipment?

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

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

What is a Care Suite?

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

What is Held for Sale Assets?

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3. Property Assets (continued)

Classification of Serviced Apartments and Care Suites

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

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

CLASSIFICATION

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

SCENARIO

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

CONSIDERATION OF SIGNIFICANCE OF CASH FLOWS

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

[1] ARRC refers to age-related residential care.

3.1 Village Assets: Investment Property

$NZ000's	Notes	Unaudited Sept 22	Audited Mar 22
Investment property under development at fair value			
Opening balance		**173,899**	143,720
Acquisition	1.3	**-**	8,950
Transfer from property, plant and equipment	3.2	**-**	3,750
Capitalised expenditure (including land acquisitions)		**30,043**	90,531
Capitalised interest and line fees		**1,980**	2,585
Transfer to completed investment property		**-**	(89,626)
Transfer to property, plant and equipment	3.2	**-**	(65)
Transfer to held for sale	3.3	**(5,714)**	-
Change in fair value during the period – developments as at balance date		**3,601**	13,643
Change in fair value during the period – developments completed during the period		**-**	411
Closing balance		**203,809**	**173,899**
Completed investment property at fair value			
Opening balance		**1,204,653**	956,083
Acquisition	1.3	**138,010**	104,022
Transfer from investment property under development		**-**	89,626
Transfer to property, plant and equipment	3.2	**-**	-
Transfer to held for sale	3.3	**(29,119)**	-
Capitalised expenditure		**6,505**	4,209
Capitalised interest and line fees		**818**	1,292
Change in fair value during the period – existing villages		**4,710**	22,511
Change in fair value during the period – recently completed developments[1]		**13,017**	26,910
Closing balance		**1,338,594**	**1,204,653**
Total investment property		**1,542,403**	**1,378,552**

[1] Recently completed developments refers to those developments which were being sold down during the period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3.1 Village Assets: Investment Property (continued)

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

$NZ000's	Unaudited Sept 2022	Unaudited Sept 2021
Increase in fair value of investment property	163,851	194,952
Add: Transfers to property, plant and equipment, right of use assets and held for sale during the period	34,833	65
Less: Capitalised expenditure including capitalised interest	(95,095)	(115,641)
Less: Resident obligations on acquisition	(82,261)	(48,077)
Change in fair value recognised in Consolidated Statement of Comprehensive Income	**21,328**	**31,299**

Included in the above change in fair value is an amount of $0.2m (increase) in respect to fair value moments since acquisition date of the Remuera Rise site and $0.2m (decrease) in respect to the Bream Bay site (30 September 2021: $6.6m (increase) in respect to fair value moments since acquisition date of the Waterford site). The decrease in fair value at Bream Bay has arisen predominantly on first sell down of vacant units.

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

$NZ000's	Unaudited Sept 2022	Audited Mar 2022
Investment Property under development		
Valuation	203,809	173,899
	203,809	**173,899**
Completed Investment Property		
Valuation	634,254	592,982
Add: Refundable occupation licence payments	848,158	732,714
Add: Residents' share of resale gains	6,000	6,780
Less: Management fee receivable	(135,279)	(113,066)
Less: Resident obligations for units not included in valuation	(14,539)	(14,757)
	1,338,594	**1,204,653**
Total investment property at fair value	**1,542,403**	**1,378,552**

3.1 Village Assets: Investment Property (continued)

Where an incoming resident has an unconditional ORA in respect of a retirement village unit and the corresponding outgoing resident for that same accommodation has not yet been refunded, the independent valuation is adjusted for the incoming resident balances only. In certain circumstances accommodation under an ORA is valued as development land. In these situations the independent valuation is not adjusted for the refundable amounts and consequently no offsetting "gross up" is required. An adjustment of $14.5m (31 March 2022: $14.8m) is included in the above reconciliation to reflect this.

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

Why do we adjust for the liability to residents?

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

Valuation Process and Key Inputs

Investment Property under Development

CBRE Limited and Colliers Limited (together the 'external valuers') provided valuations of development land in respect of investment property under development as at 30 September 2022.

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

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

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of $81.2m as at 30 September 2022 (31 March 2022: $51.1m) has been recognised in relation to these development sites.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3.1 Village Assets: Investment Property (continued)

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 30 September 2022 by CBRE Limited and Colliers Limited, at a total of $634.3m (31 March 2022: $592.9m).

Property Specific Assumptions

Seismic Assessments

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

3.2 Care Assets: Property, Plant and Equipment

$NZ000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Period ended 30 September 2022 (unaudited)						
Opening net book amount		105,150	113,031	448,426	19,985	686,592
Additions		29,511	1,000	1,924	2,152	34,587
Capitalised interest and line fees		1,350	-	-	-	1,350
Disposals		-	-	-	(2)	(2)
Depreciation		-	-	(5,288)	(2,196)	(7,484)
Transfer from investment property	3.1	-	-	-	-	-
Transfer to held for sale	3.3	(1,319)	(14,740)	(14,418)	(1,519)	(31,996)
Reclassification within Property, plant and equipment		(55,099)	16,035	39,064	-	-
Revaluation surplus						
Comprehensive income						
Existing care centres		-	(75)	(728)	-	(803)
Care centres recently developed / under development		(1,806)	-	-	-	(1,806)
Other comprehensive income [1]						
Existing care centres		289	(365)	10,157	-	10,081
Care centres recently developed / under development		796	-	5,012	-	5,808
Closing net book amount		78,872	114,886	484,149	18,420	696,327
At 30 September 2022						
Cost		-	-	-	47,890	47,890
Valuation		78,872	114,886	484,149	-	677,907
Accumulated depreciation		-	-	-	(29,470)	(29,470)
Net book amount		78,872	114,886	484,149	18,420	696,327

[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 INTERIM FINANCIAL STATEMENTS (continued)

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

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

Land and Buildings Under Development

A valuation in respect of development land was provided by CBRE Limited as at 30 September 2022.

Any costs incurred to 30 September 2022 on the developments are included in arriving at the fair value as at 30 September 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 $47.2m as at 30 September 2022 (31 March 2022: $59.1m) has been recognised in relation to these development sites.

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

Practical completion achieved

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

Completed Land and Buildings

A valuation in respect of completed land and buildings was provided by CBRE Limited as at 30 September 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 $12.2m of goodwill (31 March 2022: $12.4m) in respect of completed land and buildings.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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

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 2022: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

3.3 Held for Sale

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

As at 30 September 2022 ten sites are being actively marketed for sale and as such meet the definition of held for sale. These sites and their respective land, building, investment property, plant and equipment and liabilities have been reclassified for reporting purposes.

Changes in fair value from the date of classification to held for sale are recognised in comprehensive income.

See note 3.4 for resident liabilities associated with these held for sale assets.

$NZ000's	Notes	Unaudited Sept 2022	Audited Mar 2022
Opening balance		**-**	-
Transfer from investment property	3.1	**34,833**	-
Transfer from property, plant and equipment	3.2	**31,996**	-
Additions		**500**	-
Change in fair value during the period		**(2,545)**	-
Closing balance		**64,784**	**-**

3.4 Refundable Occupation Right Agreements

What's 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's 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.

$NZ000's	Unaudited Sept 2022	Audited Mar 2022
Village		
Refundable occupation licence payments	**848,158**	732,714
Residents' share of resale gains	**6,000**	6,780
Less: Management fee receivable (per contract)	**(177,831)**	(149,636)
	676,327	**589,858**
Leasehold Village		
Refundable occupation licence payments	**38,650**	38,650
Less: Management fee receivable (per contract)	**(10,156)**	(9,019)
	28,494	**29,631**
Care Suites		
Refundable occupation licence payments	**198,152**	186,987
Accommodation rebate	**77**	144
Less: Management fee receivable (per contract)	**(32,574)**	(30,855)
	165,655	**156,276**
Total refundable occupation right agreements	**870,476**	**775,765**
Held for Sale		
Refundable occupation licence payments	**18,465**	-
Residents' share of resale gains	**220**	-
Less: Management fee receivable (per contract)	**(4,225)**	-
	14,460[1]	**-**

[1] The amount on the face of the Balance Sheet in relation to Refundable occupation right agreements held for sale includes an amount of $1.1m in relation to deferred management fees detailed further in this note.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3.4 Refundable Occupation Right Agreements (continued)

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

$NZ000s	Unaudited Sept 2022	Audited Mar 2022
Village		
Management fee receivable (per contract)	**(177,831)**	(149,636)
Deferred management fee	**42,552**	36,570
Management fee receivable (per NZ IFRS)	**(135,279)**	**(113,066)**
Leasehold Villages		
Management fee receivable (per contract)	**(10,156)**	(9,019)
Deferred management fee	**3,101**	3,165
Management fee receivable (per NZ IFRS)	**(7,055)**	**(5,854)**
Care Suites		
Management fee receivable (per contract)	**(32,574)**	(30,855)
Deferred management fee	**1,518**	2,332
Management fee receivable (per NZ IFRS)	**(31,056)**	**(28,523)**
Held for Sale		
Management fee receivable (per contract)	**(4,225)**	-
Deferred management fee	**1,088**	-
Management fee receivable (per NZ IFRS)	**(3,137)**	**-**

3.5 Leases

What is 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 of 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.

Right of use Assets

Six months ended 30 September 2022

$NZ000's	Investment Property	Land and Buildings	Chattels	Total
Opening net book value	33,373	4,188	3,578	41,139
Additions	51	503	597	1,151
Depreciation	-	(533)	(970)	(1,503)
Revaluation for the period – Comprehensive Income	(1,431)	(27)	-	(1,458)
Revaluation for the period[1] – Other Comprehensive Income	-	10	-	10
Net book value as at 30 September 2022 (unaudited)	31,993	4,141	3,205	39,339

Year ended 31 March 2022

$NZ000's	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 – Other Comprehensive Income	-	319	-	319
Net book value as at 31 March 2022 (audited)	33,373	4,188	3,578	41,139

30 September 2022

$NZ000's	Investment Property	Land and Buildings	Chattels	Total
Cost	-	-	6,601	6,601
Valuation	31,993	4,141	-	36,134
Accumulated depreciation	-	-	(3,396)	(3,396)
Net book value as at 30 September 2022 (unaudited)	31,993	4,141	3,205	39,339

[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 INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

3.5 Leases (continued)

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)
Net book value as at 31 March 2022 (audited)	33,373	4,188	3,578	41,139

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	**Unaudited Sept 2022**	Audited Mar 2022
Right of use Investment Property		
Valuation	**398**	577
Add: Refundable occupation licence payments	**38,650**	38,650
Less: Management fee receivable	**(7,055)**	(5,854)
	31,993	**33,373**

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

Six months ended 30 September 2022

$NZ000's	**Investment Property**	**Land and Buildings**	**Chattels**	**Total**
Opening net book value	-	5,986	3,908	9,894
Additions	-	435	582	1,017
Interest	-	173	162	335
Lease payments made	-	(690)	(1,175)	(1,865)
Lease liabilities as at 30 September 2022 (unaudited)	-	5,904	3,477	9,381

Year ended 31 March 2022

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

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 30 September 2022 in respect of this leased site is $32.0m (31 March 2022: $33.4m).

On 18 June 2021 the Group settled on the acquisition of one leased site for a purchase price of $5.0m. 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 which are valued as right of use assets as well as 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 and the previous lease at 2 Hargreaves St, St Mary's Bay expired in May 2022.

A valuation in respect of right of use property assets was provided by CBRE Limited as at 30 September 2022.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

	Unaudited Sept 2022 Shares	Audited Mar 2022 Shares	**Unaudited Sept 2022 $NZ000's**	Audited Mar 2022 $NZ000's
Share capital				
Issued and fully paid up capital	**715,202,638**	710,204,500	**709,068**	705,291
Total contributed equity	**715,202,638**	**710,204,500**	**709,068**	**705,291**
Movements				
Opening balance of ordinary shares issued	**710,204,500**	689,276,946	**705,291**	675,625
Shares issued for employee share scheme	**1,174,602**	937,213	**-**	-
Shares issued for dividend reinvestment plan	**3,823,536**	7,525,087	**3,777**	10,141
Treasury shares reacquired	**-**	(3,164,556)	**-**	-
Share issue (rights issue)	**-**	15,629,810	**-**	20,000
Capitalised costs in relation to rights issue	**-**	-	**-**	(475)
Closing balance of ordinary shares issued	**715,202,638**	**710,204,500**	**709,068**	**705,291**

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

Share Issue (Rights Issue)

On 16 April 2021, a total of 15,629,810 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 14 December 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 29 November 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 1 December 2022.

	Unaudited Sept 2022 value per share	**Unaudited Sept 2022 number of shares**	Audited Mar 2022 value per share	Audited Mar 2022 number of shares
Reinvestment of final dividend for the prior period	**$0.9875**	**3,823,536**	$1.4040	3,963,659
Reinvestment of interim dividend for the period	**-**	**-**	$1.2837	3,561,428

Long Term Incentive ("LTI)

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

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

4.1 Shareholder Equity and Reserves (continued)

Performance Hurdles

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

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

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

Lapse

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

Recognition and Measurement

- On 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. Since that point a total of 140,625 share rights that were granted at that time have lapsed as a consequence of executives leaving employment with the Company.
- 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.

Employee Share Plan

- On 27 September 2022 1,174,602 shares were issued as part of an employee share scheme ("ESS"). All permanent employees as at 1 August 2022 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.
- On 7 December 2021 937,213 shares were issued as part of the ESS.

Dividends

On 23 November 2022, an interim dividend of 1.9 cents per share (not imputed) was declared and will be paid on 20 December 2022. The record date for entitlement is 6 December 2022.

	Unaudited Sept 2022 cents per share	**Unaudited Sept 2022 $NZ000's**	Audited Mar 2022 cents per share	Audited Mar 2022 $NZ000's
Final dividend for the prior year	**2.3**	**16,335**	2.1	14,475
Interim dividend for the period	**-**	**-**	2.1	14,840
Total dividends declared during the period[1]		**16,335**		**29,315**

Asset Revaluation Reserve

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

Cash Flow Hedge Reserve

The cash flow hedge reserve is used to record gains or losses on instruments used as cash flow hedges. The amounts are recognised in the Consolidated Statement of Comprehensive Income when the hedged transaction affects profit or loss. Refer to note 5.6 of the 31 March 2022 consolidated financial statements.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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.

	Unaudited Sept 2022	Unaudited Sept 2021
Profit after tax ($'000)	**11,198**	**36,940**
Weighted average number of ordinary shares outstanding ('000s)	**712,334**	702,542
Basic and Diluted earnings per share (cents per share)	**1.6**	**5.3**

Diluted

As at 30 September 2022 there were no shares with a dilutive effect (30 September 2021: nil).

4.3 Borrowings

$NZ000's	**Unaudited Sept 2022**	Audited Mar 2022
Secured		
Bank loans	**278,208**	154,845
Deferred payment on acquisition	**250**	3,500
Capitalised loan costs	**(2,231)**	(270)
Retail bond – OCA010	**125,000**	125,000
Retail bond – OCA020	**100,000**	100,000
Capitalised bond costs	**(2,684)**	(2,935)
Total borrowings	**498,543**	**380,140**
Current	**250**	3,250
Non current	**503,208**	380,095
Total borrowings excluding capitalised loan and bond costs	**503,458**	**383,345**

Recognition and Measurement

Bank Loans

Interest is charged using the BKBM Bill rate plus a margin and line fee. Interest rates applicable in the six month period to 30 September 2022 ranged from 3.81% to 6.08% (year to 31 March 2022: 2.48% to 2.64%).

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 3.5.

Retail Bond

NZDX ID	Issue Date	No. of bonds	$NZ000's	Maturity	Fixed Interest	Unaudited Trading Interest at Sept 2022	Audited Trading Interest at Mar 2022
OCA010	19 Oct 20	125.0m	$125,000	19 Oct 27	2.3%	**6.4%**	4.8%
OCA020	13 Sept 21	100.0m	$100,000	13 Sept 28	3.3%	**6.6%**	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.

Debt Financing

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

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

ii. Development Facility limit remains at $265m.

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

4.3 Borrowings (continued)

Financing Arrangements

At 30 September 2022, the Group held committed bank facilities with drawings as follows:

	Unaudited September 2022		Audited March 2022	
$NZ000's	**Committed**	**Drawn**	Committed	Drawn
General Corporate Facility	**235,000**	**113,000**	85,000	21,500
Development Facility	**265,000**	**165,208**	265,000	133,345
Total	**500,000**	**278,208**	**350,000**	**154,845**

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

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

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

a) Interest Cover Ratio - the ratio of Adjusted EBITDA to Net Interest Charges 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);

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

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

The covenants are tested half yearly. All covenants have been complied with during the period. The 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 30 September 2022 the balance of the bank loans over which the properties are held as security is $278.2m (31 March 2022: $154.8m).

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

5.1 Income Tax (continued)

$NZ000's	Unaudited Sept 2022	Unaudited Sept 2021
Income tax benefit		
Current tax	-	-
Deferred tax	(2,570)	(1,664)
	(2,570)	**(1,664)**
Taxation expense is calculated as follows:		
Profit before income tax	8,628	35,276[1]
Tax at the New Zealand tax rate of 28%	2,416	9,877[1]
Adjusted by the tax effect of:		
Non-taxable gain on purchase of business assets	(152)	(2,900)[1]
Non-deductible impairment of goodwill	197	95
Non-deductible expenditure	440	245
Capitalised interest deductible for tax	(1,161)	(798)
Taxable deferred management fees	(4,681)	(2,306)[1]
Non-assessable revaluation of investment property	(5,571)	(9,039)
Taxable depreciation	(4,021)	(2,810)
Accounting depreciation	2,199	2,474
Right of use asset	(8)	(28)
Non-deductible impairment of fixed asset	1,451	54
Adjustment for timing difference of provisions	(510)	166
Losses generated	9,401	4,970[1]
Current tax expense	**-**	**-**

[1] Comparatives have been restated for the impact of a change in the accounting for the gain on acquisition of business assets. Refer to note 1.3(ii).

$NZ000's	Unaudited Sept 2022	Unaudited Sept 2021
Impact of movements in investment property	**(2,754)**	(2,878)[1]
Impact of movements in property, plant and equipment	**(715)**	(202)
Impact of movements in right of use assets	**136**	121
Other adjustments	**515**	(309)
Deferred management fee	**3,240**	2,306
Losses recognised	**(2,992)**	(702)
Deferred tax benefit	**(2,570)**	**(1,664)**
Income tax benefit	**(2,570)**	**(1,664)**

Movement in the Deferred Tax Balance:

$NZ000's	Audited Balance 1 Apr 2022	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income	Unaudited Balance 30 Sept 2022
Investment property	**5,265**	**2,754**	**-**	**8,019**
Property, plant and equipment	**(11,163)**	**715**	**(1,733)**	**(12,181)**
Right of use assets	**594**	**(136)**	**(64)**	**394**
Provisions and other assets / liabilities	**6,416**	**(515)**	**(773)**	**5,128**
DMF revenue in advance	**(5,001)**	**(3,240)**	**-**	**(8,241)**
Tax losses	**3,889**	**2,992**	**-**	**6,881**
Deferred tax assets / (liabilities)	**-**	**2,570**	**(2,570)**	**-**

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

5.1 Income Tax (continued)

Recognition and Measurement

No income tax was paid or payable during the period (31 March 2022: nil).

Key Accounting Judgements

Deferred Tax on Investment Property

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

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

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

Recognition of Deferred Tax on Tax Losses

After taking into consideration tax losses generated in the period to 30 September 2022, the Group now has an estimated $164.0m (31 March 2022: $130.3m) of available tax losses as at 30 September 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 $6.9m (31 March 2022: $3.9m) representing tax losses generated has been recognised as at 30 September 2022 in order to offset the net deferred tax liability position. All other available losses generated are held off balance sheet.

5.2 Related Party Transactions

The below entities are subsidiaries of Oceania Healthcare Limited.

Name of Entity	Principal Activities	2022	2021	Class of shares
Oceania Group (NZ) Limited	Corporate office functions	**100%**	100%	Ordinary
Oceania Care Company Limited	Operation of aged care centres	**100%**	100%	Ordinary
Oceania Village Company Limited	Ownership and operation of retirement villages	**100%**	100%	Ordinary
OCA Employees Trustee Limited	Hold employee share scheme shares on behalf of employees	**100%**	100%	Ordinary
Bream Bay Village Limited	Non operating	**100%**	-	Ordinary

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

Transactions with Related Parties

There are no outstanding balances with related parties (31 March 2022: nil).

5.3 Contingencies and Commitments

At 30 September 2022, the Group had no contingent liabilities (31 March 2022: nil).

At 30 September 2022, the Group has a number of commitments to develop and construct certain development sites totalling $160.2m (31 March 2022: $82.2m).

As at 30 September 2022, a commitment of $7.9m (31 March 2022: $7.9m) exists in relation to Stage One and $3.0m (31 March 2022: $3.0m) 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 3.5 for further details.

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

5.4 Events After Balance Date

Dividend

On 23 November 2022 an interim dividend of 1.9 cents per share (not imputed) was declared and will be paid on 14 December 2022. The record date for entitlement is 30 November 2022. Refer to note 4.1.

There have been no other significant events after balance date.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of Oceania Healthcare Limited

Independent auditor's review report

To the shareholders of Oceania Healthcare Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Oceania Healthcare Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 30 September 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2022, and its financial performance and cash flows for the period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of trustee reporting and agreed upon procedures in respect of proxy voting at the Annual Shareholders Meeting. The provision of these other services has not impaired our independence.

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Responsibilities of Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

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

For and on behalf of the Board

PricewaterhouseCoopers

Chartered Accountants **Auckland**

23 November 2022

NOTES

come from within.