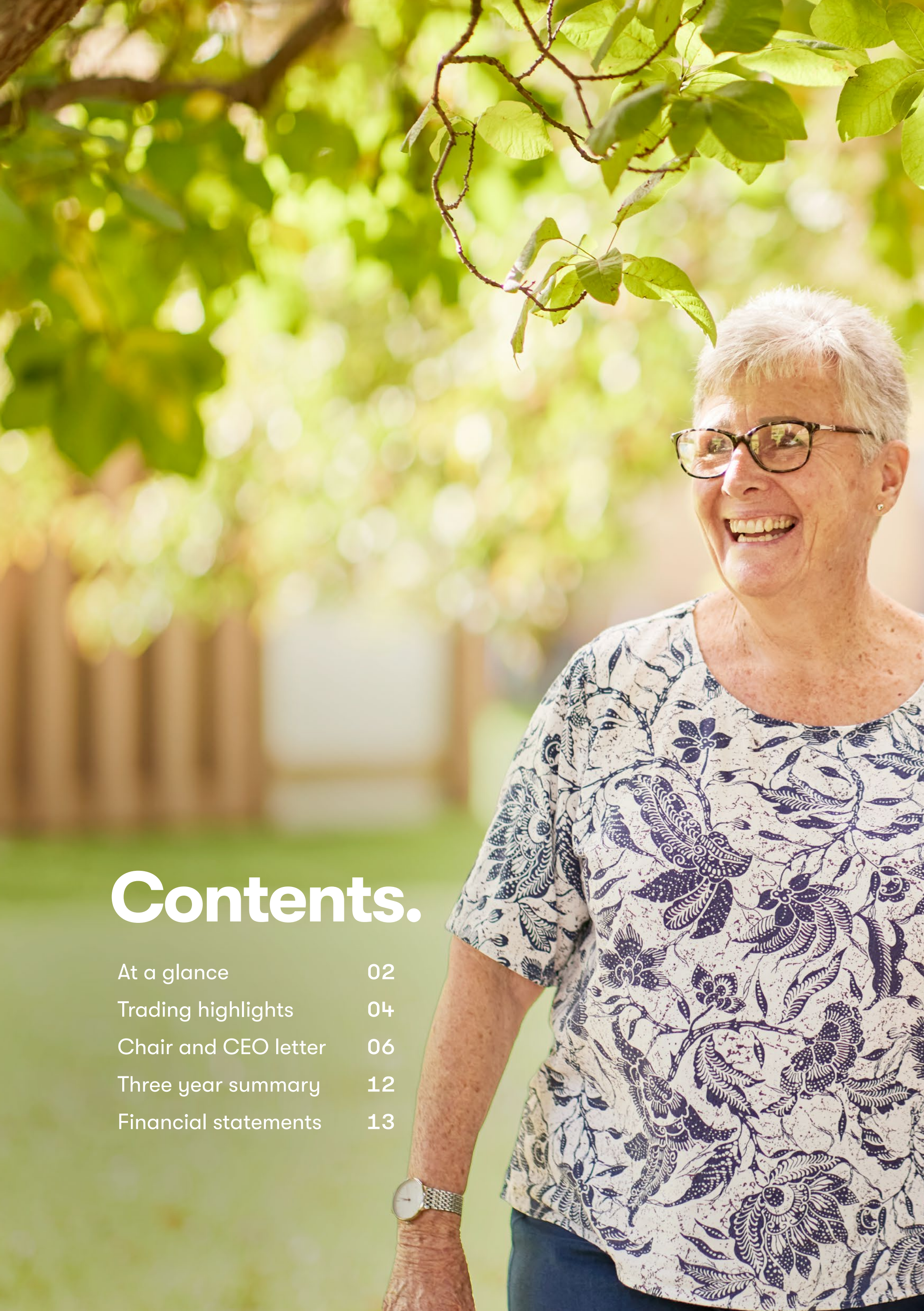
Better connection.

INTERIM REPORT 2024

OCEANIA



Contents.

AT A GLANCE

Better connection.

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 1,763 new residences of which 76% is already consented.

Staff	Residents
2,900	4,000
Care beds and care suites	Units
2,380	1,887

Existing sites with mature operations	Existing sites with current and planned developments	Total sites
24	20	44

TRADING HIGHLIGHTS

Aligned for better outcomes.

$ Financial six month period to 30 September 2023

Total assets
as at 30 September 2023

$2.7bn

5.7% higher than 31 March 2023 total assets of $2.5b

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation
six months to 30 September 2023

$37.6m

Compared to six months to 30 September 2023 Underlying Earnings Before Interest, Tax, Depreciation and Amortisation of $38.7m

Reported Total Comprehensive Income
six months to 30 September 2023

$61.7m

Compared to six months to 30 September 2022 reported total comprehensive income of $27.3m

Operating Cash Flow
six months to 30 September 2023

$48.0m

Compared to six months to 30 September 2022 reported operating cashflow of $31.4m

Operational six month period to 30 September 2023

Total sales

255

Compared to six months to 30 September 2022 reported total sales of 230

47 New Units	**54** Resale Units
37 New Care Suites	**117** Resale Care Suites

Developments six month period to 30 September 2023

Under Construction

382

Units + Care suites

Units and care suites under construction as at 30 September 2023:

- The Helier Stage two (St Heliers, Auckland)
- Waterford Stage one (Hobsonville, Auckland)
- Redwood (Blenheim)
- Elmwood Stage one (Manurewa, Auckland)
- Bayview Stage three (Tauranga)
- Awatere Stage three (Hamilton)
- Meadowbank (Auckland)

Completed

67

Units + Care suites

- The Bellevue (Christchurch)
- The Helier stage one (St. Heliers, Auckland)
- Stoke (Nelson)

Further expected to complete in FY2024

115

Units + Care suites

- The Helier stage two (St. Heliers, Auckland)
- The BayView Stage three (Tauranga)
- Redwood (Blenheim)

CHAIR AND CEO LETTER

Charting a better future.

Elizabeth Coutts

Brent Pattison

We are pleased to present our Interim Report for the six-month period to 30 September 2023.

Against a dynamic macroeconomic environment with inflationary pressures and a slow residential property market, Oceania continued to execute its strategy. The transformation of our property portfolio has progressed well with innovative product delivered and the successful divestment and closure of sites that do not align with our strategy. New apartment sales and resales volumes were both above the prior corresponding six month period to 30 September 2022 (pcp) and occupancy levels improved. We also made significant progress towards our sustainability goals and the preparation of our climate risk disclosure.

> Oceania's total assets are now $2.7 billion, representing 6% growth since 31 March 2023.

The highlights for the first half of FY2024 (1HY2024) were:

- Unaudited underlying EBITDA of $37.6m.
- Unaudited underlying net profit after tax of $27.4m.
- Total sales volumes were up 13% ahead on pcp including a 38% uplift in new sale volumes of 84 independent living units (ILU) and care suites.
- Since IPO Oceania has repositioned the portfolio, building premium care and ILU product. Premium units and care suites now represent circa 60% of our portfolio.
- Total assets increased to $2.7bn, a 6% increase since March 2023 which includes the completion of 17 apartments at The Helier (Auckland), 46 apartments at The Bellevue Stage Two (Christchurch) and four villas at Stoke Village (Stoke).

Financial Performance

Oceania's unaudited underlying EBITDA was $37.6m for the six month period ended 30 September 2023 (1HY2024).

Oceania's total assets are now $2.7b, representing 6% growth since 31 March 2023. The increase includes development spend of $106.0m including the acquisition of adjacent parcels of land at our Bream Bay and St Heliers sites. Further increase has arisen from the positive fair value movements of $68.0m. At balance date, Oceania had approximately $460.0m of stock available for sale at current CBRE valuation representing 671 units compared with $409.0m; 601 units at 31 March 2023 and $270.2m; 525 units at 30 September 2022 with the increase primarily reflecting the recently completed builds.

As at 30 September 2023, Oceania had drawn debt and bonds of $621.4m and $10.3m of cash, representing $113.9m of undrawn net debt headroom and gearing of 37.7% and is compliant with all bank facility covenants, Oceania has a diversified debt profile with a long dated corporate bond program and a syndicated banking facility which is in place to support the execution of our strategic plan.

Dividend Policy

The Directors approved a change in 2023 to the dividend policy to a pay out ratio of 30% to 50% of Underlying Net Profit After Tax on 24 May 2023.

The Directors have resolved not to pay an interim dividend to provide for ongoing investment in Oceania's growth and portfolio transformation. The Directors will consider a resumption of paying dividends at the next reporting date, after taking into consideration cash flow, market conditions and growth opportunities.

Portfolio Transformation

Oceania has continued to transform its property portfolio with significant capital investment and site divestments and closures, with total assets now at $2.7bn.

Our development portfolio has progressed well with a leading portfolio of new, bespoke and boutique residences for our residents. Our care business today represents around 60% of our total portfolio, with 60% being premium product. Our independent living business comprises 40% of our total portfolio with 55% of the total property offering premium, bespoke and boutique apartments and villas.

In 1HY2024, we delivered a further 17 apartments at The Helier (Auckland), 46 apartments at The Bellevue Stage two (Christchurch) and four villas at our Stoke Village.

We have progressed with land acquisitions. and settled the Bream Bay option land, comprising 6.7 hectares, and purchased two adjacent smaller land blocks to increase the size of our Bream Bay Village at Ruakaka, Northland. We also purchased adjoining land at The Helier.

We exited six sites with two divested as going concerns, and two leased sites and two owned sites closed with residents transferring to our other sites or other operators. We have seven sites held for sale as at 30 September 2023 with net carrying valuation of $43.0m.

During the second six months of FY2024 we will deliver 32 care residences at The Helier (Auckland), 28 apartments at The Bayview, Stage three (Tauranga) and 55 care suites at our Redwood Village (Blenheim).

There are 354 units and care suites currently under construction in Auckland, Hamilton, Tauranga, and Blenheim.

Looking further ahead, the total development pipeline comprises 1,763 units and care suites, with 76% of this pipeline already consented.

The Helier, St Heliers, Auckland

Sales

Oceania delivered total sales volume of 255 units for the 1HY2024, up 13% on 1HY2023.

A highlight this period was a 38% improvement in new sale volume of 84 independent living units (ILU) and care suites, on previous corresponding period 1HY2023 with much improved ILU sales volumes at our Awatere (Hamilton), Eden (Auckland) and the Bellevue (Christchurch) villages. Our brand new, well located and designed, Lady Allum Care building (Milford) not only delivered presales for care suites but has continued to perform well with over 96 residents in occupation in the period.

Our resale unit volumes were also up at 3.6% with 171 independent living unit and care suite sales in 1HY2024 compared to 165 resale independent living unit and care suite sales in 1HY2023.

A key feature of the overall resale volume were strong care suite sales at 117. While up 3.5% on pcp, this was up 69% on the previous six months trading period 2HY2023 and demonstrates that new residents are equally attracted to the purchase of our existing care suite product offering as it delivers market leading services, amenity, and care from our wonderful team at Oceania.

We have achieved increased sales volumes in the period, particularly in regional locations outside of Auckland. Our development margin for the period reflects this with a moderation from prior comparative periods of 31.7% to 21.0% in ILU product and 39.0% to 29.9% in our care suite product. We expect stronger development margins as we sell down our new apartment developments in urban precincts across New Zealand.

The BayView, Tauranga

Sustainability and Climate

Oceania recognises the importance of climate resilience in long term value creation and continues to make strides in its climate risk disclosure preparation. In the first half of the year and following the publication of the building and construction sector scenarios coordinated by the NZGBC, Oceania completed a detailed physical climate risk and opportunity assessment. We are applying and adapting the sector scenarios at entity level and progressing with identifying transition risks and opportunities across our value chain. Recognising the importance of collaboration, Oceania has joined the healthcare sector scenario technical working group, which is part way through its process. The weather events of this year have touched many of us, either directly or indirectly, underscoring the urgency in which organisations must test the resilience of their strategies.

With our commitment to setting a science-based greenhouse gas emissions reduction target, we are submitting this target to the SBTi for validation. In the meantime, we continue to progress with steps in our emissions reduction plan to tackle our scopes 1 and 2 emissions.

We are focused on designing and building new developments in a way that reduces our environmental impact but also enhances the wellbeing of residents and continue our commitment to NZGBC's Homestar certification. We are mindful of the waste our developments create and are focused on diverting construction waste away from landfill. As an Impact Partner of All Heart New Zealand, we are trialling waste minimisation principles in our refurbishment programme for Auckland sites.

We continue to perform against our care resident wellbeing metric, associated with our sustainability linked loan, where we have committed to improving or maintaining residents as their optimum level health across multiple input metrics covering physical, social and psychological wellbeing.

Oceania recognises the importance of climate resilience in long term value creation and continues to make strides in its climate risk disclosure preparation.

Our People

The progress we have made as a business is thanks to the combined efforts of more than 2,900 team members. We acknowledge their ongoing work in providing excellent resident experience and high quality care to our residents, commitment to each other, our communities, and our business. We will continue our commitment to build the people capability within Oceania, and develop and strengthen our leadership teams.

To our directors and executive team, thank you for your continued dedication and discipline in continuing to drive Oceania forward.

To all of our shareholders, thank you for your support of the Board, executive and employees of Oceania.

Looking ahead

The Retirement Village Association (RVA), Oceania and retirement village residents have provided valuable input into the sector reform discussion papers, and we look forward to recommendations for improvements in the sector.

We are pleased to see an upturn in market conditions and outlook as we enter the second six months of FY2024.

House prices and turnover have inflected, and we are seeing an overall positive change in consumer confidence in the housing market. This has been reflected in recent sales volumes and our reducing days to sell.

Nursing and overall labour shortages have eased through increased immigration, helping us to continue to deliver on our promise of high-quality care to our residents and excellent working conditions for our team members and increase our occupancy.

Oceania will continue to focus on cash and the efficient recycle and repayment of development capex from first time sale proceeds which is expected to be significant given the recent completion of The Helier and Bellevue apartments and value and volume of all available stock.

Our audience demographics are compelling. By 2030, 25% of New Zealand's population will be aged 65 or older. Life expectancy is on the increase, and our older population will be living with better health. New Zealand will become an older dominant population providing strong natural growth for retirement and aged care living.

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

THREE YEAR SUMMARY

For the six months ended 30 September 2023

Financial Metrics

$NZm	Unaudited Sept 2023	Unaudited Sept 2022	Unaudited Sept 2021
Underlying Net Profit after Tax[1]	**27.4**	27.8	27.5
Underlying EBITDA[1]	**37.6**	38.7	36.5
Profit for the Period	**35.2**	11.2	36.9
Total Comprehensive Income	**61.7**	27.3	62.7
Total Assets	**2,689.8**	2,450.8	2,064.3
Operating Cash Flow	**48.0**	31.4	52.5

Operating Metrics

$NZm	Unaudited Sept 2023	Unaudited Sept 2022	Unaudited Sept 2021
Units	**1,887**	1,766	1,509
Care Suites	**984**	972	849
Care Beds	**1,396**	1,652	1,803
Total	**4,267**	**4,390**	**4,161**
New Sales	**84**	61	101
Resales	**171**	165	129
Total	**255**	**226**	**230**
Occupancy	**90.3%**	91.0%	92.5%

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

Consolidated Interim Financial Statements

For the six months ended 30 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

$NZ000's	Notes	Unaudited Six months Sept 2023	Unaudited Six months Sept 2022
Revenue	2.1	**131,614**	122,117
Change in fair value of investment property	3.1	**47,388**	21,328
Other income		**6,951**[1]	2,010
Total income		**185,953**	**145,455**
Employee benefits and other staff costs		**88,338**	80,799
Depreciation (buildings and care suites)	3.2	**6,402**	5,821
Depreciation and amortisation (chattels, leasehold improvements and software)	3.2	**3,024**	3,500
Impairment of property, plant and equipment and right of use asset	3.2	**7,588**	2,636
Impairment of held for sale assets	3.3	**1,258**	2,545
Impairment of right of use investment property		**-**	1,431
Impairment of goodwill		**269**	705
Finance costs		**8,589**	6,331
Other expenses		**38,127**	33,059
Total expenses		**153,595**	**136,827**
Profit before income tax		**32,358**	**8,628**
Income tax benefit		**2,793**	2,570
Profit for the period		**35,151**	**11,198**

[1] Other Income includes $3.6m in relation to proceeds from insurance (30 September 2022: nil). Refer note 1.3(iv).

$NZ000's	Notes	Unaudited Six months Sept 2023	Unaudited Six months Sept 2022
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	**26,619**	14,156
Loss on revaluation of right of use assets for the period, net of tax		**-**	(54)
		26,619	**14,102**
Items that may be subsequently reclassified to profit or loss			
(Loss) / Gain on cash flow hedges, net of tax		**(120)**	1,961
Other comprehensive income for the period, net of tax		**26,499**	**16,063**
Total comprehensive income for the period attributable to shareholders of the parent		**61,650**	**27,261**
Basic earnings per share (cents per share)	4.2	**4.9**	1.6
Diluted earnings per share (cents per share)	4.2	**4.9**	1.6

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

CONSOLIDATED BALANCE SHEET

As at 30 September 2023

$NZ000's	Notes	Unaudited Sept 2023	Audited Mar 2023
Assets			
Cash and cash equivalents		**10,290**	7,439
Trade and other receivables		**121,530**	108,929
Derivative financial instruments		**5,854**	6,026
Assets held for sale	3.3	**58,764**	101,652
Investment property	3.1	**1,728,175**	1,597,721
Property, plant and equipment	3.2	**753,452**	712,169
Right of use assets		**5,253**	4,287
Intangible assets		**6,472**	6,717
Total assets		**2,689,790**	**2,544,940**
Liabilities			
Trade and other payables		**52,093**	52,289
Deferred management fee	3.4	**45,830**	45,334
Refundable occupation right agreements	3.4	**935,726**	879,578
Refundable occupation right agreements held for sale	3.4	**15,737**	47,092
Lease liabilities		**5,646**	4,798
Borrowings	4.3	**617,445**	553,589
Deferred tax liabilities	1.3(iv)	**-**	-
Total liabilities		**1,672,477**	**1,582,680**
Net assets		**1,017,313**	**962,260**
Equity			
Contributed equity	4.1	**715,960**	713,374
Retained deficit		**(37,899)**	(68,496)
Reserves		**339,252**	317,382
Total equity		**1,017,313**	**962,260**

The Board of Directors of the Company authorised these consolidated interim financial statements for issue on 22 November 2023.

For and on behalf of the Board

Elizabeth Coutts
Chair

Alan Isaac
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

$NZ000's	Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
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	-	-	14,156	-	14,156
Revaluation of right of use assets net of tax		-	-	(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**
Balance as at 1 April 2023 (audited)		**713,374**	**(68,496)**	**313,029**	**4,353**	**962,260**
Profit for the period		**-**	**35,151**	**-**	**-**	**35,151**
Other comprehensive income						
Revaluation of cash flow hedge net of tax		**-**	**-**	**-**	**(120)**	**(120)**
Revaluation of assets net of tax	3.2	**-**	**-**	**26,619**	**-**	**26,619**
Transfer of right of use assets net of tax		**-**	**4,629**	**(4,629)**	**-**	**-**
Total comprehensive income		**-**	**39,780**	**21,990**	**(120)**	**61,650**
Transactions with owners						
Dividends paid	4.1	**-**	**(9,348)**	**-**	**-**	**(9,348)**
Share issue: dividend reinvestment scheme	4.1	**2,586**	**-**	**-**	**-**	**2,586**
Employee share scheme	4.1	**-**	**165**	**-**	**-**	**165**
Total transactions with owners		**2,586**	**(9,183)**	**-**	**-**	**(6,597)**
Balance as at 30 September 2023 (unaudited)		**715,960**	**(37,899)**	**335,019**	**4,233**	**1,017,313**

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

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2023

$NZ000's	Notes	Unaudited Six months Sept 2023	Unaudited Six months Sept 2022
Cash flows from operating activities			
Receipts from residents for village and care fees		**107,391**	90,886
Payments to suppliers and employees		**(136,380)**	(110,304)
Receipts from new occupation right agreements		**105,214**	100,407
Payments for outgoing occupation right agreements		**(38,578)**	(41,472)
Net goods and services tax[1]		**14,608**	(1,894)
Receipts from insurance proceeds	1.3(iv)	**3,008**	-
Interest received		**2,600**	360
Interest paid		**(9,642)**	(6,258)
Interest paid in relation to lease liabilities		**(201)**	(335)
Net cash inflow from operating activities		**48,020**	**31,390**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(23,830)**	(35,845)
Payments for investment property and investment property under development		**(91,677)**	(42,158)
Proceeds from sale of assets		**12,892**	-
Payments for assets held for sale		**-**	(500)
Payments for business assets	1.3(ii)	**-**	(59,873)
Net cash outflow from investing activities		**(102,615)**	**(138,376)**

[1] Of the $14.6m net GST, $5.5m relates to GST recovery on developments.

$NZ000's	Unaudited Six months Sept 2023	Unaudited Six months Sept 2022
Cash flows from financing activities		
Proceeds from borrowings	**101,542**	153,605
Repayment of borrowings	**(38,180)**	(34,290)
Capitalised borrowing costs	**-**	(2,171)
Principal payments for lease liabilities	**846**	(1,530)
Dividends paid	**(6,762)**	(12,543)
Net cash inflow from financing activities	**57,446**	**103,071**
Net decrease in cash and cash equivalents	**2,851**	**(3,915)**
Cash and cash equivalents at the beginning of the period	**7,439**	9,745
Cash and cash equivalents at end of period	**10,290**	**5,830**

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 2023

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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").

The consolidated interim financial statements incorporate the assets and liabilities of all subsidiaries of Oceania Healthcare Limited as at 30 September 2023 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 2023, 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 2023.

The consolidated interim financial statements for the six months ended 30 September 2023 and comparatives for the six months ended 30 September 2022 are unaudited. The consolidated annual financial statements for the year ended 31 March 2023 were audited and form the basis for the comparative figures for that period in these statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1.1 Basis of preparation (continued)

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

1.1 Basis of preparation (continued)

The Group may recognise deferred tax assets to the extent that it is probable that the Group will generate future economic profits to utilise the deferred tax assets or to the extent that they offset deferred tax liabilities. As at 30 September 2023 the Group recognised a deferred tax asset of $21.8m (31 March 2023: $24.8m) representing tax losses generated in order to offset the net deferred tax position.

After taking into consideration tax losses generated in the period to 30 September 2023, the Group now has an estimated $209.1m (31 March 2023: $201.3m) of available tax losses as at 30 September 2023.

1.2 Accounting Policies

(i) New Accounting Standards

No 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

1.3 Significant Events and Transactions (continued)

(i) Acquisitions

Remuera Rise and Bream Bay

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

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

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

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.

1.3 Significant Events and Transactions (continued)

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.

Bream Bay option

On 6 May 2022 Oceania Village Company Limited entered into an option agreement with GNLC Limited to purchase 6.7 hectares of development land in Bream Bay, adjacent to Bream Bay Village. The agreement granted Oceania Village Company Limited the option to acquire this land for a purchase price of $8.4m plus GST. The option was exercised and settlement took place on 11 July 2023.

(ii) Disposal of leasehold interest

Everil Orr

The Group has previously leased the Everil Orr site and assumed the role of Operator of both Care and Village operations. On 5 March 2023, the Group entered into a Deed with Airedale Property Trust, the lessor of the Everil Orr leasehold facility to exit the Group from the Everil Orr site. As a result the care operations were closed on 21 March 2023 and the lease terminated on 31 March 2023. On 31 March 2023 the Group's operating interest in relation to village operations at Everil Orr, Mount Albert, Auckland met the definition of held for sale. An amount of $1.1m in respect of the purchase of the Group's operational interest was received in full on 3 April 2023.

Wesley

On 31 August 2023 the Group exited the Wesley Care Centre, Mt Eden, Auckland. The site was leased from the owner Airedale Property Trust and the lease was not extended beyond the expiry date.

(iii) Disposal of held for sale sites

On 9 May 2023 Oceania entered into an agreement to sell the Amberwood and Greenvalley care sites in Auckland to a third party operator. The sale was completed on 29 August 2023 and an amount of $11.2m received resulting in a gain of $1.0m in the village segment on the held for sale value. This has been recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

1.3 Significant Events and Transactions (continued)

(iv) Weather Events: Auckland Floods and Cyclone Gabrielle

A number of significant weather events occurred in New Zealand during January and February 2023. The Group owns and operates a number of sites in the Auckland and Hawkes Bay regions which were impacted by these events. The Group continues to engage with insurers in regards to claims relating to the flooding in Auckland on 27 January 2023 and Cyclone Gabrielle on and around 14 February 2023.

Accounting policy in relation to insurance proceeds

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

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

$NZ000's	Six months to September 2023	12 months to March 2023
Statement of Comprehensive Income		
Insurance Proceeds – Material Damage	851	10,022
Insurance Proceeds - Other	2,760	2,003
Balance Sheet		
Insurance receivable	8,383	10,913

Material Damage

Amounts incurred in respect of remediation in the period to 30 September 2023 have been recognised as additions to the properties they relate. Affected properties have been valued by CBRE Limited as if the remediation has been completed and as such, an estimate of remaining costs to be incurred to fully remediate properties has been calculated based on third party quotations and assessments and has been recognised as a reduction to the property value as at 31 March 2023. Refer to notes 3.1 and 3.2 for impact on fair value.

Other

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

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

1.4 Market Capitalisation

At balance date, the market capitalisation of the Group (being the 30 September 2023 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 and shareholders' funds. In considering the difference, the Group notes that over 90% of total assets at 30 September 2023 are property assets carried at fair value as assessed by CBRE Limited and Colliers Limited as independent valuers, with CBRE Limited valuing. Colliers Limited was also engaged to perform a review of the CBRE Limited valuation of certain sites in the portfolio comprising 39.7% of the total value of property assets. This review supported the CBRE Limited valuation.

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 2023

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 Nursing Education.
The Group derives Operating Revenue from weekly service fees received from residents in relation to the provision of accommodation 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. Finance costs relate to the cost of bank debt. Income and expenditure relating to the Wesley Institute of Nursing Education 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 2023

2.1 Operating Segments (continued)

Six months ended 30 September 2023 (unaudited) $NZ000's	**Care Operations**	**Village Operations**	**Other**	**Total**
Revenue	102,680	25,076	3,858	131,614
Change in fair value of investment property	-	47,388	-	47,388
Other income	543	3,808	-	4,351
Total income	103,223	76,272	3,858	183,353
Operating expenses	(93,291)	(18,583)	(14,591)	(126,465)
Impairment of goodwill	(269)	-	-	(269)
Impairment of property, plant and equipment	(7,588)	-	-	(7,588)
Impairment of held for sale assets	-	(1,258)	-	(1,258)
Segment EBITDA	2,075	56,431	(10,733)	47,773
Interest income	-	550	2,050	2,600
Finance costs	-	-	(8,589)	(8,589)
Depreciation (buildings and care suites)	(6,044)	-	(358)	(6,402)
Depreciation and amortisation (chattels, leasehold improvements and software)	(2,323)	-	(701)	(3,024)
(Loss) / profit before income tax	(6,292)	56,981	(18,331)	32,358
Income tax benefit	3,325	2,709	(3,241)	2,793
Profit / (loss) for the period attributable to shareholders	(2,967)	59,690	(21,572)	35,151
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the period, net of tax	26,619	-	-	26,619
Loss on cash flow hedges, net of tax	-	-	(120)	(120)
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	23,652	59,690	(21,692)	61,650

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**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

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 costs
Add back	Depreciation (care suites)
Remove	Insurance income recognised in relation to material damage due to adverse weather events
Add back	Directors' estimate of realised gains on the resale of units and care suites sold under an ORA
Add back	Directors' estimate of realised development margin on the first sale of new ORA units or care suites following the development of an ORA unit or care suite, conversion of an existing care bed to a care suite or conversion of a rental unit to an ORA unit
Add back	Deferred taxation component of taxation expense so that only the current tax expense is reflected
=	**Underlying Profit**
Remove	Interest income
Add back	Finance costs (including lease interest under NZ IFRS 16 Leases but excluding hedge ineffectiveness)
Add back	Depreciation and amortisation (including right of use and property, plant and equipment)
=	**Underlying EBITDA**

2.1 Operating Segments (continued)

Resale gain – Underlying Profit

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

Development margin – Underlying Profit

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

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 2023 (unaudited) $NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	23,652	59,690	(21,692)	61,650
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	(19,030)	(46,130)	120	(65,040)
Add: Impairment of goodwill	269	-	-	269
Add: Depreciation (care suites)	5,172	-	-	5,172
Add: loss on sale of business assets including associated costs	-	108	-	108
Less: Change in estimate of impairment as a result of weather events	-	(270)	-	(270)
Add: Realised resale gain	-	15,390	-	15,390
Add: Realised development margin	-	12,913	-	12,913
Underlying net profit before tax	10,063	41,701	(21,572)	30,192
Less: Deferred tax benefit	(3,325)	(2,709)	3,241	(2,793)
Underlying net profit after tax	6,738	38,992	(18,331)	27,399
Less: Interest income	-	(550)	(2,050)	(2,600)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	8,584	8,584
Add: Depreciation (buildings)	872	-	358	1,230
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	2,323	-	701	3,024
Underlying EBITDA	9,933	38,442	(10,738)	37,637

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

2.1 Operating Segments (continued)

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**

3. Property Assets

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

What is Investment Property?

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

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

What is Property, Plant and Equipment?

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

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

What is a Care Suite?

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

What is Held for Sale?

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

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 23	Audited Mar 23
Investment property under development at fair value			
Opening balance		**141,738**	173,899
Acquisition		**22,284**	-
Impact of change to GST taxable supplies[1]		**-**	(4,397)
Capitalised expenditure (including land acquisitions)		**48,410**	92,788
Capitalised interest and line fees		**1,305**	2,301
Transfer to completed investment property		**(68,598)**	(150,871)
Transfer to held for sale	3.3	**-**	(5,714)
Change in fair value during the period		**5,939**	33,732
Closing balance		**151,078**	**141,738**
Completed investment property at fair value			
Opening balance		**1,455,983**	1,204,653
Acquisition	1.3(i)	**-**	138,010
Impact of change to GST taxable supplies[1]		**(768)**	(4,080)
Transfer from investment property under development		**68,598**	150,871
Transfer to property, plant and equipment	3.2	**80**	(1,552)
Transfer to held for sale	3.3	**-**	(29,119)
Capitalised expenditure		**9,276**	5,437
Capitalised interest and line fees		**2,479**	5,998
Impairment as a result of weather events		**(915)**	(8,917)
Change in fair value during the period		**42,364**	(5,318)
Closing balance		**1,577,097**	**1,455,983**
Total investment property		**1,728,175**	**1,597,721**

[1] Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

3.1 Village Assets: Investment Property (continued)

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

$NZ000's	Unaudited Sept 2023	Unaudited Sept 2022
Increase in fair value of investment property	130,454	163,851
Add: Transfers to property, plant and equipment, right of use assets and held for sale during the period	(80)	34,833
Less: Capitalised expenditure including capitalised interest	(82,986)	(95,095)
Less: Resident obligations on acquisition	-	(82,261)
Change in fair value recognised in Consolidated Statement of Comprehensive Income	**47,388**	**21,328**

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

$NZ000's	Unaudited Sept 2023	Audited Mar 2023
Investment Property under development		
Valuation	151,078	141,738
	151,078	**141,738**
Completed Investment Property		
Valuation	826,667	744,733
Add: Refundable occupation licence payments	927,257	884,890
Add: Residents' share of resale gains	5,790	5,920
Less: Management fee receivable	(157,192)	(147,278)
Less: Resident obligations for units not included in valuation	(25,425)	(32,282)
	1,577,097	**1,455,983**
Total investment property at fair value	**1,728,175**	**1,597,721**

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 $25.4m (31 March 2023: $32.3m) is included in the above reconciliation to reflect this.

3.1 Village Assets: Investment Property (continued)

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 provided valuations of development land in respect of investment property under development as at 30 September 2023 (31 March 2023: CBRE Limited and Colliers Limited).

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 $48.9m as at 30 September 2023 (31 March 2023: $53.1m) 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

3.1 Village Assets: Investment Property (continued)

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 2023 by CBRE Limited at a total of $826.7m (31 March 2023: $744.7m).

Property Specific Assumptions

Seismic Assessments

The external valuations, and accordingly the fair value of investment property, incorporates an allowance in relation to remediation to properties where seismic strength testing has been carried out. An amount of $6.6m has been recognised in relation to estimated remediation of two sites (31 March 2023: nil).

Weather Events: Auckland Floods and Cyclone Gabrielle

The fair value of completed investment property has been adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods, by an amount of $6.1m (31 March 2023: $7.7m on damage caused by the Auckland Floods and Cyclone Gabrielle).

Significant Unobservable Inputs

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

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

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 2023 (unaudited)						
Opening net book amount		89,098	109,071	496,448	17,552	712,169
Additions		14,351	-	1,285	5,882	21,518
Capitalised interest and line fees		5,781	-	1,561	-	7,342
Disposals		-	-	-	(1,268)	(1,268)
Depreciation		-	-	(5,997)	(2,103)	(8,100)
Transfer to investment property	3.1	-	-	(80)	-	(80)
Reclassification within Property, Plant and Equipment		(44,379)	1,580	42,799	-	-
Revaluation surplus						
Change in estimate of impairment as a result of weather events		-	-	1,185	-	1,185
Change in fair value recognised in comprehensive income		(4,177)	275	(4,871)	-	(8,773)
Change in fair value recognised in other comprehensive income[1]		(710)	9,520	20,649	-	29,459
Closing net book amount		59,964	120,446	552,979	20,063	753,452
At 30 September 2023						
Cost		-	-	-	57,059	57,059
Valuation		59,964	120,446	552,979	-	733,389
Accumulated depreciation		-	-	-	(36,996)	(36,996)
Net book amount		59,964	120,446	552,979	20,063	753,452

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

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

$NZ000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Year ended 31 March 2023 (audited)						
Opening net book amount		105,150	113,031	448,426	19,985	686,592
Additions		45,340	1,000	5,345	3,442	55,127
Impact of change to GST taxable supplies[1]		(894)	-	-	-	(894)
Capitalised interest and line fees		2,680	-	381	-	3,061
Disposals		-	-	-	(2)	(2)
Depreciation		-	-	(10,831)	(4,354)	(15,185)
Transfer from investment property	3.1	-	-	1,552	-	1,552
Transfer to held for sale	3.3	(1,319)	(14,740)	(14,418)	(1,519)	(31,996)
Reclassification within Property, Plant and Equipment		(58,452)	16,035	42,417	-	-
Revaluation surplus						
Impairment as a result of weather events		-	-	(1,943)	-	(1,943)
Change in fair value recognised in comprehensive income		(2,189)	(640)	(1,759)	-	(4,588)
Change in fair value recognised in other comprehensive income[2]		(1,218)	(5,615)	27,278	-	20,445
Closing net book amount		**89,098**	**109,071**	**496,448**	**17,552**	**712,169**
At 31 March 2023						
Cost		-	-	-	54,548	54,548
Valuation		89,098	109,071	496,448	-	694,617
Accumulated depreciation		-	-	-	(36,996)	(36,996)
Net book amount		**89,098**	**109,071**	**496,448**	**17,552**	**712,169**

[1] Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.

[2] The revaluation noted in the Statement of Comprehensive Income differs from the above due to deferred tax.

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

Land and Buildings Under Development

A valuation in respect of development land was provided by CBRE Limited as at 30 September 2023.

Any costs incurred to 30 September 2023 on the developments are included in arriving at the fair value as at 30 September 2023.

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

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of $46.0m as at 30 September 2023 (31 March 2023: $63.9m) 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 2023.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

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.

Property Specific Assumptions

Weather Events: Auckland Floods and Cyclone Gabrielle

The fair value of completed freehold buildings has been adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods by an amount of $1.0m (31 March 2023: $1.8m on damage caused by the Auckland Floods and Cyclone Gabrielle).

Key Accounting Estimates and Judgements

All land and buildings have been determined to be Level 3 (31 March 2023: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Significant Unobservable Inputs

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

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

3.3 Held for Sale

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transactions 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 2023 six facilities are being actively marketed for sale and one is held under contract, and as such continue to meet the definition of held for sale (31 March 2023: 11 facilities). These facilities and their respective land, building, investment property and plant and equipment have been reclassified for reporting purposes.

3.3 Held for Sale (continued)

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

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

During the period to 30 September 2023, three sites were disposed of. Refer to Note 1.3(ii) and (iii) for further details.

$NZ000's	**Notes**	**Unaudited Sept 2023**	Audited Mar 2023
Opening balance		**101,652**	-
Transfer from investment property	3.1	**-**	34,833
Transfer from property, plant and equipment	3.2	**-**	31,996
Transfer from right of use assets		**-**	31,995
Additions		**440**	942
Disposals	1.3(ii),(iii)	**(42,070)**	-
Change in fair value during the period		**(1,258)**	1,886
Closing balance		**58,764**	**101,652**

3.4 Refundable Occupation Right Agreements

What is an ORA?

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

What is DMF?

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

3.4 Refundable Occupation Right Agreements (continued)

$NZ000's	Unaudited Sept 2023	Audited Mar 2023
Village		
Refundable occupation licence payments	**927,257**	884,890
Residents' share of resale gains	**5,790**	5,920
Less: Management fee receivable (per contract)	**(202,205)**	(191,599)
	730,842	**699,211**
Care Suites		
Refundable occupation licence payments	**244,012**	215,206
Accommodation rebate	**89**	83
Less: Management fee receivable (per contract)	**(39,217)**	(34,922)
	204,884	**180,367**
Total refundable occupation right agreements	**935,726**	**879,578**
Held for Sale[1,2]		
Refundable occupation licence payments	**19,255**	58,475
Residents' share of resale gains	**240**	220
Less: Management fee receivable (per contract)	**(4,820)**	(15,282)
	14,675	**43,413**

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

$NZ000s	Unaudited Sept 2023	Audited Mar 2023
Village		
Management fee receivable (per contract)	**(202,205)**	(191,599)
Deferred management fee	**45,013**	44,321
Management fee receivable (per NZ IFRS)	**(157,192)**	**(147,278)**
Care Suites		
Management fee receivable (per contract)	**(39,217)**	(34,922)
Deferred management fee	**817**	1,013
Management fee receivable (per NZ IFRS)	**(38,400)**	**(33,909)**
Held for Sale[1]		
Management fee receivable (per contract)	**(4,820)**	(15,282)
Deferred management fee	**1,062**	3,679
Management fee receivable (per NZ IFRS)	**(3,758)**	**(11,603)**

[1] Refundable occupation licence payments of $38.7m and management fees receivable of $9.0m held for sale as of 31 March 2023 in relation to the Everil Orr site were disposed on 3 April 2023. Refer to note 1.3(ii) for further details.

[2] 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 (31 March 2023: $3.6m).

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

	Unaudited Sept 2023 Shares	Audited Mar 2023 Shares	**Unaudited Sept 2023 $NZ000's**	Audited Mar 2023 $NZ000's
Share capital				
Issued and fully paid up capital	**724,154,779**	720,555,185	**715,960**	713,374
Total contributed equity	**724,154,779**	**720,555,185**	**715,960**	**713,374**
Movements				
Opening balance of ordinary shares issued	**720,555,185**	710,204,500	**713,374**	705,291
Shares issued for employee share scheme	**53,761**	1,174,602	**-**	-
Shares issued for dividend reinvestment plan	**3,332,939**	9,176,083	**2,586**	8,083
Treasury shares reacquired	**-**	-	**-**	-
Share issue (rights issue)	**212,894**	-	**-**	-
Capitalised costs in relation to rights issue	**-**	-	**-**	-
Closing balance of ordinary shares issued	**724,154,779**	**720,555,185**	**715,960**	**713,374**

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 2023: nil).

Dividend Reinvestment Plan ("DRP")

On 25 July 2019, the Board approved the implementation of a dividend reinvestment plan for New Zealand and Australian shareholders.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

4.1 Shareholder Equity and Reserves (continued)

	Unaudited Sept 2023 value per share	**Unaudited Sept 2023 number of shares**	Audited Mar 2023 value per share	Audited Mar 2023 number of shares
Reinvestment of final dividend for the prior period	**$0.7754**	**3,332,939**	$0.9875	3,823,536
Reinvestment of interim dividend for the period	**-**	**-**	$0.8041	5,352,547

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:

a. provide an incentive to key executives to commit to Oceania for the long term; and

b. align these executives' interests with the interests of Oceania's shareholders.

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

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

Performance Hurdles

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

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

4.1 Shareholder Equity and Reserves (continued)

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

Scheme	Date	**Share rights issued**	**Share rights lapsed**	**Share rights vested**
2020 LTI	20 September 2020	1,951,873	1,602,866	349,007
2021 LTI	6 September 2021	1,078,125	515,625	n/a
2022 LTI	18 November 2022	1,430,150	365,287	n/a

On 11 September 2023 the Board approved a new Share Option Plan. The option plan has been established to:

a. Reward and retain key employees;

b. Drive longer-term performance and alignment of incentives of participants with the interests of the group's shareholders; and

c. Encourage longer term decision-making by participants.

Participants in the Option Plan will be granted options to acquire ordinary shares from time to time. These options will, subject to those participants' continued employment by Oceania, be exercisable by participants during specified exercise periods for a set exercise price. On exercise of the share options, the Group will facilitate a cashless (net settled) exercise by issuing such number of shares as is equal to the difference between the then current market value and the exercise price, multiplied by the number of options being exercised, divided by the then current market value.

Scheme	Date	**Share options issued**	**Exercise price**
2023 Option Plan	11 September 2023	16,666,667	$0.82

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

4.1 Shareholder Equity and Reserves (continued)

Dividends

	Unaudited Sept 2023 cents per share	**Unaudited Sept 2023 $NZ000's**	Audited Mar 2023 cents per share	Audited Mar 2023 $NZ000's
Final dividend for the prior year	**1.3**	**9,367**	2.3	16,335
Interim dividend for the period	**-**	**-**	1.9	13,589
Total dividends declared during the period[1]		**9,367**		**29,924**

The Directors have resolved not to pay an interim dividend to provide for ongoing investment in Oceania's growth and portfolio transformation. The Directors will consider a resumption of paying dividends at the next reporting date, after taking into consideration cash flow, market conditions and growth opportunities.

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 2023 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.

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 2023	Unaudited Sept 2022
Profit after tax ($'000)	**35,151**	**11,198**
Weighted average number of ordinary shares outstanding ('000s)	**722,486**	712,334
Basic earnings per share (cents per share)	**4.9**	**1.6**

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 September 2023 there were 349,007 shares with a dilutive effect (30 September 2022: Nil).

	Unaudited Sept 2023	Unaudited Sept 2022
Profit after tax ($'000)	**35,151**	**11,198**
Weighted average number of ordinary shares outstanding ('000s)	**722,835**	712,334
Diluted earnings per share (cents per share)	**4.9**	**1.6**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

4.3 Borrowings

$NZ000's	Unaudited Sept 2023	Audited Mar 2023
Secured		
Bank loans	**396,376**	332,764
Deferred payment on acquisition	**-**	250
Capitalised loan costs	**(1,747)**	(1,990)
Retail bond – OCA010	**125,000**	125,000
Retail bond – OCA020	**100,000**	100,000
Capitalised bond costs	**(2,184)**	(2,435)
Total borrowings	**617,445**	**553,589**
Current	**-**	250
Non current	**621,376**	557,764
Total borrowings excluding capitalised loan and costs	**621,376**	**558,014**

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 2023 ranged from 7.05% to 7.13% (year to 31 March 2023: 4.05% to 7.52%).

Deferred Payment on Acquisition of Previously Leased Site

Relates to the purchase of a previously leased site. The deferred payment was secured by a first charge mortgage over the property and repaid in the current period.

4.3 Borrowings (continued)

Retail Bond

NZDX ID	Issue Date	No. of bonds	$NZ000's	Maturity	Fixed Interest	Unaudited Trading Interest at Sept 2023	Audited Trading Interest at Mar 2023
OCAO10	19 Oct 20	125.0m	$125,000	19 Oct 27	2.3%	**8.1%**	7.4%
OCA020	13 Sept 21	100.0m	$100,000	13 Sept 28	3.3%	**8.1%**	7.3%

The bonds are quoted on the NZX Debt Market. 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, in the comparative period, 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 an interest discount in the event that certain targets are met. For the period to 31 March 2023, two targets were met and a third partially met. A discount was received for one metric and no penalty interest was incurred.

Effective 17 August 2023, the company executed a limit switch. This transferred $50m of available commitments from the General Corporate Facility to the Development Facility.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2023

4.3 Borrowings (continued)

Financing Arrangements

At 30 September 2023, the Group held committed bank facilities with drawings as follows:

	Unaudited September 2023		Audited March 2023	
$NZ000's	**Committed**	**Drawn**	Committed	Drawn
General Corporate Facility	**185,000**	**112,470**	235,000	111,850
Development Facility	**315,000**	**283,906**	265,000	220,914
Total	**500,000**	**396,376**	**500,000**	**332,764**

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 debt facilities, with which the Group must comply include:

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

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

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

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

The covenants are tested half yearly. All covenants have been complied with during the period.

4.3 Borrowings (continued)

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 2023 the balance of the bank loans over which the properties are held as security is $396.4m (31 March 2023: $332.8m).

5. Other Disclosures

5.1 Contingencies and Commitments

At 30 September 2023, the Group had no contingent liabilities (31 March 2023: nil).

At 30 September 2023, the Group has a number of commitments to develop and construct certain development sites totalling $88.1m (31 March 2023: $124.8m).

As at 30 September 2023, the Group has a commitment in relation to the lease of Level 26, 188 Quay Street, Auckland from February 2024. The commencement date for this lease is 13 March 2024 for a term of nine years.

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

5.2 Events After Balance Date

Land Acquisition

On 21 November 2023 a sale and purchase agreement was entered into to acquire a parcel of land for $4.2m. Settlement is expected to occur on 12 April 2024.

There have been no other significant events after balance date.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of Oceania Healthcare Limited

Building a better working world

Independent auditor's review report to the shareholders Oceania Healthcare Limited

Conclusion

We have reviewed the interim financial statements of Oceania Healthcare Limited ("the Company") and its subsidiaries (together "the Group") on pages 14 to 57 which comprise the consolidated balance sheet as at 30 September 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and a summary of 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 interim financial statements on pages 14 to 57 of the Group do not present fairly, in all material respects the consolidated financial position of the Group as at 30 September 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

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

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed* by the *Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the 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.

Ernst & Young provides other assurance related services and remuneration benchmarking services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

To the shareholders of Oceania Healthcare Limited

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Directors' responsibility for the interim financial statements

The directors are responsible, on behalf of the Entity, for the preparation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*and for such internal control as the directors determine is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the 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 interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, 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 (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

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

Ernst + Young

Chartered Accountants

Auckland
22 November 2023

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