

Inspiring better.

Interim Report 2025



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Delivering better.



Staff

2,700



Residents

4,000



Care beds and care suites

2,209



Units

1,915

Existing sites with mature operations

22

Existing sites with future developments

17

Undeveloped sites

0

Total sites

39

As at 30 September 2024



Trading results.



Financial

six month period to 30 September 2024

Total assets
As at 30 September 2024

\$2.8bn

Consistent with 31 March 2024 total assets of \$2.8bn

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation
six months to 30 September 2024

\$38.6m

Ahead of 30 September 2023 Earnings Before Interest, Tax, Depreciation and Amortisation of \$37.6m

Reported Total Comprehensive Income
six months to 30 September 2024

\$11.8m

Compared to 30 September 2023 reported total comprehensive income of \$61.7m

Operating Cash Flow
six months to 30 September 2024

\$70.4m

Higher than restated six months to 30 September 2023 reported operating cashflow of \$57.2m



Operational

six month period to 30 September 2024

Total sales

258

Higher than total sales for the six months 30 September 2023 of 255

38

New units

51

New care suites

59

Resale units

110

Resale care suites



Developments

six month period to 30 September 2024

Units and care suites under construction

158

- Waterford Stage One (Hobsonville, Auckland)
- Awatere Stage Three (Hamilton)
- Meadowbank Stage Six (Auckland)

Units and care suites completed

106

- Elmwood Stage One (Manurewa, Auckland)

Additional units and care suites expected to be completed in FY2025

118

- Awatere Stage Three (Hamilton)
- Waterford Stage One (Hobsonville, Auckland)



Refining for future optionality.



Elizabeth Coutts
Chair



Suzanne Dvorak
Chief Executive Officer

“On behalf of the Board and shareholders, it’s my pleasure to welcome Suzanne Dvorak as CEO of Oceania. Suzanne joined in July 2024 and comes with an impressive background, including having led the single largest residential aged care provider in Australia. She is focussed on developing and operating villages and care centres that reimagine the retirement living and aged care experience through a human centred approach. We are delighted to be working with Suzanne on the next phase of Oceania’s journey.”

Elizabeth Coutts, Chair

Welcome to our Interim Report for the first half of FY25 (1HY25), a period that saw Oceania transition to new executive leadership for the next phase of growth while recognising the significant progress achieved in modernising our property portfolio and improving services over the last five years. We are strengthening our sales capability, rebalancing our development pipeline, and improving profitability from care services.

Half-year Highlights¹

- Underlying EBITDA rose to \$38.6m, 2.7% above 1HY24.
- Underlying NPAT was \$24.0m, 12.5% lower than 1HY24 largely due to an increase in interest expense on completed developments.
- Operating Cashflow increased to \$70.4m, 23.1% above 1HY24.
- Reported Total Comprehensive Income of \$11.8m below FY24 \$61.7m largely due to movements in the fair value of properties in the period.
- Total Assets increased to \$2.8b, \$38.9m increase above FY24.
- Net Tangible Assets increased to \$1.0bn, or \$1.43 per share, a 1.3% increase on FY24.
- Four non core sites divested for \$25.1m.
- Debt gearing ratio reduced to 37.5% compared with FY24 38.3%. All banking covenants have been met.
- Realised capital gains rose to \$38.2m, 34.9% higher than 1HY24, driven by strong care suite volumes.
- Unsold stock levels at \$305m, 13.5% below FY24.
- 224 independent living units and care suites to be delivered during FY25 including 106 care suites at Elmwood in Auckland which were delivered in 1HY24.

¹ All metrics and financial results included in this Chair and CEO letter are extracted from the interim financial statements and are unaudited.

Financial Performance

Despite an economic downturn in New Zealand that has impacted consumer spending and the property market, Oceania lifted Underlying EBITDA to \$38.6m, 2.7% above 1HY24. Underlying Net Profit After Tax was \$24.0m, 12.5% down on 1HY24 largely due to increased interest expense in relation to completed developments. With increased sales volumes and prices, capital gains rose 34.9% year on year to \$38.2m. Premium care revenue was up 12.3% from 1HY24 to \$12.4m. Operational expenses increased which have since been rightsized for the business going forward. Care and resident expenses decreased 4.6% from 1HY24 to \$70.2m as we continue to focus on achieving the appropriate level of profitability. Debt gearing ratio reduced to 37.5% from the peak at 38.3% (FY24) reflecting the focus on sale of unsold stock and sale of non core sites.

Resales of independent living units (ILUs) (59 units sold) and care suites (110 suites sold) continued to perform well thanks to the reputational strength of our villages and care centres. New care suite sales outperformed our expectations with 51 new care suites sales during the period. This reflects our excellent reputation for provision of care, founded on our core principles of putting resident wellbeing and care, and a continuum of care, at the heart of everything we do. Continuing to improve sales performance remains a key priority.

Our Offer

We have continued to modernise and rebalance our property portfolio to support our premium quality care for residents, and refine our development plans to meet the current market environment.

In the six months under review, 106 new care suites were completed at Elmwood in Auckland. In addition we are on track to deliver a further 68 apartments at Awatere in Hamilton and 50 apartments at Waterford in Auckland by the calendar end of 2024.

We divested four sites during the period under review: Takanini (91 beds) in Auckland, Middlepark (54 beds) and Holmwood (46 beds) in Christchurch, and Victoria Place (51 beds) in Tokoroa. The net impact of the Elmwood care suite development and the divestment of these four sites resulted in our total number of beds reducing during the period from 4,382 to 4,124. Future development and divestments will continue to rebalance the portfolio from standard care beds to care suites as well as delivering additional ILUs.

Development stock continued to be sold down with unsold new stock levels reducing by 13.5% to \$305m.

Our average development margin for 1HY25 was 34.4% with a development margin of 35.4% for ILUs and 32.3% for care suites. Our approach of maintaining a talented inhouse property team, supported by trusted relationships with preferred suppliers means we can adjust our development pipeline more nimbly than many other operators, increasingly optionality. Our divestment focus will continue to be on geographically isolated or hard to service locations, in favour of locations where we can add lower density development to mature sites that already have a strong reputation and an existing footprint. An example is our Gracelands site in Hawkes Bay, where we have recently purchased adjoining land to complement the vibrant village.



Five-year Progress

As we near the end of our current five year strategy, it is worth acknowledging what has been achieved, as well as crystallising elements we need to focus on.

Good progress has been made in modernising and transitioning our portfolio towards our goal of 50%/50% aged care and independent living. In 1HY20, this ratio was 70%/30%. At the end of our period under review, it is 54%/46%. Development and divestment activity continue to reweight our portfolio. We continue to divest older stand alone aged care centres, whilst our development delivers modern villages and centres that enable us to offer a full continuum of care as well as quality living for all our residents.

Since IPO, we have conducted a successful divestment strategy and executed a portfolio repositioning, selling or exiting 16 sites, including 206 aged care beds and 36 care suites. Since FY2023, proceeds have been received for seven sites, above book value in aggregate, which supports the valuations adopted by directors. Four of these sites were sold during the period for an aggregate value of \$25.1m.

Our development programme over the last five years has strengthened our capabilities in both brownfield and greenfield developments.

Our development programme over the last five years has strengthened our capabilities in both brownfield and greenfield developments. In the near term, we will be undertaking a broad acre villa development at Franklin, which enables us to reposition our property portfolio and lower development risk.

We have invested over \$600m in property development to modernise, improve quality, and expand our market presence. However, we have also increased our development debt, unsold stock and support office costs. Net debt has increased to \$629m, compared to \$288m five years ago. Our gearing today is 37.5% compared to 31.8% at 1HY20, although this is below the peak 31 March 2024 level of 38.3%. We continue to work hard to reduce gearing through continued reduction in unsold stock and sale of non core sites.

Total assets have grown over 85% over the last five years, from \$1.5bn in 1HY20 to \$2.8bn as at 30 September 2024. Net Tangible Assets (NTA) have risen 44 cents per share to \$1.43 from \$0.99 as at 30 November 2019. We believe there is an opportunity to improve the P/NTA value for shareholders by increasing sales, reducing unsold stock to free up cash, improving aged care profitability, reducing debt and as a result interest expense. These are key focus areas for the year ahead. We can then further leverage the investment we have made over the last five years.



The Sands, Browns Bay, Auckland

In short, we have worked hard to establish a strong market presence, as well as a differentiation arising from the quality of our care and boutique nature of our retirement villages. This remains key, while we deleverage, and right size the business and operational costs to improve returns to shareholders.

Focus on Execution

The lens of new executive leadership has enabled us to sense check our current strategy, and to analyse key gaps and areas of focus. Overall, this has endorsed our current strategic plan, but also crystallised near term priorities and elements of operational execution we need to fix or improve. This work has provided us with three key areas of focus as we work through the remainder of our strategic plan that takes us through to FY26.

The first is to lift sales, focusing on unsold stock which will support debt reduction. The establishment of a new role in our Executive team of Chief Sales and Marketing Officer recognises that improved sales performance is a core for the business that we need to urgently and structurally address.

The quality of our product offering at The Helier is reflected in the awards it has won including “Best in Category” at this year’s NZ Property Council Awards.

Our sales focus is to increase new sales and reduce unsold stock, including at The Helier in Auckland. The quality of our product offering at The Helier is reflected in the awards it has won including “Best in Category” at this year’s NZ Property Council Awards.

As we improve sales performance, we will reduce unsold stock to reduce debt. Our strategic review also identified the need for near term cost savings, which is underway.

The second priority is streamlining our development programme, completing our brownfield developments to increase our care suite capacity, and undertaking broadacre greenfield developments, including our Franklin development, to support our portfolio rebalancing. Our in house development team works with trusted partners to ensure effective cost management and cost effectiveness optionality when it comes to planning and delivering our development pipeline. We will aim to continue our portfolio rebalancing and realign development to become more closely in tune with customer needs in what is a very significant total addressable market – by 2030, 25% of New Zealanders will be 65 years old or older.

Thirdly, while care will remain a critical differentiator for Oceania, we need to get our delivery model right so that profitability and returns are sustainable. In recent years, this has been a challenge for our industry. However, with Executive leadership that has a track record in turning around operations in this area, we are fortunate to have skills and experience to tackle the detail of our operations and execution to improve efficiency in care. This will be a key focus in the near term, and one that has the potential to further distinguish Oceania from our peers. Once we have the necessary operational efficiency in aged care provision, with sustainable profitability and financial returns, we can then scale to grow value.

Sustainability and Climate

Our core commitment to sustainability as part of our value creation, as well as risk and resilience management, continues to be integrated into our long term planning and reporting to stakeholders.

Earlier this year we shared our climate related disclosures. Our commitment to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a FY22 base year was validated by the Science Based Target Initiative (SBTi). This target forms part of Oceania’s sustainability-linked loan and is also a key hurdle in respect of short term incentives for our Executives. Our team has completed an in-depth energy decarbonisation pathway to identify, evaluate and prioritise opportunities for decarbonising the energy systems at our retirement villages and care centres. We are also seeking that 72.5% of our suppliers by spend, covering purchased goods and services, including capital goods, will have science-based targets by FY27. This is our Scope 3 supplier engagement target.

We are delighted to have received recognition that sustainability underpins our strategic pillars, having been selected as a finalist in the Deloitte Top 200 Awards. We are one of three finalists for the Sustainability Leadership Award. From reducing our environmental footprint to increasing our social impact, we are dedicated to building resilient communities for our ageing population. This recognition highlights our commitment to creating long term environmental, social, and economic value, so we couldn’t be prouder. We look forward to deepening the integration of thinking about sustainability throughout our business.

Our Residents

Our offer sets itself apart in the market for its resident centred approach, based on our Clinical Excellence Strategy. To support this we elevated our Director of Clinical Governance role to the Executive table. We continue to innovate when it comes to resident care, expanding our care offering to a continuum of care. We have extended our clinical excellence through the Nurse Practitioner Model. We are refining our development pipeline to ensure that resident wellbeing and care is at the heart of everything we do, delivering and planning developments that optimise residents' care and comfort, including the expansion of care suites and couples care suites.



Our People

We can only set ourselves apart through the quality of our care thanks to the dedication, skill and commitment of our people. We have continued to refine our approach to foster and develop our people and support a culture of care and customer led behaviour.

Our internal development programme, Future Fluent, for our senior leaders at sites represents further investment in our human capital. All of this is underpinned by the planning, design and roll out of our new Human Resource Information System (HRIS) to support our people across the business.

We would also like to thank Peter Dufaur who resigned from the Board on 30 September 2024 for his valued contribution particularly for his property and construction expertise during his tenure.

Outlook

Having executed on our current five year strategy, we can reflect on a solid foundation for the future. We have clear objectives for the business through FY25, including the critical focus on reduction of debt to strengthen our balance sheet. As we move into the next phase, our focus remains on a full continuum of care, as we differentiate on the quality of our care and quality living for our residents.

Moving into the Christmas period, we have a pleasing number of applications coming in, including a more positive market response to The Helier in Auckland. At 31 October we had 21 apartments and 13 care suites occupied.

Our new Sales and Marketing leadership team will add momentum to our push for higher sales volumes, as we continue to strengthen the attractiveness of our offer through the modernisation of our sites and the quality of our care.

We can only set ourselves apart through the quality of our care thanks to the dedication, skill and commitment of our people.

The Board has decided to continue to pause dividends for the interim period given current gearing levels. Looking ahead, the Board expects to resume dividends when we have achieved sufficient sales to have reduced our new stock level and gearing ratio.

We extend our thanks to you, our shareholders, for your ongoing support, as well as to all our team, suppliers and wider partners for all the hard work and commitment to excellence that goes into continuing to ensure Oceania continues to stand apart as the innovator and standard setter for quality of care in New Zealand.

Elizabeth Coutts
Chair

Suzanne Dvorak
Chief Executive Officer

Three year summary.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Financial Metrics

\$NZm	Unaudited Sept 2024	Unaudited Sept 2023	Unaudited Sept 2022
Underlying Net Profit after Tax ¹	24.0	27.4	27.8
Underlying EBITDA ¹	38.6	37.6	38.7
Profit / (Loss) for the Period	(17.1)	35.2	11.2
Total Comprehensive Income / (Loss)	11.8	61.7	27.3
Total Assets	2,821.2	2,689.8	2,450.8
Operating Cash Flow ²	70.4	57.2	34.0

Operating Metrics

	Unaudited Sept 2024	Unaudited Sept 2023	Unaudited Sept 2022
Units	1,915	1,887	1,766
Care Suites	1,091	984	972
Care Beds	1,118	1,396	1,652
Total	4,124	4,267	4,390
New Sales	89	84	61
Resales	169	171	165
Total	258	255	226
Occupancy	91.6%	90.3%	91.0%

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

² Restated in prior periods, this restatement increases Operating Cashflow from \$48.0m in Sept 2023 and \$31.4m in Sept 2022. Refer to note 1.2 for details.

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Consolidated Interim Financial Statements.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

\$NZ000's	Notes	Unaudited Six months Sept 2024	Unaudited Six months Sept 2023
Revenue		132,605	131,614
Change in fair value of investment property	3.1	26,140	47,388
Other income		3,582	6,951 ¹
Total income		162,327	185,953
Employee benefits and other staff costs		90,626	88,338
Depreciation (buildings and care suites)	3.2	6,904	6,402
Depreciation and amortisation (chattels, leasehold improvements and software)	3.2	3,422	3,024
Impairment of property, plant and equipment and right of use asset	3.2	25,965	7,588
Impairment of held for sale assets	3.3	14	1,258
Impairment of goodwill		198	269
Finance costs		11,848	8,589
Other expenses		42,859	38,127
Total expenses		181,836	153,595
(Loss) / Profit before income tax		(19,509)	32,358
Income tax benefit		2,445	2,793
(Loss) / Profit for the period		(17,064)	35,151
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	30,137	26,619
Items that may be subsequently reclassified to profit or loss			
Loss on cash flow hedges, net of tax		(1,231)	(120)
Other comprehensive income for the period, net of tax		28,906	26,499
Total comprehensive income for the period attributable to shareholders of the parent		11,842	61,650
Basic earnings per share (cents per share)	4.2	(2.4)	4.9
Diluted earnings per share (cents per share)	4.2	(2.4)	4.9

1 Other Income in the prior period includes \$3.6m in relation to proceeds from insurance. Refer to note 1.3(iii). The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 30 SEPTEMBER 2024

\$NZ000's	Notes	Unaudited Sept 2024	Audited Mar 2024
Assets			
Cash and cash equivalents		13,027	7,485
Trade and other receivables	5.1	83,751	124,864
Derivative financial instruments		1,310	3,030
Assets held for sale	3.3	2,580	44,259
Investment property	3.1	1,896,035	1,815,387
Property, plant and equipment	3.2	809,354	770,877
Right of use assets		10,303	10,783
Intangible assets		4,838	5,663
Total assets		2,821,198	2,782,348
Liabilities			
Trade and other payables		51,049	52,057
Deferred management fee	3.4	48,344	47,337
Refundable occupation right agreements	3.4	1,032,919	997,190
Refundable occupation right agreements held for sale	3.4	-	7,585
Lease liabilities		11,290	11,205
Borrowings	4.3	638,960	640,518
Deferred tax liabilities	1.1(iv)	-	-
Total liabilities		1,782,562	1,755,892
Net assets		1,038,636	1,026,456
Equity			
Contributed equity	4.1	715,960	715,960
Retained deficit		(41,035)	(34,264)
Reserves		363,711	344,760
Total equity		1,038,636	1,026,456

The Board of Directors of the Company authorised these consolidated interim financial statements for issue on 22 November 2024.

For and on behalf of the Board

Elizabeth Coutts

Elizabeth Coutts
Chair

Alan Isaac

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 2024

\$NZ000's	Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
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 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
Balance as at 1 April 2024 (audited)		715,960	(34,264)	342,561	2,199	1,026,456
Profit for the period		-	(17,064)	-	-	(17,064)
Other comprehensive income						
Revaluation of cash flow hedge net of tax		-	-	-	(1,231)	(1,231)
Revaluation of assets net of tax	3.2	-	-	30,137	-	30,137
Transfer of assets net of tax		-	9,955	(9,955)	-	-
Total comprehensive income		-	(7,109)	20,182	(1,231)	11,842
Transactions with owners						
Employee share scheme	4.1	-	338	-	-	338
Total transactions with owners		-	338	-	-	338
Balance as at 30 September 2024 (unaudited)		715,960	(41,035)	362,743	968	1,038,636

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 2024

\$NZ000's	Notes	Unaudited Six months Sept 2024	Restated Unaudited Six months Sept 2023
Cash flows from operating activities			
Receipts from residents for village and care fees		106,022	107,391
Payments to suppliers and employees	1.2(ii)	(129,433)	(112,234)
Receipts from new occupation right agreements		168,101	105,214
Payments for outgoing occupation right agreements		(70,696)	(38,578)
Net goods and services tax paid		148	(401)
Receipts from insurance proceeds	1.3(iii)	4,374	3,008
Interest received		1,832	2,600
Interest paid on general borrowings		(9,603)	(9,642)
Interest paid in relation to right of use assets		(393)	(201)
Net cash inflow from operating activities		70,352	57,157
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(29,162)	(23,830)
Payments for investment property and investment property under development		(45,645)	(91,677)
Proceeds from sale of assets		23,370	12,892
Interest paid in relation to development borrowings ¹	1.2(ii)	(10,277)	(9,137)
Payments for assets held for sale		(439)	-
Net cash outflow from investing activities		(62,153)	(111,752)
Cash flows from financing activities			
Proceeds from borrowings		62,344	101,542
Repayment of borrowings		(64,395)	(38,180)
Principal payments for lease liabilities		(606)	846
Dividends paid		-	(6,762)
Net cash (outflow) / inflow from financing activities		(2,657)	57,446
Net increase in cash and cash equivalents		5,542	2,851
Cash and cash equivalents at the beginning of the period		7,485	7,439
Cash and cash equivalents at end of period		13,027	10,290

¹ Restated in prior periods. Refer to note 1.2(ii).

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 2024

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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 2024 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 26, HSBC Tower, 188 Quay 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 2024, 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 2024 with the exception of the Consolidated Cash Flow Statement, see note 1.2(ii).

The consolidated interim financial statements for the six months ended 30 September 2024 and comparatives for the six months ended 30 September 2023 are unaudited. The consolidated annual financial statements for the year ended 31 March 2024 were audited and form the basis for the comparative figures for that period in these statements. They are presented in New Zealand dollars which is the Group’s presentation currency.

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

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1.1 Basis of Preparation (continued)

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:

- 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 sites (note 3.3)
- Revenue recognition of deferred management fees (note 3.4)
- Recognition of deferred tax (refer below)

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 2024 the Group recognised a deferred tax asset of \$61.0m (31 March 2024: \$42.3m) 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 2024, the Group now has an estimated \$308.4m (31 March 2024: \$253.7m) of available tax losses as at 30 September 2024.

v) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements. Any changes to comparative figures have no impact on the prior period Statement of Comprehensive Income.

1.2 Accounting Policies

i) New Accounting Standards

Other than as explained below, 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) Treatment of Interest Paid in Consolidated Cash Flow Statement

The Group has amended its accounting policy regarding the presentation of interest paid in the Consolidated Cash Flow Statement in the current period to better align with underlying drivers of debt. Previously, all interest paid has been presented in cash flows from operating activities.

Interest paid in relation to funds drawn for use in the development of investment property or property, plant and equipment is now presented in cash flows from investing activities.

The change in presentation of the capitalised interest cash outflows from operating activities to investing activities provides more relevant and reliable information as this aligns with other retirement village operators' financial statements in the retirement village sector.

The 30 September 2023 comparative numbers have been restated to reflect these changes in the Consolidated Cash Flow Statement. The impact of these changes to the 30 September 2023 position is as follows:

- Net cash inflow from operating activities has increased by \$9.1m from \$48.0m to \$57.2m.
- Net cash outflows from investing activities have increased by \$9.1m from \$102.6m to \$111.8m.

The impact on the 30 September 2024 position is as follows:

- Net cash inflow from operating activities has increased by \$10.3m from \$60.1m to \$70.4m.
- Net cash outflows from investing activities have increased by \$10.3m from \$51.9m to \$62.2m.

iii) Measurement of Fair Value

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

- Level 1: Quoted prices (unadjusted) in active markets for the identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1.3 Significant Events and Transactions

i) Disposal of Leasehold Interest

On 31 August 2023, in the comparative period, 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.

ii) Disposal of Held for Sale Sites

During the six months to 30 September 2024 a total of four sites were divested for proceeds totalling \$25.1m. The sites divested were Takanini (Auckland), Holmwood (Christchurch), Middlepark (Christchurch) and Victoria Place (Tokoroa). The aggregate gain on sale of these sites is \$0.4m and has been recognised in the Consolidated Statement of Comprehensive Income. (30 September 2023: two sites, total sales proceeds \$11.2m).

As at 30 September 2024, one site, Otumarama a vacant care home in Nelson, is subject to a conditional sale and purchase agreement. Full and final settlement in respect of this site is expected in 2025.

While the Group still owns several sites which it intends to divest in the near term, these sites no longer meet the accounting definition of held for sale and have been reclassified in the period to property, plant and equipment and investment property. Refer note 3.

iii) 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. Agreement was reached with insurers during May 2024 in relation to the Auckland Floods and Cyclone Gabrielle. Refer to Notes 3.1 and 3.2 for impact on fair value in the prior period, no impact in the current period.

1.4 Market Capitalisation

At balance date, the market capitalisation of the Group (being the 30 September 2024 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 2024 are property assets carried at fair value as assessed by CBRE Limited. Colliers Limited were also engaged to perform a review of the CBRE Limited valuation of certain sites in the portfolio comprising 44% 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 care cash generating units.

What is Total Comprehensive Income?

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2.1 Operating Segments (continued)

	Care	Village	Other
Product	Includes traditional care beds and care suites.	Includes independent living and rental properties.	N/A
Services	The provision of accommodation, care and related services to Oceania's aged care residents. Includes the provision of services such as meals and care packages to independent living residents.	The provision of accommodation and related services to independent residents in the Group's retirement villages.	Provision of support services to the Group (includes administration, marketing and operations). In addition this segment includes the provision of training by the Wesley Institute of Nursing Education.
Recognition of Operating Revenue and Expenses	The Group derives Operating Revenue from the provision of care and accommodation. The daily fee is set annually by the Ministry of Health. In relation to the provision of superior accommodation above the Government specification the Group derives revenue from Premium Accommodation Charges ("PACs") or, in the case of care suites, through Deferred Management Fees ("DMF"). Operating Expenses primarily include staff costs, resident welfare expenses and overheads.	The Group derives Operating Revenue from weekly service fees and rental income. Operating Revenue also includes DMF accrued over the expected occupancy period for the relevant accommodation. Operating Expenses include village property maintenance, sales and marketing, and administration related expenses.	Includes corporate office and corporate expenses. 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.
Recognition of Fair Value movements on New Developments	Fair value increases or decreases are recognised in other comprehensive income (i.e. not in profit or loss) for the fair value movement above historical cost. Impairments below historical cost are recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Recognition of Fair Value Movements on Existing Care Centres and Retirement Villages	Fair value movements are treated the same as above. When sites are decommissioned for development this results in an impairment of the buildings and chattels which is recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Recognition in Underlying Profit (refer note 2.1 overleaf)	Fair value movements are removed.	Fair value movements are removed. Realised gains on resales and the development margins from the sale of independent living units and care suites are included, reflective of the ownership structure of the assets.	No material adjustments.
Asset Categorisation	Assets used, or, in the case of developments, to be used, in the provision of care are recognised as property, plant and equipment.	Assets used for village operations are recognised as investment property.	Corporate office assets are recognised as property, plant and equipment. Assets include intangibles (e.g. software).

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Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2.1 Operating Segments (continued)

Six Months Ended 30 September 2024 (unaudited) \$NZ000's	Care Operations	Village Operations	Other	Total
Revenue	100,500	26,758	5,347	132,605
Change in fair value of investment property	-	26,140	-	26,140
Other income	427	1,322	1	1,750
Total income	100,927	54,220	5,348	160,495
Operating expenses	(92,358)	(20,186)	(20,941)	(133,485)
Impairment of goodwill	(198)	-	-	(198)
Impairment of property, plant and equipment	(25,965)	-	-	(25,965)
Impairment of held for sale assets	-	(14)	-	(14)
Segment EBITDA	(17,594)	34,020	(15,593)	(833)
Interest income	-	326	1,506	1,832
Finance costs	-	-	(11,848)	(11,848)
Depreciation (buildings and care suites)	(6,430)	-	(474)	(6,904)
Depreciation and amortisation (chattels, leasehold improvements and software)	(2,508)	-	(914)	(3,422)
(Loss) / Profit before income tax	(26,532)	34,346	(27,323)	(19,509)
Income tax benefit / (expense)	237	(3,269)	5,477	2,445
(Loss) / Profit for the period attributable to shareholders	(26,295)	31,077	(21,846)	(17,064)
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the period, net of tax	30,137	-	-	30,137
Loss on cash flow hedges, net of tax	-	-	(1,231)	(1,231)
Total comprehensive income / (loss) for the period attributable to shareholders of the parent	3,842	31,077	(23,077)	11,842

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)
Profit / (Loss) 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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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:

	Total comprehensive income / (loss) for the period attributable to shareholders of the parent
Remove	Fair value adjustments for investment property assets, property, plant and equipment, held for sale assets and cashflow hedges
Add back	Impairment of goodwill
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)
Add back	Current tax expense
=	Underlying EBITDA

Resale Gain – Underlying Profit

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

Development Margin – Underlying Profit

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

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

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Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2.1 Operating Segments (continued)

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

Included	New builds:
	<ul style="list-style-type: none"> 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 Brownfield¹ development land is the estimated fair value of land at the time a change of use occurred² (from operating as a care centre or retirement village to a development site), as assessed by an external independent valuer. Greenfield³ 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:
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Construction, land (apportioned on a gross floor area basis) and interest costs associated with common areas and amenities or any operational or administrative areas.

Six Months Ended 30 September 2024 (unaudited) \$NZ000's	Care Operations	Village Operations	Other	Total
Total comprehensive (loss) / income for the period attributable to shareholders of the parent	3,842	31,077	(23,077)	11,842
Adjusted for Underlying Profit items				
Less: Fair value adjustments for investment property assets, property, plant and equipment, held for sale assets and cashflow hedges ⁴	(4,172)	(26,126)	1,231	(29,067)
Add: Impairment of goodwill	198	-	-	198
Add: Depreciation (care suites)	5,674	-	-	5,674
Less: Gain on sale of business assets including associated costs	-	(398)	-	(398)
Add: Realised resale gain	-	17,655	-	17,655
Add: Realised development margin	-	20,519	-	20,519
Underlying net profit / (loss) before tax	5,542	42,727	(21,846)	26,423
Less: Deferred tax benefit	(237)	3,269	(5,477)	(2,445)
Underlying net profit / (loss) after tax	5,305	45,996	(27,323)	23,978
Less: Interest income	-	(326)	(1,506)	(1,832)
Add: Finance costs (excluding hedge ineffectiveness)	-	-	11,848	11,848
Add: Depreciation (buildings)	757	-	474	1,231
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	2,508	-	914	3,422
Underlying EBITDA	8,570	45,670	(15,593)	38,647

- 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.
- 4 Includes adjustment for material damage insurance in relation to affected properties.



Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2.1 Operating Segments (continued)

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: Fair value adjustments for investment property assets, property, plant and equipment, held for sale assets and cashflow hedges	(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

3. Property Assets

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

What is Investment Property?

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

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

What is Property, Plant and Equipment?

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

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

What is a Care Suite?

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

What is Held for Sale?

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

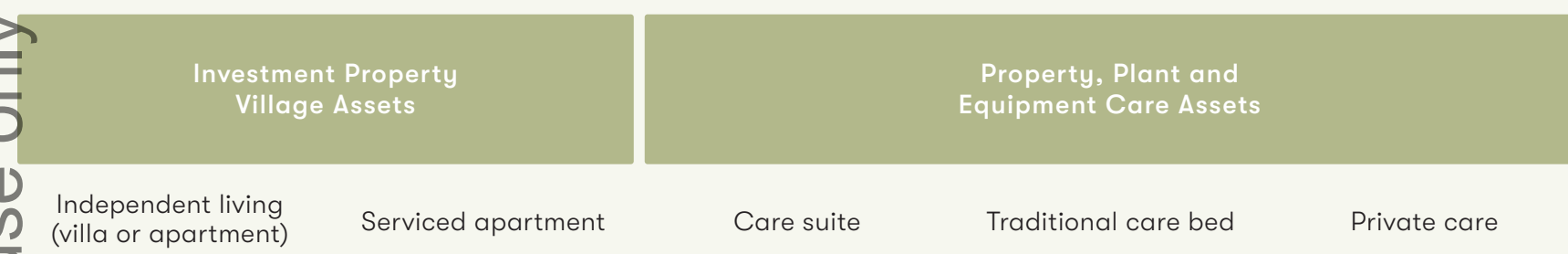
3. Property Assets (continued)

Classification of Serviced Apartments and Care Suites

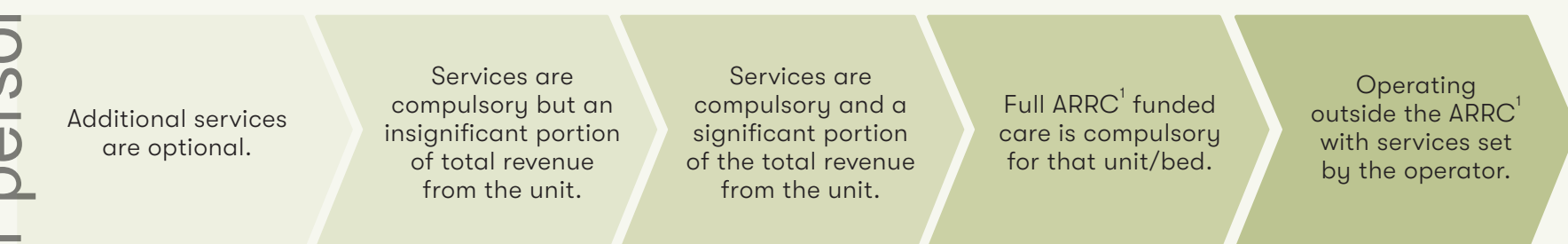
Where services are provided to residents who occupy accommodation under an ORA, it is the Group's policy to assess their level of significance in the context of the overall income derived from the serviced apartment or care suite in ascertaining whether the serviced apartment or care suite is freehold 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:

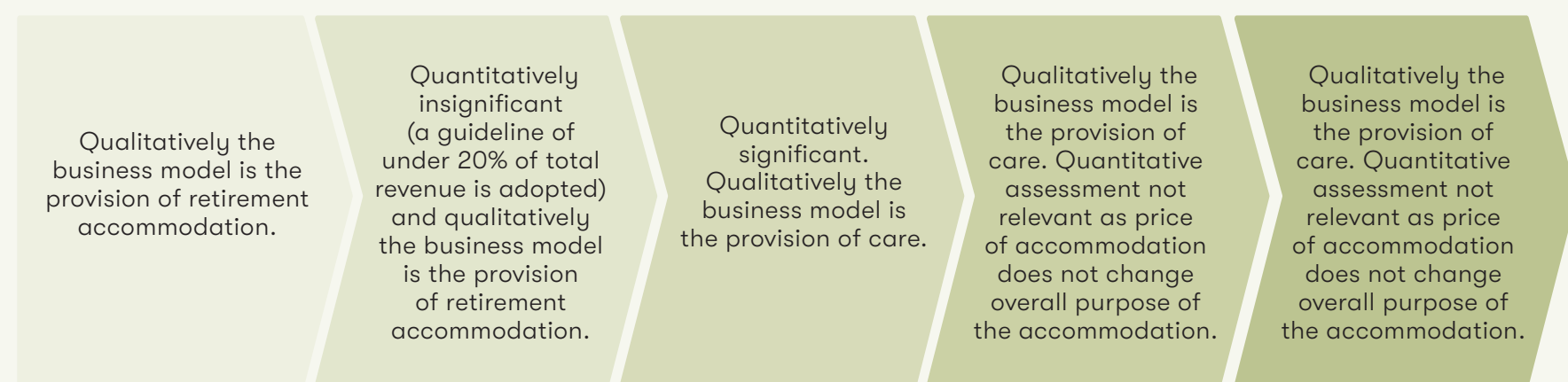
CLASSIFICATION



SCENARIO



CONSIDERATION OF SIGNIFICANCE OF CASH FLOWS



3.1 Village Assets: Investment Property

\$NZ000's	Notes	Unaudited Sept 2024	Audited Mar 2024
Investment property under development at fair value			
Opening balance		181,968	141,738
Impact of change to GST taxable supplies ²		-	(1,500)
Capitalised expenditure		32,450	61,539
Capitalised interest and line fees		5,099	13,626
Transfer from / (to) completed investment property		345	(27,475)
Transfer to property, plant and equipment	3.2	(1,750)	-
Transfer from held for sale	3.3	1,340	-
Change in fair value during the period		(975)	(5,960)
Closing balance		218,477	181,968
Completed investment property at fair value			
Opening balance		1,633,419	1,455,983
Impact of change to GST taxable supplies ²		(429)	(1,372)
Transfer (to) / from investment property under development		(345)	27,475
Transfer from property, plant and equipment	3.2	-	80
Transfer from held for sale	3.3	7,330	21,608
Capitalised expenditure		9,713	60,003
Capitalised interest and line fees		755	2,903
Change in fair value during the period		27,115	66,739
Closing balance		1,677,558	1,633,419
Total investment property		1,896,035	1,815,387

1 ARRC refers to age-related residential care.

2 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 Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

3.1 Village Assets: Investment Property (continued)

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

\$NZ000's	Unaudited Sept 2024	Unaudited Sept 2023
Increase in fair value of investment property	80,648	130,454
Less: Transfers to property, plant and equipment, right of use assets and held for sale during the period	(6,920)	(80)
Less: Capitalised expenditure including capitalised interest	(47,588)	(82,986)
Change in fair value recognised in Consolidated Statement of Comprehensive Income	26,140	47,388

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

\$NZ000's	Unaudited Sept 2024	Audited Mar 2024
Investment Property under development		
Valuation	218,477	181,968
	218,477	181,968
Completed Investment Property		
Valuation	820,938	812,698
Add: Refundable occupation licence payments	1,033,838	1,003,945
Add: Residents' share of resale gains	5,110	5,730
Less: Management fee receivable	(178,243)	(170,638)
Less: Resident obligations for units not included in valuation	(4,085)	(18,316)
	1,677,558	1,633,419
Total investment property at fair value	1,896,035	1,815,387

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 \$4.1m (31 March 2024: \$18.3m) is included in the above reconciliation to reflect this.

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

Why do we adjust for the liability to residents?

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

Valuation Process and Key Inputs

Investment Property under Development

CBRE Limited provided a desktop review of development land in respect of investment property under development as at 30 September 2024 (31 March 2024: CBRE Limited full valuation).

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, including any associated capitalised interest costs during the development period.

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. Work in progress includes any interest costs on debt drawn to fund the development during the development period. A work in progress amount of \$119.0m as at 30 September 2024 (31 March 2024: \$85.9m) 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 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.

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

3.1 Village Assets: Investment Property (continued)

Completed Investment Property

CBRE Limited provided a desktop review of investment property as at 30 September 2024 (31 March 2024: CBRE Limited full valuation).

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.

Any interest costs incurred on outstanding development debt balances after the completion of that development are recognised through the Statement of Comprehensive Income, an amount of \$3.0m in the period (30 Sept 2023: nil).

The Group's interest in all completed investment property was valued on 30 September 2024 by CBRE Limited at a total of \$820.9m (31 March 2024: \$812.7m).

Property Specific Assumptions

Seismic Assessments

The fair value of investment property incorporates an allowance in relation to remediation to properties where seismic strength testing has been carried out.

Weather Events: Auckland Floods and Cyclone Gabrielle

In the prior period the fair value of completed investment property was adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods, by an amount of \$5.2m.

Significant Unobservable Inputs

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

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

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 2024 (unaudited)						
Opening net book amount		78,608	116,111	554,703	21,455	770,877
Additions		22,005	-	1,757	5,425	29,187
Capitalised interest and line fees		1,105	-	1,960	-	3,065
Disposals		-	-	-	-	-
Depreciation ¹		-	-	(6,383)	(2,445)	(8,828)
Transfer from investment property	3.1	1,750	-	-	-	1,750
Transfer from held for sale	3.3	48	2,800	2,797	552	6,197
Reclassification within Property, Plant and Equipment		(47,784)	6,740	37,503	3,541	-
Revaluation surplus						
Change in fair value recognised in comprehensive income ²		(10,243)	(340)	(15,382)	-	(25,965)
Change in fair value recognised in other comprehensive income ³		83	6,520	26,468	-	33,071
Closing net book amount		45,572	131,831	603,423	28,528	809,354
At 30 September 2024						
Cost		-	-	-	60,772	60,772
Valuation		45,572	131,831	603,423	-	780,826
Accumulated depreciation		-	-	-	(32,244)	(32,244)
Net book amount		45,572	131,831	603,423	28,528	809,354

1 The amounts on the face of the Statement of Comprehensive Income in relation to depreciation includes \$1.5m in relation to right of use assets and software amortisation not included in this note.

2 One site, Elmwood, has just completed a brownfield care development. This development required the closure of the existing care suites and a number of residents were relocated to the newly developed care suite building. Impairments of \$25.8m and \$2.4m are recognised in Comprehensive Income and Other Comprehensive Income respectively.

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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

NZ\$'000's	Notes	Freehold Land and Buildings Under Development		Freehold Buildings	Chattels and Leasehold Improvements	Total
		Development	Freehold Land			
Year ended 31 March 2024 (audited)						
Opening net book amount		89,098	109,071	496,448	17,552	712,169
Additions		33,509	-	8,247	10,130	51,886
Impact of change to GST taxable supplies ¹		(280)	-	-	-	(280)
Capitalised interest and line fees		6,015	-	1,213	-	7,228
Disposals		-	-	-	(1,299)	(1,299)
Depreciation		-	-	(11,914)	(4,406)	(16,320)
Transfer from investment property	3.1	-	-	(80)	-	(80)
Transfer from intangible assets		-	-	-	363	363
Transfer to held for sale	3.3	-	(4,895)	(12,834)	(885)	(18,614)
Reclassification within Property, Plant and Equipment		(45,391)	-	45,391	-	-
Revaluation surplus						
Change in fair value recognised in comprehensive income		(3,922)	280	(5,627)	-	(9,269)
Change in fair value recognised in other comprehensive income ²		(421)	11,655	33,859	-	45,093
Closing net book amount		78,608	116,111	554,703	21,455	770,877
At 31 March 2024						
Cost		-	-	-	54,896	54,896
Valuation		78,608	116,111	554,703	-	749,422
Accumulated depreciation		-	-	-	(33,441)	(33,441)
Net book amount		78,608	116,111	554,703	21,455	770,877

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.

Land and Buildings Under Development

A desktop review in respect of development land was provided by CBRE Limited as at 30 September 2024 (31 Mar 2024: full valuation).

Any costs incurred to 30 September 2024 on the developments are included in arriving at the fair value as at 30 September 2024.

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. Work in progress includes any interest costs on debt drawn to fund the development during the development period. A work in progress amount of \$30.6m as at 30 September 2024 (31 March 2024: \$61.4m) 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 desktop review in respect of completed land and buildings was provided by CBRE Limited as at 30 September 2024 (31 Mar 2024: full valuation).

Any interest costs incurred on outstanding development debt balances after the completion of that development are recognised through the Statement of Comprehensive Income, an amount of \$1.4m in the period (30 Sept 2023: nil).

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 Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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

In the prior period the fair value of completed freehold buildings was adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods, an amount of \$1.8m.

Key Accounting Estimates and Judgements

All land and buildings have been determined to be Level 3 (31 March 2024: 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 and is the value per m² assumption. Increases in the value per m² rate result in the corresponding increases in the total valuation.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of completed 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 2024 one site is held under contract, and as such continues to meet the definition of held for sale (31 March 2024: 7 sites). This site and its respective land, building and plant and equipment has been reclassified for reporting purposes.

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 held for sale assets in the prior period.

During the period to 30 September 2024, four sites were disposed of. Refer to Note 1.3(ii) and (iii) for further details. While there are several sites which the Group continues to market these sites no longer meet the accounting definition of held for sale. Two of these sites were reclassified to Investment Property in the six months to 31 March 2024 and a further two sites classified as held for sale as at 31 March 2024 have been transferred back to Investment Property and Property, Plant and Equipment during the period.

\$NZ000's	Notes	Unaudited Sept 2024	Audited Mar 2024
Opening balance		44,259	101,652
Transfer to investment property	3.1	(8,670)	(21,608)
Transfer (to) / from property, plant and equipment	3.2	(6,197)	18,614
Additions		436	1,168
Disposals	1.3(i), (ii)	(27,234)	(50,479)
Change in fair value during the period		(14)	(5,088)
Closing balance		2,580	44,259

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 Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

3.4 Refundable Occupation Right Agreements (continued)

\$NZ000's	Unaudited Sept 2024	Audited Mar 2024
Village		
Refundable occupation licence payments	1,033,838	1,003,945
Residents' share of resale gains	5,110	5,730
Less: Management fee receivable (per contract)	(225,899)	(217,412)
	813,049	792,263
Care Suites		
Refundable occupation licence payments	262,810	246,529
Accommodation rebate	-	95
Less: Management fee receivable (per contract)	(42,940)	(41,697)
	219,870	204,927
Total refundable occupation right agreements	1,032,919	997,190
Held for Sale¹		
Refundable occupation licence payments	-	9,034
Less: Management fee receivable (per contract)	-	(1,955)
	-	7,079

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

\$NZ000's	Unaudited Sept 2024	Audited Mar 2024
Village		
Management fee receivable (per contract)	(225,899)	(217,412)
Deferred management fee	47,655	46,774
Management fee receivable (per NZ IFRS)	(178,244)	(170,638)
Care Suites		
Management fee receivable (per contract)	(42,940)	(41,697)
Deferred management fee	689	563
Management fee receivable (per NZ IFRS)	(42,251)	(41,134)
Held for Sale¹		
Management fee receivable (per contract)	-	(1,955)
Deferred management fee	-	506
Management fee receivable (per NZ IFRS)	-	(1,449)

1 The amount on the face of the Balance Sheet in relation to refundable occupation right agreements held for sale in the comparative period includes an amount of \$0.5m in relation to deferred management fees detailed further in this note.

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

	Unaudited Sept 2024 Shares	Audited Mar 2024 Shares	Unaudited Sept 2024 \$NZ000's	Audited Mar 2024 \$NZ000's
Share capital				
Issued and fully paid up capital	724,231,030	724,154,779	715,960	715,960
Total contributed equity	724,231,030	724,154,779	715,960	715,960
Movements				
Opening balance of ordinary shares issued	724,154,779	720,555,185	715,960	713,374
Shares issued for employee share scheme		53,761	-	-
Shares issued for Long Term Incentive Scheme	76,251	212,894	-	-
Shares issued for dividend reinvestment plan	-	3,332,939	-	2,586
Closing balance of ordinary shares issued	724,231,030	724,154,779	715,960	715,960

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 2024: nil).

Dividend Reinvestment Plan ("DRP")

In 2019, the Board approved the implementation of a dividend reinvestment plan for New Zealand and Australian shareholders. This plan has been effective for all subsequent dividends.

	Unaudited Sept 2024 value per share	Unaudited Sept 2024 number of shares	Audited Mar 2024 value per share	Audited Mar 2024 number of shares
Reinvestment of final dividend for the prior period	-	-	\$0.7754	3,332,939
Reinvestment of interim dividend for the period	-	-	-	-

Long Term Incentive ("LTI")

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

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

Participants in the Scheme were granted Share Rights from time to time which, subject to meeting certain performance hurdles and the vesting criteria, convert into an entitlement to receive ordinary shares. The performance hurdles relate to Oceania's total shareholder return relative to the NZX50 Group and, for certain schemes, Oceania's performance against underlying earnings per share targets.

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

4.1 Shareholder Equity and Reserves (continued)

Share Rights became exercisable if the performance hurdles were met over the period from the commencement date to the measurement date and the holder remained employed on the vesting date, and in certain other exceptional circumstances. On becoming exercisable, each Share Right entitled 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 had a nil exercise price.

Performance Hurdles

The Share Rights in the 2020 scheme (vesting date March 2023) and the 2021 scheme (vesting date March 2024) grant were divided into two equal allotments each with its own performance hurdle.

For the first allotment, the proportion of Share Rights satisfying the performance hurdle was determined on a straight-line basis, from 0%, where the total shareholder return (TSR) from the commencement date to the measurement date is equal to or less than the 35th percentile of the NZX50 Group, up to 100% where the TSR is equal to or greater than the 75th percentile of the NZX50 Group; and

For the second allotment, the Share Rights satisfied the performance hurdle 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 was equal to or greater than 10% per annum growth in UEPS for the relevant period.

The Share Rights in the 2022 scheme (vesting date March 2025) are subject to one performance hurdle. The proportion of Share Rights satisfying the performance hurdle is determined on a straight line basis, from 0% where the TSR from the commencement date to the measurement date is equal to or less than the 25th percentile of the NZX50 Group, up to 100% where the TSR is equal to or greater than the 75th percentile of the NZX Group.

Lapse

Share Rights lapse where the performance hurdles are not met on a relevant measurement date or, in general, where the participant ceases to be employed by the Group on the vesting date.

Scheme	Issue Date	Share Rights issued	Share Rights lapsed	Share Rights vested
2020 LTI	20 September 2020	1,948,061	1,599,054	349,007
2021 LTI	10 September 2021	1,078,125	984,875	93,250
2022 LTI	18 November 2022	1,430,150	1,002,574	Test date not reached

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

- Reward and retain key employees;
- Drive longer-term performance and alignment of incentives of participants with the interests of Oceania's shareholders; and
- Encourage longer term decision-making by participants.

Participants in the Option Plan are granted options to acquire ordinary shares from time to time. These options are exercisable by participants subject to those participants' continued employment by Oceania, during specified exercise periods for a set exercise price. On exercise of the 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 of Oceania's shares and the exercise price (less an adjustment for tax paid on the holder's behalf for the benefit received), multiplied by the number of options being exercised, divided by the then current market value of Oceania's shares.

Scheme	Issue Date	Exercise Date	Participants as at 30 Sept 2024	Share Options issued	Share Options forfeited	Exercise price
2023 Option Plan	11 September 2023	May 2026	3	16,666,667	10,714,286 ¹	\$0.82
2023 Option Plan	30 April 2024	May 2026	2	4,761,904	N/A	\$0.82
2023 Option Plan ²	15 October 2024	May 2026	9	5,476,195	N/A	\$0.82
2024 Option Plan ³	15 October 2024	May 2027	1	775,385	N/A	\$0.71

Dividends

	Unaudited Sept 2024 cents per share	Unaudited Sept 2024 \$NZ000's	Audited Mar 2024 cents per share	Audited Mar 2024 \$NZ000's
Final dividend for the prior period	-	-	1.3	9,348
Interim dividend for the period	-	-	-	-
Total dividends declared during the period⁴	-	-	1.3	9,348

The Directors have resolved not to pay an interim dividend given current gearing levels. The Directors expect to resume dividends when Oceania has achieved sufficient sales to have reduced our new stock level and gearing ratio.

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 2024 consolidated financial statements.

¹ Amended from 31 March 2024 Annual Report. 7,142,856 share options previously granted to former Chief Executive Officer were noted as having lapsed on resignation however 3,571,428 share options were subsequently agreed to be retained on exit.

² Share Options issued post 30 September 2024 to selected Senior Leaders.

³ Share options issued post 30 September 2024 to the new Chief Executive Officer.

⁴ Total dividends declared during each period differs to dividends paid per the Consolidated Statement of Changes in Equity as a result of dividends payable on shares held within the Group.

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 2024	Unaudited Sept 2023
Profit / (Loss) after tax (\$'000)	(17,064)	35,151
Weighted average number of ordinary shares outstanding ('000s)	724,204	722,486
Basic earnings per share (cents per share)	(2.4)	4.9

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 2024 there were no shares with a dilutive effect (30 September 2023: 349,007).

	Unaudited Sept 2024	Unaudited Sept 2023
Profit / (Loss) after tax (\$'000)	(17,064)	35,151
Weighted average number of ordinary shares outstanding ('000s)	724,204	722,835
Diluted earnings per share (cents per share)	(2.4)	4.9

4.3 Borrowings

\$NZ000's	Unaudited Sept 2024	Audited Mar 2024
Secured		
Bank loans	416,903	418,955
Capitalised loan costs	(1,261)	(1,504)
Retail Bond – OCA010	125,000	125,000
Retail Bond – OCA020	100,000	100,000
Capitalised bond costs	(1,682)	(1,933)
Total borrowings	638,960	640,518
Unsecured		
Current	-	-
Non current	641,903	643,955
Total borrowings excluding capitalised costs	641,903	643,955

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 2024 ranged from 6.2% to 7.1% (year to 31 March 2024: 6.4% to 7.15%).

Retail Bond

NZDX ID	Issue Date	No. of bonds	\$NZ000's	Maturity	Fixed Interest	Unaudited Trading Interest at Sept 2024	Audited Trading Interest at Mar 2024
OCA010	19 Oct 20	125.0m	\$125,000	19 Oct 27	2.3%	7.26%	7.55%
OCA020	13 Sept 21	100.0m	\$100,000	13 Sept 28	3.3%	7.14%	7.3%

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

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

Debt Financing

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

- General Corporate Facility limit increased to \$235m (formerly \$85m); and
- 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 2024, all three targets were met and a discount was received.

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 Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

4.3 Borrowings (continued)

Financing Arrangements

At 30 September 2024, the Group held committed bank facilities with drawings as follows:

\$NZ000's	Unaudited Sept 2024		Audited Mar 2024	
	Committed	Drawn	Committed	Drawn
General Corporate Facility	185,000	104,000	185,000	110,000
Development Facility	315,000	312,903	315,000	308,955
Total	500,000	416,903	500,000	418,955

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:

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

The covenants are tested half yearly. All covenants have been complied with during the period. The Group has agreed with its banks that the calculation of Adjusted EBITDA and Net Interest, for the purposes of the financial covenants, shall continue to be based on the accounting treatment in use before the introduction of NZ IFRS 16 Leases.

1 Occupation licence receivable includes an amount of \$34.1m in relation to short term occupation licence receivables expected to be recovered in less than 12 months. (31 March 2024: \$74.0m).

2 Prepayments and Other Receivables includes insurance receivables of \$4.9m in the prior period in relation to flooding events. See note 1.3(iii).

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 2024 the balance of the bank loans over which the properties are held as security is \$417m (31 March 2024: \$419m).

5. Other Disclosures

5.1 Trade and Other Receivables

\$NZ000's	Unaudited Sept 2024	Audited Mar 2024
Net trade and other receivables		
Trade receivables	20,694	21,632
Less: Loss allowance	(270)	(299)
	20,424	21,333
Occupation licence payment receivable ¹	58,986	93,788
Prepayments and Other Receivables ²	4,341	9,743
Trade and other receivables	83,751	124,864

Recognition, Measurement and Judgements in Applying Accounting Policies

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

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

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

The Group has applied a simplified approach to calculating the expected loss rate expected by applying a 1.5% allowance to trade receivables from care operations (31 March 2024: 1.5%) and 0% from village operations (31 March 2024: 0%), adjusted for any other known factors with respect to individual debts.

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

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

5.2 Contingencies and Commitments

At 30 September 2024, the Group had no contingent liabilities (31 March 2024: nil).

At 30 September 2024, the Group has a number of commitments to develop and construct certain development sites totalling \$60.5m (31 March 2024: \$45.3m).

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

5.3 Events After Balance Date

Land Acquisition

On 1 October 2024 two sale and purchase agreements were entered into to acquire two parcels of land with a combined size of 2.6 hectares adjacent to the Graceland's village in Hastings for a combined purchase price of \$4.8m. One parcel of land settled in October 2024 and the second parcel is expected to settle in 2025.

There have been no other significant events after balance date.



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

Conclusion

We have reviewed the consolidated interim financial statements of Oceania Healthcare Limited and its subsidiaries (together "the Group") on pages 10 to 29 which comprise the consolidated balance sheet as at 30 September 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six months ended on that date, and explanatory notes. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group on pages 10 to 29 do not present fairly, in all material respects, the financial position of the Group as at 30 September 2024, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting (NZ IAS 34)* and International Accounting Standard 34: *Interim Financial Reporting (IAS 34)*.

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 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.

Directors' responsibility for the interim financial statements

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

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

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

A review of consolidated 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 consolidated interim financial statements. The engagement partner on the review resulting in this independent auditor's review report is Brent Penrose.

Chartered Accountants
Auckland
22 November 2024

Chief Executive Remuneration

Ms Dvorak commenced as Chief Executive Officer on 22 July 2024. The key terms of Ms Dvorak’s employment contract and remuneration structure are provided below:

1. CEO Contract Key Terms

Contract duration	Notice period	Post employment restraint	Non solicitation period
Ongoing until terminated by either party	6 months	6 months	12 months

2. CEO Remuneration Structure

The table below sets out the components and various weightings of Ms Dvorak’s remuneration.

	Target %	Target \$	Stretch Target (150% of Target) %	Stretch Target \$
Annual Fixed Remuneration		840,000		840,000
Short Term Incentive (as % of Annual Fixed Remuneration)	62.5%	525,000	93.75%	787,500
Long Term incentive (as % of Annual Fixed Remuneration)	60%	504,000		504,000
Total		1,869,000		2,131,500

STI Plan and Outcome

For the year ended 31 March 2025, the STI Outcome will be based on:

Entry Hurdles (both of which must be met)	<ol style="list-style-type: none"> Health and Safety improvements GHG emission reduction targets
Performance Targets (each of which has a 50% weighting and a minimum threshold, plus the ability to achieve a stretch outcome of up to 150% of target)	<ol style="list-style-type: none"> Underlying EBITDA growth Net Debt reduction

The STI Outcome has both a cash and deferred component with 80% of the STI Outcome paid in cash and 20% deferred in the form of Restricted Share Rights, which provide Ms Dvorak the opportunity to acquire fully paid ordinary shares. Restricted Share Rights vest with reference to the STI Payment Date (Grant Date):

- One third of the Restricted Share Rights will vest on the date which is 12 months from the Grant Date;
- One third of the Restricted Share Rights will vest on the date which is 24 months from the Grant Date;
- One third of the Restricted Share Rights will vest on the date which is 36 months from the Grant Date.

The STI Targets and STI Outcome will be reported in the Annual Report for the year ended 31 March 2025. Any cash payments will be made subsequent to balance date.

LTI Option Plan

Ms Dvorak has been invited to participate in Oceania’s share option plan for the executive team (“Option Plan”). During the half year ended 30 September 2024, Ms Dvorak received long term incentive benefits (comprised of share options granted under the Option Plan) of \$504k value at the time of the grant.

The table below sets out the key terms for the grant of share options made to Ms Dvorak under the Option Plan during the half year ended 30 September 2024:

Feature	Approach
Instrument	<p>The share options will vest to Ms Dvorak, subject to her continued employment by Oceania, 10 business days after Oceania’s final results for the 2027 financial year (or such other date as determined by the Board) and be exercisable from that date.</p> <p>On exercise of the share options, Oceania 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 of Oceania’s shares and the exercise price of \$0.76, multiplied by the number of share options being exercised, divided by the then current market value of Oceania’s shares.</p> <p>Oceania will pay tax on Ms Dvorak’s behalf for the taxable benefit received by Ms Dvorak under the plan, and there will be a reduction in the number of shares to be issued on exercise to the extent the amount of such tax is greater than the tax savings available to Oceania (or a subsidiary) in relation to the share options.</p>
Vesting period	Approximately three years, being 10 business days after the announcement of Oceania’s final results for the 2027 financial year (or such other date as determined by the Board).
Exercise period	Ms Dvorak has 90 days from the date the share options vest to exercise the share options.
Dividends and voting rights	The share options do not have voting rights or entitlement to dividends.
Cessation of employment	<ul style="list-style-type: none"> • If Ms Dvorak ceases to be employed due to an “involuntary event” (such as death, redundancy or total permanent illness or injury), the Board may, in its absolute discretion determine whether Ms Dvorak’s share options may be retained by the participant as if she remained employed by Oceania, or whether the vesting of the share options may be accelerated. Any share options that are not retained or vested will lapse. • If Ms Dvorak ceases to be employed for any other reason, all her share options will lapse.

3. CEO Transition Allowance

Ms Dvorak is paid a taxable transition allowance of \$175,000, in equal monthly instalments, over the first 18 months of employment, to assist her to relocate to New Zealand.

4. CEO Remuneration for the Six Months ended 30 September 2024

The remuneration of the respective Chief Executive Officers for the six-month period ended 30 September 2024 is as follows.

	Total fixed remuneration			Subtotal	LTIP PAYE	Remuneration Total
	Base Salary	Other Benefits	STI			
Mr Pattison ¹	525,062	57,402	579,332	1,161,796	14,138	1,175,934
Ms Dvorak ²	161,539	32,373	-	193,912	-	193,912

Other benefits in the above table represent a vehicle allowance and superannuation payments in the case of Mr Pattison and represent the transition allowance and superannuation in the case of Ms Dvorak.

The Base Salary paid to Mr Pattison includes an annual leave payment of \$203,970.

During the period to 30 September 2024, 62,500 share options held by Mr Pattison vested.

Of the remaining share options held at the time his employment ceased, 3,571,428 were forfeited and 3,571,428 were retained.

During the half year ended 30 September 2024, Ms Dvorak received remuneration of \$193,912.

This includes the fixed remuneration and the transition allowance. Given Ms Dvorak commenced on 22 July 2024, Ms Dvorak did not receive an STI payment during the half year ended 30 September 2024.

¹ Mr Pattison's employment as Chief Executive Officer ended on 21 July 2024.

² Ms Dvorak commenced employment as Chief Executive Officer on 22 July 2024.

