HANDLED WITH CARE.

ANNUAL REPORT 2020

OCEANIA
HEALTHCARE

'How we responded to this year's challenges is a testament to our culture, commitment and team.

Our resilience and discipline in the face of extreme adversity took extraordinary effort and I am very proud of how our team rose to the challenge. We have, to date, maintained a perfect record for the emotional and physical wellbeing of our residents and care team.

Our unwavering dedication to providing the best possible care throughout this time positions us well in continuing to attract the best talent to our organisation and delivering sustainable investment opportunities.'

Earl Gasparich
Chief Executive Officer
Oceania Healthcare

ADAPTING TO EVERY CHANGE.

Letter from the Chair

I am pleased to present Oceania Healthcare's Annual Report for the year ended 31 May 2020.

We were making good progress with our growth strategy through the redevelopment of our brownfield locations during the first nine months of the financial year however progress was temporarily halted in the final quarter by the challenges of managing the novel coronavirus pandemic (COVID-19) in New Zealand.

As shareholders you will appreciate that our primary focus was on protecting and keeping our residents and staff safe when we had to lock down our aged care centres and retirement villages. I am proud of the achievements of our staff during this time and the Board thanks them for their outstanding efforts. It appears that the global pandemic will be with us for some time and we therefore must continue to be vigilant and maintain our robust safety standards.

Financial Performance

Audited Underlying EBITDA from continuing operations of $63.5m for the year ended 31 May 2020 was in line with the prior corresponding period. This was pleasing considering the loss of the final quarter of retirement village unit sales due to the Government lockdown, which occurred in our peak sales season, and also increased costs that were incurred in aged care due to COVID-19. Once restrictions were lifted by the Government in Alert Level Two, we experienced a strong increase in enquiries and have taken a greater number of applications over late May and June than we recorded last year.

Audited Reported Net Loss after Tax of $13.6m included an unrealised decrease of $21.7m in the valuation of Investment Property, predominantly driven by changes to key valuation assumptions made in response to COVID-19, including lower unit price growth rates.

Operating cashflow increased 11.3% to $99.4m as a result of the sales proceeds from recently completed developments.

The Directors have declared a final dividend of 1.2 cents per share, taking full year dividends (non-imputed) to 3.5 cents per share, which represents 50% of Underlying Net Profit After Tax. A dividend reinvestment plan for our New Zealand and Australian shareholders will apply to this dividend which is payable on 17 August 2020. This provides a cost effective and convenient way for our shareholders to increase their investment in Oceania Healthcare without any brokerage fees, by reinvesting all or part of any dividend paid on their shares in additional Oceania Healthcare shares instead of receiving that distribution in cash.

'In addition to keeping our residents safe during the pandemic, the general wellbeing of our residents was very important.'

Financial Position

Total Assets increased by 10.7% to $1.5b, despite the lower valuation of existing Investment Property noted above, due to significant development capital expenditure and new aged care centres completed at Awatere (Hamilton) and Green Gables (Nelson). These two aged care centres together comprise 151 new care suites and added $21.9m to our assets this year.

We were in the final stages of preparing for a domestic retail bond issue to both repay debt and fund future growth before COVID-19 caused significant volatility in global financial markets. We paused the process at that time and intend to recommence when volatility subsides.

As at 31 May 2020, Oceania Healthcare had current drawn debt of $326.7m and $17.6m of cash, representing $110.9m of undrawn net debt headroom. This includes an additional debt facility of $70m. This was put in place with our existing bank lenders in early April for a period of 18 months to provide additional headroom given uncertainties in the near term economic outlook which may impact on the timing of retirement village unit sales.

COVID-19 Impact and Response

We are pleased to report that to date, we have not had to manage an outbreak of COVID-19 at any of our aged care centres or retirement villages and none of our residents or staff have contracted COVID-19.

We were well prepared to manage an outbreak of COVID-19 at our aged care centres. Our staff are highly trained professionals and are experienced in infection control as this is a standard operating procedure for any aged care centre. We activated our pandemic plan and response team at the beginning of March and implemented steps to reduce the risk of COVID-19 entering any one of our aged care centres or retirement villages. These controls included restricting visitor access and taking declarations from anyone entering a site, monitoring all staff travel and leave, refreshing infection control training and daily communications to all staff.

In addition to keeping our residents safe during the pandemic, the general wellbeing of our residents was very important. We were conscious our residents faced a long period of isolation as they were unable to leave their aged care centres and retirement villages, nor have family and friends come to visit. In response, our staff stepped up their innovation and arranged for residents to communicate with their families using video conferencing and organised extra activities at our aged care centres and retirement villages for residents to enjoy.

Every one of our 1,200 retirement village residents was given the opportunity to receive a 'daily wellbeing call' from one of our staff – a tremendous undertaking - and this practice continued right through to the end of May. We received a lot of positive feedback from residents and their families regarding the way in which we managed our aged care centres and retirement villages during the Government's Alert Levels.

As well as focusing on keeping our staff safe, we worked hard to maintain staffing levels throughout Alert Levels Three and Four and ensured that staff were well supported in their roles. We paid an additional $2/hour to all site operational staff for hours worked from 26 March to 22 April 2020 and a 2% bonus to all site-based salaried staff in recognition of the additional work undertaken, in sometimes difficult conditions, during Alert Level Four.

Support Office staff, where possible, were repurposed into other roles to support our frontline staff during the lockdown period. Some took on roles as babysitters, looking after children to enable our aged care centre staff to continue caring for our residents. Others supported some of our larger retirement villages by distributing food deliveries from the gate to residents or making daily wellbeing calls to residents.

'The aged care business continued to trade strongly throughout the Government's Alert Levels.'

The aged care business continued to trade strongly throughout the Government's Alert Levels as a needs-based essential service. We continued to accept admissions throughout this period under the guidance of the Ministry of Health and occupancy remained stable.

Additional Government funding of $1.8m was received in late May which partially offset the increased costs to manage the COVID-19 risk. Regular fortnightly funding of the daily care fee continued to be received from the Government, as well as additional resident-funded charges and these provided a strong cashflow throughout.

We accessed the New Zealand Government's wage subsidy for a small proportion of our staff who are employed in the retirement village sales and property development teams. We did not consider it appropriate to claim for our staff working in the aged care business, who were essential workers and not at risk of losing employment. A total of $1.8m was received.

In our retirement village business, although we had taken a good level of sales applications in the weeks leading up to Alert Level Four, Government restrictions meant that we were unable to show prospective residents through our villages or complete sales during Alert Levels Three and Four, so we were unable to recognise unit sales throughout this period. Furthermore, residents who had entered into applications before the lockdown period were unable to sell their homes and settle the purchase of the occupation right agreement. These restrictions adversely affected our financial results for the year ended 31 May 2020 however such applications are now being completed.

Build rate was slowed in mid-March 2020 and contract measures used to decelerate larger construction projects in progress at Lady Allum and Eden (Auckland), The BayView (Tauranga), Awatere (Hamilton) and The Bellevue (Christchurch). Our ability to lower the monthly investment in our build programme and effectively match this with future sales of retirement village units means we can prudently manage cashflow and risk.

As we came out of full lockdown in late April 2020, most construction projects recommenced and, of the projects originally planned to be completed in the year ended 31 May 2020, only our Green Gables (Nelson) redevelopment was not completed. Therefore, our annual build rate for the year ended 31 May 2020 was 176 retirement village units and care suites compared to 265 originally scheduled. Green Gables (Nelson) will be completed in late September 2020 and our first stage of redevelopment at The Bellevue (Christchurch) and second stage at The BayView (Tauranga) will be completed in the second half of the next financial year. We expect our build rate for the next financial year to be 217 retirement village units and care suites.

We provided shareholders with regular market updates during this time.

Governance and Board Composition

On 3 February 2020, Oceania Healthcare Holdings Limited, a company owned indirectly by three institutional funds managed by specialist management companies within the Macquarie Infrastructure and Real Assets (MIRA) division of Macquarie Group Limited, sold its entire 40.94% stake in Oceania Healthcare Limited. This sale marked the end of MIRA's involvement with Oceania Healthcare which started in 2005. Following the sale, Hugh FitzSimons resigned as a Director of Oceania Healthcare Limited. Hugh had been a Director since 2012 and made a significant contribution and was heavily involved in Oceania Healthcare's transition to a publicly listed company. The Board thanks Mr FitzSimons for his service over many years.

Patrick McCawe has remained as a non-executive independent Director and was appointed as a member of the Audit Committee. Mr McCawe brings a range of key skills to the Board, including broad experience with equity and debt markets, capital structuring and investment analysis. The Board determined not to replace Mr FitzSimons given that there were no skill gaps amongst the remaining Directors and to reduce governance costs. The Board considers it has a diverse range of relevant skills including corporate governance, finance, risk management, property development, health and safety and clinical expertise.

Earlier this year, Directors visited many of our sites around New Zealand either as a Board or individually. We valued the opportunity to meet with staff and observe the culture and day-to-day operations at our retirement villages and aged care centres. Directors also had the pleasure of meeting with some of our residents during the last calendar year at Hutt Gables (Upper Hutt), The Sands and Eden (Auckland) to discuss their experiences. We heard of how much our residents enjoy living in our villages and we welcomed their feedback which has been incorporated into our continuous improvement processes. We are looking forward to resuming these visits once safe to do so.

During the year, we have made progress on our integrated reporting journey. Immediately prior to the lockdown, management met with a number of our stakeholders to discuss what they consider are the most material matters affecting our business in order to prepare a materiality matrix which appears on page 23 of this report.

We also measured our carbon footprint for the first time and used EKOS to independently audit this calculation. We will now develop our carbon reduction strategy and report progress against this going forward.

Appreciation of your Support

On behalf of the Board, I would like to thank you for your support during the year.

Looking ahead, the effects of COVID-19 and the resulting economic downturn create uncertainty over the medium term in New Zealand. However, with New Zealand's population continuing to age and hence an increasing demand for access to residential care, we consider Oceania Healthcare will continue be resilient and grow irrespective of the current pandemic. We are committed to creating a superior portfolio of fully integrated retirement villages and aged care centres around New Zealand and delivering the highest levels of quality care and service to our residents.

Yours sincerely,

Liz Coutts

Elizabeth Coutts
Chair
Oceania Healthcare

AT A GLANCE.

Oceania Healthcare is a leading provider of premium healthcare services in New Zealand.

We have successfully navigated our way through the COVID-19 pandemic to date with no positive cases reported for any of our staff or residents.

We are dedicated to delivering exceptional and innovative hospitality services that delight our residents and lead the sector.

We have a substantial development pipeline and sufficient land to build 1,851 new residences with 86% of these already consented.

AS AT 31 MAY 2020

Staff

2,800

Residents

3,600

Care beds and care suites

2,561

Units

1,285

Existing sites with mature operations	Existing sites with brownfield developments (current and planned)	Undeveloped sites		Total sites
26	18	2	=	46

HIGHLIGHTS

FINANCIAL

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation – continuing operations[1]

$63.5m

▼ 0.5%

Behind 31 May 2019 underlying earnings before interest, tax, depreciation and amortisation- continuing operations of $63.8m

Total Assets

$1.5b

▲ 10.7%

Higher than 31 May 2019 total assets of $1.4b

Reported Total Comprehensive Income

$9.9m

▼ 90.0%

Behind 31 May 2019 reported total comprehensive income of $99.8m

Operating Cash Flow

$99.4m

▲ 11.3%

Ahead of 31 May 2019 operating cash flow of $89.3m

[1] Underlying earnings before interest, tax, depreciation and amortisation – continuing operations contains a proforma adjustment of $0.4m to FY2019 to exclude the earnings from sites divested in FY2019.

OPERATIONAL

New Units	Resale Units	New Care Suites	Resale Care Suites
75	59	114	107

FOR THE 12 MONTHS TO 31 MAY 2020

Total Sales

= 355 ▲14.5%

Ahead of total sales for the 12 months to 31 May 2019

DEVELOPMENTS

Units + Care Suites
603
CONSENTS SECURED

Resource consents received during FY2020 for:

- Waimarie Street (76 apartments, 32 care suites in Auckland)
- Elmwood (229 apartments, 100 care suites in Auckland)
- Other (42 apartments, 124 cares suites)

Units + Care Suites
481
UNDER CONSTRUCTION

481 units and care suites under construction as at 31 May 2020:

- Awatere (Hamilton)
- Green Gables (Nelson)
- The BayView (Tauranga)
- Lady Allum (Auckland)
- The Bellevue (Christchurch)
- Eden (Auckland)

Units + Care Suites
176
COMPLETED

176 units and care suites completed in FY2020 at:

- Awatere (Hamilton)
- Elderslea (Upper Hutt)
- Whitianga
- Meadowbank (Auckland)
- Gracelands (Hastings)
- Woodlands (Motueka)

Units + Care Suites
217
TO COMPLETE IN FY2021

217 units and care suites to complete by the end of FY2021 at:

- The BayView (Tauranga)
- Green Gables (Nelson)
- The Bellevue (Christchurch)

A RESILIENT BUSINESS.

Letter from the CEO

It is very satisfying to have successfully navigated our way through the COVID-19 pandemic to date, in large part due to the huge efforts and dedication of our team across the country. We are delighted that no residents or staff at any Oceania Healthcare aged care centre or retirement village have contracted COVID-19 and it has also been particularly pleasing to see our care business perform well throughout this period.

Aged care is a great business to be in during these uncertain times and our growth strategy in aged care, through the redevelopment of our portfolio into superior care suite accommodation, has not changed.

Aged care centres and retirement villages were a wonderful place for elderly people to live during Alert Levels Three and Four as residents were very well looked after. Our team came up with many innovative ways to keep activities going and to provide service and attention to our residents. For example, our team at Meadowbank in Auckland coordinated morning exercise classes from the courtyard with loudhailers and music while our residents participated enthusiastically from each of their apartment balconies. Teams around the country made daily wellbeing calls to each of our retirement village residents to check how they were getting on. Computer devices that were rolled out for our new clinical system at aged care centres were repurposed to also provide video conferencing capability between residents and their families. These initiatives have contributed towards an enhanced attractiveness of village life generally and went a long way towards overcoming social isolation and loneliness that other elderly people living in the community may otherwise have experienced.

Care

Our aged care business has proven resilient despite the restrictions of Alert Levels Three and Four. As an essential business, our aged care centres continued to operate throughout the Government Alert Levels, with new admissions taken and stable occupancy levels recorded during this period. We maintained a strong cashflow position as we continued to receive payment from the Government for subsidised residents every fortnight and we completed sales of care suites during this time.

We have often referred to our aged care business as being a needs-based product, in that residents and their families make a decision to move into an aged care centre or buy a care suite when the resident “needs” rest home or hospital level care. Our aged care business is very different from the retirement village sector in this regard, as prospective residents and their families are not making a decision to buy a care suite for lifestyle reasons or with regard to economic cycles or what the housing market may be doing. Instead, they are making the decision based on the immediate care requirements of the prospective resident. Furthermore, residents who need residential care services, and their families, recognise that when residents are in our aged care centres, they receive 24/7 care provided by trained healthcare professionals, regular primary care assessments, and have general wellbeing well in excess of what they would otherwise have in the community. The challenges of the past few months have demonstrated the strengths of our aged care strategy and these features will assist to reduce the impact of any economic uncertainty in the coming months.

We embarked upon the redevelopment of our aged care sites following the IPO in 2017, with substantial brownfields development projects at Meadowbank (Auckland) Stages Three and Four, The BayView (Tauranga), The Sands (Auckland) and Awatere (Hamilton) already complete and 279 care suites delivered to the market from these projects. When we undertake a redevelopment of a brownfields site, we incur a medium term reduction in earnings from that site as the old aged care centre is decommissioned and beds are closed. Once the development is complete, we generate up front development margins from the first time sales of apartments and care suites, while also creating strong trail income through the deferred management fees on occupation right agreements over apartments and care suites and also the new aged care earnings from new care suites. With five new aged care centres opening in the last 28 months, this redevelopment work has had a significant impact on our aged care earnings over the last few years as there are substantial start up costs incurred in the first few months of operating an aged care centre. These new aged care centres are now starting to mature in their operations and their beds are generating significantly higher returns than the older beds that they replaced. Aged care occupancy was 93.7% over the year ended 31 May 2020, compared to 93.2% last year. Based on this, our aged care earnings are accordingly now at a point of inflection and will grow as our strategy is further implemented over the coming years.

Retirement Villages

We had achieved a good level of sales at our retirement villages in the months prior to the Alert Level Four announcement being made, and were on track to meet sales expectations for FY2020 after strong sales in the first half of the year. When New Zealand entered Alert Level Four on 26 March 2020, we had many retirement village unit applications in place that were expected to settle prior to the end of FY2020, but the restrictions of Alert Levels Three and Four meant that many of these could not settle during that period. We maintained contact with all of the potential residents who had submitted applications and their solicitors during the lockdown period and settled many of the unconditional applications before the end of May. Some of the applications that we received prior to Alert Level Four were conditional on the incoming resident settling the sale of their residential property. As a consequence of delays in the sale of some of these properties, this has meant that settlement of some of our retirement village units has also been delayed. However, we are now being advised of confirmed settlement dates over the next few months for many of these residents and they are now looking forward to moving into their new homes.

During Alert Levels Three and Four we were also unable to show prospective residents through our villages or take new applications for retirement village units. With the lifting of restrictions in Alert Level Two, we saw an increase in enquiries and are now taking applications on units at key sites, which is an encouraging start to FY2021. We have also been told by incoming residents who had been considering a move to a retirement village prior to the lockdown restrictions being introduced that, as a result of the lockdown period, they now realise the tangible benefits of living in a retirement village community of like-minded people. They can appreciate the security and peace of mind that retirement village life brings and are now looking forward to making the move to an Oceania Healthcare village in their neighbourhood.

In addition to available retirement village units at our new developments, resale stock levels have been building over recent months due to the inability to refurbish or sell retirement village units, so there are more resale units available at the beginning of FY2021 than in previous years.

Our People

Oceania Healthcare is very much a people business. Our dedicated team have a huge level of commitment to their roles and a real passion for doing a good job in delivering the highest level of care to our residents.

We recognised our registered nurses on International Nurses Day on 12 May 2020 with the launch of 'In Their Shoes', a celebration of our dedicated and clinically skilled nurses who work at the forefront of New Zealand's aged care sector. The theme for the 2020 International Nurses Day was 'Nursing the World to Health', which was particularly relevant in the current environment as the world is navigating the challenges of the COVID-19 crisis. 'In Their Shoes' acknowledges not just the kindness and compassion that our nurses bring to work every day, but also their knowledge, commitment and professionalism. To mark International Nurses Day, each of our registered nurses were given a pair of bespoke Allbirds shoes to thank them for all of their hard work, not just over the recent COVID-19 lockdown period, but every day when they are at work delivering exceptional care to our residents.

We made two new senior appointments during the year. Dr Frances Hughes CNZM joined Oceania Healthcare as General Manager Nursing and Clinical Strategy in October 2019 and led a Clinical Governance Review earlier this year. Dr Hughes was at the forefront of Oceania Healthcare's clinical response during Alert Levels Two, Three and Four, with excellent leadership and emergency management over staffing protocols, PPE supply and usage, and heightened infection control. She chaired the New Zealand Aged Care Association's Nursing Leadership Group, was involved in the Director-General's review of the aged care sector's preparedness for a COVID-19 outbreak and she was a panel member on the Ministry of Health Independent Review of COVID-19 Clusters in Aged Residential Care Centres.

Brent Pattison was appointed as Chief Financial Officer in January 2020. A qualified chartered accountant, Brent has over a decade of experience in investment banking, leading mergers and acquisitions, takeovers and capital market transactions. Since joining Oceania Healthcare, Brent has been heavily involved in preparing the aged care industry's funding claim from the Government for additional costs incurred by the industry as a result of COVID-19.

'Oceania Healthcare is very much a people business.'

We have continued to invest in learning and development over the last year and this will be further enhanced once the recommendations of the Clinical Governance Review are implemented over the year ahead. We are excited about defining and offering a clear clinical pathway for our staff, as well as increasing support of post-graduate education and training of registered nurses.

We have also entered into a Memorandum of Understanding with the University of Auckland to develop a partnership that will identify research opportunities in aged care and enable Oceania Healthcare to create a national centre for aged care research, practice and innovation. We are looking forward to collaborating with the University of Auckland to further develop initiatives in the aged care sector.

One of the positive outcomes from the COVID-19 crisis is that there is now an increased awareness of aged residential care as an integral part of the public health system in New Zealand. Our team remained in close contact with the Ministry of Health during Alert Levels Two, Three and Four and has done an outstanding job of raising the profile of aged care within the health system generally, as well as the special role of aged care nurses. We are confident that the aged care sector will have the opportunity to secure greater levels of funding for the sector generally in years to come as well as benefitting from operating in a more balanced regulatory environment for self-assessment and admissions.

Our employee share scheme achieved a 70% uptake last year and will be offered to all permanent employees again in August this year, giving staff an opportunity to own a stake in Oceania Healthcare and share in our growth. The scheme provides staff with an allocation of $800 per annum (for full-time employees) or $400 per annum (for part-time employees) of Oceania Healthcare shares.

Developments

A key feature of our growth strategy has been the construction of our brownfields development pipeline. Prior to Alert Level Four, we were on track to complete 265 units in FY2020. In the first half of FY2020 we completed 90 new care suites at Awatere (Hamilton) and 10 villas at Whitianga. In the second half of FY2020 we completed 26 new apartments at Meadowbank (Auckland) and 12 villas at Elderslea (Upper Hutt) before the lockdown restrictions were imposed.

Coming out of Alert Level Four, we have cautiously commenced construction at our development sites and we have phased our developments to ensure that the cash outflows for construction projects are matched with cash inflows from the settlement of sales applications. We intend to increase our spend on development projects in the coming year as confidence in sales returns.

The development of 32 villas at Gracelands (Hastings) and six villas and a new community centre at Woodlands (Motueka) were both completed prior to 31 May 2020 and these two projects brought the total build rate for FY2020 up to 176 retirement village units and care suites. There has been a slight delay with the construction of 28 apartments and 61 care suites at Green Gables (Nelson) as a result of the Alert Level Three and Four restrictions on construction, so this is now scheduled to be completed in September 2020.

We have also recommenced construction of our developments at Eden (Auckland), The BayView Stage Two (Tauranga), The Bellevue (Christchurch) and Awatere Stage Two (Hamilton). The construction of 22 apartments and 71 care suites at The Bellevue (Christchurch) is expected to be complete during FY2021 along with Stage Two at The BayView (Tauranga) and Green Gables (Nelson), bringing our forecast FY2021 build rate up to 217 retirement village units and care suites.

Outlook

With the restrictions of Alert Levels Two, Three and Four behind us, we are now looking ahead to the next year with the satisfaction of successfully navigating our residents and staff through a period of extreme risk to their lives. Although there is uncertainty and rapid change in the world at present, we have taken the opportunity to consider the longer term goals and objectives that are necessary to ensure that Oceania Healthcare is a sustainable business going forward. Our weighting towards aged care and success of our strategy in care suites has positioned the company well in terms of both strength to withstand the immediate crisis as well as growth for the future. Our response to the COVID-19 pandemic provided valuable experience and prepared us well for any future outbreak, both in terms of clinical procedures including use of PPE and infection control training, as well as operational processes including control over visitor movements and tracing of our own staff.

Over the final quarter of the financial year we made a number of prudent decisions to lower overhead costs, claim additional Government funding and wage subsidies, adjust our build rate, extend our bank facilities and implement the necessary freezes on remuneration in order to provide us with sufficient flexibility to prudently manage our way through any immediate uncertainties that the next year may bring. Finally, our shareholders should know that, whatever economic challenges may lay ahead for New Zealand, our population continues to age and the demand for aged care and retirement village living continues unabated. We are therefore confident about the future of Oceania Healthcare's business and look forward to continuing to deliver products and services which exceed our residents' expectations in the year ahead.

Earl Gasparich
Chief Executive Officer
Oceania Healthcare

NEXT LEVEL CARE.

At 1pm on 23 March 2020 our Prime Minister announced that due to the COVID-19 pandemic, New Zealand would be moving into full lockdown. This was an unprecedented event that required unprecedented action.

Our Emergency Management Team immediately enacted the Risk Management Phase of our best-practice Pandemic Emergency Plan throughout our 46 villages and aged care centres nationwide.

Doors were locked to all visitors, PPE stocks were counted daily and our clinical team liaised regularly with the Ministry of Health to lead the aged care sector response. Every day was a new challenge but with the support of our residents, their families and friends and our staff, we kept the virus out and ensured the safety of everyone.

We rallied around our residents – both village and care - to support their physical and emotional needs. This included grocery shopping, daily wellbeing calls, setting up video chats with family and friends plus providing additional activities to keep them busy and well.

Through this time everyone in the Oceania Healthcare community demonstrated incredible kindness, strength and resilience.

And here are some of our stories.

PRE LOCKDOWN

> COVID-19 Pandemic plan circulated
> Visitor restrictions and declarations put in place
> Self-isolation required for symptomatic and high risk residents
> Restricted travel requirements put in place for staff
> All staff annual leave put on hold
> Vulnerable staff identified and managed
> Real-time online Q&A portal built

LEVEL 4 LOCKDOWN

> Doors locked to all villages and aged care centres
> Only urgent visitation allowed
> Isolation for all admissions to aged care
> All community centres closed
> Staff unable to work across DHBs/other sites
> Draft workforce contingency plan circulated
> Childcare organised for staff
> Daily wellbeing calls made to every independent resident
> Family/friends skype calls facilitated for aged care residents
> Security put on village gates

LEVEL 3

> Independent residents' bubbles extended to include family who they were able to visit outside of the village
> Community centres opened to those who stayed within the village, and were supervised at all times
> Supervised sales appointments resumed
> Contractors allowed to enter with site specific safety plans in place

LEVEL 2

> Online visitor booking system implemented
> Care residents able to have supervised visits by appointment
> Community centres fully opened
> Hairdressers, beauticians and other personal service providers able to visit the villages

CATHERINE LARSEN
BUSINESS, CARE AND VILLAGE MANAGER, EDEN VILLAGE

"Everyone was quite frightened at first. The main question from families was around how our staff were keeping safe - and the staff were worried about coming to work and going home to their families. But knowledge provides understanding and security and we had fantastic communication from the team at Support Office. We were provided daily updates about Ministry of Health's directives and the policies and protocols at every Alert Stage.

As a team we made a collective agreement from the beginning that we would support each other to manage the increase in workload with our existing staff members. We had 100% attendance. We met twice a day every day and discussed what we were doing for the next 24 hours, flexing across roles to create one big seamless team. Some HCAs did activities or worked in the kitchen. I was a kitchen hand one day and in reception the next.

No one complained about having to step up and fill the gaps, they all just got stuck in. Everyone went above and beyond.

The feedback we had from the residents was that they felt safe and well cared for. The highlight was when we came out the other side unscathed, and could finally open the doors again. It was so rewarding when the first visitors were able to come back in, seeing their smiles and the utter joy on their faces – made it all worthwhile."

'Everyone went above and beyond.'

'We had Bob help us
with the shopping,
he was a Godsend.'

ANN SMITH
VILLAGE RESIDENT,
MEADOWBANK

"When lockdown was announced I felt very happy to be right here because I knew we'd be well looked after. I can't speak of the staff highly enough. Everyone has been marvellous, so willing to help and respectful. It's like we've known them for years. We had Bob help us with shopping, he was a Godsend, and we were provided with exercise classes from our balconies which was good fun. We had cups of tea by our doors and talked to each other down the passage, which I thought was a good idea.

The staff checked on us all the time and rang us every day to make sure we were doing well. From the folk at the top of Oceania Healthcare, right through to the rest of the team - they've all been brilliant. My friends in other villages said the staff did their best, but here they did more than their best. My daughter had to work from home and found it frustrating she couldn't visit me, and I couldn't visit her, but you can't have your cake and eat it too. We've all achieved something together and that's what's important."

ALAN JERMAINE
BROTHER OF A RESIDENT, GREENVALLEY

"When it first happened we had very good information from Greenvalley regarding the visiting situation. When I am separated from my sister for any length of time she always says she wants to go home. With her dementia she isn't able to articulate that she misses me and sidesteps it by talking about going back to her house, which was sold years ago. When I was finally able to visit Dawn she was really good and didn't talk about going back to her house. I put that down to the fact she was kept busy and didn't have time to dwell on things.

I was very impressed with all the measures that Greenvalley were taking to keep everyone safe. We'd get updates each time we moved a level, and the system for visiting in Level Two was marvellous and ensured everyone was well protected. We had our temperatures taken, used anti-bacterial hand gel, signed the visitor's declaration, and then we were escorted to the room - careful to practice social distancing. Dawn would be singing as she was brought in to see me. That's how I can tell she's happy, she loves to sing."

'The system for visiting in Level Two was marvellous and ensured everyone was well protected.'

CLARICE ANDERSON
CARE RESIDENT, WOBURN

"I don't think anyone likes being shut in. My guide dog Shaz and I had only been here for a few months before lockdown and I have been most impressed with how things have been handled. The staff seemed to understand how residents felt just by looking at them. If people seemed unhappy with the social restrictions the staff would work hard to lift our spirits by organising something fun to do in the lounge – it was amazing. We were able to have some music and sing-a-longs and I played the piano. I have only praise for all the staff here and the whole situation must've been really hard on them too. We always felt safe, warm and really well cared for. There have been some wonderful things to have come out of this challenging situation such as families spending more time together and neighbours getting to know each other better. It's been a learning experience and the staff definitely deserve commendation."

'The staff would work hard to lift our spirits.'

BUILDING A SUSTAINABLE FUTURE.

We recognise that value for Oceania Healthcare extends well beyond purely financial performance and it includes other dimensions such as our social and environmental performance, that are important to us and our stakeholders.

During FY2020, we made a strong commitment to building a sustainable future with the development of our first Sustainability Framework. This framework establishes goals and identifies measures to report people, planet and prosperity achievements as we move toward our vision of being the most sustainable aged care provider in New Zealand.

SUSTAINABILITY FRAMEWORK

OUR PURPOSE We enhance the wellbeing of our residents and provide peace of mind to their families

OUR VALUES Kindness, respect, excellence, passion

OUR SUSTAINABILITY ASPIRATION To be the most sustainable aged care provider in New Zealand

PEOPLE

OUR GOALS

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

OUR MEASURES

Employee wellness engagement, resident engagement, health and safety

PLANET

OUR GOALS

Through better use of our resources we will substantially reduce our environmental impact enabling carbon neutrality by 2030

OUR MEASURES

Waste to landfill, energy efficiency, greenhouse gas emissions

PROSPERITY

OUR GOALS

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

OUR MEASURES

Financial returns and shareholder value growth

OUR VALUE OUTCOMES

- Residents love living in our communities
- We are passionate about the wellbeing of our staff, residents and their families
- We delight our residents with the hospitality inspired customer led service
- We lead the way in how we do things

OUR DRIVERS

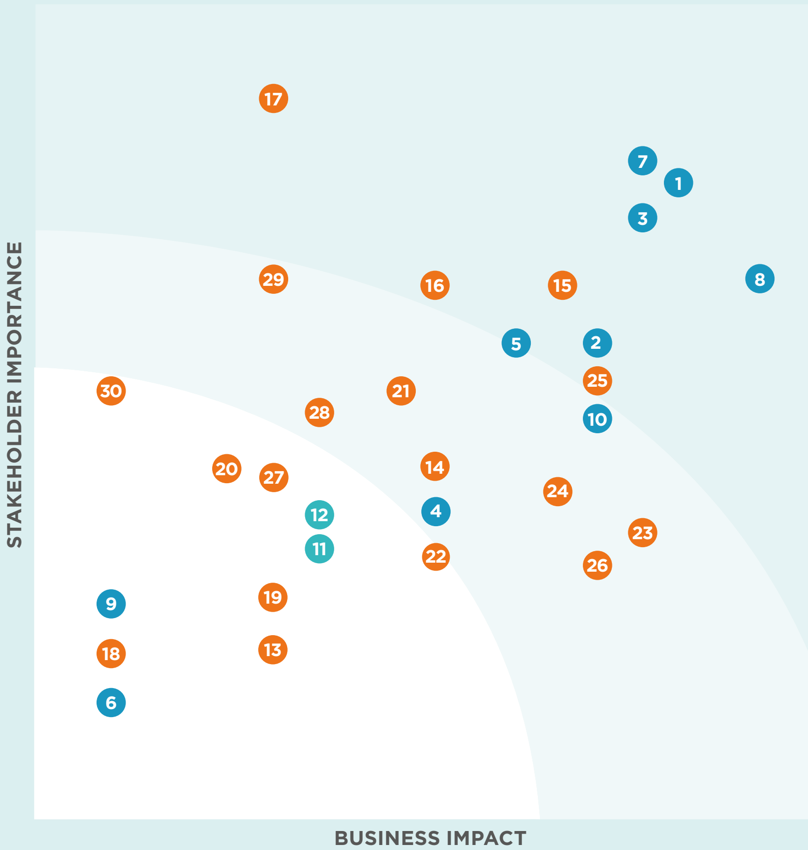
Our people | Our expertise | Our villages | Our relationships | Our financial capital | Our natural capital

DEFINING OUR SUSTAINABILITY MATRIX

In developing our Sustainability Framework, we conducted a deep-dive into what matters most to our key stakeholders – our residents and their families, our staff, our local communities, our suppliers, industry bodies and the government. These were plotted alongside the topics that have the biggest impact on Oceania Healthcare's business to form our Sustainability Matrix.

The findings from this matrix form the pillars of our Sustainability Framework and key KPIs for success.

SUSTAINABILITY MATRIX



PEOPLE

1 Model of care
2 Building design
3 Clinical excellence
4 Innovation
5 Person centred approach
6 Diversity and inclusion
7 Health and Safety
8 Staff attraction and retention
9 Community connection
10 Development expertise

PLANET

11 Waste management
12 Energy efficiency

PROSPERITY

13 Industry partnerships
14 Residential house prices
15 Market capacity and funding
16 Changes to Government regulation
17 Residential care affordability
18 Transparency about costs/entitlements
19 Resource consents
20 Maintenance
21 Maintaining development pipeline
22 Transformation process for premium
23 Development margins
24 Service line ratios and profitability
25 Village sales
26 Occupancy rates
27 Governance and ownership
28 Debt gearing and funding sources
29 Technology
30 Cyber security

BOARD OF DIRECTORS

'WE MET EVERY WEEK DURING LOCKDOWN.'






Oceania Healthcare has an experienced Board with a diverse skill set. The Board comprises an independent Chair and five independent Directors. The Board worked closely with the Emergency Management Team (EMT), through the COVID-19 Alert Levels. Each week the Directors joined a video call to advise and support the EMT. This highly collaborative approach enabled Oceania Healthcare to successfully manage this challenging pandemic.

From left to right

ALAN ISAAC
Independent Director
CNZM, BCA, FCA

DAME KERRY PRENDERGAST
Independent Director
DNZM, CNZM, MBA (VUW), NZRN, NZM

ELIZABETH COUTTS
Chair and Independent Director
ONZM, BMS, FCA

PATRICK MCCAWE
Independent Director
BCA (Hons), MBA, CA

SALLY EVANS
Independent Director
BHSc, MSc, FAICD, GAIST

GREGORY TOMLINSON
Independent Director
AME

Three Year Summary

For the Year Ended 31 May 2020

Financial Metrics

$NZm	May 2020	May 2019	May 2018
Underlying net profit after tax[1]	**42.9**	51.2	52.2
Underlying net profit after tax[2] – continuing operations	**42.9**	50.7	50.8
Underlying EBITDA[1]	**63.5**	64.3	63.8
Underlying EBITDA[2] – continuing operations	**63.5**	63.8	61.9
(Loss) / Profit for the year	**(13.6)**	45.4	77.0
Total comprehensive income	**9.9**	99.8	81.7
Total assets	**1,548.7**	1,399.4	1,147.2
Operating cashflow	**99.4**	89.3	82.2

Operating Metrics

	May 2020	May 2019	May 2018
Units	**1,285**	1,202	1,102
Care Suites	**679**	542	340
Care Beds	**1,882**	2,112	2,540
Total	**3,846**	**3,856**	**3,982**
New Sales	**189**	133	100
Resales	**166**	177	180
Total	**355**	**310**	**280**
Occupancy[3]	**93.7%**	93.2%	90.4%

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

[2] Underlying Net Profit After Tax – continuing operations and Underlying EBITDA – continuing operations contain pro forma adjustments that exclude earnings from sites divested in the first half of FY2019.

[3] Average annual occupancy in relation to sites not under development or conversion and excluding leasehold sites.

Consolidated Financial Statements

For the year ended 31 May 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2020

$NZ000's	Notes	May 2020	May 2019
Revenue	2.2	**193,646**	186,977
Change in fair value of investment property	3.1	**(21,724)**	46,604
Change in fair value of right of use investment property[1]	3.4	**17,086**	-
Other income	2.3	**2,743**	2,377
Total income		**191,751**	**235,958**
Employee benefits and other staff costs	2.4	**128,100**	119,786
Depreciation (buildings)	2.4, 3.2, 3.4, 5.2	**9,266**	5,797
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4, 3.2, 3.4, 5.2	**5,226**	3,747
Impairment of property, plant and equipment	2.4, 3.2	**916**	6,982
Rental expenditure in relation to right of use investment property[1]	2.4, 3.4	**19,236**	-
Impairment of goodwill	2.4, 5.2	**491**	8,149
Finance costs	2.4	**6,284**	3,640
Other expenses	2.4	**50,540**	56,062
Total expenses		**220,059**	**204,163**
(Loss) / Profit before income tax		**(28,308)**	**31,795**
Income tax benefit	5.1	**14,666**	13,576
(Loss) / Profit for the year		**(13,642)**	**45,371**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of property, plant and equipment for the year, net of tax	3.2, 5.1	**29,223**	56,103
Gain on revaluation of right of use assets for the year, net of tax	3.4, 5.1	**51**	-
		29,274	56,103
Items that may be subsequently reclassified to profit or loss			
Loss on cash flow hedges, net of tax		**(5,689)**	(1,723)
Other comprehensive income for the year, net of tax		**23,585**	**54,380**
Total comprehensive income for the year attributable to shareholders of the parent		**9,943**	**99,751**
Basic earnings per share (cents per share)	4.2	**(2.2)**	7.5
Diluted earnings per share (cents per share)	4.2	**(2.2)**	7.5

[1] This relates to the right of use asset, Everil Orr and is primarily driven by the initial sale of Occupation Right Agreements. In the comparative year the revaluation and transactions in relation to this lease were included within investment property. The change in fair value of investment property for the year to 31 May 2019 included an uplift of $0.2m and other expenses included a rental expense of $6.2m in relation to this lease. This change of classification has arisen on adoption of NZ IFRS 16 *Leases*.

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

Consolidated Balance Sheet

As at 31 May 2020

$NZ000's	Notes	May 2020	May 2019
Assets			
Cash and cash equivalents		**17,624**	22,762
Trade and other receivables	5.3	**41,630**	43,541
Investment property	3.1	**947,800**	881,674
Property, plant and equipment	3.2	**489,990**	442,709
Right of use assets	3.4	**40,822**	-
Intangible assets	5.2	**10,830**	8,668
Total assets		**1,548,696**	**1,399,354**
Liabilities			
Trade and other payables	5.4	**34,831**	38,565
Derivative financial instruments	5.6	**10,484**	2,443
Deferred management fee	3.3	**34,344**	27,002
Refundable occupation right agreements	3.3	**535,370**	436,481
Right of use liabilities	3.4	**13,001**	-
Borrowings	4.4	**325,454**	270,159
Deferred tax liabilities	5.1	**-**	14,825
Total liabilities		**953,484**	**789,475**
Net assets		**595,212**	**609,879**
Equity			
Contributed equity	4.1	**588,389**	580,794
Retained deficit		**(155,907)**	(110,060)
Reserves		**162,730**	139,145
Total equity		**595,212**	**609,879**

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

Consolidated Statement of Changes in Equity

For the year ended 31 May 2020

$NZ000's	Notes	Contributed equity	Retained deficit	Asset revaluation reserve	Cash flow hedge reserve	Total equity
Balance as at 31 May 2018		**579,498**	**(127,899)**	**85,601**	**(103)**	**537,097**
Profit for the year		-	45,371	-	-	45,371
Other comprehensive income						
Revaluation of cash flow hedge net of tax	5.6	-	-	-	(1,723)	(1,723)
Revaluation of assets net of tax	3.2, 5.1	-	-	56,103	-	56,103
Total comprehensive income		**-**	**45,371**	**56,103**	**(1,723)**	**99,751**
Transfer of cash flow hedge reserve on maturity of interest rate swaps	5.6	-	(40)	-	40	-
Transfer of revaluation reserve for assets held for sale	3.2	-	773	(773)	-	-
Transactions with owners						
Dividends paid	4.1	-	(28,405)	-	-	(28,405)
Settlement of treasury shares	4.3	1,296	-	-	-	1,296
Employee share scheme	4.3	-	140	-	-	140
Total transactions with owners		**1,296**	**(28,265)**	**-**	**-**	**(26,969)**
Balance as at 31 May 2019		**580,794**	**(110,060)**	**140,931**	**(1,786)**	**609,879**
Impact of adoption of NZ IFRS 16 Leases	3.4, 5.7	**-**	**(2,211)**	**-**	**-**	**(2,211)**
Loss for the year		**-**	**(13,642)**	**-**	**-**	**(13,642)**
Other comprehensive income						
Revaluation of cash flow hedge net of tax	5.6	**-**	**-**	**-**	**(5,689)**	**(5,689)**
Revaluation of assets net of tax	3.2, 5.1	**-**	**-**	**29,223**	**-**	**29,223**
Revaluation of right of use assets net of tax	3.4, 5.1	**-**	**-**	**51**	**-**	**51**
Total comprehensive income		**-**	**(13,642)**	**29,274**	**(5,689)**	**9,943**
Transactions with owners						
Dividends paid	4.1	**-**	**(29,822)**	**-**	**-**	**(29,822)**
Share issue: dividend reinvestment scheme	4.1	**7,595**	**-**	**-**	**-**	**7,595**
Employee share scheme	4.3	**-**	**(172)**	**-**	**-**	**(172)**
Total transactions with owners		**7,595**	**(29,994)**	**-**	**-**	**(22,399)**
Balance as at 31 May 2020		**588,389**	**(155,907)**	**170,205**	**(7,475)**	**595,212**

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

Consolidated Cash Flow Statement

For the year ended 31 May 2020

$NZ000's	**May 2020**	May 2019
Cash flows from operating activities		
Receipts from residents for village and care fees	**163,035**	165,693
Payments to suppliers and employees	**(178,005)**	(164,829)
Rental payments in relation to right of use investment property	**(19,236)**	(5,510)
Receipts from new occupation right agreements	**181,298**	136,629
Payments for outgoing occupation right agreements	**(40,341)**	(39,656)
Interest received	**153**	145
Interest paid	**(6,511)**	(3,151)
Interest paid in relation to right of use assets	**(1,026)**	-
Net cash inflow from operating activities	**99,367**	**89,321**
Cash flows from investing activities		
Proceeds from sale and / or disposal of property, plant and equipment and investment property	**(34)**	19,690
Payments for property, plant and equipment and intangible assets	**(40,433)**	(72,895)
Payments for investment property and investment property under development	**(95,516)**	(100,569)
Net cash outflow from investing activities	**(135,983)**	**(153,774)**
Cash flows from financing activities		
Proceeds from borrowings	**166,330**	180,387
Repayment of borrowings	**(109,449)**	(83,706)
Capitalised borrowing costs	**(607)**	(645)
Principal payments for right of use assets	**(2,569)**	-
Dividends paid	**(22,227)**	(28,405)
Settlement of treasury shares	**-**	1,296
Net cash inflow from financing activities	**31,478**	**68,927**
Net increase in cash and cash equivalents	**(5,138)**	**4,474**
Cash and cash equivalents at the beginning of the year	**22,762**	18,288
Cash and cash equivalents at end of year	**17,624**	**22,762**

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

Consolidated Cash Flow Statement (continued)

For the year ended 31 May 2020

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

$NZ000's	Notes	May 2020	May 2019
(Loss) / Profit for the year		**(13,642)**	**45,371**
Non cash items included in profit for the year			
Deferred management fees accrued but not settled	2.2	**(30,706)**	(23,805)
Depreciation (buildings)	2.4	**9,266**	5,797
Depreciation and amortisation (chattels, leasehold improvements and software)	2.4	**5,226**	3,747
Impairment of goodwill	2.4	**491**	8,149
Net loss / (gain) on disposal of property, plant and equipment		**204**	(70)
Fair value adjustment to investment property	3.1	**21,724**	(46,604)
Fair value adjustment to right of use investment property	3.4	**(17,086)**	-
Impairment of property, plant and equipment	3.2	**916**	6,982
Loss allowance for trade and other receivables	2.4	**51**	62
Interest accrued but not paid		**(1,472)**	429
Fair value movement on residents' share of resale gains	2.4	**329**	737
Fair value loss on cash flow hedges	5.6	**101**	17
Deferred tax benefit	5.1	**(14,666)**	(13,576)
Employee share scheme		**(172)**	-
Share based payments expense	4.3	**-**	140
Other non cash items		**351**	(13)
		(25,443)	**(58,008)**
Cash items excluded from profit for the year			
Receipts from new occupation right agreements		**181,298**	136,629
Payments for outgoing occupation right agreements		**(40,341)**	(39,656)
		140,957	**96,972**
Increase in operating assets and liabilities			
Increase / (decrease) in trade and other receivables		**(2,595)**	290
Increase in trade and other payables		**90**	4,694
Net cash inflow from operating activities		**99,367**	**89,321**

The Board of Directors of the Company authorised these consolidated financial statements for issue on 23 July 2020.

For and on behalf of the Board

Elizabeth Coutts
Chair

Alan Isaac
Director

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

Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

Notes to the Consolidated Financial Statements

For the year ended 31 May 2020

1. General Information

1.1 Basis of Preparation

(i) Entities Reporting

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

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oceania Healthcare Limited as at 31 May 2020 and the results of all subsidiaries for the year then ended.

The Group owns and operates various care centres and retirement villages throughout New Zealand. The Group's registered office is Affinity House, 2 Hargreaves Street, St Mary's Bay, Auckland 1011, New Zealand.

(ii) Statutory Base

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

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

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

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

(iii) Measurement Basis

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

(iv) Key Estimates and Judgements

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

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

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

- Fair value of investment property and investment property under development (note 3.1)
- Classification of accommodation with a care or service offering (note 3)
- Fair value of freehold land and buildings (note 3.2)
- Revenue recognition of deferred management fees (note 3.3)
- Fair value of right of use assets (note 3.4)
- Recognition of deferred tax (note 5.1)

1.2 Accounting Policies

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

Other relevant policies are provided as follows:

(i) Principles of Consolidation

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

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

(ii) Functional and Presentational Currency

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

(iii) Goods and Services Tax ("GST")

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

(iv) Comparative Information

Where a change has been made to the presentation of the consolidated financial statements to that used in prior periods, comparative figures have been restated accordingly. A change in presentation has been made to depreciation expense to separate depreciation on buildings from other depreciation. A further change has been made to the underlying net profit after tax section of note 2.1 to exclude an adjustment in relation to deferred management fees in relation to a right of use investment property in deriving underlying profit.

(v) New Accounting Standards

During the year the Group adopted NZ IFRS 16 *Leases*. This standard is effective for reporting periods beginning on or after 1 January 2019. There has been no impact on prior year comparatives. Refer to notes 5.7 and 3.4 for further details. The Group has not early adopted any standards, amendments or interpretations to existing standards that are not yet effective.

(vi) Measurement of Fair Value

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

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

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

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

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

1.3 Significant Events and Transactions

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

The New Zealand Government's overall public health strategy in respect of the COVID-19 pandemic affecting New Zealand was elimination with the overall goal to stop community transmission in New Zealand:

- On 24 March 2020 the Government announced a number of Orders under the Health Act 1956 and the Epidemic Preparedness Act 2006 to restrict certain activities for the purposes of preventing the outbreak and spread of COVID-19.
- At 11:59pm on 25 March 2020 New Zealand entered Alert Level 4 lockdown. Only essential services were permitted to trade, and people were requested to remain at home other than to access essential services. Oceania Healthcare Limited and its subsidiaries (Oceania) care business met the definition of an essential service. Oceania employees are highly trained professionals and are experienced in infection control as this is a standard operating procedure for any aged care centre and as such, were able to continue to provide quality care and services to residents throughout Alert Level 4. All construction projects and Retirement Village unit sales ceased.
- At 11:59pm on 27 April 2020 New Zealand entered Alert Level 3 lockdown. Businesses including construction were permitted to operate under strict guidelines. Oceania recommenced certain construction projects in the development pipeline and Retirement Village unit sales.
- At 11:59pm on 13 May 2020 New Zealand entered Alert Level 2. Contract tracing, strict social distancing measures and mass gathering limits had to be followed.
- Post balance date, at 11:59pm on 8 June 2020 Alert Level 1 was entered and is still in place at the time of signing the annual financial statements. Strict border restrictions remain in place and contact tracing is encouraged.

Certain key judgements and estimates are applied in the annual financial statements. The Directors have assessed the impact of COVID-19 on these judgements and estimates and concluded that limited changes are necessary. This is primarily due to Oceania providing an essential service. The following key matters were considered and undertaken with regards to the financial impact of COVID-19 on the 31 May 2020 consolidated financial statements;

- CBRE Limited as independent valuers undertook a valuation as at 30 April 2020. CBRE Limited concluded their valuation on the basis of "material valuation uncertainty". In the current extraordinary circumstances there is a higher degree of uncertainty than would otherwise be the case however the valuation can still be relied upon. The full scale of the impact as at the point of time of the valuation was currently unknown and will largely depend on the scale and longevity of the pandemic and the consequential ongoing impact on the economy with limited market evidence since the outbreak. As a result, although the methodology applied in the valuation is consistent with prior years, certain key estimates have been adjusted. Further details are included in note 3;
- Government subsidies received have been accounted for as government grants and offset against the expenses to which they relate as disclosed in note 2.4;
- No changes to the methodology or input estimates in relation to expected credit losses have been required as a result of continued strong collection levels in respect of private care fees and deferred settlement of ORA contracts; and
- The enactment of COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020 has resulted in the reintroduction of depreciation on buildings. The impact of this change is detailed in note 5.1.

2. Operating Performance

2.1 Operating Segments

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

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

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

	Care	**Village**	**Other**
Product	Includes traditional care beds and care suites.	Includes independent living and rental properties.	N/A
Services	The provision of accommodation, care and related services to Oceania's aged care residents. Includes the provision of services such as meals and care packages to independent living residents.	The provision of accommodation and related services to independent residents in the Group's retirement villages.	Provision of support services to the Group (includes administration, marketing and operations). In addition this segment includes the provision of training by the Wesley Institute of Learning.
Recognition of Operating Revenue and Expenses	The Group derives Operating Revenue from the provision of care and accommodation. The daily fee is set annually by the Ministry of Health. In relation to the provision of superior accommodation above the Government specification the Group derives revenue from Premium Accommodation Charges ("PACs") or, in the case of care suites, through Deferred Management Fees ("DMF"). Operating Expenses primarily include staff costs, resident welfare expenses and overheads.	The Group derives Operating Revenue from weekly service fees and rental income. Operating Revenue also includes DMF accrued over the expected occupancy period for the relevant accommodation. Operating Expenses include village property maintenance, sales and marketing, and administration related expenses.	Includes support office and corporate expenses and rental costs relating to the Group's three leasehold sites. Finance costs relate to the cost of bank debt acquired for the purchase and development of villages. Income and expenditure relating to the Wesley Institute of Learning is recognised in this segment.
Recognition of Fair Value movements on New Developments	Fair value increases or decreases are recognised in other comprehensive income (i.e. not in profit or loss) for the fair value movement above historical cost. Impairments below historical cost are recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A

2.1 Operating Segments (continued)

	Care	Village	Other
Recognition of Fair Value movements on Existing Care Centres and Retirement Villages	Fair value movements are treated the same as above. When sites are decommissioned for development this results in an impairment of the buildings and chattels which is recognised in comprehensive income (i.e. profit or loss).	Fair value movements are recognised in comprehensive income (i.e. profit or loss).	N/A
Recognition in Underlying Profit (refer note 2.1 overleaf)	Fair value movements are removed.	Fair value movements are removed. Realised gains on resales and the development margins from the sale of independent living units and care suites are included.	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.	Support office assets are recognised as property, plant and equipment. Assets include intangibles (e.g. software).

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

Additional segmental reporting information

Capital expenditure: Refer to notes 3.1, 3.2 and 3.4 for details on capital expenditure.

Goodwill: Goodwill is allocated to care cash generating units.

What is Total Comprehensive Income?

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

2020 $NZ000's	Care Operations	Village Operations	Other	Total
Revenue	163,909	28,591	1,146	193,646
Change in fair value of investment property	-	(21,724)	-	(21,724)
Change in fair value of right of use investment property	-	17,086	-	17,086
Other income	309	2,237	44	2,590
Total income	164,218	26,190	1,190	191,598
Operating expenses	(144,376)	(34,536)	(18,964)	(197,876)
Impairment of goodwill	(491)	-	-	(491)
Impairment of property, plant and equipment	(916)	-	-	(916)
Segment EBITDA	18,435	(8,346)	(17,774)	(7,685)
Interest income	-	27	126	153
Finance costs	-	-	(6,284)	(6,284)
Depreciation (buildings)	(8,989)	-	(277)	(9,266)
Depreciation and amortisation (chattels and software)	(4,602)	-	(624)	(5,226)
(Loss) / Profit before income tax	4,844	(8,319)	(24,833)	(28,308)
Income tax benefit	11,485	6,550	(3,369)	14,666
(Loss) / Profit for the year attributable to shareholders	16,329	(1,769)	(28,202)	(13,642)
Other comprehensive income				
Gain on revaluation of property, plant and equipment for the year, net of tax	29,223	-	-	29,223
Gain on revaluation of right of use asset for the year, net of tax	51	-	-	51
Loss on cash flow hedges, net of tax	-	-	(5,689)	(5,689)
Total comprehensive income for the year attributable to shareholders of the parent	45,603	(1,769)	(33,891)	9,943

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 May 2020

2.1 Operating Segments (continued)

2019 $NZ000's	Care Operations	Village Operations	Other	Total
Revenue	161,068	24,757	1,152	186,977
Change in fair value of investment property	-	46,604	-	46,604
Change in fair value of right of use investment property	-	-	-	-
Other income	591	1,622	19	2,232
Total income	**161,659**	**72,983**	**1,171**	**235,813**
Operating expenses	(136,350)	(20,343)	(19,155)	(175,848)
Impairment of goodwill	(8,149)	-	-	(8,149)
Reversal of impairment of property, plant and equipment	(6,982)	-	-	(6,982)
Segment EBITDA	**10,178**	**52,640**	**(17,984)**	**44,834**
Interest income	-	21	124	145
Finance costs	-	-	(3,640)	(3,640)
Depreciation (buildings)	(5,797)	-	-	(5,797)
Depreciation and amortisation (chattels and software)	(3,245)	-	(502)	(3,747)
Profit before income tax	**1,136**	**52,661**	**(22,002)**	**31,795**
Taxation benefit	2,378	7,280	3,918	13,576
Profit for the year attributable to shareholders	**3,514**	**59,941**	**(18,084)**	**45,371**
Other comprehensive income				
Gain on revaluation of land and buildings for the year, net of tax	56,103	-	-	56,103
Gain on revaluation of right of use asset for the year, net of tax	-	-	-	-
Loss on cash flow hedges, net of tax	-	-	(1,723)	(1,723)
Total comprehensive income for the year attributable to shareholders of the parent	**59,617**	**59,941**	**(19,807)**	**99,751**

Underlying Net Profit after tax ("Underlying Profit")

Underlying Profit is a non-GAAP measure of financial performance and considered in the determination of dividends. The calculation of Underlying Profit 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 does not represent cash flow generated during the period.

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

	Net Profit after Tax
Add back / remove	Change in fair value of investment property, right of use investment property assets and cash flow hedges and impairment / reversal of impairment of property, plant and equipment and right of use property, plant and equipment
Add back	Impairment of goodwill
Add back	Rental expenditure in relation to right of use investment property assets
Add back / remove	Loss / gain on sale or decommissioning of assets
Add back	Directors' estimate of realised gains on the resale of units and care suites sold under an occupation right agreement ("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)
Add back	Depreciation and amortisation (including right of use property, plant and equipment)
=	**Underlying EBITDA**

In the prior year underlying profit was also adjusted to remove the DMF income of $0.7m in relation to right to use investment property assets. This was prior to the implementation of NZ IFRS 16 *Leases*.

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.

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.

2.1 Operating Segments (continued)

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

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

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

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

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

2020 **$NZ000's**	**Care Operations**	**Village Operations**	**Other**	**Total**
Total comprehensive income for the year attributable to shareholders of the parent	**16,329**	**27,505**	**(33,891)**	**9,943**
Adjusted for underlying profit items				
Less: Change in fair value of investment property, right of use assets and cash flow hedges and impairment of property, plant and equipment	**916**	**(24,637)**	**5,689**	**(18,032)**
Add: Impairment of goodwill	**491**	**-**	**-**	**491**
Add: Rental expenditure in relation to right of use asset	**-**	**19,236**	**-**	**19,236**
Add: Loss / (gain) on sale or decommissioning of assets	**146**	**(11)**	**3**	**138**
Add: Realised resale gain	**-**	**11,489**	**-**	**11,489**
Add: Realised development margin	**-**	**34,320**	**-**	**34,320**
Underlying net profit before tax	**17,882**	**67,902**	**(28,199)**	**57,585**
Less: Deferred tax benefit	**(11,485)**	**(6,550)**	**3,369**	**(14,666)**
Underlying net profit after tax	**6,397**	**61,352**	**(24,830)**	**42,919**
Less: Interest income	**-**	**(27)**	**(126)**	**(153)**
Add: Finance costs	**-**	**-**	**6,284**	**6,284**
Add: Depreciation (buildings)	**8,989**	**-**	**277**	**9,266**
Add: Depreciation and amortisation (chattels, leasehold improvements and software)	**4,602**	**-**	**624**	**5,226**
Underlying EBITDA	**19,988**	**61,325**	**(17,771)**	**63,542**

2019 **$NZ000's**	**Care Operations**	**Village Operations**	**Other**	**Total**
Total comprehensive income for the year attributable to shareholders of the parent	59,617	59,941	(19,807)	**99,751**
Adjusted for underlying profit items				
Less: Change in fair value of investment property[4] and cash flow hedges and impairment of property, plant and equipment	(49,121)	(46,604)	1,723	(94,002)
Add: Impairment of goodwill	8,149	-	-	8,149
Add: Rental expenditure in relation to right of use asset	-	6,200	-	6,200
Add: (Gain) / loss on sale or decommissioning of assets	(380)	-	436	56
Add: Realised gain on resale	-	15,124	-	15,124
Add: Realised development margin	-	29,520	-	29,520
Underlying net profit before tax[5]	**18,265**	**64,181**	**(17,648)**	**64,798**
Less: Deferred tax benefit	(2,378)	(7,280)	(3,918)	(13,576)
Underlying net profit after tax	**15,887**	**56,901**	**(21,566)**	**51,222**
Less: Interest income	-	(21)	(124)	(145)
Add: Finance costs	-	-	3,640	3,640
Add: Depreciation (buildings)	5,797	-	-	5,797
Add: Depreciation and amortisation (chattels and software)	3,245	-	502	3,747
Underlying EBITDA	**24,929**	**56,880**	**(17,548)**	**64,261**

[4] Includes change in fair value of Everil Orr right of use asset.

[5] The comparatives above have been restated to exclude an adjustment for DMF in relation to the right of use asset. This has increased Underlying Profit by $0.7m in the prior year.

2.2 Revenue

How we earn revenue

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

Accounting Policy

Revenue is recognised in accordance with NZ IFRS 15 *Revenue* (“NZ IFRS 15”). Deferred management fees and rental income are considered leases under NZ IFRS 16 *Leases* (“NZ IFRS 16”), and prior to its adoption under NZ IAS 17 *Leases*, and are therefore excluded from the scope of NZ IFRS 15. None of the Group’s revenue, as defined by NZ IFRS 15, contains significant financing components.

Rest Home and Hospital Service Fees

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

Aged care subsidies received from the Ministry of Health, included in rest home, hospital and dementia fee revenue within the care segment, amounted to $103.7m (2019: $101.0m).

Premium Accommodation Charges

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

Deferred Management Fees

Deferred management fees are considered leases and are payable by residents of the Group's units, apartments and care suites under the terms of their ORA or unit title rights. Refer to note 3.3.

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

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

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

Village Service Fees

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

Training Income

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

Rental Income

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

$NZ000's	May 2020	May 2019
Rest home, hospital, dementia fees	**151,347**	151,700
Premium accommodation charge	**3,866**	3,381
Deferred management fees – independent living	**19,926**	17,156
Deferred management fees – care suites	**7,836**	5,065
Deferred management fees – leased site	**1,494**	727
Village service fees	**5,997**	5,782
Training income	**1,176**	1,171
Rental income	**1,275**	1,257
Other services provided to residents	**729**	738
	193,646	**186,977**

2.3 Other Income

Interest Income

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

Other Income

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

$NZ000's	May 2020	May 2019
Interest income	**153**	145
Other income	**2,590**	2,232
	2,743	**2,377**

2.4 Expenses

Accounting Policy

All operating expenses are recognised on an accrual basis.

$NZ000's	Notes	May 2020	May 2019
Profit before income tax includes the following expenses:			
Employee benefits and other staff costs			
Wages and salaries		**126,636**	116,854
COVID-19 wage subsidy[6]		**(1,821)**	-
Termination benefits		**1,176**	323
Employee share scheme expense	4.3	**(172)**	140
Other staff costs[7]		**2,281**	2,469
		128,100	**119,786**
Depreciation and amortisation			
Depreciation of buildings	3.2	**8,643**	5,797
Depreciation of right of use assets (buildings)	3.4	**623**	-
Depreciation of chattels	3.2	**3,074**	3,638
Depreciation of right of use assets (chattels)	3.4	**2,096**	-
Amortisation of software	5.2	**56**	109
		14,492	**9,544**
Finance costs			
Interest on senior debt facilities		**7,092**	6,583
Agency, commitment and line fees		**3,126**	2,883
Interest rate swaps		**1,087**	217
Capitalised interest and line fees		**(6,367)**	(6,917)
Amortisation of bank fees		**220**	213
Bank interest		**-**	1
Change in fair value of cash flow hedges		**101**	17
Interest on right of use assets		**1,025**	643
		6,284	**3,640**
Impairment of property, plant and equipment	3.2	**916**	**6,982**
Rental expenditure in relation to right of use investment property	3.4	**19,236**	**-**
Impairment of goodwill	5.2	**491**	**8,149**

[6] The COVID-19 wage subsidy has been recognised as a reduction in expenses in accordance with NZ IAS 20: Accounting for Government Grants and Disclosure of Government Assistance.

[7] Other staff costs include costs such as staff training, uniforms and recruitment.

$NZ000's	Notes	May 2020	May 2019
Other expenses			
Fees paid to Auditor			
Audit and review of consolidated financial statements		**388**	405
Other assurance services – Trustee reporting		**6**	6
Other services[8]		**6**	48
Total fees paid to auditor		**400**	459
Repairs and maintenance of property, plant and equipment including leasehold care centres		**2,987**	3,220
Repairs and maintenance of investment property including leasehold investment property		**1,098**	741
Loss on disposal of property, plant and equipment		**138**	56
Donations		**7**	14
Loss allowance for trade and other receivables	5.3	**51**	62
Rental expense relating to operating leases		**-**	1,341
Rental expense relating to right of use investment property[9]		**-**	6,200
Resident consumables		**16,348**	15,388
Movement of Residents' share of resale gains		**329**	737
Insurance		**2,845**	2,318
Legal and professional services		**3,284**	2,883
COVID-19 District Health Board allowances[10]		**(2,049)**	-
Other expenses (no items of individual significance)		**25,102**	22,643
		50,540	**56,062**
Total Expenses		**220,059**	**204,163**

[8] Other services related to agreed upon procedures in respect of proxy voting at the Annual Shareholders Meeting (2019: market research and a peer review of the tax treatment of Everil Orr).

[9] On adoption of NZ IFRS 16: Leases the rental expense in relation to right of use investment property is now disclosed separately on the face of the Statement of Comprehensive Income.

[10] The COVID-19 District Health Board allowance of $1.8m and a payment from Disability Support Services of $0.2m have been recognised as an offset to expenses in accordance with NZ IAS 20: Accounting for Government Grants and Disclosure of Government Assistance.

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.

Material uncertainty

The property portfolio has been independently valued by CBRE Limited as at 30 April 2020. The valuation represents a 'point in time valuation' and while the same overall approach was used for this valuation as in prior years, the valuers highlighted that some significant changes were made to the key assumptions as a result of COVID-19. 30 April 2020 was a particularly significant time as the property market was frozen at that time with New Zealand having only exited Alert Level 4 at 11.59pm on 27 April 2020 and was still subject to stringent Alert Level 3 restrictions. CBRE Limited reassessed a number of their inputs and assumptions to take account of:

- Lower growth rates, particularly in the short term;
- Higher discount rates; and
- Increased discounts on unsold stock.

CBRE Limited noted that they completed all due diligence, research and analysis that would ordinarily form part of a full valuation but as a result of the Alert Level 4 lock down they were unable to perform as many physical inspections as they would ordinarily. Further, they noted that the full scale of the impact as at the point of time of the valuation was unknown and will largely depend on the scale and longevity of the pandemic and the consequential ongoing impact on the economy with limited market evidence since the outbreak. These items in combination resulted in it being difficult as at 30 April 2020 to determine the effect that COVID-19 would have on the retirement and aged care sectors in New Zealand.

CBRE Limited reported on the basis of "material valuation uncertainty" meaning less certainty and a higher degree of caution should be applied to the valuations. CBRE Limited commented in the valuation report that, for the avoidance of doubt, the inclusion of the "material uncertainty" declaration does not mean that the valuation cannot be relied upon. Rather, it means that in the current extraordinary circumstances there is a higher degree of uncertainty than would otherwise be the case and given the foregoing market uncertainty it may be necessary for the valuation to be reviewed periodically over the coming months to reflect the duration and severity of the impact of COVID-19. The Group sought confirmation from CBRE Limited to determine if any material change in the fair value of investment properties and property, plant and equipment was likely to have occurred between the date of the valuation, being 30 April 2020, and the balance date of 31 May 2020. This advice indicated that there was no material movement. Notwithstanding this, the material valuation uncertainties remain until investment markets become active and subsequent transactional evidence demonstrates a trend in current pricing.

Classification of Serviced Apartments and Care Suites

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

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

CLASSIFICATION

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

SCENARIO

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

CONSIDERATION OF SIGNIFICANCE OF CASHFLOWS

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

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

3. Property Assets (continued)

Accounting Policy

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

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

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

3.1 Village Assets: Investment Property

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

$NZ000's	Notes	May 2020	May 2019
Investment property under development at fair value			
Opening balance		**101,460**	108,204
Transfer from / (to) property, plant and equipment	3.2	**22,193**	(6,626)
Capitalised expenditure		**82,472**	89,396
Capitalised interest and line fees		**3,332**	4,910
Transfer to completed investment property		**(61,551)**	(105,532)
Transfer to held for sale investment property		**(720)**	-
Change in fair value during the year – developments as at balance date		**(1,258)**	8,015
Change in fair value during the year – developments completed during the year		**(908)**	3,093
Closing balance		**145,020**	**101,460**
Completed investment property at fair value			
Opening balance		**780,214**	647,357
Transfer from investment property under development		**61,551**	105,532
Transfer to property, plant and equipment	3.2	**(17,592)**	(12,101)
Transfer to right of use assets	3.4	**(14,006)**	-
Capitalised expenditure		**10,208**	3,930
Capitalised interest and line fees		**1,287**	-
Disposals		**(44)**	-
Change in fair value during the year – existing villages		**(25,132)**	(6,100)
Change in fair value during the year – recently completed developments[2]		**5,574**	41,596
Closing balance		**802,060**	**780,214**
Held for sale investment property at fair value			
Opening balance		**-**	-
Transfer from investment property under development		**720**	-
Closing balance		**720**	-
Total investment property		**947,800**	**881,674**

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

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

$NZ000's	May 2020	May 2019
Increase in fair value of investment property	**66,126**	126,113
Add: Transfers to property, plant and equipment and to right of use assets during the year	**9,405**	18,727
Less: Capitalised expenditure including capitalised interest	**(97,299)**	(98,236)
Add: Disposals	**44**	-
Change in fair value recognised in Consolidated Statement of Comprehensive Income	**(21,724)**	**46,604**

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

$NZ000's	May 2020	May 2019
Investment property under development		
Valuation	**145,020**	101,460
	145,020	**101,460**
Completed Investment Property		
Valuation	**370,257**	380,229
Add: Refundable occupation licence payments	**501,739**	456,349
Add: Residents' share of resale gains	**5,870**	6,900
Less: Management fee receivable	**(72,933)**	(61,745)
Less: Resident obligations for units not included in valuation	**(2,873)**	(1,519)
	802,060	**780,214**
Held for Sale Investment property		
Valuation	**720**	-
	720	**-**
Total investment property at fair value	**947,800**	**881,674**

Where an incoming resident has an unconditional ORA in respect of a retirement village unit and the corresponding outgoing resident for that same accommodation has not yet been refunded, the CBRE Limited valuation is adjusted for the incoming resident balances only. An adjustment of $2.9m (2019: $1.5m) is included in the above reconciliation to reflect this.

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

Why do we adjust for the liability to residents?

In the CBRE Limited valuation the fair value of investment property includes an allowance for the amount that is payable by the Group to residents already in occupation within the property. However, this liability to existing residents is recognised in the Group's Consolidated Balance Sheet (referred to as refundable occupation right agreements – refer to note 3.3). Accordingly, the Group adds this net liability to residents to the CBRE Limited valuation to "gross up" the fair value of investment property and avoid double counting the liability to residents.

3.1 Village Assets: Investment Property (continued)

Valuation Process and Key Inputs

Investment Property under Development

CBRE Limited provided valuations of development land in respect of investment property under development as at 30 April 2020.

The fair value of investment property is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited as an independent registered valuer and the cost of work undertaken in relation to investment property under development. As at 31 May 2020, in respect of one development site, the Directors determined a fair value that was, in aggregate, $0.3m higher than the CBRE Limited valuation. (2019: two sites, $1.2m higher).

The Directors do not judge there to have been a material movement in the adopted land value between 30 April 2020 and 31 May 2020 and, therefore, no adjustment has been made to this value. Any costs incurred to 31 May 2020 on the developments are included in arriving at the fair value as at 31 May 2020.

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

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of $65.2m as at 31 May 2020 (2019: $33.5m) has been recognised in relation to these development sites.

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

Practical completion achieved

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

Completed Investment Property

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

The Group's interest in all completed investment property was valued on 30 April 2020 by CBRE Limited (2019: 30 April 2019 by CBRE Limited), at a total of $379.8m (2019: $403.2m). The CBRE Limited valuation has been adjusted downwards for the impact of any sale, resale and repurchase of ORAs between 1 May 2020 and 31 May 2020 of $10.3m (2019: adjusted downwards by $23.0m), with a corresponding increase in refundable occupation licence payments of $13.3m (2019: $34.0m), to arrive at the fair value of completed investment properties at 31 May 2020.

Investment Property Held for Sale

Investment property assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at their fair value.

As at 31 May 2020 one parcel of land met the definition of Held for Sale. This land was reclassified from Investment Property under Development to Held for Sale at its fair value as determined by CBRE Limited as at 30 April 2020.

Property Specific Assumptions

Seismic and Weather Tightness Assessments

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

Assets Held for Sale

Investment property assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at their fair value.

Key Accounting Estimates and Judgements

All investment properties have been determined to be Level 3 (2019: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Significant Unobservable Inputs

The significant unobservable input used in the fair value measurement of the Group's development land is the value per m^2 assumption. Increases in the value per m^2 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.

The following assumptions have been used to determine fair value:

Significant Input	**Description**	**2020**	2019
Discount rate	The pre-tax discount rate	**14.1% - 20.3% (median: 15.3%)**	14.0% - 20.0% (median: 15.0%)
Property price growth rate	Anticipated annual property price growth over the cash flow period 0-4 years	**(2.0%) - 3.0%**	0.5% - 3.0%
Property price growth rate	Anticipated annual property price growth over the cash flow period 5+ years	**2.5% - 3.5%**	2.5% - 3.5%

3.1 Village Assets: Investment Property (continued)

Due to the material valuation uncertainty disclosed in note 3, the range of reasonably possible changes to key assumptions is uncertain and could be significantly greater than the ranges used in the sensitivity analysis.

Sensitivities

At 31 May 2020	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed investment property					
Valuation $NZ000's	**370,257**				
Difference $NZ000's		**(13,998)**	**14,940**	**22,519**	**(23,563)**
Difference %		**(3.8%)**	**4.0%**	**6.1%**	**(6.4%)**

At 31 May 2019	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed investment property					
Valuation $NZ000's	380,229				
Difference $NZ000's		(14,168)	15,082	22,006	(18,546)
Difference %		(3.7%)	4.0%	5.8%	(4.9%)

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

Significant Input	2020	2019
Stabilised occupancy period	**3.2yrs - 8.3yrs (median: 6.8yrs)**	3.1yrs - 8.3yrs (median: 7.7yrs)

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

3.2 Care Assets: Property, Plant and Equipment

Accounting Policy

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

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

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

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

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

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

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

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

Category	Useful Life Range	Weighted Average Depreciation Rate
– Freehold buildings	10 - 50 years	2.75%
– Chattels and leasehold improvements	2 - 50 years	20%
– Motor vehicles	5 years	22%

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

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

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

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

NZ$000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Year ended 31 May 2020						
Opening net book amount		70,297	70,662	282,417	19,333	442,709
Additions		20,776	-	7,722	7,643	36,141
Capitalised interest and line fees		958	-	790	-	1,748
Disposals		-	-	-	(155)	(155)
Depreciation		-	-	(8,643)	(3,074)	(11,717)
Transfer to right of use assets	3.4	-	-	-	(5,375)	(5,375)
Transfer (to) / from investment property	3.1	(22,193)	570	17,022	-	(4,601)
Reclassification within property, plant and equipment		(22,759)	3,300	19,459	-	-
Revaluation surplus						
Comprehensive income						
– Existing care centres		(1,034)	454	(313)	-	(893)
– Care centres recently developed / under development		-	(95)	72	-	(23)
Other comprehensive income[3]						
– Existing care centres		1,608	2,469	652	-	4,729
– Care centres recently developed / under development		6,553	136	20,738	-	27,427
Closing net book amount		54,206	77,496	339,916	18,372	489,990
At 31 May 2020						
Cost		-	-	-	47,407	47,407
Valuation		54,206	77,496	339,916	-	471,618
Accumulated depreciation		-	-	-	(29,035)	(29,035)
Net book amount		54,206	77,496	339,916	18,372	489,990

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

NZ$000's	Notes	Freehold Land and Buildings Under Development	Freehold Land	Freehold Buildings	Chattels and Leasehold Improvements	Total
Year ended 31 May 2019						
Opening net book amount		44,363	67,124	177,697	14,377	303,561
Additions		57,665	4	7,485	7,351	72,505
Capitalised interest and line fees		2,858	-	-	-	2,858
Disposals		-	-	(3)	(295)	(298)
Depreciation		-	-	(5,797)	(3,638)	(9,435)
Transfer from / (to) investment property	3.1	10,666	(2,194)	10,255	-	18,727
Reclassification within property, plant and equipment		(61,727)	(2,180)	62,369	1,538	-
Revaluation surplus						
Comprehensive income						
– Existing care centres		-	443	(7,498)	-	(7,055)
– Care centres recently developed / under development		-	-	73	-	73
Other comprehensive income[4]						
– Existing care centres		1,930	7,465	30,390	-	39,785
– Care centres recently developed / under development		14,542	-	7,446	-	21,988
Closing net book amount		**70,297**	**70,662**	**282,417**	**19,333**	**442,709**
At 31 May 2019						
Cost		-	-	-	48,304	48,304
Valuation		70,297	70,662	282,417	-	423,376
Accumulated depreciation		-	-	-	(28,971)	(28,971)
Net book amount		**70,297**	**70,662**	**282,417**	**19,333**	**442,709**

Land and Buildings Under Development

A valuation in respect of development land was provided by CBRE Limited as at 30 April 2020.

The Directors do not judge there to have been a material movement in the land value between 30 April 2020 and 31 May 2020 and therefore no adjustment has been made to this value. Any costs incurred to 31 May 2020 on the developments are included in arriving at the fair value as at 31 May 2020.

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

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of $20.3m as at 31 May 2020 (2019: $13.5m) 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.

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

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

Practical completion achieved

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

Completed Land and Buildings

A valuation in respect of completed land and buildings was provided by CBRE Limited as at 30 April 2020. The Directors do not judge there to have been a material movement in the land value between 30 April 2020 and 31 May 2020 and therefore no adjustment has been made to this value.

The valuation of the Group's care centres was apportioned to land, buildings, chattels and goodwill. The fair value of land and buildings as calculated by CBRE Limited is based on the level of rent able to be generated from the maintainable net cash flow of the site subject to average efficient management. The fair value of the Group's land and buildings as determined by the Directors is based on these apportionments. However, chattels are carried at historic cost less depreciation and the amount apportioned to goodwill by CBRE Limited is not recorded in the consolidated financial statements. The CBRE Limited valuation included $12.0m of goodwill (2019: $20.6m) in respect of completed land and buildings.

The CBRE Limited valuation used in the determination of the fair value of freehold buildings, incorporates an allowance in relation to remediation to properties where seismic strength testing has been carried out in prior years.

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.

Where a site is in its first few years of operation, the Directors assess the appropriateness of the fair value of care suites by taking into consideration the CBRE Limited valuation and applying different operating assumptions including instances where care suites are occupied by residents paying a premium accommodation charge. As at 31 May 2020 the Directors have adjusted the CBRE Limited valuation in respect of two sites. This adjustment decreased the CBRE Limited valuation by $8.7m (2019: $9.6m).

The CBRE Limited valuation includes $0.6m of goodwill (2019: $0.4m). This goodwill is not recognised in the consolidated financial statements.

Key Accounting Estimates and Judgements

All land and buildings have been determined to be Level 3 (2019: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Critical Judgements and Estimates in Applying Accounting Policies

Classification of Care Suites

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

Valuation of Freehold Land and Buildings

The valuation approach for the freehold land and buildings as at 30 April 2020 was an income capitalisation approach and/or discounted cash flow analysis supplemented by the direct comparison approach. The valuation is determined by the capitalisation of net cash flow profit/earnings before interest, tax, depreciation, amortisation and rent ("EBITDAR") under the assumption a positive cash flow will be generated into perpetuity. Capitalisation rates used for the 30 April 2020 valuation range from 11.0% to 17.75% with a median value of 13.0% (30 April 2019: 11.0% to 17.8% with median value of $13.4%). The valuation was apportioned between land, buildings, chattels / plant and equipment and goodwill to determine the fair value of the assets.

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

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

Sensitivities

At 31 May 2020	Adopted Value	Capitalisation Rate +50 bp	Capitalisation Rate -50 bp
Freehold land and buildings			
Valuation $NZ000's	**417,412**		
Difference $NZ000's		**(23,041)**	**28,316**
Difference %		**(5.5%)**	**6.8%**

At 31 May 2019	Adopted Value	Capitalisation Rate +50 bp	Capitalisation Rate -50 bp
Freehold land and buildings			
Valuation $NZ000's	353,079		
Difference $NZ000's		(19,922)	23,951
Difference %		(5.6%)	6.8%

At 31 May 2020	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed care suite property					
Valuation $NZ000's	**113,395**				
Difference $NZ000's		**(6,259)**	**7,692**	**6,897**	**(7,216)**
Difference %		**(3.8%)**	**4.0%**	**6.1%**	**(6.4%)**

At 31 May 2019	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed care suite property					
Valuation $NZ000's	196,602				
Difference $NZ000's		(7,326)	7,798	11,379	(9,589)
Difference %		(3.7%)	4.0%	5.8%	(4.9%)

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

Assets Held for Sale

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

Carrying Value of Assets

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

$NZ000's	Freehold Land	Freehold Buildings	Freehold Land and Buildings Under Development	Total
Carrying amount				
– Historical cost 2020	**36,911**	**226,382**	**21,929**	**285,222**
Carrying amount				
– Historical cost 2019	41,806	182,949	8,867	233,622

3.3 Refundable Occupation Right Agreements

What is an ORA?

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

What is DMF?

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

Accounting Policy

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

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

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy for the relevant accommodation i.e. 7 years for units, 5 years for apartments and 3 years for care suites (2019: 7yrs, 5yrs, 3yrs).

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

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

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

$NZ000's	May 2020	May 2019
Village		
Refundable occupation licence payments	**501,739**	456,349
Residents' share of resale gains	**5,870**	6,900
Less: Management fee receivable (per contract)	**(100,912)**	(85,178)
	406,697	**378,071**
Leasehold Village[5]		
Refundable occupation licence payments	**33,015**	-
Less: Management fee receivable (per contract)	**(3,809)**	-
	29,206	**-**
Care Suites		
Refundable occupation licence payments	**120,506**	71,811
Accommodation rebate	**559**	738
Less: Management fee receivable (per contract)	**(21,598)**	(14,139)
	99,467	**58,410**
Total refundable occupation right agreements	**535,370**	**436,481**

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

$NZ000's	May 2020	May 2019
Village		
Management fee receivable (per contract)	**(100,912)**	(85,178)
Deferred management fee	**27,979**	23,433
Management fee receivable (per NZ IFRS)	**(72,933)**	**(61,745)**
Leasehold Villages		
Management fee receivable (per contract)	**(3,809)**	-
Deferred management fee	**1,621**	-
Management fee receivable (per NZ IFRS)	**(2,188)**	**-**
Care Suites		
Management fee receivable (per contract)	**(21,598)**	(14,139)
Deferred management fee	**4,744**	3,569
Management fee receivable (per NZ IFRS)	**(16,854)**	**(10,570)**

[5] As at 31 May 2019 the refundable occupation right agreements in relation to Everil Orr were included with the Village numbers and totalled $13.8m.

3.4 Leases

What's a right of use asset?

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

The accounting treatment of leases has changed in the current year due to the adoption of NZ IFRS 16, refer to note 5.7 for details.

Accounting Policy

The Group adopted NZ IFRS 16 on 1 June 2019. The leases to which this standard applies include;

(i) one retirement village which meets the definition of an investment property,

(ii) three care facilities which meet the definition of land and buildings,

(iii) one support office building which meets the definition of land and buildings, and

(iv) equipment and motor vehicles under lease agreements which are classified as chattels.

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

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

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

Right of Use Asset

May 2020 $NZ000's	Notes	Investment Property	Land and Buildings	Chattels	Total
Opening net book value		-	-	-	-
Recognition on adoption of NZ IFRS 16 Leases		-	5,423	235	5,658
Transfer from investment property / property, plant and equipment	3.1 , 3.2	14,006	-	5,375	19,381
Additions		6	8	1,336	1,350
Disposals		-	-	(5)	(5)
Depreciation		-	(623)	(2,096)	(2,719)
Revaluation for the year – Comprehensive Income		17,128	(42)	-	17,086
Revaluation for the year[6] – Other Comprehensive Income		-	71	-	71
Net book value as at 31 May 2020		31,140	4,837	4,845	40,822

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

May 2020 $NZ000's	Investment Property	Land and Buildings	Chattels	Total
Cost	-	-	8,935	8,935
Valuation	31,140	4,837	-	35,977
Accumulated depreciation	-	-	(4,090)	(4,090)
Net book value as at 31 May 2020	31,140	4,837	4,845	40,822

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

$NZ000's	May 2020
Right of use Investment Property	
Valuation	313
Add: Refundable occupation licence payments	33,015
Less: Management fee receivable	(2,188)
	31,140

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

Lease Liabilities

May 2020 $NZ000's	Notes	Investment Property	Land and Buildings	Chattels	Total
Opening net book value		-	-	-	-
Recognition on adoption of NZ IFRS 16 Leases		-	8,444	278	8,722
Transfer from borrowings	4.4	-	-	5,517	5,517
Additions		-	-	1,331	1,331
Interest		-	471	508	979
Lease payments made		-	(1,050)	(2,498)	(3,548)
Lease liabilities as at 31 May 2020		-	7,865	5,136	13,001

3.4 Leases (continued)

Lease of Investment Property

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

Due to the variability of these payments both the right of use asset and the corresponding lease liability were initially recognised at nil value. Rental payments are recognised as a rental expense through the Consolidated Statement of Comprehensive Income. The right of use asset is held at fair value in accordance with NZ IAS 40 *Investment Property*. The fair value is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited at 30 April 2020. The valuation has been adjusted by the Directors for the impact of any sale of ORAs between 1 May 2020 and 31 May 2020 to arrive at the fair value as at 31 May 2020 and any changes in fair value are taken to the Consolidated Statement of Comprehensive Income.

The carrying value of the right of use asset as at 31 May 2020 in respect of this leased site is $31.1m (2019: $14.0m, included within completed investment property above refer note 3.1).

Lease of Property, Plant and Equipment

The Group leases three care centres which are valued as right of use assets as well as one support office building and various equipment and motor vehicles.

A valuation in respect of right of use property assets was provided by CBRE Limited as at 30 April 2020.

The Directors do not consider there to have been a material movement in the right of use asset value between 30 April 2020 and 31 May 2020 and therefore no adjustment has been made to this value.

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	May 2020 Shares	May 2019 Shares	**May 2020 $NZ000's**	May 2019 $NZ000's
Share capital				
Authorised, issued and fully paid up capital	**618,056,183**	610,254,535	**588,389**	580,794
Total contributed equity	**618,056,183**	**610,254,535**	**588,389**	**580,794**
Movements				
Opening balance of ordinary shares issued	**610,254,535**	610,254,535	**580,794**	579,498
Shares issued for long term incentive plan	**-**	-	**-**	1,296
Shares issued for employee share scheme	**1,004,640**	-	**-**	-
Shares issued for dividend reinvestment plan	**6,797,008**	-	**7,595**	-
Closing balance of ordinary shares issued	**618,056,183**	**610,254,535**	**588,389**	**580,794**

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value. The Company incurred no transaction costs issuing shares during the period (2019: nil).

Long Term Incentive Plan

During the year to 31 May 2019 an amount of $1.3m was recognised in equity in respect of 2,730,772 shares which had previously vested but for which the loan was repaid in accordance with the terms of the 2015 Long Term Incentive Plan ("LTIP").

Two Executive Team members resigned during the period. 886,077 shares were previously allotted to these employees as part of the 2017 Long Term Incentive Plan. At the end of the employees' notice periods the beneficial ownership of the shares was transferred to OCA Employees Trustee Limited, a Group subsidiary, pursuant to the exercise of a call option by the Trustee under the terms of the Company's Executive Long Term Incentive Plan.

The remaining shares held with respect to the 2017 Long Term Incentive Plan did not vest as at 31 May 2020. Refer to note 4.3.

Employee Share Scheme

During the year to 31 May 2020, 1,004,640 shares were issued as part of an employee share scheme ("ESS"). All permanent employees were invited to participate. Full time employee participants were allocated an equivalent of $800 of shares and part time employee participants were allocated an equivalent of $400 of shares with a total of 1,004,640 shares issued under this scheme. The shares are held in trust and will be transferred to the employee if the employee remains employed by Oceania (or any of its subsidiaries) for the following three years.

Dividend Reinvestment Plan ("DRP")

2,272,880 shares with a value of $1.0018 per share were issued in the year to 31 May 2020 in relation to the 31 May 2019 dividend reinvestment plan.

A further 4,524,128 shares with a value of $1.175 per share were also issued in the year to 31 May 2020 in relation to the 30 November 2019 dividend reinvestment plan.

Recognition and Measurement

None of the above issued shares are held by the Group or its subsidiaries with the exception of shares issued to OCA Employees Trustee Limited, a subsidiary, on behalf of Oceania employees in relation to a long term incentive plan and in relation to an ESS as detailed above.

The shares issued for both the LTIP and ESS are classified as Treasury Shares as the Group has a beneficial interest in the 4,169,196 shares (1,004,640 ESS shares, 3,164,556 LTIP shares).

4.1 Shareholder Equity and Reserves

Group Structure

As at 31 May 2019 the Group's largest shareholder was Oceania Healthcare Holdings Limited ("OHHL") with a holding of 41.16%. On 3 February 2020 OHHL sold their remaining shareholding.

Dividends

On 23 July 2020, a full year dividend of 1.2 cents per share (not imputed) was declared and will be paid on 17 August 2020. The record date for entitlement is 3 August 2020.

	May 2020 cents per share	**May 2020 $NZ000's**	May 2019 cents per share	May 2019 $NZ000's
Final dividend for the prior year	**2.6**	**15,867**	2.6	15,867
Interim dividend for period	**2.3**	**14,037**	2.1	12,815
Total dividends declared during the period[1]		**29,904**		28,682

Dividend Reinvestment Plan

On 25 July 2019, the Board approved the implementation of a dividend reinvestment plan for New Zealand and Australian shareholders. This plan was effective for both the FY2019 final dividends and the FY2020 interim dividends paid. This plan shall also be effective for the dividend payable on 17 August 2020 at a discount of 2.5% to the volume weighted average price of shares sold on the NZX Main Board over a period of five trading days starting on 31 July 2020. The dividend reinvestment plan shall apply to those shareholders who have provided a participation election by 5:00pm on the dividend election date, being 4 August 2020.

Asset Revaluation Reserve

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

Cash Flow Hedge Reserve

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

4.2 Earnings per Share

Basic

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

$NZ000's	**May 2020**	May 2019
(Loss) / Profit after tax ($'000)	**(13,642)**	45,371
Weighted average number of ordinary shares outstanding ('000s)	**610,711**	604,367
Basic earnings per share (cents per share)	**(2.2)**	**7.5**

Diluted

Diluted Earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 May 2020 there were no shares with a dilutive effect (31 May 2019: nil).

	May 2020	May 2019
(Loss) / Profit after tax ($'000)	**(13,642)**	45,371
Diluted weighted average number of ordinary shares outstanding ('000s)	**610,711**	607,070
Diluted earnings per share (cents per share)	**(2.2)**	**7.5**

[1] Total dividends declared during the period differs to dividends paid per the Consolidated Statement of Changes in Equity as a result of dividends payable on LTIP scheme which remain within the Group until vesting.

4.3 Employee Share Based Payments

Long Term Incentive Plan ("LTIP")

The Company operated a LTIP for certain members of the Executive and Senior Management Team ("the Participants") during the year. The vesting of shares depended upon the satisfaction of performance hurdles.

Under the scheme the Group provided interest free limited recourse loans to fund the acquisition of shares by the Participants. In substance the arrangement was determined as an employee share option. The shares were treated as treasury stock from issue due to the features of the scheme.

A reconciliation of the share rights on issue is provided below.

Shares	**May 2020**	May 2019
Opening balance	**3,164,556**	3,164,556
Granted during the year	**-**	-
Vested during the year	**-**	-
Forfeited during the year – terminated employees	**(886,077)**	-
Forfeited during the year	**(2,278,479)**	-
Closing balance	**-**	**3,164,556**

2017 Long Term Incentive Plan

The first vesting criterion in relation to the 2017 Long Term Incentive Plan was a requirement for participants to be employed by the Group at the vesting dates in order for the shares to vest. Two Executive Team members resigned during the year. At the end of the employees' notice periods the beneficial ownership of the shares was transferred to OCA Employees Trustee Limited, a Group subsidiary, pursuant to the exercise of a call option by the Trustee under the terms of the Company's Executive Long Term Incentive Plan. As a result a total of 886,077 shares previously allotted to these employees as part of the 2017 Long Term Incentive Plan were forfeited.

For those remaining employees, the second vesting criterion was the achievement of a minimum Compound Annual Growth Rate in underlying net profit after tax per share of 35.0% per annum over the three year period until 31 May 2020. The vesting condition has not been met and as such the remaining 2,278,479 shares in the 2017 Long Term Incentive Plan as held by OCA Employees Trustee Limited on behalf of the Participants will no longer vest on the business day after the consolidated financial statements for the 31 May 2020 financial year are released. These shares were therefore called back by OCA Employees Trustee Limited. These shares continue to be held by OCA Employees Trustee Limited and therefore continue to meet the definition of Treasury Shares.

The expense previously recognised in reserves of $0.4m, has now been released and recognised as a credit in the year to 31 May 2020 and no expense has been recognised in respect of this scheme in the year to 31 May 2020.

Employee Share Scheme

On 25 July 2019, 1,004,640 shares were issued as part of an employee share scheme ("ESS"). All permanent employees as at that date were invited to participate. Full time employee participants were allocated an equivalent of $800 of shares and part time employee participants were allocated an equivalent of $400 of shares. The shares are held in trust and will be transferred to the employee if the employee remains employed by Oceania (or any of its subsidiaries) for the following three years.

4.4 Borrowings

Accounting Policy

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

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

$NZ000's	May 2020	May 2019
Secured		
Bank loans	**326,686**	265,487
Capitalised loan costs	**(1,232)**	(845)
Finance leases[2]	**-**	5,517
Total borrowings	**325,454**	**270,159**
Current	**-**	1,600
Non current	**326,686**	269,404
Total borrowings excluding capitalised loan costs	**326,686**	**271,004**

Recognition and Measurement

Bank Loans

Interest is charged using the BKBM Bill rate plus a margin and line fee. Interest rates applicable in the year to 31 May 2020 ranged from 2.52% to 3.85% (year to 31 May 2019: 2.94% to 3.48%).

Debt Financing

On 6 July 2018 an agreement was entered into with the banking syndicate to increase total debt facility limits from $235m to $350m as follows:

(i) General Corporate Facility limit increased to $135m (formerly $75m); and

(ii) Development Facility limit increased to $215m (formerly $160m).

The maturity of borrowings was extended to 31 July 2023.

In addition to the above, on 3 April 2020 a further agreement was entered into with the banking syndicate to increase the facility limit from $350m to $420m through the introduction of a third facility as follows:

(iii) General Facility limit $70m with an expiry date of 30 September 2021.

[2] NZ IFRS 16 Leases was adopted in the year. Leases are now disclosed in note 3.4.

Financing Arrangements

At 31 May 2020, the Group held committed bank facilities with drawings as follows:

$NZ000's	May 2020 Committed	May 2020 Drawn	May 2019 Committed	May 2019 Drawn
General Corporate Facility	**135,000**	**118,567**	135,000	101,961
Development Facility	**215,000**	**208,119**	215,000	163,526
General Facility	**70,000**	**-**	-	-
Total	**420,000**	**326,686**	**350,000**	**265,487**

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

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

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

a) Interest Cover Ratio – the ratio of Adjusted EBITDA to Net Interest Charges is not less than 2.0x;

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

In addition to the above, a third covenant in respect of development was added on 3 April 2020 at the time of the addition of the General Facility of $70m.

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

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

Assets Pledged as Security

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

As at 31 May 2020 the balance of the bank loans over which the properties are held as security is $327m (31 May 2019: $265m), the total commitment as at 31 May 2020 is $420m (31 May 2019: $350m).

4.4 Borrowings (continued)

Net Debt Reconciliation

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

$NZ000's	May 2020	May 2019
Cash and cash equivalents	**17,624**	22,762
Debt – repayable within one year	**(2,407)**	(1,600)
Debt – repayable after one year	**(337,280)**	(269,404)
	(322,063)	**(248,242)**
Cash and liquid investments	**17,624**	22,762
Gross debt – fixed interest rates	**(113,001)**	(105,517)
Gross debt – floating interest rates	**(226,686)**	(165,487)
	(322,063)	**(248,242)**

		Liabilities from Financing Activities				
NZ$000's	**Cash**	**Leases due within 1 year**	**Leases due after 1 year**	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Net Debt as at 31 May 2018	**18,288**	**(2,064)**	**(3,777)**	**-**	**(163,283)**	**(150,836)**
Cash flows	4,474	230	2,196	-	(98,519)	(91,619)
Acquisitions	-	(570)	(3,475)	-	-	(4,045)
Terminations	-	909	1,622	-	-	2,531
Other non-cash movements	-	(105)	(483)	-	(3,685)	(4,273)
Net debt as at 31 May 2019	**22,762**	**(1,600)**	**(3,917)**	**-**	**(265,487)**	**(248,242)**
Net Debt as at 31 May 2019	**22,762**	**(1,600)**	**(3,917)**	**-**	**(265,487)**	**(248,242)**
Recognition on adoption of NZ IFRS 16 Leases	**-**	**(786)**	**(7,936)**	**-**	**-**	**(8,722)**
Cash flows	**(5,138)**	**337**	**3,211**	**-**	**(56,882)**	**(58,472)**
Acquisitions	**-**	**(188)**	**(1,148)**	**-**	**-**	**(1,336)**
Terminations	**-**	**5**	**-**	**-**	**-**	**5**
Other non-cash movements	**-**	**(175)**	**(804)**	**-**	**(4,317)**	**(5,296)**
Net debt as at 31 May 2020	**17,624**	**(2,407)**	**(10,594)**	**-**	**(326,686)**	**(322,063)**

5. Other Disclosures

5.1 Income Tax

What is Current Tax?

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

What is Deferred Tax?

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

Accounting Policy

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

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

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

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

5.1 Income Tax (continued)

$NZ000's	May 2020	May 2019
Income tax benefit		
Current tax	**-**	-
Deferred tax	**(14,666)**	(13,576)
	(14,666)	**(13,576)**
Taxation expense is calculated as follows:		
(Loss) / Profit before income tax	**(28,308)**	31,795
Tax at the New Zealand tax rate of 28%	**(7,926)**	8,903
Adjusted by the tax effect of:		
Non-deductible impairment of goodwill	**137**	2,676
Non-deductible expenditure	**4**	208
Capitalised interest deductible for tax	**(1,783)**	(1,937)
Taxable deferred management fees	**(1,531)**	931
Non-assessable revaluation of investment property	**1,287**	(13,049)
Taxable depreciation	**(4,472)**	(2,856)
Accounting depreciation	**3,335**	2,294
Right of use asset	**42**	-
Non-deductible impairment / (reversal of non-deductible impairment) of fixed asset	**268**	1,955
Adjustment for timing difference of provisions	**272**	215
Other	**-**	-
Losses generated / (utilised)	**10,367**	660
Current tax expense	**-**	**-**
Impact of movements in investment property	**(8,583)**	(170)
Impact of movements in property, plant and equipment	**(10,873)**	(1,354)
Impact of movements in right of use assets	**(89)**	-
Other adjustments	**(271)**	(185)
Deferred management fee	**1,531**	(931)
Prior period adjustments: treatment of DMF income	**-**	(6,138)
Prior period adjustments: other	**367**	(1,048)
Losses utilised or derecognised / (recognised)	**3,252**	(3,751)
Deferred tax benefit	**(14,666)**	**(13,576)**
Income tax benefit	**(14,666)**	**(13,576)**

Movement in the Deferred Tax Balance:

$NZ000's	Balance 1 June 2019	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income[1]	Balance 31 May 2020
Investment property	**(9,264)**	**8,304**	**-**	**(960)**
Property, plant and equipment	**(22,504)**	**10,785**	**(2,932)**	**(14,651)**
Right of use assets	**-**	**89**	**840**	**929**
Provisions and other assets / liabilities	**6,123**	**271**	**2,251**	**8,645**
DMF revenue in advance	**7,069**	**(1,531)**	**-**	**5,538**
Tax losses	**3,751**	**(3,252)**	**-**	**499**
Deferred tax (liabilities) / assets	**(14,825)**	**14,666**	**159**	**-**

$NZ000's	Balance 1 June 2018	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Other Comprehensive Income	Balance 31 May 2019
Investment property	(9,624)	360	-	(9,264)
Property, plant and equipment	(18,470)	1,636	(5,670)	(22,504)
Provisions and other assets / liabilities	4,759	760	604	6,123
DMF revenue in advance	-	7,069	-	7,069
Tax losses	-	3,751	-	3,751
Deferred tax liabilities	**(23,335)**	**13,576**	**(5,066)**	**(14,825)**

Recognition and Measurement

No income tax was paid or payable during the year (2019: nil).

Key Accounting Judgements

Deferred Tax on Investment Property

Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use").

An initial recognition exemption has been applied to newly developed village sites in accordance with NZ IAS 12.

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

In calculating deferred tax under the Held for Use methodology, the Group has made significant judgements to determine taxable temporary differences. The carrying value of the Group's investment property is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Group has recognised deferred tax on the cash flows with a future tax consequence being DMF as provided by CBRE Limited, to the extent that it arises from depreciable components (i.e. buildings) of the investment property. The Group uses the council rateable valuations to estimate the apportionment of cash flows arising from the depreciable (i.e. buildings) and non-depreciable components (i.e. land).

[1] Includes the tax effect of the opening retained earnings adjustment on adoption of NZ IFRS 16.

5.1 Income Tax (continued)

Deferred Tax on Freehold Buildings

Due to the re-introduction of depreciation on residential buildings after the enactment of COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020, $13.5m of deferred tax liability that was held in respect of freehold buildings as at 31 May 2019 was derecognised at 31 May 2020.

Recognition of Deferred Tax on Deferred Management Fee

The interpretation of New Zealand tax laws in relation to DMF involves significant judgements and uncertainty.

During October 2018, the Group obtained a binding ruling from Inland Revenue, applicable for ORAs entered into after 1 June 2018 with certain revisions to the terms and conditions relating to the DMF. Pursuant to this ruling DMF revenue is recognised as derived on the exit of a unit or care suite by a resident.

Recognition of Deferred Tax on Tax Losses

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

On 5 September 2018 the Group forfeited all losses ($18.9m) generated prior to the IPO of the Company as a result of the sale of 15.56% of OHHL's shareholding. This resulted in the cessation of shareholder continuity. On 3 February 2020 OHHL sold its remaining shareholding and at this point all losses which remained at the point of the cessation of shareholder continuity, 5 September 2018, were also forfeited.

After allowing for the utilisation of losses to offset additional taxable income arising from the change in recognition of DMF revenue, the forfeiture of losses generated prior to IPO on 5 September 2018, the forfeiture of losses on the 3 February 2020 OHHL sell down and taking into consideration the new losses generated in the year to 31 May 2020, the Group now has an estimated $53.4m (2019: $25.6m) of available tax losses at 31 May 2020. These are effectively the tax losses generated after 5 September 2018 which will be retained by the Group provided there are no other significant shareholding changes.

The Group may recognise deferred tax assets to the extent that it is probable that the Group will generate future economic profits to offset the deferred tax assets or to the extent that they offset deferred tax liabilities. As a result of changes in legislation in respect of deferred tax on property assets during the year the Group is now in a small deferred tax liability position excluding the impact of tax in relation to losses. A deferred tax asset of $0.5m has been recognised as at 31 May 2020 in order to offset the net deferred tax liability position. All other available losses generated after 5 September 2018 are held off balance sheet and are noted below:

NZ$000's	**May 2020**	May 2019
Opening balance – tax losses	**25,589**	64,583
Prior period adjustments: treatment of DMF income	**-**	(21,923)
Prior period adjustments: other	**(2,280)**	(3,743)
Losses per Inland Revenue	**23,309**	**38,917**
Losses utilised for the period	**-**	(11,039)
Losses forfeited during the year	**(6,900)**	(15,684)
Losses generated during the year	**37,026**	13,395
Closing balance – tax losses	**53,435**	**25,589**

5.2 Intangible Assets

Accounting Policy

Goodwill

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

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised on a straight line basis over their estimated useful lives (2.5 years).

$NZ000's	Goodwill	Software	Total
Year ended 31 May 2019			
Opening net book amount	16,817	581	**17,398**
Additions	-	1,140	**1,140**
Amortisation	-	(109)	**(109)**
Impairment charge	(8,149)	-	**(8,149)**
Disposal	(1,612)	-	**(1,612)**
Closing net book amount	**7,056**	**1,612**	**8,668**
As at 31 May 2019			
At cost	207,387	4,820	**212,207**
Accumulated amortisation and impairment	(200,331)	(3,208)	**(203,539)**
Net book amount	**7,056**	**1,612**	**8,668**
Year ended 31 May 2020			
Opening net book amount	**7,056**	**1,612**	**8,668**
Additions	**-**	**2,709**	**2,709**
Amortisation	**-**	**(56)**	**(56)**
Impairment charge	**(491)**	**-**	**(491)**
Disposal	**-**	**-**	**-**
Closing net book amount	**6,565**	**4,265**	**10,830**
As at 31 May 2020			
At cost	**207,387**	**7,021**	**214,408**
Accumulated amortisation and impairment	**(200,822)**	**(2,756)**	**(203,578)**
Net book amount	**6,565**	**4,265**	**10,830**

Impairment Test for Goodwill

The carrying value of goodwill has been assessed on a site by site basis taking into account the site's results as a whole.

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

Key Judgements in Applying the Accounting Policies

Care CGUs Recoverable Amount

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

5.3 Trade and Other Receivables

Accounting Policy

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

Occupation licence payment receivables are recognised at the point in time that an ORA becomes unconditional and has either "cooled off" or where the resident is in occupation, and the resident has not yet made all of the contractual licence payment to the Group. The long term portion of this receivable has been discounted by $0.4m after applying the 5 year swap rate adjusted for the BKBM rate as a proxy for cost of capital.

$NZ000's	May 2020	May 2019
Net trade and other receivables		
Trade receivables	**13,032**	11,317
Less: Loss allowance	**(435)**	(428)
	12,597	**10,889**
Occupation licence payment receivable	**27,636**	31,282
Prepayments	**1,397**	1,370
Trade and other receivables	**41,630**	**43,541**

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 following details the expected loss rate adopted by the Group based on historic impairments and any other known factors with respect to resident departure date. A review of the appropriateness of the expected loss rate has been undertaken in light of COVID-19 and no change to the rate applied has been required or made.

Category of debt	Expected Loss Rate		
	Current	Departure <90 days	Departure >90 days
Care residents	1%	10%	75%
Ministry of Health / ACC	1%	1%	100%
Village Residents	-	-	-

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

5.4 Trade and Other Payables

Accounting Policy

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

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

Sundry payables include $0.1m (2019: $0.1m) relating to cash held on behalf of residents.

Wages and Salaries, Annual Leave and Long Service Leave

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

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

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

An amount has been recognised with respect to the portion of the COVID-19 wage subsidy received in advance relating to employee expenses to be incurred in June 2020.

$NZ000's	May 2020	May 2019
Trade payables	5,858	6,120
Sundry payables and accruals	11,654	17,473
Accrued interest on external borrowings and derivatives	514	131
Employee entitlements	16,658	14,841
COVID-19 wage subsidy payable	147	-
Trade and other payables	**34,831**	**38,565**

5.5 Related Party Transactions

On 5 September 2018 OHHL sold 15.56% of its holding. On 22 May 2019 OHHL sold a further 0.49% holding resulting in a remaining 41.16% shareholding as at 31 May 2019 and on 3 February 2020 OHHL sold its remaining holding. There are now no major shareholders.

The below entities are subsidiaries of Oceania Healthcare Limited.

Name of Entity	Principal Activities	2020	2019	Class of shares
Oceania Group (NZ) Limited	Support office functions	100%	100%	Ordinary
Oceania Care Company Limited	Operation of aged care centres	100%	100%	Ordinary
Oceania Village Company Limited	Ownership and operation of retirement villages	100%	100%	Ordinary
OCA Employees Trustee Limited	Hold LTIP shares and ESS shares on behalf of employees	100%	100%	Ordinary

All subsidiaries are incorporated in New Zealand and have a balance date of 31 May. There are no significant restrictions on subsidiaries.

5.5 Related Party Transactions (continued)

Key Management Personnel Compensation

Key management personnel are all executives with the authority for the strategic direction and management of the Group.

$NZ000's	May 2020	May 2019
Directors' remuneration and expenses	729	780
Directors' dividends including DRP	670	269
Salaries and other short term employee benefits	2,448	2,093
Key management personnel dividends including DRP	212	158
Termination benefits[2]	772	-
	4,831	3,300

Transactions with Related Parties

There are no outstanding balances with related parties (2019: nil).

5.6 Financial Risk Management

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

Classification and measurement

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

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

(a) Market Risk

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

(b) Cash Flow Risk

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

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

[2] Termination payments were made to two employees who met the definition of 'key management' and ceased to be employed by the Group during the year.

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

	+1%		-1%	
NZ$000's	**Profit / (Loss)**	**Equity**	**Profit / (Loss)**	**Equity**
2020				
Interest expense	**(3,902)**	**(3,902)**	**3,902**	**3,902**
2019				
Interest expense	(677)	(677)	677	677

Interest Rate Swaps

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

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

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

The Group adopted NZ IFRS 9 *Financial Instruments* ("NZ IFRS 9") on 1 June 2018. The Group applied the available exemption to continue to apply NZ IAS 39 to swaps which matured on 31 May 2019. From this point forward all swaps are accounted for under NZ IFRS 9. After the adoption of NZ IFRS 9 the rules on hedge accounting have been amended to align accounting treatment with risk management practices of the reporting entity.

Under the interest rate swap agreements, the Group has a right to receive interest at variable rates and an obligation to pay interest at fixed rates. At 31 May 2019, the Group's interest rate swaps of $100.0m matured. New interest rate swaps of $175.0m were put in place with an effective date of 1 June 2019 (with a trade date of 30 April 2019). Of the interest rate swaps in place at 31 May 2020, $175.0m (2019: 175.0m) are being used to cover approximately 54% (2019: 66%) of the loan principal outstanding. These agreements effectively change the Group's interest exposure on the principal covered by the interest rate swaps from a floating rate to a fixed rate. Bank loans of the Group currently bear an average fixed interest rate (including margin and line fees) of 4.1% (2019: 4.1%). The fair value of these agreements at 31 May 2020 is a $10.5m liability. The agreements cover notional amounts for a period of 3 years, 5 years, and 7 years.

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

	Average Contracted Fixed Interest Rate		**Notional Principal Amount**	
	May 2020 %	May 2019 %	**May 2020 $NZ000's**	May 2019 $NZ000's
Less than 1 year	**-**	4.10	**-**	-
Between 1 and 3 years	**3.04**	4.03	**75,000**	75,000
Between 3 and 5 years	**3.17**	4.10	**50,000**	50,000
Over 5 years	**3.35**	4.19	**50,000**	50,000

5.6 Financial Risk Management (continued)

(c) Credit Risk

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

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

Concentrations

Cash and cash equivalents of the Group are deposited with one of the major trading banks. Non-performance of obligations by the bank is not expected due to the credit rating of the counter party considered. The Standard and Poors credit rating of the counter party as at 31 May 2020 is AA- (2019: AA-).

The Group’s receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents. Large receivables generally relate to the residential care subsidies which are received in aggregate via the various District Health Boards and Work and Income New Zealand. Neither of these entities has demonstrated, or is considered, a credit risk.

(d) Liquidity Risk

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

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

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

NZ$000’s	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2020				
Trade and other payables	**17,512**	**-**	**-**	**-**
Lease liabilities	**3,211**	**2,870**	**4,138**	**7,134**
Borrowings	**7,730**	**7,484**	**334,361**	**-**
Cash flow hedge – interest rate swaps	**2,958**	**3,090**	**6,776**	**885**
Refundable occupation right agreements	**535,370**	**-**	**-**	**-**
2019				
Trade and other payables	23,593	-	-	-
Borrowings	10,928	13,052	282,749	-
Cash flow hedge – interest rate swaps	796	1,009	1,551	(210)
Refundable occupation right agreements	436,481	-	-	-

The refundable ORAs are repayable to the resident on vacation of the unit, apartment, care suite or on the termination of the occupation right agreement and subsequent resale of the unit, apartment or care suite. The expected maturity of the refundable ORAs is shown in note 3.3.

(e) Capital Risk Management

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

5.7 New Accounting Standards

New and amended standards adopted by the Group

In the current year, the Group adopted all mandatory new and amended standards and interpretations, including:

NZ IFRS 16, Leases (effective for the Group from 1 June 2019)

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

The standard does not change the accounting treatment from the perspective of lessors and the Group confirms that there is no change in recognition of rental and DMF income.

The standard requires a lessee to recognise a lease liability on the balance sheet reflecting the future lease payments and a right of use asset for all lease contracts, except those which are of low value or short term. This standard primarily effects the accounting of the Group's operating leases. As at 31 May 2019 the Group had non-cancellable operating lease commitments of $13.1m under operating leases. Many of the Group's leases relate to leases of low value assets however the Group currently leases three care centres and two administrative buildings.

The Directors have elected to apply the modified retrospective approach. Under this approach the cumulative effect of the initial recognition of NZ IFRS 16 is recognised as an adjustment to retained earnings as at 1 June 2019 and comparative figures are not restated but instead continue to reflect the accounting treatment under the previous standard. In addition, the Group has utilised the following permitted practical expedients:

a) The recognition exemption for short-term leases (term up to one year) and low-value leases (under $5k);

b) Not reassessing whether a contract is, or contains, a lease at the date of initial application;

c) Leases which end within 12 months of the date of initial application.

The following impacts are noted in the context of the 31 May 2020 balances:

a) A straight-line operating lease expense of $1.3m would have been recognised if the new standard had not been adopted, however instead there is an additional depreciation charge of $0.8m and additional interest expense on lease liabilities of $0.5m;

b) The repayment of the principal portion of all lease liabilities has been classified as financing activities; and

c) The Consolidated Balance Sheet has been impacted by the recognition of additional right of use assets of $5.7m and corresponding additional lease liabilities of $8.7m in respect of leases previously classified as operating leases. The liabilities were measured at the present value of the lease payments, discounted at a rate of between 5.7% and 6.0% for the different classes of assets. Total right of use assets and corresponding liabilities are $40.8m and $13.0m respectively. This results in a decrease in opening retained earnings as at 1 June 2019 of approximately $3.0m (net of tax: $2.2m).

The adoption of NZ IFRS 16 has had no impact on net cash flows of the Group. Refer to note 3.4 for further details.

A reconciliation between the operating lease commitments disclosed as at 31 May 2019 and the lease liability recognised on adoption of NZ IFRS 16 on 1 June 2019 is provided below.

$NZ000's	1 June 2019
Operating lease commitments disclosed as at 31 May 2019	**13,076**
Discounted at the date of initial application	8,870
Add: Finance lease liabilities already recognised as at 31 May 2019	5,517
Add: Adjustment for lease variations	-
Less: Low-value and short-term leases recognised on a straight-line basis as expense	(148)
Lease liabilities recognised as at 1 June 2019	**14,239**

5.8 Contingencies and Commitments

At 31 May 2020, the Group had no contingent liabilities or assets (2019: nil).

At 31 May 2020, the Group has a number of commitments to develop and construct certain sites totalling $113.9m (2019: $106.7m) of which $113.5m (2019: $106.7m) relates to development sites.

As at 31 May 2020, a commitment of $9.3m (2019: $11.5m) exists in relation to Stage One and $9.9m (2019: $27.2m) in relation to Stage Two in the form of future lease payments in respect of the development of Everil Orr, a leasehold site. Lease payment obligations arise as ORAs are sold. Refer to note 3.4 for further details.

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

5.9 Events After Balance Date

Balance Date

On 9 July 2020 the Group received approval from the Commissioner of Inland Revenue to change the balance date of the Group and its subsidiaries to 31 March. The Group is in the process of notifying all affected parties.

Dividend

On 23 July 2020 a final dividend of 1.2 cents per share (not imputed) was declared and will be paid on 17 August 2020. The record date for entitlement is 3 August 2020. Refer to note 4.1.

There have been no other significant events after balance date.

Independent Auditor's Report

To the shareholders of Oceania Healthcare Limited

We have audited the consolidated financial statements which comprise:

- The consolidated balance sheet as at 31 May 2020;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated cash flow statement for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying consolidated financial statements of Oceania Healthcare Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 May 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

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

Our firm carries out other services for the Group in the areas of trustee reporting and agreed upon procedures in respect of proxy voting at the Annual Shareholders Meeting. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Valuation of investment property and freehold land and buildings with material valuation uncertainty arising from COVID-19 As disclosed in note 3.1 and 3.2 of the consolidated financial statements: • the Group's investment property portfolio was valued at $947.8 million at 31 May 2020 and included completed investment property and investment property under development. • the Group's freehold land and buildings were valued at $471.6 million at 31 May 2020. This included freehold land and buildings operated by the Group for the provision of care services, care suites, and land and buildings to be developed into care facilities in the future (together referred to as freehold land and buildings). The Group's accounting policy is to measure these assets at fair value. Independent valuations of all investment property and freehold land and buildings were carried out by a third party valuer, CBRE Limited (the Valuer). As discussed in note 1.3 and note 3 of the consolidated financial statements, the Valuer has included a material valuation uncertainty clause in their valuation report. *This clause highlights that less certainty, and consequently a higher degree of caution, should be applied to the valuations as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment property and freehold land and buildings. The Valuer has considered COVID-19 lockdown impacts and future anticipated trading conditions in determining their assumptions and preparing their valuation.* Completed investment property and care suites are recorded in the consolidated financial statements at a Directors' valuation which is based on the value determined by the Valuer as at 30 April 2020, adjusted by management for: • the impact of any sale, resale and repurchase of Occupation Right	The valuation of investment property and freehold land and buildings is inherently subjective given that there are alternative assumptions and valuation methods that may result in a range of values. The impact of COVID-19 at 31 May 2020 has resulted in a wider range of possible values than in the past. We considered the adequacy of the disclosures made in notes 1.3 and 3 to the consolidated financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment property and freehold land and buildings. We discussed with the Valuer and obtained sufficient appropriate audit evidence to demonstrate that the inclusion of the valuation in the consolidated statement of financial position and disclosures made in the consolidated financial statements were appropriate. Our audit procedures also included the following: ***External valuations*** We read the valuation report and discussed it with the Valuer. We assessed the valuation approach and confirmed that this was in accordance with the relevant accounting standards. On a sample basis, we tested whether property specific information supplied to the Valuer by the Group reflected the underlying property records held by the Group. From our discussions with management and the Valuer, and from our review of the valuation report, assumptions (as detailed in the description of this Key Audit Matter) were made for each individual property to reflect its characteristics, its overall quality, geographic location and desirability as a whole. ***Valuation adjustments*** We tested, on a sample basis, the adjustments made to the valuations determined by the Valuer as at 30 April 2020 as detailed in the description of this Key Audit Matter. This testing included obtaining signed ORAs for a sample of sales and resales and supporting documentation for

Agreements (ORAs) for investment property between the date of the valuation (30 April 2020) and 31 May 2020;
• the estimated costs to be incurred to complete development of any asset not complete at the date of the valuation, but valued by the Valuer as if it was complete;
• for completed investment property, refundable occupation licence payments, residents' share of resale gains and management fees receivable which are recognised separately on the consolidated balance sheet and also reflected in the Valuer's cash flow model;
• changes to the operating assumptions applied by the Valuer to sites in their first few years of operation.

For each completed investment property and each care suite, assumptions and estimates were made in respect of:
• property price growth rate;
• stabilised occupancy periods; and
• discount rate.

Investment property under development and land and buildings to be developed into care facilities in the future are recorded in the consolidated financial statements at a Directors' valuation which is based on a range of values determined by the Valuer as at 30 April 2020, adjusted by management for the cost of any work in progress.

For each asset under development, assumptions and estimates were made in respect of the price per square metre of land.

Freehold land and buildings operated by the Group for the provision of care services are recorded in the consolidated financial statements at a Directors' valuation which is based on the value determined by the Valuer as at 30 April 2020.

For each property, assumptions and estimates are made in respect of:
• forecast earnings before interest, tax, depreciation, amortisation, and rent; and
• capitalisation rate.

repurchases in May 2020 and obtaining quantity surveyors reports to support the estimated cost to complete developments at 31 May 2020. We also obtained supporting documentation for a sample of transactions included in work in progress at 31 May 2020. For sites in their first few years of operation, we considered the reasonableness of the changes made by the Directors to the operating assumptions.

Assumptions and estimates
Our work over the assumptions focused on the largest properties within the portfolio and those properties where the assumptions used and/or year-on-year fair value movement suggested a possible outlier compared to the rest of the portfolio and the market data for the sector.

We held discussions with the Valuer to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 had on significant inputs and assumptions. We also sought to understand and consider restrictions imposed on the valuation process (if any) and the market conditions at balance date.

We engaged our in-house expert to challenge the work performed by the Valuer and assess the reasonableness of the assumptions used based on their knowledge gained from reviewing valuations of similar properties, known transactions and available market data.

We understood the apportionment of the valuations to each class of assets and assessed the reasonableness of this through discussions with the Valuer and our in-house expert.

Valuation estimates
Because of the judgement involved in determining valuations for individual properties and the existence of alternative assumptions and valuation methods, there is a range of values which can be considered reasonable when evaluating the independent property valuations used by the Group. If we identified an error in a property valuation or determined that the valuation was outside of a reasonable range, we evaluated the error or difference to determine if there was a material misstatement in the consolidated financial statements.

The valuation of the Group's property portfolio is inherently subjective. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in assumptions on individual properties, when aggregated, could result in material differences, is why we have given specific audit focus and attention to this area.

We considered whether there were any events subsequent to the date of the Valuer's report which may have caused the valuation of investment property and freehold land and buildings to be materially different to those determined by the Valuer.

Deferred tax on investment property and care suites

Determination of deferred tax balances

As disclosed in note 5.1 of the consolidated financial statements, the Group assesses deferred tax on investment property and care suites on the basis that the asset value will be realised through use ('Held for Use').

In applying the Held for Use methodology, the Group makes four key assumptions which involve significant judgement:

1. Determining the amount of taxable cash flows;
2. Timing of taxable cash flows, being at the end of the Occupation Right Agreement (ORA) period;
3. Apportionment of the value of investment property between land and buildings; and
4. Determining the number of years that commercial investment property is expected to be in use and depreciable for tax purposes.

Due to the significant judgement exercised by the Group in determining the deferred tax on investment property and care suites, as well as the impact of changes to tax legislation relating to depreciation on commercial investment property, we have given specific audit focus and attention to this area.

Assumptions with respect to realisation through held for use

With respect to the assumptions used in the calculation of deferred tax, we engaged our in-house tax specialist to challenge the work performed and assess the reasonableness of the assumptions based on their knowledge of the tax legislation and other accepted approaches in the industry.

1. Determining the amount of taxable cash flows

We agreed the amount of taxable cash flows of investment property and care suites from the Valuer's report, which is based on materially the same assumptions and estimates used in the valuation of investment property and care suites described above.

2. Timing of taxable cash flows

We tested a sample of new ORAs to confirm that the Deferred Management Fees (DMF) are contractually earned at the end of the ORA period.

3. Apportionment of investment property

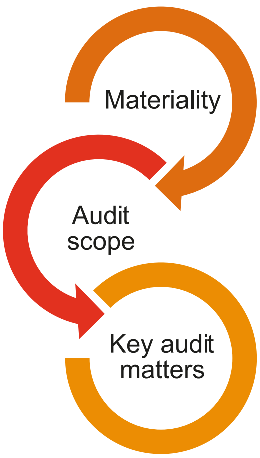
For a sample of investment properties, we agreed the council rateable valuations to the council website and recalculated the apportionment between land and buildings.

4. Determining the number of years that commercial investment property is expected to be depreciable for tax purposes

We determined a reasonable range for the expected period in which the relevant assets will be in use and depreciable for tax purposes. Management's judgement was within this range.

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $1.9 million, which represents approximately 1% of revenue.

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

As discussed above, we have determined that there are two key audit matters:

- Valuation of investment property and freehold land and buildings with material valuation uncertainty arising from COVID-19
- Deferred tax on investment property and care suites

Materiality

The scope of our audit was influenced by our application of materiality.

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

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

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

Responsibilities of the Directors for the consolidated financial statements

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
23 July 2020

Auckland

Corporate Governance

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

Oceania Healthcare's governance framework is guided by the recommendations set by the NZX Corporate Governance Code. Oceania Healthcare has prepared a statement on the extent to which it has followed the recommendations in the NZX Corporate Governance Code. The Corporate Governance Statement is current as at 31 May 2020. Oceania Healthcare considers that it has followed the recommendations in the NZX Corporate Governance Code in all respects during FY2020.

For detailed information on Oceania Healthcare's corporate governance policies, practices and processes please refer to the Investors section on the Oceania Healthcare website – **www.oceaniahealthcare.co.nz/investor-centre/governance**

This contains the following documents:

Corporate Governance Statement

Constitution

Charters

- Board Charter
- Audit Committee Charter
- Remuneration Committee Charter
- Clinical and Health and Safety Committee Charter
- Development Committee Charter

Policies

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

Dividend Reinvestment Plan Offer Document

Director Independence

As at 31 May 2020 and the date of this Annual Report, the Board comprised the following six Directors:

Elizabeth Coutts	Chair, Independent Director	Appointed in November 2014
Alan Isaac	Independent Director	Appointed in October 2015
Dame Kerry Prendergast	Independent Director	Appointed in December 2016
Sally Evans	Independent Director	Appointed in March 2018
Patrick McCawe	Independent Director	Appointed in February 2017
Gregory Tomlinson	Independent Director	Appointed in March 2018

Corporate Governance (continued)

Director Independence (continued)

All of the Directors are non-executive Directors. The Board has considered which of the Directors are independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 31 May 2020, all six Directors are independent Directors, including the Chair and the Chair of the Audit Committee. The factors relevant to determining whether a Director is an independent Director are the criteria in the NZX Listing Rules for Director independence, having regard to the factors described in the NZX Corporate Governance Code that may impact Director independence.

Committee Membership

The Board has four standing committees to assist in the execution of the Board's duties, being the Audit Committee, the Remuneration Committee, the Clinical and Health and Safety Committee and the Development Committee.

As at 31 May 2020, membership of the committees was as follows:

Audit Committee – Alan Isaac (Chair), Elizabeth Coutts, Patrick McCawe

Remuneration Committee – Sally Evans (Chair), Elizabeth Coutts, Alan Isaac

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

Development Committee – Gregory Tomlinson (Chair), Elizabeth Coutts

Diversity

Oceania Healthcare's Diversity Policy is available on its website. The Diversity Policy aims to ensure that Oceania Healthcare has a focus on diversity throughout the organisation. This recognises that a diverse workforce contributes to business growth and performance, helping to drive an inclusive, high performance environment.

The Board considers that the Diversity Policy has been successfully implemented across the business with an excellent balance of gender and ethnicity at Director and officer levels. As at 31 May 2020 (and 31 May 2019 for the prior comparative period), the gender breakdown of the Directors, officers (as that term is defined in the NZX Listing Rules) and employees is as follows:

	31 May 2020		**31 May 2019**	
Gender	**Male**	**Female**	**Male**	**Female**
Directors	**3**	**3**	4	3
Officers	**5**	**5**	5	5
Employees	**416**	**2368**	344	2268

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

Remuneration Report

Directors' Fees

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

Director Remuneration paid in the year ended 31 May 2020

Director	Board Fees	Audit Committee	Clinical and Health and Safety Committee	Remuneration Committee	Total Remuneration
Elizabeth Coutts (Chair)	$180,000	-	-	-	$180,000
Alan Isaac	$90,000	$20,000	-	-	$110,000
Dame Kerry Prendergast	$90,000	-	$15,000	-	$105,000
Sally Evans	$90,000	-	-	$7,500	$97,500
Hugh FitzSimons[1]	$60,775	-	-	-	$60,775
Patrick McCawe	$90,000	-	-	-	$90,000
Gregory Tomlinson	$90,000	-	-	-	$90,000

[1] Hugh FitzSimons resigned from the Board on 3 February 2020.

The above fees exclude GST and expenses.

Employees' Remuneration

Oceania Healthcare did not employ people directly in the year ended 31 May 2020. All employees are employed by the subsidiaries of Oceania Healthcare. The number of employees and former employees of Oceania Healthcare's subsidiaries, not being a Director of Oceania Healthcare, who received remuneration and other benefits the value of which was or exceeded $100,000 during the financial year ended 31 May 2020 is set out in the table of remuneration bands below.

The remuneration figures shown in the "Remuneration" column include all monetary payments actually paid during the course of the year ended 31 May 2020, which include performance incentive payments for the year ended 31 May 2019. The table does not include amounts paid after 31 May 2020 that relate to the year ended 31 May 2020.

Remuneration	Number of Employees	Remuneration	Number of Employees
$100,000 - $109,999	9	$200,000 - $209,999	2
$110,000 - $119,999	9	$210,000 - $219,999	3
$120,000 - $129,999	11	$220,000 - $229,999	1
$130,000 - $139,999	11	$230,000 - $239,999	1
$140,000 - $149,999	11	$270,000 - $279,999	1
$150,000 - $159,999	7	$280,000 - $289,999	1
$160,000 - $169,999	3	$400,000 - $409,999	1
$170,000 - $179,999	3	$500,000 - $509,999	1
$180,000 - $189,999	1	$630,000 - $639,999	1
$190,000 - $199,999	4	$1,180,000 - $1,189,999	1

Corporate Governance (continued)

Chief Executive Officer's Remuneration

The remuneration of the Chief Executive Officer ("CEO") for the year ended 31 May 2020 is as follows:

Base Salary	Other Benefits	STI	Subtotal	LTIP	Remuneration Total
$517,937	$34,217	$84,875	$637,029	–	$637,029

Mr Gasparich received a short term incentive of $84,875. This was based on achievement of financial performance (EBITDA performance against budget), health and safety performance (injury and reporting rates), personal goals and a discretionary component for the year ended 31 May 2019.

The remuneration of the CEO for the year ended 31 May 2019 (being the prior comparative period) is as follows:

Base Salary	Other Benefits	STI	Subtotal	LTIP	Remuneration Total
$507,001	$28,743	$208,576	$744,320	$36,827	$781,147

Mr Gasparich received a short term incentive of $208,576. This was based on achievement of financial performance (EBITDA performance against budget), health and safety performance (injury and reporting rates), personal goals and a discretionary component for the year ended 31 May 2018.

The remuneration of the CEO comprises a fixed remuneration and performance payments. Fixed remuneration includes a base salary, the provision of a carpark and a vehicle allowance.

Statutory Disclosures

Disclosure of Directors' Interests

The following particulars were entered in the Interests Register kept for Oceania Healthcare and its subsidiaries during the year ended 31 May 2020:

Elizabeth Coutts: Disclosed she ceased to hold the following position: President of the Institute of Directors.

Alan Isaac: Disclosed he ceased to hold the following position: Chairman of McGrathNicol & Partners.

Disclosed the following new position: President of the Institute of Directors (previously Vice-President).

Dame Kerry Prendergast: Disclosed the following new positions: Director of Commercial Fisheries Services; Chair of Wellington Opera; and Chair of Royal New Zealand Ballet.

Sally Evans: Disclosed she ceased to hold the following position: Chair of LifeCircle Australia Limited.

Hugh FitzSimons (resigned as a Director on 3 February 2020): Disclosed he ceased to hold the following positions: Director of Hobart Airport and associated entities; Director of RSL Lifecare Limited.

Disclosed the following new positions: Director of Queensland Airports Limited and associated entities; Director of Port of Newcastle; Alternate Director of North Queensland Airports.

Specific Disclosures

There were no specific disclosures made by Directors during the year ended 31 May 2020 of any interests in transactions with Oceania Healthcare or any of its subsidiaries.

Use of Company Information

During the year ended 31 May 2020, the Board did not receive any notices from Directors requesting use of Oceania Healthcare's or any of its subsidiaries' information.

Securities Dealings of Directors

Dealings by Directors of Oceania Healthcare in relevant interests in Oceania Healthcare's ordinary shares during the year ended 31 May 2020 are entered in the Interests Register:

Director	Number of Ordinary Shares	Nature of Relevant Interest	Acquisition / Disposal	Consideration (Per Share)	Date of Transaction
Dame Kerry Prendergast	100,000	Registered and beneficial interest	Acquisition	$1.03	2 August 2019
Gregory Tomlinson	800,000	Beneficial interest	Acquisition	$1.03	7 August 2019
Gregory Tomlinson	42,692	Beneficial interest	Acquisition	$1.02	12 August 2019
Gregory Tomlinson	500,000	Beneficial interest	Acquisition	$1.02	15 August 2019
Gregory Tomlinson	500,000	Beneficial interest	Acquisition	$1.03	20 August 2019
Elizabeth Coutts	15,649	Beneficial interest	Acquisition	$1.00	26 August 2019
Alan Isaac	3,476	Beneficial interest	Acquisition	$1.00	26 August 2019
Dame Kerry Prendergast	3,477	Registered and beneficial interest	Acquisition	$1.00	26 August 2019
Gregory Tomlinson	196,086	Beneficial interest	Acquisition	$1.00	26 August 2019
Sally Evans	441	Registered and beneficial interest	Acquisition	$1.00	26 August 2019
Alan Isaac	20,000	Beneficial interest	Acquisition	$1.02	10 September 2019
Hugh FitzSimons	251,202,979	Shares held by OHHL[2]	Disposal	$1.20	30 January 2020
Patrick McCawe	251,202,979	Shares held by OHHL[2]	Disposal	$1.20	30 January 2020
Elizabeth Coutts	250,000	Beneficial interest	Acquisition	$1.20	30 January 2020
Alan Isaac	20,000	Beneficial interest	Acquisition	$1.20	30 January 2020
Dame Kerry Prendergast	100,000	Registered and beneficial interest	Acquisition	$1.20	30 January 2020
Gregory Tomlinson	5,000,000	Beneficial interest	Acquisition	$1.20	30 January 2020
Sally Evans	19,200	Registered and beneficial interest	Acquisition	$1.24	30 January 2020
Elizabeth Coutts	15,287	Beneficial interest	Acquisition	$1.18	24 February 2020
Alan Isaac	3,192	Beneficial interest	Acquisition	$1.18	24 February 2020
Dame Kerry Prendergast	3,980	Registered and beneficial interest	Acquisition	$1.18	24 February 2020
Gregory Tomlinson	342,855	Beneficial interest	Acquisition	$1.18	24 February 2020
Sally Evans	659	Registered and beneficial interest	Acquisition	$1.18	24 February 2020
Elizabeth Coutts	50,000	Beneficial interest	Acquisition	$0.56	20 March 2020
Gregory Tomlinson	1,000,000	Beneficial interest	Acquisition	$0.51	20 March 2020
Alan Isaac	20,000	Beneficial interest	Acquisition	$0.60	25 March 2020
Alan Isaac	10,000	Beneficial interest	Acquisition	$0.59	26 March 2020

[2] Oceania Healthcare Holdings Limited ("OHHL") held shares in Oceania Healthcare. OHHL is owned indirectly by three institutional funds that are managed by specialist management companies within the Macquarie Infrastructure and Real Assets division of Macquarie Group Limited. The fund investments are held through various sub trusts. The Trust Company Limited, as custodian, holds OHHL shares on behalf of the sub trusts. As Directors of OHHL, each of Patrick McCawe and Hugh FitzSimons had the power to control the exercise of the rights attaching to the shares held by OHHL, and the power to control the acquisition or disposition of such shares.

Corporate Governance (continued)

Directors' Interests in Shares

Directors of Oceania Healthcare have disclosed the following relevant interests in shares as at 31 May 2020:

Director	Number of Shares in which a Relevant Interest is Held
Elizabeth Coutts	1,230,936 shares
Alan Isaac	276,668 shares
Dame Kerry Prendergast	307,457 shares
Sally Evans	40,300 shares
Patrick McCawe	250,000 shares
Gregory Tomlinson	18,858,332 shares

Indemnity and Insurance

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

Auditor's Fees

Oceania Healthcare's external auditor is PricewaterhouseCoopers. Total fees paid by Oceania Healthcare and its subsidiaries to PricewaterhouseCoopers in its capacity as auditor during the financial year ended 31 May 2020 were $369,700. Total fees paid to PricewaterhouseCoopers for other professional services (being trustee reporting, taxation services and research on new markets) during the financial year ended 31 May 2020 were $12,000. No other fees were paid to PricewaterhouseCoopers for other professional services.

Donations

During the year ended 31 May 2020, Oceania Healthcare and its subsidiaries paid a total of $6,841 in donations.

Stock Exchange Listings

Oceania Healthcare's shares are listed on the NZX and the ASX. Oceania Healthcare is listed on ASX as a Foreign Exempt Listing, which means that Oceania Healthcare is required to comply with the NZX Listing Rules but it is exempt from the majority of the ASX Listing Rules. In accordance with ASX Listing Rule 1.15.3, Oceania Healthcare confirms that it has complied with the NZX Listing Rules for the financial year ended 31 May 2020.

NZX Waivers

Oceania Healthcare does not have any waivers from the requirements of the NZX Listing Rules.

Credit Rating

Oceania Healthcare has no credit rating.

Former Directors

Hugh FitzSimons resigned as a Director of Oceania Healthcare and OCA Employees Trustee Limited on 3 February 2020.

Matthew Ward resigned as a Director of Oceania Village Company Limited, Oceania Care Company Limited and Oceania Group (NZ) Limited on 24 February 2020.

Subsidiary Company Directors

Earl Gasparich and Brent Pattison are the Directors of all Oceania Healthcare's subsidiaries as at 31 May 2020, with the exception of OCA Employees Trustee Limited (the Directors of which are Elizabeth Coutts and Sally Evans).

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

SHAREHOLDER INFORMATION

Twenty Largest Shareholders

(as at 30 June 2020)

Registered Shareholder		Number of Shares	% Shares
1	New Zealand Central Securities Depository Limited	198,463,018	32.11
2	FNZ Custodians Limited	53,260,201	8.61
3	Custodial Services Limited	19,232,387	3.11
4	Investment Custodial Services Limited	18,302,916	2.96
5	Tomlinson Group Investments Limited[3]	15,223,352	2.46
6	Custodial Services Limited	13,430,998	2.17
7	New Zealand Depository Nominee Limited	12,159,505	1.96
8	Custodial Services Limited	7,256,346	1.17
9	Forsyth Barr Custodians Limited	5,588,373	0.90
10	Philip George Lennon	5,000,000	0.80
11	Custodial Services Limited	4,927,878	0.79
12	Custodial Services Limited	4,727,191	0.76
13	H & G Limited	4,400,000	0.71
14	Andrew Craig Strong & Alison Jean Strong	4,300,000	0.69
15	Custodial Services Limited	4,268,849	0.69
16	FNZ Custodians Limited	4,060,523	0.65
17	Harrogate Trustee Limited[3]	3,634,980	0.58
18	Leveraged Equities Finance Limited	3,188,012	0.51
19	OCA Employees Trustee Limited	3,164,557	0.51
20	PT (Booster Investments) Nominees Limited	2,666,459	0.43
Total		**387,255,545**	**62.57**

[3] Gregory Tomlinson's relevant interests are held by Tomlinson Group Investments Limited and Harrogate Trustee Limited.

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

Name		Number of Shares	% Shares
1	HSBC Nominees (New Zealand) Limited	29,141,483	4.71
2	Accident Compensation Corporation	25,474,671	4.12
3	Citibank Nominees (New Zealand) Limited	25,135,986	4.07
4	Generate Kiwisaver Public Trust Nominees Limited	18,975,810	3.07
5	ANZ Wholesale Trans-Tasman Property Securities Fund	17,925,544	2.90
6	MFL Mutual Fund Limited	17,671,047	2.86
7	HSBC Nominees (New Zealand) Limited	12,968,449	2.10
8	BNP Paribas Nominees (NZ) Limited	12,394,987	2.01
9	ANZ Wholesale Australasian Share Fund	8,579,262	1.39
10	JP Morgan Chase Bank NA NZ Branch	7,856,535	1.27
11	BNP Paribas Nominees (NZ) Limited	4,474,221	0.72
12	ANZ Wholesale Property Securities	4,213,649	0.68
13	TEA Custodians Limited	3,116,522	0.50
14	National Nominees Limited	3,036,748	0.49
15	Public Trust Class 10 Nominees Limited	2,830,738	0.46
16	Queen Street Nominees ACF PIE Funds	1,710,854	0.28
17	Public Trust RIF Nominees Limited	1,305,659	0.21
18	ANZ Custodial Services New Zealand Limited	754,445	0.12
19	New Zealand Permanent Trustees Limited	354,300	0.06
20	ANZ Wholesale Equity Selection Fund	301,282	0.05

Spread of Holdings

(as at 30 June 2020)

Size of Holding	Number of Shareholders	%	Number of Shares	%
1 – 1,000	697	8.73	436,523	0.07
1,001 – 5,000	1873	23.47	5,924,352	0.96
5,001 – 10,000	1600	20.05	12,555,210	2.03
10,001 – 100,000	3405	42.66	105,562,068	17.08
100,001 and over	406	5.09	493,578,030	79.86
Totals		**100**		**100**

Substantial Product Holders

According to Oceania Healthcare's records and notices given under the Financial Markets Conduct Act 2013, the following were substantial product holders of Oceania Healthcare as at 31 May 2020:

Substantial Product Holder	Number of Shares out of 618,056,183, being the Total Number of Shares as at 31 May 2020	% of Shares Held at Date of Notice	Date of Notice
ANZ New Zealand Investments Limited, ANZ Bank New Zealand Limited and ANZ Custodial Services New Zealand Limited	52,071,416	8.47	23 March 2020
Jarden Securities Limited and Harbour Asset Management Limited	32,369,861	5.26	25 March 2020

Notes

THANK YOU.

AARON B ABBEY H ABDA M ABDUL Z ABIGAIL I ABRAHAM P ABY K ADA C ADA S ADAM G ADELBERT E ADELE C ADRIAN C ADRIAN F ADRIANA C ADRIANA S
ADRIANO L ADRIENNE E ADRIENNE M AERENGA N AGNES L AGNES L AHDARSH P AIDA E AILEEN M AILISE L AIMEE C AINSLIE S AIQULEEN M AIZA C AJAY K
AJAY S AJI T AKALINGA T AKETEKURA A AKILA I AKOS O AKSHAY P ALAA H ALAN I ALANA J ALANAH F ALAYNE P ALBERT R ALDIN C ALDRIN B ALEISHA K
ALETA F ALEX L ALEXANDRA M ALEXIS J ALEXIS J ALEXIS S ALFEVIC E ALFRED C ALGA K ALI N ALICE H ALICE V ALICIA H ALIEDA G ALIESHA T ALINA K
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ALTHEA E ALUMECI R ALYSSA D ALYSSA R ALYSSA S AMADO C AMALA I AMALI W AMANDA D AMANDA J AMANDA L AMANDA M AMANDA R AMANDEEP K
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ANTHONY S ANTOINETTE P ANU A ANU G ANU S APRIL C APRIL P APRIL R APRIL S APRIL S ARACELI C ARADNA R ARATI K ARCHANA A ARCHER E
ARIANA B ARIEL R ARIFF T ARIS M ARLENE C ARLENE H ARMELLE G ARNEL N AROHA G AROHA T ARPANA S ARTHUR B ARTHUR R ARTIKA K ARVI M
ASENA P ASHA A ASHA A ASHA M ASHISH A ASHISH B ASHISH D ASHLEIGH M ASHNA K ASHNA N ASHTAD G ASHWINI A ASMITA G ASTAR G ASWATHY J
ASWATHY J ASWATHY K ATHIRA S ATINA S AUBREY F AVEGAIL B AVISEK K AVON T AZEB E BABITHA P BACHHI C BAKSHINDER K BALPREET B BALTAZAR
BARBARA C BARBARA N BARBARA S BARBIE P BARRY C BARRY W BARSHA K BASANTI L BEA V BEE D BEE S BELINDA P BELLA F BELLA M BELLA S
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BINU T BLAIR S BLANDINA L BO X BON N BONNIE R BOONNAM B BRAD P BREANA W BRENDA C BRENDA D BRENDA M BRENDA P BRENDA S BRENDA S
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CAMERON T CAREY G CARLA L CARLA P CARLA T CARLIE-ANN C CARLL C CARLOS A CARMEN C CARMEN H CARMEN T CARMEN T CARMINA B CAROL A
CAROL F CAROL H CAROL K CAROL P CAROL T CAROL W CAROL W CAROL-ANN A CAROLE G CAROLINE P CAROLINE S CAROLINE W CAROLYN W CAROLYNE G
CAROZON G CARRIE L CARROL H CASEY M CATHERINE D CATHERINE F CATHERINE L CATHERINE L CATHERINE L CATHERINE M CATHERINE P CATHERINE R
CATHRYN R CATHY K CATHY W CATRINA B CATTI B CATTLEYA A CECILE L CECILIA M CECILY W CELIA H CHAITALI P CHAN D CHANPREET K CHANTAL D
CHARISSE R CHARITO D CHARLES M CHARLI W CHARLIE S CHARLOTTE B CHARLOTTE O CHARMAINE C CHARMAINE R CHELCEI N CHELSEA T CHEREE F
CHERIE B CHERIE H CHERIE S CHERIE T CHERLITA G CHERRIE C CHERRY M CHERRYLINE C CHERYL A CHERYL A CHERYL N CHESSIL S CHHAYA T CHIE B
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CYNTHIA A CYNTHIA F CYRIL B CYRIL S CZARINA K DADAN R DAGMAR R DAISY A DAISY P DALJIT K DAMOISELLE B DANI C DANIELA G DAPHNIE D DARIAN N
DARRYL W DARSHIKA L DAVE B DAVE H DAVID E DAVID H DAVID M DAVID W DAVINDER K DAWN B DEAN B DEAN P DEANNE D DEB G DEBASIS P DEBBIE A
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DORITA A DULANJA W EARL G ECHO H EDEN P EDEN R EDEN T EDMOND S EDUARDO B EDUARDO D EDWARD C EDWIN S EILEEN C EILEEN M EILEEN T ELA K
ELAINE E ELAINE N ELAINE W ELDHO P ELEA O ELEANOR N ELEANOR T ELENA C ELENA T ELENITA W ELENOA P ELENOA S ELESI B ELI P ELISA S ELISHA J
ELISHA L ELIZA M ELIZABETH C ELIZABETH H ELIZABETH M ELIZABETH M ELIZABETH T ELLEN E ELLICE S ELLIE L ELMARIE L ELMERLITO L ELSA R ELSA T
ELSIE S ELVIRA T ELZA N ELZINA D EMA K EMA L EMELIE C EMERITA U EMERSON N EMI B EMILY K EMILY P EMLYN K EMMA G EMMA K EMMA L EMMA L
EMMA-LEE F EMMANUEL O ENANAYE M ENOSH L ENRIQUE V ENYA B ERANDI R EREBUKA B ERICA W ERIKA T ERIN R ERINA F ERINA K ERLINDA U ESETA M
ESHRAT A ESTHER T ESTRELITA L EUGENE B EUNICE F EVA B EVA T EVANA B EVANGELINE B EVE T EVE KATHERINE W EVELYN M EVELYN M EVELYNJOY A
EVI C EWEN F FAALAGI T FAANINIVA S FA'ASE'E L FAATASIGA M FABISH F FAITH M FAMINA K FATAI S FATHIYA S FAY S FAYE D FAYE Q FAYE S FEBEENA F
FELICITY C FELISHA F FELRE D FERLYN S FEROZIA B FI T FIDELIZA M FIFITA L FIFITA V FINAU H FIONA B FIONA C FIONA H FIONA L FIONA L FIONA S
FIZA J FLOMAR N FLORDELUNA M FOLOLINA F FONTRESCO S FRANCES H FRANCES O FRANCES O FRANCESCA M FRANCO M FREMIE T FRITH O GABAYI G
GABRIEL D GABRIELLE H GAGAN K GAIL F GAIL H GAIL K GAIL M GARETH W GARISSA G GARY B GARY L GAURAV V GAYLE J GAYLE P GAYLE W
GAYLENE B GAYLENE B GAYZA T GED R GEETHA M GEETHU P GEETIKA S GEMMA S GENA L GENE S GEOFF H GEORGE G GEORGE T GEORGE W
GEORGIA G GEORGIA O GEORGIA S GEORGIE C GEORGINA K GEORGINA L GERALDINE A GERDA V GERMAINE W GERTRUDE C GERTRUDES V GHEORGHE T GIGI M
GIL A GILL F GILLIAN C GILLIAN P GILLIAN P GINA H GINALYN Q GINNI S GINO A GIOVANNI C GIYA G GLADYS C GLADYS M GLEENA C GLENDA R GLENDYR A
GLENN L GLENN L GLENYS C GLENYS D GLENYS S GLORIA A GLYZZA C GONZALO B GOURI A GRACE H GRACE N GRACE S GRAHAM S GRANT H GRANT J
GREESHMA B GREESHNA G GREG T GREGGY B GREICE D GUIDENCE H GUNJEET K GURBAX K GURDEV S GURJEET S GURJOT K GURPAL S GURPREET R
GURWINDER K GUY W GWENETH W GWYN H HA P HAEATA W HAFSA B HAILEY C HANNAH A HANNAH C HANNAH E HANNAH L HANNAH L HANNAH N
HANNAH P HANSANI P HAOTONG L HARINDER J HARJEET A HARJEET K HARMANJYOT P HARPREET K HARPREET K HARPREET S HARPREETPAL D HARRIET C
HARRIET C HARRY M HARSHMEET K HARVEER S HAWATIE H HAYDEE G HAYLEY H HAYLEY H HAYLEY J HAYLEY M HAYLEY M HAYLEY S HEATH M HEATHER C
HEATHER M HEBAT E HELEN C HELEN E HELEN S HELEN T HELEN T HELEN W HELEN O HELENE G HELENE W HELN T HENRY W HERMI M HESTER V
HIKAPUHI C HILDA S HILDA V HILITA T HILMA C HIMANSHU B HING C HINGANO T HIROSHI T HIRUNI D HITOMI K HIWAT T HOLLY C HOLLY P HOLLY S
HONEY G HONG G HOPE F HOPE M HUGH M HUGO K IAN B ILAISAANE P ILAISE F IMELDO A INA S INDRA K INDRA S INDRI R INDU S INGE M IRENE A
IRENE G IRENE R IRIS H ISABELLA T ISOLDE L IVOGA S JACINTA A JACINTA T JACK S JACKIE B JACKIE C JACKIE M JACKIE W JACOB R JACQUELINE C
JACQUELINE D JACQUELINE H JACQUELINE T JACQUELINE T JACQUELYN A JACQUI M JACQUI R JACQUI W JACQUI W JADE P JAE H JAHURAN B JAIMOL A
JAIRUL O JAISHAL K JALISSA H JAMAIKA M JAMES H JAMES N JAMIE F JAMIE M JAMIE S JAMILY D JAN C JAN J JAN L JAN O JAN O JAN R JAN Z JANE C
JANE D JANE D JANE N JANE W JANEEN D JANEIL J JANELLE S JANESS E JANET F JANET J JANET M JANET T JANET W JANETH P JANETTE G JANETTE W
JANICE B JANICE N JANINE E JANINE G JANIS M JANIS T JANN L JAQUE B JARIZA A JARYL R JASBIR K JASHMINE S JASJOT K JASMA P JASMEEN K
JASMINE J JASMINE M JASMY J JASON F JASPAL G JASPER S JASPREET K JAY A JAYNE B JEAN D JEAN T JEANE L JEANETTE D JEANETTE M JEANETTE M
JEANETTE O JEANNIE T JEANNY V JEEWANI W JEFF S JEFFREY A JEFFY A JELENA D JELYN T JENNI F JENNIE M JENNIE R JENNIFER C JENNIFER F
JENNIFER F JENNIFER F JENNIFER H JENNIFER M JENNIFER N JENNIFER O JENNIFER S JENNIFER S JENNIFER S JENNIFER T JENNIFER V JENNY A JENNY C
JENNY M JENNY R JENNY S JEREMIAS C JESNEY J JESS B JESSE P JESSICA M JESSICA P JESSIE E JESSIE S JESSY F JESSY M JESSY T JEZELLE J JHEL NINO R
JHENALENE Z JHONNTEL P JHORNA A JIAQI T JICKS C JIJI G JIJI S JILL B JILL G JILL R JILLIAN G JILLIAN N JILSIA R JIMY J JINCY F JINCY V JINI J JINSU B
JINTO J JINU J JINU S JISHA H JISMOL J JIVAN K JO B JO O JO R JOAN J JOANN A JO-ANN W JOANNA B JOANNA B JOANNA E JOANNE A JOANNE L
JOANNE M JOANNE R JOANNE R JOANNE T JOANNE T JOANNE W JO-ANNE H JO-ANNE R JOANNE Y JOBIMOL A JOBIN J JOBIN P JOBY J JOCELYN D
JOCELYN K JOCELYN M JODI L JODIE S JODINA K JOE J JOEL A JOEL B JOEL D JOFEL A JOFELIE W JOHANA D JOHANNA G JOHANNES D JOHN B JOHN B
JOHN B JOHN D JOHN M JOHN M JOHN M JOHN M JOHN PAUL E JOHNNY W JOHNRYL G JOLENE B JON A JON W JONA S JONALYN B JONATHAN M
JONCY G JONGBO L JORDAN R JORDAN W JORDANNE B JORJA S JOSEPH F JOSEPH L JOSEPHINE C JOSEPHINE G JOSEPHINE K JOSEY J JOSH E JOSIE T
JOSIELYN D JOSSY T JOTIKA N JOY M JOY W JOYCE C JOYCE G JOYCE N JUDI S JUDITH L JUDITH T JUDITH W JUDY A JUDY G JUDY M JUDY M JUDY W
JUDY Y JUELING L JULES H JULIA A JULIA B JULIAH M JULIANN A JULIE A JULIE B JULIE C JULIE F JULIE M JULIE M JULIE M JULIE N JULIE P JULIE S
JULIE W JULIUS L JUNE S JUNE S JUNE T JUNEMAR B JUSTIN M JUSTINE G JUSTINE G JYOTI A KACHE T KAHOA R KALPANA M KAMINI G KAMLA L KANCHAN S
KARA M KAREN A KAREN B KAREN B KAREN C KAREN C KAREN C KAREN D KAREN H KAREN M KAREN P KAREN Q KAREN R KAREN S KAREN S KAREN T
KAREN T KAREN V KAREN W KAREN W KAREN M KARINA N KARINA S KARLA W KARLENA T KARMA B KAROL-ANN J KARUNA L KARYN W KASA H KASS M
KATARAINA C KATARAINA O KATARAINA T KATARINA B KATE P KATHARINA M KATHERINA A KATHERINE T KATHERINE U KATHLEEN B KATHLEEN T KATHLEEN T
KATHLYN T KATHRYN P KATHRYN S KATHRYN W KATHY A KATHY F KATHY H KATI I KATIE B KATIE B KATIE K KATRINA P KATRINA T KAVYA B KAY P KAYE I
KAYLA D KAYLA L KAYLA M KAYNA A KEANON M KEELY B KEELY W KELERA N KELLY C KELLY F KELLY H KELLY O KELLY-JOY M KELSEY M KELVIN W
KEMANTHI W KENITH A KERAH T KERI B KERRI K KERRIE E KERRIE H KERRY H DAME KERRY P KERSTINE E KEVIN J KEVIN M KHRISHNA J KHRISLYN B
KHUSHMEET K KIM B KIM H KIM H KIM I KIM L KIM M KIM S KIM S KIMBERLEE P KIOLA T KIRAN K KIRAN M KIRAN P KIRAN R KIRANDEEP R KIRANJIT K
KIRANJIT K KIRI P KIRKMAR M KIRSTEN E KIRSTEN K KIRSTEN P KIRSTEN V KIRSTIN T KIRSTIN Y KIZIA S KOLOKA N KOMAL P KOMALPREET K KORRIN T KRIS I
KRISSY L KRISTELA L KRISTEN A KRISTIE T KRISTIN G KRISTINE C KRYSTOL H KUSUM G KYLE T KYLIE D KYLIE E KYLIE H KYLIE H KYLIE L KYLIE P LACHMI N

TO EVERYONE.

LAETITIA O LAGI S LAKSHMI K LAKSHMI S LAKSHMI U LALELEI A LALOUA F LANCE B LANTAN S LARA T LARISSA G LARKIN S LATA S LATA T LATCHMI N
LATU P LAUMATA P LAURA C LAURA C LAURA M LAURA P LAUREN M LAUREN P LAUREN T LAURENCE T LAURO L LAWRENCE H LEAH B LEAH B LEAH B
LEAH M LEAH P LEANNE A LEANNE T LEE I LEI D LEIGH K LEIGH L LEILA A LELEAI T LELEIGA S LEMAIRA M LEMASANI A LEMASANIAI T LEMUEL P LEO W
LEODICIA T LEON C LEON C LEONE R LEONIE G LEONIE M LEONIE V LEONILA R LERMA C LESLEY K LESLEY M LESLEY S LESLEY S LESLEY W LESLIE D
LESLIE J LETI U LETINA R LEWELLA L LEX W LEYDI A LIA K LIA S LIBIN B LIDHIYA F LIGAYA P LIJA L LILAC N LILANI P LILLIAN B LILO L LILY M LILY R
LIMIVA V LINA E LINA F LINA V LINBIN W LINCY T LINDA H LINDA J LINDA K LINDA M LINDA M LINDA M LINDA M LINDA R LINDA S LINDA W LINDSAY R
LINSEY C LISA C LISA F LISA M LISA M LISA W LISA W LISA ANN S LISTER M LITIA P LITIANI L LIZ K LIZA F LIZA R LJ A LOIS H LORETTA T LORI H
LORNA S LORRAINE M LORRAINE N LORRAINE P LORRETTA D LORRIANE R LOSANA L LOTO N LOUCHE D LOUISA M LOUISE B LOUISE C LOUISE E LOUISE F
LOUISE G LOUISE G LOVELY C LOVELY R LOVELYN S LOVERAMEET L LUANNA E LUCHIA P LUCILA C LUCILLA I LUCITA P LUCKY L LUCY H LUCY N LUCY R
LUCY S LUKE J LUKE R LULU F LYN B LYN E LYNDA J LYNETTE B LYNETTE J LYNETTE M LYNETTE M LYNLEY G LYNN B LYNN H LYNN S MA FERRIZA C MA
JESSICA I MACHEL B MADELEINE C MADGELINE P MADHU N MADHU R MADHU S MADHURI K MADISON M MADOKA I MADU K MAE G MAEGEN H MAEHE T
MAERA H MAGDALENA F MAGGIE H MAHESH S MAHIMA P MAILE M MAISIE H MAITREEBEN P MALAGA F MALAMA F MALCOLM F MALEE S MALI H MALIA L
MALTI S MALU P MAMI M MAMTA J MAMTA L MAMTA N MANDEEP C MANDIRA T MANDY W MANESH S MANJINDER K MANJIT P MANJU D MANJU J
MANJULA D MANJULA D MANOJ P MANPREET K MANPREET K MANPREET K MANPREET KAUR S MAOZMEEN N MARCELEEN Y MARCELLA A MARCIA P MAREE E
MAREE F MAREE S MARETA T MARGARET B MARGARET B MARGARET B MARGARET C MARGARET C MARGARET F MARGARET H MARGARET I
MARGARET J MARGARET P MARGARET P MARGARET S MARGARET S MARGARET T MARGARET T MARGARET Y MARGOT G MARIA A MARIA A MARIA C
MARIA D MARIA I MARIA K MARIA M MARIA O MARIA S MARIA S MARIA U MARIA C MARIAN H MARIAN U MARIANNE H MARICA P MARICEL A MARICEL C
MARICEL S MARIDEL S MARIE A MARIE G MARIE G MARIE H MARIE J MARIE K MARIE W MARIE JOY S MARIETES F MARIJE L MARILOU M MARILYN P MARILYN P
MARIN J MARINA W MARINDA D MARION M MARION R MARION S MARIROSE D MARISYLE B MARIYA K MARJIE D MARK H MARK L MARK S MARK V MARK Y
MARLA M MARLENA L MARLENE B MARLENE C MARLENE E MARLENE H MARLENE S MARLO C MARLON L MARNILLE Q MARRIN P MARTHA L MARTIN M
MARTIN T MARTY B MARY A MARY B MARY C MARY D MARY F MARY G MARY J MARY K MARY L MARY L MARY L MARY M MARY S MARY T MARY U
MARY ANNE N MARYANE V MARYANNE E MARY-JO T MARY-ROSE N MARYUM A MATALENA M MATAPUNA T MATELLE V MATEO L MAUPATI T MAUREEN B
MAUREEN H MAUREEN J MAUREEN R MAURICE B MAXINE M MAY F MAY S MAYA S MAYBELLE Y MAYOORI R MAYRA S MC PAUL S MEDY V MEENA S MEGAN C
MEGAN L MEGAWATI D MEHITHA P MEKALA F MELANIE C MELANIE D MELANIE D MELANIE O MELANIE W MELBA B MELE E MELE F MELE H MELE K MELE L
MELE V MELEANE L MELENAU K MELINDA A MELINDA M MELISSA A MELISSA M MELISSA P MELISSA R MELODY B MELODY Z MENA B MERCY T MERE M MERE T
MEREENA C MEREONI W MERI K MERIT Q MERLYN T MERRILEE M MERRIN G MESA MARIE A MICHAEL A MICHAEL A MICHAEL B MICHAEL B MICHAEL C MICHAEL C
MICHAEL C MICHAEL F MICHAEL N MICHAEL R MICHAELA C MICHAELA K MICHELLE C MICHELLE D MICHELLE D MICHELLE G MICHELLE G MICHELLE K MICHELLE L
MICHELLE L MICHELLE M MICHELLE T MICHELLE W MICHILLE B MICKY C MIKE K MILIKA P MILLY S MIMI F MINGHUAN D MINU V MINZE C MIRA K MIRA P MIRANDA H
MIRASOL D MIRIAM C MIRIAMA F MISAELE T MISTY C MITA L MITU S MOANA H MOANA R MOHINI G MOHIREEN S MOISES L MOLIA T MOLLY J MOLLY M MONA P
MONICA C MONICA S MONIKA D MONIKA S MONIQUE B MONIQUE D MONIQUE F MONIQUE M MOREEN C MORENO A MOUREEN L MUMUINAH A MUNI S
MURRAY M MUTYA G MUZI S MYKA D MYRA G NADIA C NADINE H NAILYA T NAIMA M NAIOMI W NALINI N NAMITA G NAN M NANCY G NANCY K NANCY P
NANDNI N NAOMI A NAOMI G NAOMI P NAT M NATALIE H NATALY I NATASHA A NATASHA C NATASHA G NATASHA N NATHALIE C NATHAN C NATHAN W NAVJEET K
NAVJOT K NAVJOT K NAVLEETA B NAYANKUMAR P NEELAM K NEEMA N NEEREA E NEETHU E NEETHU J NEETHU K NEGRON E NEHA N NEIL H NEIL M NELFE L
NELSY V NENDEN J NESSA N NETI S NETTA P NGAHUIA T NGAIRE W NICHOLAS W NICI B NICI R NICK O NICKI T NICKY S NICOLA K NICOLA P NICOLA T
NICOLA W NICOLE G NICOLE M NICOLE P NICOLE P NICOLE S NICOLE S NIDHA P NIGEL S NIKITA A NIKITA P NIKITA C NILUFA N NIMARTA B NIMARTA R
NIMISHA V NIMISHA ROY G NIMMY A NINOTCHKA C NIRAJ K NIRMALA D NIRZARI J NISHA E NISHA F NITA B NITHYA J NIVIN S NORA H NORIN S NORLI Q
NORMA M NOWRIN A NUNU S NYARAI H OFA L OHAM S OLGA V OLIVIA F OSHALA W OXANA S PADMA N PALU M PALVINDER K PAMELA L PANMAI K PAPA F
PARBATI K PARDEEP P PARIS S PARMINDER K PARMJIT K PARMVIR K PARTHENOPE M PAT L PATIOLA M PATRICIA F PATRICIA M PATRICIA M PATRICK M PATSY A
PAUL C PAUL G PAUL T PAULA O PAULENE S PAULINE B PAULINE D PAULINE D PAULINE G PAULINE H PAULINE J PAULINE J PAULUS D PAYAL D PEACHE D
PEGGY T PEGGY SUE M PELEPETUA V PEMA D PENNY B PERLA S PETER F PETER P PETER R PETI T PHILL N PHILLIP C PHILLIP H PHILLIP J PHOLA T
PHUONG N PHYLLIS C PIETER D PINEL D PINKI T PINKY P PIP K PIPIENA V PIYAMAPORN C POOJA D POONAM D PRADEEPA G PRAMILA N PRATIBHA N
PRATIKA S PRAVEEN C PRECIOUS C PREDISH C PREM L PREM L PREM P PREMIKA S PREMJEET K PRERNA B PRINCE C PRINCE K PRITY L PRIYA B PRIYA G
PRIYA J PRIYANKA P PRIYANKA R PRIYANKA S PRIYER N PSLAMS T PUA H PUNEET K PUSHPA M PUSPA K QUIRLYN C RACHAEL A RACHAEL G RACHAEL H
RACHAEL P RACHAELLE H RACHEL A RACHEL C RACHEL R RACHEL V RACHEL R RACHELL S RADHIKA K RADIKA D RAEWYN P RAEWYN V RAEWYNNE B
RAFAT J RAJ D RAJ K RAJANI K RAJIV B RAJPREET K RAJWINDER K RAJWINDER K RALPH J RAMANDEEP S RAMANDEEP S RAMCHANDRA R RANGI E RANGI K
RANI D RANJITA B RAPHELLE L RASULAN S RATTIYA R RAVINDER K RAVINDER K RAY J RAYLENE B REBECCA F REBECCA M REBECCA M REBECCA T REBEKAH O
REDEN H REEJA V REGINA W REHANA A REICE R REIGNER B REKHA J REM U REMO P REMYA A RENEE G RENEE N RENIKA K RENU D REREMOANA P
RESHMA J RESHMA M RESHMA D RESMI R RETHA L REY M REY S REYCARMELIZA B REYNALDO T RHONDA P RHONDA R RHONDA W RICHELLE K RICKARD G
RICKIE-LEE B RIGI G RIMPAL K RINA K RINI P RISH G RISHU A RITA B RITA L RITA L RITA M RITA R RITA W RITCHEEN F RITU S RIZANA T RIZZA A ROANNA T
ROANNA W ROB B ROBERT K ROBERT M ROBI B ROBIN R ROBY S ROBYN B ROBYN G ROBYN G ROBYN M ROBYN P ROBYN P ROBYN P ROBYN R ROBYN T
ROBYN W ROBYN W ROBYNNE W ROD M RODEL G RODNEY P RODOLFO O ROGER C ROGER L ROHAN G ROHINI P ROIMATA B ROMA N ROMANE M ROMEETA R
RON R RONA T RONIA D RONIMON J ROSA H ROSALEA R ROSANNA G ROSANNE W ROSE B ROSE J ROSE J ROSE L ROSE P ROSELINE J ROSHAN A
ROSHEL P ROSHNEEL M ROSHNI L ROSHNI L ROSHNI S ROSIE A ROSLYN C ROTU T ROV S ROWENA P ROWENA R ROWENA S ROWENA T ROWENA T RU W
RUBY B RUBY M RUIHA G RUJA L RUKH P RUTA A RUTA V RUTENDO M RUTH M RUTH O RUTH T RYAN G SABRINA N SABRINA S SACDIA D SAFRANPAL S SAI D
SAJAN P SALAMASINA T SALATEIMA F SALINA P SALLY B SALLY E SALLY J SALLY P SALOME T SALVIN T SAM S SAMANTHA B SAMANTHA H SAMANTHA H
SAMARA H SAMIDAN C SAMITA B SAMJHANA P SAMUEL A SANCHIN W SANDEEP K SANDEEP K SANDEEP K SANDHRA L SANDHUB SANDIE A SANDRA B
SANDRA D SANDRA G SANDRA R SANDRA T SANDY B SANDY H SANDY O SANDY W SANGEETA N SANGITA L SANGITA M SANI G SANJEET K SANJILA D
SANJU R SANTOSH A SAPELA F SARA M SARA T SARAH B SARAH B SARAH C SARAH C SARAH E SARAH G SARAH G SARAH M SARAH M SARAH M SARAH P
SARAH R SARAH S SARAH T SARAH Y SARAH Y SARAS C SARBJEET K SARIGA J SARILA C SARITA B SARITA B SARITA K SASHI B SASHI K SASHI L SATVIR H
SATYA W SAVANNAH T SAVITA C SAZIA K SAZIANA K SCHENELE M SÉAMAS G SEAN C SEAN H SEENA J SEINI M SELA V SELEMA M SELMA B SELMA G
SENI P SENIOR S SERA H SEREANA H SERENA W SEULATA L SHADNA P SHAHLLA I SHAHREEN K SHAIRA M SHALBI C SHALINI K SHALINI M SHALU P SHAMI P
SHANE B SHANE N SHANNON M SHARA B SHARANJEET K SHARAVANI S SHAREEN K SHARLENE B SHARLENE R SHARON B SHARON B SHARON B SHARON C
SHARON H SHARON J SHARON L SHARON P SHARON P SHARON P SHARON R SHARRYN G SHARYN T SHAYAL S SHAYE R SHEEN N SHEESH P SHEETAL S
SHEILA T SHEILAINE H SHELLEY B SHELLEY M SHELLEY W SHELLEY ANN R SHEREE L SHERILYN Q SHERON D SHERRY M SHERRYN W SHERYL K SHERYL S
SHERYL T SHERYL T SHERYL W SHERYL-ANNE F SHESHANNAH D SHINE A SHINU T SHIRAT N SHIREE M SHIRLEY B SHIRLEY E SHIRLEY M SHIRLEY P SHIRLEY R
SHIRLEY S SHIRLEY-ANNE L SHISHU T SHIVAANI N SHIVAGANI N SHIWANGNI K SHOBA W SHOBHANA K SHOBNA R SHONA M SHONTELLE P SHYAM M SHYBI M
SIA E SIALA P SIAN A SIAN D SIAN F SIANAVA F SIBIL R SIBYLLA M SIENI F SIGI K SIJI M SILIA R SILKY S SILPA J SIM K SIMON L SIMRAN K SINDHIYA P
SINI P SIOUX M SISI F SMITHA S SMITHA T SNEH K SOANA T SOBIN V SOFIE H SOHEIR Y SONA B SONA J SONAM C SONI H SONIA R SONIA S SONIA S
SONY J SONY K SONYA T SOO CHING Y SOPHIA B SOPHIA T SOPHIE A SOTERIA P SREEKUTTY S STEFANNIE S STELLA P STEPHANIE A STEPHANIE B
STEPHANIE D STEPHANIE D STEPHEN D STEPHEN H STEPHEN O STEPHEN T STEPHY A STEPHY B STEPHY M STEPHY S STEVE C STEVE Y STEVEN M STEVEN Z
SUBIN B SUDATH N SUE B SUE C SUE D SUE H SUE M SUE M SUE M SUE R SUE T SUE W SUITALA R SUJI V SUJITA S SUKHVIR K SUMAM J SUMAN L
SUMAN S SUMANPREET K SUMEET D SUMI V SUMITRA R SUMMAH G SUNAINA M SUNIL L SUNITA C SUNITA D SUNITA S SUNITA S SUNITA S SUNITA T SUPI K
SUSAN B SUSAN C SUSAN F SUSAN M SUSAN M SUSAN M SUSAN M SUSAN N SUSAN P SUSAN P SUSAN S SUSAN S SUSANA E SUSANA J SUSHILA C SUSHILA K
SUSHMARANI B SUYASWI S SUZANNE H SUZANNE I SUZANNE S SUZANNE T SUZANNE W SUZETTE T SUZETTE V SWAPNA C SWATA K SYLVIA F SYLVIA M TAEAO V
TAFA H TAI C TAIMOE S TAISIA F TAJMA H TAKAKO S TALIA P TALIA S TALOPAIA I TAM T TAMARA M TAMMY T TANIA C TANIA L TANIA R TANIA S TANIA W
TANNAZ K TANYA B TANYA G TANYA L TARA K TARA P TARANJIT G TARYN R TATIANE B TATJANA K TAWHIWHI W TAY P TAYLOR R TAZMIN H TE MAIA S
TE ORORA A TEENA J TEENU P TEGAN C TEMATANG R TEMMY S TEREINGA H TERESA L TERESA R TERESITA S TERINA H TERRI D TERRY O TESS B
TESSA K TEULIA M THEA V THERESA K THERESA N THOMAS B THOMAS G THOMAS S THUSHARI N TIA A TIANE L TIM R TIMOTHY F TINA B TINA C TINA D
TINA L TINA S TIOLI T TITILAYO S TITILIA F TITILIA T TJ S TOA M TOIRANGI T TONI B TONI M TONI S TONI T TONI- LEE H TONI-ELLIS S TONY D TONY R
TORI W TOTOA P TRACEY H TRACEY H TRACEY H TRACEY L TRACEY S TRACEY S TRACEY W TRACEY P TRACKER A TRACY D TRACY I TRACY J TRACY K
TRACY W TRENA T TRINA C TRINA J TRISH K TRISHA A TRISHNA B TRUDI A TRUDIE D TRUDY C TSERING P TUAANGA B TUDY P TUKU M TUMAI V TUPOU P
TUPU S TUROU M TY H UCHECHI O UINITA T UJJWAL A URIRI T URMILA C URVASHI G USHA G VAI F VAI T VAIKAKALA P VALENTINA Q VALENTINA T
VALERIE T VANESSA K VANESSA M VANESSA W VARDEEP K VARUN S VASANTHA P VEN B VERA H VERE M VERONICA S VIANNEY G VICKEY T VICKI P
VICKIE W VICKY C VICKY G VICKY L VICTORIA H VICTORIA M VICTORIA M VIJAY D VIJAY N VIKASHNI M VIKASHNI S VINA H VINAL T VINCENT D VINCENT J
VINCENT M VINE T VINEETHA M VINI M VINIA L VIOLET M VIOLET P VIOLET S VIOLETTA W VIPANDEEP K VIPIN V VIRGINIA B VIRPAL M VISMAYA R VITALY G
VITALY N VITHU V VIVIAN C VIVIAN E VIVIAN M VIVIENNE F VIVIENNE H WAATATI F WANDA N WANLI H WANZHEN W WAYNE T WENDY C WENDY H WENDY H
WENDY M WENDY O WENDY T WESLEY B WILL H WILLIAM G WILLY JANE A WILSON S WINNIE J WINNIE T WINNIE V WINSTON E WONJIN K XANTHIPPE S
YADU D YASHMEEN R YASMIN A YASMIN A YASMIN K YEM V YEN L YOLANDA D YOLANDA M YUKI S YULAH F YUMI W YURONG H YU-SHAN H YVETTE G
YVONNE G YVONNE O ZARA T ZEACILLE C ZENAIDA P ZHAOLANG H ZINDY H ZITA V ZOE B ZOE K ZYANE KODI T

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