New Zealand Taxation Implications

In this section, 'you' refers to the person who acquires the shares in Oceania Healthcare Limited (the Shares).

Tax will affect your return from the Shares.

The following comments are of a general nature. They are based on the law in New Zealand at the date of the Product Disclosure Statement and do not deal with your specific circumstances.

You should seek your own tax advice in relation to your Shares.

Tax Residence

Your tax residence status will affect how New Zealand taxes apply to your return on the Shares. If you are unsure of your tax residence status you should seek independent advice.

Oceania Healthcare will assume you are a New Zealand tax resident unless you notify Oceania Healthcare otherwise.

New Zealand Tax Implications for New Zealand Tax Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are tax resident in New Zealand.

Distributions you receive from Oceania Healthcare

Distributions you receive from Oceania Healthcare will generally be taxable dividends for New Zealand tax purposes. Some distributions you receive from Oceania Healthcare may not be taxable dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand operates an imputation regime under which any income tax paid by Oceania Healthcare gives rise to credits, known as imputation credits, which may be attached to dividends it pays. Imputation credits attached to dividends may be used by New Zealand tax-resident shareholders to offset their tax liability in respect of the dividends. The maximum ratio at which Oceania Healthcare can attach imputation credits to dividends is 28:72 (that is, $28 of imputation credits to $72 of cash dividend).

As stated in Section 6 of Oceania Healthcare's Product Disclosure Statement dated 31 March 2017, for the FY2018 financial year, Oceania Healthcare anticipates that any dividends paid will be unimputed. For the 2019 year and thereafter, imputation credits may be attached to dividends paid to the extent credits are available from income tax paid. As a result, future dividend distributions may be partially or fully imputed.

Oceania Healthcare will generally be required to deduct resident withholding tax ("RWT") from dividends it pays to you. Currently, the rate of RWT on dividends is 33%, less the amount of imputation credits attached to the dividend. Accordingly, where imputation credits are attached to dividends at the maximum permitted ratio (that is, the dividends are fully imputed), RWT equal to 5% of the gross dividend (that is, cash plus imputation credits) will be deducted. Where dividends are partially imputed, the amount of RWT deducted will be greater than 5% of the gross dividend. You will be entitled to a credit against your New Zealand income tax liability for the amount of RWT deducted. Oceania Healthcare will not deduct RWT from dividends you receive if you hold a current RWT exemption certificate and have provided a copy of that certificate to Oceania Healthcare before the dividend is paid to you.

Example of a taxable dividend paid to a New Zealand tax resident

The following is an illustrative example of a fully imputed, a partially imputed and a non-imputed cash dividend paid to a New Zealand tax resident shareholder that does not have a RWT exemption certificate:

Dividend Imputation	**Full**	**Partial**	**None**
	$	**$**	**$**
Cash dividend	**72**	**72**	**72**
Imputation credits	28	14	0
Gross dividend	100	86	72
RWT @ 33%	***33***	***28***	***24***
Less: imputation credits	***(28)***	***(14)***	***0***
RWT deducted	***5***	***14***	***24***
Cash dividend	72	72	72
Less: RWT	(5)	(14)	(24)
Net cash received	**67**	**58**	**48**
Tax credits available:			
Imputation credits	***28***	***14***	***0***
RWT credits	***5***	***14***	***24***

Filing an income tax return

If you are not otherwise required to file an income tax return, receiving dividends from

Oceania Healthcare will not change that generally. If you are on a tax rate of less than 33% you may be able to reduce your other tax liabilities, or receive a refund of some or all of the RWT deducted from dividends paid to you, by filing a tax return.

If you file a tax return, you must include in your taxable income not only the cash dividend you receive, but also the imputation credits attached to, and RWT deducted from, your Oceania Healthcare dividend. The total amount included in your taxable income is referred to as the gross dividend. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax liability on other income you earn may be reduced as a result of receiving the Oceania Healthcare dividend.

Tax on sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Shares if you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal. If you have a taxable gain, you will likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

New Zealand Tax Implications for Non-Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are not tax resident in New Zealand and hold less than 10% of the voting interests in Oceania Healthcare. Non-residents holding greater than 10% of the voting interests should obtain their own advice on the New Zealand tax implications of holding shares in Oceania Healthcare. The summary below does not consider overseas tax implications for non-residents.

Distributions you receive from Oceania Healthcare

Oceania Healthcare will deduct non-resident withholding tax ("NRWT") from taxable dividends paid to you. Most distributions by Oceania Healthcare will be taxable dividends, but non-taxable bonus issues and certain returns of capital will not be taxable dividends.

A 15% rate of NRWT will apply:

- to the extent the dividend is fully imputed; or
- if you are resident in a country with which New Zealand has a double taxation agreement that provides for such a rate,[1]

otherwise a 30% rate of NRWT will apply.

If Oceania Healthcare pays a fully imputed dividend then Oceania Healthcare may pay you an additional top-up (supplementary) dividend which effectively offsets the NRWT on the dividend, at the 15% rate. If Oceania Healthcare pays a partially imputed dividend, the amount of supplementary dividend will be reduced on a pro rata basis so that it will offset the NRWT on part of the dividend only.

The NRWT deducted provides a tax credit which may be creditable against your tax liability in your country of tax residence.

Example of a taxable dividend paid to a non-resident with less than 10% shareholding

The following is an illustrative example of a fully imputed, a partially imputed and a non-imputed cash dividend paid to a non-resident shareholder that holds less than 10% of the voting interests in Oceania Healthcare and is tax-resident in a country with a double tax agreement with New Zealand providing for a 15% NRWT rate[2]:

Dividend Imputation	**Full**	**Partial**	**None**
	$	**$**	**$**
Imputation credits	***28***	***14***	***0***
Cash dividend	**72**	**72**	**72**
Supplementary dividend	13	6	0
Total cash dividend	85	78	72
Less: NRWT @ 15%	(13)	(12)	(11)
Net cash received	**72**	**66**	**61**

[1] Includes Australia and Hong Kong.

[2] For example, Australia or Hong Kong.

Tax credits available:			
NRWT tax credit	***13***	***12***	***11***

Sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares (or allowed a deduction for any loss you make). You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or be allowed to deduct any loss) arising from the sale or disposal of your Shares where you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal.

If you are a tax resident of a country which has a double taxation agreement with New Zealand, subject to the particular provisions of the relevant double taxation agreement, any New Zealand tax liability on any income you derive from the sale of shares in New Zealand companies generally may be relieved under the terms of the relevant double taxation agreement unless:

- you have a 'permanent establishment' in New Zealand through which the shares are held; or
- the shares are in a company whose value is derived as to 50% or more from land, buildings and other real property.

Because Oceania Healthcare's assets largely comprise land and structures affixed to land, you may not be entitled to relief from New Zealand tax on any gain on sale by reason of a double taxation agreement.

If you derive a taxable gain on the sale or disposal of your Shares and the New Zealand tax liability is not relieved under a double taxation agreement you will be required to include that gain in a New Zealand tax return for the tax year in which the sale occurred and pay tax on the gain in New Zealand at your applicable rate.

No Stamp Duty or GST

New Zealand does not have stamp duty. New Zealand GST should not apply to your investment in the Shares.