

www.retirementvillages.govt.nz | 0800 268 269

Post your completed form to: Registrar of Retirement Villages, Private Bag 92061, Victoria Street West, Auckland 1142
or email it to: retirementvillages@companies.govt.nz

Annual return and certificate of registered documents

Sections 13(2) and 16, Retirement Villages Act 2003

Name of village

Registration number

Part 1 — Retirement village details

1. Street address of village

2. Address of registered office of village

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

3. Address for service of village

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

4. Postal address of village

5. Email address for village

6. Telephone number for village

7. Fax number for village (*optional*)

Name of village**Registration number**

Part 2 — Operator details

1. Name of operator

Where there is more than one operator continue on a separate sheet and attach all pages to this annual return.

2. Company or other registration number (if any)**3. New Zealand Business Number (if any)****4. Nature of operator**

For example — company, natural person

5. Address of registered office of operator

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

6. Address for service of operator

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

7. Postal address of operator to which communications from the Registrar may be sent**8. Email address of operator****9. Telephone number of operator:****10. Fax number of operator (optional)**

Name of village

[Empty text box for Name of village]

Registration number

[Empty text box for Registration number]

Part 3 — Certificate of registered documents

I, [Empty text box]

(Insert name of operator)

certify that

for: [Empty text box]

(Insert name of the retirement village)

Each registered document is correct, current, and not likely to mislead or deceive any resident, intending resident, or the public.

Documents to update the registered information are attached to the annual return form. (Form RV3 — Change of circumstances must be completed for material changes).



Signed:

.....

Name of signatory

[Empty text box for Name of signatory]

Dated

[Empty text box for Dated]

Part 4 — Checklist

To speed up registration, use this checklist to ensure you have included all of the information required.

Have you completed?

Parts 1, 2 and 3 and have you signed the form (attach extra pages if applicable)

Have you attached?

A copy of the audited financial statements that comply with section 35B of the Retirement Villages Act 2003 (the Act) or, as referred to in section 35F of the Act, the audited financial statements that comply with subpart 3 of Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013; **and**

A copy of the audited financial statements which comply with section 35C of the Retirement Villages Act 2003 (where applicable); **and**

The documents supporting any information on the register that has changed; **and**

A copy of the statutory supervisor’s certification addressed to the Registrar (where applicable).

Contact details of person completing this form

Name: [Empty text box]

Address: [Empty text box]

Email address: [Redacted text box]

Telephone number: [Redacted text box]

Fax number (optional): [Empty text box]

5 August 2024

The Registrar of Retirement Villages
c/o Companies Office
Ministry of Economic Development
Private Bag 92061
Victoria Street West
Auckland 1142

Report of Statutory Supervisor in respect of Aria Bay Retirement Village ("Village")

We confirm that we act as statutory supervisor of the Village.

The terms of our appointment as statutory supervisor are recorded in a Deed of Supervision with the operator of the Village, being Aria Bay Retirement Village Limited ("Operator"), dated 14 May 2007 and the Retirement Villages Act 2003 ("Act").

This report accompanies the Operator's 2024 annual return ("Annual Return") and has been prepared by us in accordance with sections 13(3)(c) and 42(c) of the Act for the period the subject of the Annual Return only.

In terms of section 13(3)(c) of the Act, we certify that:

1. The Operator has supplied to us a copy of the Operator's audited financial statements for the year ended 31 March 2024. The financial statements of the Operator are the financial statements of the Village.
2. The information contained in the Annual Return is, to the best of our knowledge and belief, accurate.

In terms of section 42(c) of the Act, we report as follows:

1. We have at all times performed our duties and discharged our obligations as statutory supervisor of the Village. In particular, we have:
 - (a) provided and maintained a stakeholder facility for all resident moneys and this facility has been subject to external audit;
 - (b) monitored the financial position of the Village;
 - (c) reported to the residents on the performance of our duties and the exercise of our powers; and
 - (d) discharged all other duties imposed on us by the Act, the regulations made under the Act and the Deed of Supervision.
2. The Operator has complied with all covenants, in particular all financial obligations and reporting requirements, contained in the Deed of Supervision.

3. We have reviewed all scheduled reports from the Operator for the year ended 31 March 2024.
4. All occupation right agreements issued or terminated during the year ended 31 March 2024 were dealt with in accordance with the relevant provisions of the Act and Deed of Supervision.
5. We have not exercised any of the powers conferred on us as statutory supervisor of the Village pursuant to section 43 of the Act.

Our certification and report have been provided on the basis that, subject to the duties imposed on us as statutory supervisor of the Village by the Act, the regulations made under the Act and the Deed of Supervision, we have relied on the information, explanations and confirmations supplied to us by the Operator and the auditor of the Village and have not carried out an independent check of the same.

Yours faithfully
for **Covenant Trustee Services Limited**:

A handwritten signature in blue ink, appearing to read 'Raylene McMeekan', with a long, sweeping flourish extending to the right.

Raylene McMeekan
Relationship Manager

**ARIA BAY RETIREMENT VILLAGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

| Contents | Page |
|-----------------------------------|-------------|
| Company Directory | 3 |
| Directors' Report | 4 |
| Independent Auditor's Report | 5 |
| Statement of Comprehensive Income | 7 |
| Statement of Changes in Equity | 9 |
| Statement of Financial Position | 10 |
| Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 |

ARIA BAY RETIREMENT VILLAGE LIMITED

Company Directory

IRD Number

084-219-088

Company Number

1260136

Nature of Business

Retirement Village Ownership

Registered Office

Level 15

29 Customs Street West

Auckland Central

Auckland, 1010

Date of Formation

16 December 2002

Directors

Mark David Wells

Jeremy Mark Nicoll

Independent Auditor

Ernst & Young

Bankers

ANZ Bank New Zealand Limited

Solicitors

Anthony Harper

Statutory Supervisor

Covenant Trustee Services Limited

Business Location

Auckland

Shareholder

Arvida Limited

100,000 Shares

Share Capital

100,000 Ordinary Shares

Accountants

BDO Auckland

Level 4

4 Graham Street

Auckland 1010

ARIA BAY RETIREMENT VILLAGE LIMITED

Directors' Report

The Board of Directors present their annual report including the financial statements of the Company for the year ended 31 March 2024 and the independent auditor's report thereon.

The Shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, whereby pursuant to a decision of the shareholders of the company who together hold at least 95% of voting shares, they have agreed not to comply with paragraphs (a) and (e) to (j) of section 211 (1) of the Act.

Approved for and on behalf of the Board of Directors.



Director

17 July 2024

Date



Director



Independent auditor's report to the shareholder of Aria Bay Retirement Village Limited

Opinion

We have audited the financial statements of Aria Bay Retirement Village Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder those matters 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



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financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information 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.

Directors' responsibilities for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing on behalf of the entity the Company'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 Company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing (New Zealand) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.

The signature 'Ernst & Young' is written in a dark blue, cursive script.

Chartered Accountants
Auckland
17 July 2024

**ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

| | Note | 2024 \$ | 2023 \$ |
|--|------|-------------------|------------------|
| Care Fees & Village Services | | 498,600 | 336,941 |
| Deferred Management Fees | | 2,588,116 | 2,206,237 |
| Rent Received | 6.1 | 400,000 | 400,000 |
| Sundry Income | | 38,658 | 22,750 |
| Total Revenue | | 3,525,374 | 2,965,928 |
| Interest Received | | 19,423 | 7,585 |
| Fair Value Movement of Investment Property | 4.1 | 7,798,378 | (96,459) |
| | | 7,817,801 | (88,874) |
| TOTAL INCOME | | 11,343,175 | 2,877,054 |
| LESS EXPENSES | | | |
| <u>Operating Expenses</u> | | | |
| Accountancy Fees | | 4,628 | 2,674 |
| Advertising | | 197,866 | 33,321 |
| Audit of Financial Statements | | 10,000 | 8,128 |
| Bank Charges | | 324 | 246 |
| Certification Cost | | 7,381 | 1,172 |
| Commissions | | 142,500 | 46,000 |
| Gardening | | 36,229 | 27,979 |
| General Expenses | | 12,645 | 9,855 |
| Hire of Equipment | | 766 | 9,035 |
| Insurance | | 100,767 | 36,000 |
| Legal Expenses | | 41,017 | 16,758 |
| Loss on Disposal | | 91,571 | - |
| Light, Power & Heating | | 70,544 | 78,627 |
| Management Fees | 6.2 | 256,250 | 256,250 |
| Marketing | | 212,517 | 54,256 |
| Rates | | 135,420 | 115,910 |
| Repairs & Maintenance | | 217,635 | 175,971 |
| Resident Expenses | | 2,928 | 4,233 |
| Rubbish Removal | | 5,236 | 5,690 |
| Staff Expenses | | 5,328 | 5,413 |
| Statutory Supervisor | | 27,789 | 12,620 |
| Subscriptions | | 8,721 | 8,284 |
| Travel | | - | 372 |
| Valuation Expenses | | 15,000 | 11,000 |
| | | 1,603,062 | 919,794 |

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

| | Note | 2024 | 2023 |
|-----------------------------------|------|------------------|------------------|
| | | \$ | \$ |
| <u>Depreciation</u> | | | |
| Depreciation | | 128,479 | 44,801 |
| TOTAL EXPENSES | | 1,731,541 | 964,595 |
| PROFIT BEFORE TAXATION | | 9,611,634 | 1,912,459 |
| Income Tax | 3.1 | 533,470 | 562,374 |
| TOTAL COMPREHENSIVE INCOME | | 9,078,164 | 1,350,085 |

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

| | Retained Earnings | Share Capital | Total |
|-----------------------------------|----------------------|------------------|-------------------|
| | \$ | \$ | \$ |
| Balances at 1 April 2023 | 24,979,202 | 100,000 | 25,079,202 |
| Profit for the period | 9,078,164 | - | 9,078,164 |
| Total comprehensive income | 9,078,164 | - | 9,078,164 |
| Balance at 31 March 2024 | 34,057,366 | 100,000 | 34,157,366 |

| | Retained Earnings | Share Capital | Total |
|-----------------------------------|----------------------|------------------|-------------------|
| | \$ | \$ | \$ |
| Balances at 1 April 2022 | 23,629,117 | 100,000 | 23,729,117 |
| Profit for the period | 1,350,085 | - | 1,350,085 |
| Total comprehensive income | 1,350,085 | - | 1,350,085 |
| Balance at 31 March 2023 | 24,979,202 | 100,000 | 25,079,202 |

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

| | Note | 2024 \$ | 2023 \$ |
|--------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | | 9,018 | 17,652 |
| Trade Debtors | | 4,102 | 1,273 |
| Sundry Debtors | | 24,168 | 16,302 |
| Resident Advances | 7 | 15,753,611 | 3,974,974 |
| Prepayments | | 29,589 | 16,758 |
| GST Refund Due | | - | 453,973 |
| Tax Refund Due | | 542,496 | 67,197 |
| Aria Bay Senior Living Limited | 6.5 | 4,940,577 | 5,335,491 |
| Property, Plant & Equipment | | 619,837 | 283,238 |
| Investment Properties | 4.1 | 140,221,483 | 87,348,805 |
| New Development WIP | | 199,884 | 36,595,357 |
| Total Assets | | 162,344,765 | 134,111,020 |

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

| | Note | 2024 \$ | 2023 \$ |
|-------------------------------------|------|--------------------|--------------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share Capital | 9 | 100,000 | 100,000 |
| Retained Earnings | | 34,057,366 | 24,979,202 |
| Total Equity | | <u>34,157,366</u> | <u>25,079,202</u> |
| LIABILITIES | | | |
| Trade and Other Payables | | 179,072 | 2,860,024 |
| Sundry Payables | | 1,246,258 | 651,404 |
| Retentions | | 100,000 | 200,000 |
| GST Due for Payment | | 234,002 | - |
| Revenue Received in Advance | | 3,721,504 | 3,480,443 |
| Arvida Intercompany Account | 5 | 46,855,427 | 63,525,013 |
| Occupation Right Agreements | 7 | 72,744,277 | 36,281,887 |
| Deferred Tax | 3.2 | 3,106,859 | 2,033,047 |
| Total Liabilities | | <u>128,187,399</u> | <u>109,031,818</u> |
| Total Equity and Liabilities | | <u>162,344,765</u> | <u>134,111,020</u> |

Approved for and on behalf of the Board of Directors.



Director



Director

17 July 2024

Date

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

ARIA BAY RETIREMENT VILLAGE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash flows from operating activities | \$ | \$ |
| Fees Received | 696,772 | 437,843 |
| Occupation Right Agreements Proceeds | 26,109,800 | 7,026,185 |
| Interest Received | 19,423 | 7,586 |
| Payments to Suppliers & Employees | (2,532,173) | (798,848) |
| Occupation Right Agreements Repayments | (3,269,178) | (1,580,236) |
| Income Tax (Paid)/Received | (2,154) | (539) |
| Net cash inflow/(outflow) from operating activities | 21,022,490 | 5,091,991 |
| Cash flows from investing activities | | |
| Acquisition of Investment Properties, Property, Plant and Equipment and Work in Progress | (9,821,124) | (22,226,954) |
| Net cash inflow/(outflow) from investing activities | (9,821,124) | (22,226,954) |
| Cash flows from financing activities | | |
| Payments (to)/from Arvida Intercompany Account | (11,210,000) | 17,150,000 |
| Net cash inflow/(outflow) from financing activities | (11,210,000) | 17,150,000 |
| Net increase/(decrease) in cash and cash equivalents | (8,634) | 15,037 |
| Cash and cash equivalents at the beginning of the financial period | 17,652 | 2,615 |
| Cash and cash equivalents at the end of the financial period | 9,018 | 17,652 |

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1. REPORTING ENTITY

Aria Bay Retirement Village Limited (the "Company") owns and operates a Retirement Village in Auckland, New Zealand. The Company is incorporated and domiciled in New Zealand and is registered under the Companies Act 1993.

Aria Bay Retirement Village Limited is a wholly owned subsidiary of Arvida Limited (the "Parent"). The ultimate controlling entity is Arvida Group Limited.

The Financial Statements for the year ended 31 March 2024 were authorised for issue by the directors 17 July 2024. The entity's owner does not have the power to amend these financial statements once issued.

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the entity is a for-profit entity.

The Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Requirements ("NZ IFRS RDR"). The Financial Statements have been prepared in accordance with the requirements of the Companies Act 1993. The company is eligible to report in accordance with NZ IFRS RDR because it does not have public accountability and is not a large for-profit public sector entity.

The Financial Statements have also been prepared under the historical cost convention except for investment property.

The functional and presentation currency is New Zealand dollars. Amounts have been rounded to the nearest dollar.

The preparation of Financial Statements in conformity with NZ IFRS RDR requires the use of certain critical accounting judgements and estimates. The areas involving a higher degree of judgement and areas where assumptions and estimates are significant to the Financial Statements are detailed under Note 2.2.

The following specific accounting policies which materially affect the measurement of these Financial Statements have been applied:

(2.1.a) Revenue

Care fees, village services fees and sundry income are recognised over the period in which the service is rendered.

Rental revenue from the Rest Home facility is accounted for on a straight-line basis in the Statement of Comprehensive Income over the year.

Deferred management fees entitle residents to accommodation and the use of the community facilities within the village. They are recognised over the period of service being the expected period of tenure.

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

(2.1.b) Consumables

Purchases of supplies are expensed in the period they are incurred.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(2.1.c) Interest Expenses

Interest expense comprises interest payable on borrowings and is calculated using the effective interest rate method.

(2.1.d) Repairs and Maintenance

Repairs and maintenance costs are expensed in the period they are incurred.

(2.1.e) New Development Work in Progress

New development work in progress is the cost incurred for developments which are not yet completed to date. This will be transferred to Investment Properties on completion of the associated stage of construction.

(2.1.f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Where an item of property, plant and equipment is disposed of or when no further economic benefits are expected from its use; the gain or loss (calculated as the difference between net sales price and the carrying amount of the asset) is recognised in the Statement of Comprehensive Income.

The assets residual values, useful lives and depreciation methods are reviewed annually and adjusted if appropriate at each financial year end.

(2.1.g) Depreciation

Depreciation was provided for in the Statement of Comprehensive Income on a diminishing value basis over the estimate useful life of each asset in line with the recommended rates of the Inland Revenue Department. The principle rates in use were:

| | |
|----------------------|------------|
| Furniture & Fixtures | 13% to 67% |
| Office Equipment | 25% to 50% |
| Plant and Equipment | 8% to 67% |
| Motor Vehicles | 10% to 30% |

(2.1.h) Investment Properties

Investment properties include land and buildings relating to the retirement village and care facility operations intended to be held long term to earn rental income and for capital appreciation. For details see Note 4.1.

Investment properties are initially recorded at cost and subsequently measured at fair value. The fair value of the retirement village land and buildings is determined by an independent registered valuer on an annual basis. The fair value is adjusted for assets and liabilities already recognised in the Statement of Financial Position which are also reflected in the discounted cash flow model. The fair value of the care facility land and buildings is determined on an annual basis by either an independent registered valuer or by the directors, based on market-centric advice from an independent registered valuer.

Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the year in which they arise.

Where an investment property is disposed of, the surplus or deficit recognised in the Statement of Comprehensive Income is the difference between the net sales price and carrying value of the property.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(2.1.h) Investment Properties - continued

No depreciation is provided for on investment properties. For tax purposes depreciation is claimed on relevant assets and a deferred tax liability is recognised.

Income from investment property is accounted for as described in accounting policy 2.1.a.

(2.1.i) Impairment

Impairment - non-financial assets

Assets other than investment properties and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income.

Any reversal of an impairment loss is recognised as income immediately.

Impairment - financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. This reversal is recognised in the Statement of Comprehensive Income.

(2.1.j) Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the Instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or are cancelled.

The estimated fair values of the Company's financial assets and liabilities are considered to be materially the same as their carrying amounts as disclosed in the Statement of Financial Position.

The Company's financial instruments comprise:

Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash. This includes all call borrowings such as bank overdrafts used as part of the day-to-day cash management.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(2.1.j) Financial Instruments - continued

Trade and other receivables

Trade and other receivables, and related party receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Trade receivables are assessed for impairment using a forward looking expected credit loss (“ECL”) model by taking a simplified approach. Any impairment identified is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss. Subsequent recoveries of amounts written off are recognised in profit or loss.

Trade receivables include occupation right agreement receivables. Occupation right agreement receivables are recognised once an occupation right agreement becomes unconditional. The occupation right agreement receivable is recorded at its nominal value and collection terms are based on the specific terms of individual occupation right agreements. Other receivables include related party receivables as stated under Note 6.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition, due to their short term nature their carrying value is assumed to approximate their fair value.

Occupation Right Agreements

Occupation Right Agreements confer the right of occupancy of the retirement village unit to the resident.

The Occupation Right Agreements in the Statement of Financial Position represent the capital repayment due to the residents. Deferred Management Fees have been amortised in accordance with the individual contract so that the recorded liability at balance date reflects the total refundable portion of the contributions. See Note 7.

(2.1.k) Revenue Received in Advance

Revenue received in advance represents those amounts by which the Deferred Management Fees recognised over the contractual period exceed the recognition of Deferred Management Fees based on the anticipated period of occupancy (see Note 2.2).

(2.1.l) Income Tax

The income tax expense recognised for the year includes both the current year provision and the income tax effects of timing differences, being deferred income tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current year provision is the expected tax payable on the taxable profit for the year based on tax rates enacted at balance date. Current tax for the year and prior periods is recognised as a liability or asset in the Statement of Financial Position to the extent that it is not yet paid or refunded.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(2.1.l) Income Tax - continued

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is provided for using tax rates expected to apply in the period of settlement, based on tax rates enacted or substantively enacted at balance date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(2.1.m) Goods and Services Tax

The Financial Statements have been prepared on a GST exclusive basis, except where a claim for recovery of the GST is not allowed by the Inland Revenue Department. In these cases and in respect of receivables and payables, the amounts are shown inclusive of GST.

(2.1.n) Statement of Cash Flows

Definitions of the terms used in the Statement of Cash Flows:

"Cash and cash equivalents" comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash. This includes all call borrowings such as bank overdrafts used as part of the day-to-day cash management.

"Operating Activities" are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

"Investing Activities" are those activities relating to the acquisition and disposal of investment property and any other non-current assets.

"Financing Activities" are those activities relating to changes in the size and composition of the capital and funding structure of the Company.

(2.1.o) Comparative Figures

The comparative figures shown are for the year ended 31 March 2023.

(2.2) Critical Accounting Estimates and Judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from direct sources. These are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(2.2) Critical Accounting Estimates and Judgements - continued

In particular, information about areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant impact on the amounts recognised in the Financial Statements are as follows:

Fair Value of Investment Property

The fair value of investment properties has been determined by an independent qualified valuer or the directors. Given that a range of assumptions are used in determining the fair value of the investment property the subjectivity of these assumptions to changes could have significant impact on the profit and fair value (Refer to Note 4.1 for key assumptions made).

Deferred Management Fee Revenue Recognition

Deferred management fees are recognised over the period of service being the expected period of tenure. This requires management to estimate the period of occupancy for Care Suites, Studios and Independent Apartments.

The directors in conjunction with the valuer estimate that the average period of occupancy for Care Suites is 3.0 years (2023: 3.1 years), Studios is 4.5 years (2023: 4.5 years), and for Independent Apartments 7.9 years (2023: 7.9 years), based on historical results and experience.

If actual occupancy periods differ significantly from the estimates, Deferred Management Fees shown in the Financial Statements will be affected accordingly.

(2.3) New Standards and Interpretations not yet Adopted

There are no new standards, amendments or interpretations that have been issued and are not yet effective, that are expected to have a significant impact on the Company.

(2.4) Changes in Accounting Policy and Disclosure

The changes in accounting policies adopted are noted in Note 2.3. All other accounting policies are consistent with those of the previous financial year.

(3) Taxation

(3.1) Income Tax

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Net Operating Profit/(Loss) Before Tax | 9,611,634 | 1,912,459 |
| NZ IFRS Deferred Management Fee Adjustment | (1,781,512) | (996,920) |
| Fair Value Movement of Investment Properties | (7,798,378) | 96,459 |
| Other | 91,571 | - |
| Depreciation for Income Tax Purposes | <u>(2,053,109)</u> | <u>(1,250,063)</u> |
| Net Surplus/(Deficit) for Taxation | (1,929,794) | (238,065) |
| Current Year Provision at 28% | (540,342) | (66,658) |
| Deferred Income Tax Expense (Note 3.2) | <u>1,073,812</u> | <u>629,032</u> |
| Total Income Tax Expense/(Benefit) | <u><u>533,470</u></u> | <u><u>562,374</u></u> |

The Company is part of a consolidated tax group, the Arvida Group Limited Consolidated Group.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(3.2) Deferred Taxation

| | Investment Property | Impact of Revenue in Advance | Deferred Tax Liability (Asset) |
|---------------------|------------------------|------------------------------------|-----------------------------------|
| 2024 | \$ | \$ | \$ |
| At 1 April 2023 | 1,968,727 | 64,319 | 2,033,047 |
| Charge for the Year | 574,989 | 498,823 | 1,073,812 |
| At 31 March 2024 | <u>2,543,716</u> | <u>563,142</u> | <u>3,106,859</u> |

| | Investment Property | Impact of Revenue in Advance | Deferred Tax Liability (Asset) |
|---------------------|------------------------|------------------------------------|-----------------------------------|
| 2023 | \$ | \$ | \$ |
| At 1 April 2022 | 1,618,833 | (214,818) | 1,404,015 |
| Charge for the Year | 349,894 | 279,137 | 629,032 |
| At 31 March 2023 | <u>1,968,727</u> | <u>64,319</u> | <u>2,033,047</u> |

The tax charge in the Statement of Comprehensive Income reflects the movements in deferred tax through the profit and loss for the investment property and revenue in advance.

(4) Non-Current Assets

(4.1) Investment Properties

| At Fair Value | Total \$ |
|---------------------------------------|--------------------|
| Balance at 1 April 2022 | 87,388,367 |
| Additions/(Disposals) | 56,897 |
| Net revaluation movement for the year | <u>(96,459)</u> |
| Balance at 31 March 2023 | 87,348,805 |
| Additions/(Disposals) | 45,074,300 |
| Net revaluation movement for the year | <u>7,798,378</u> |
| Balance at 31 March 2024 | <u>140,221,483</u> |

Retirement Village:

| | |
|-----------------------------------|---|
| Date of Valuation | 31 March 2024 |
| Name and Qualification of Valuer: | CBRE Limited Michael Gunn Registered Valuer - B.Com (VPM), ANZIV, SPINZ |

The valuation of the land and buildings of the retirement village operation of Aria Bay Retirement Village Limited was prepared by the above independent valuers in accordance with NZ IFRS 13. CBRE is appropriately qualified and experienced in valuing retirement village properties in New Zealand. The valuation of the land and buildings of the care facility was completed by the above independent valuers in accordance with NZ IFRS 13.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(4.1) Investment Properties - continued

The valuation comprises the operator interest only. The operator's interest includes the operator's interest in Occupation Right Agreements, residential properties and development land.

The fair values are based on a discounted cash flow model applied to the expected future cash flows generated by the investment properties. The major assumptions used in the discounted cash flow analysis are growth rates in unit values which range from 0.5% to 3.5% (2023: 0.5% to 3.5%) over a period of time, discount rate of 14.25% (2023: 14.25%), the average period of occupancy as shown in Note 2.2 and a deduction for non-recoverable expenses such as refurbishment costs and capital expenditure. The period of the discounted cash flow is 20 years (2023: 20 years). The major assumptions used in the fair value measurement of the care facility land and buildings are a capitalisation rate of 12.75% (2023: 12%) and a market value of a care bed of \$101,083 (2023: \$104,773). Principal assumptions are unchanged from the prior year. The valuation is net of deduction of the licensees' capital gain under the capital gains sharing provisions of the historical Occupation Right Agreements. A component of investment properties is valued as development land using a sales comparison approach. The significant assumption used was a \$ per hectare estimate of \$0 (2023: \$21,555,556) and a \$ per unit estimate of \$0 (2023: \$83,621).

The operator's interest is adjusted for the residents' interest in the Occupation Rights Agreements and the revenue received in advance which are already recognised separately on the Statement of Financial Position and also reflected in the cash flow model.

A reconciliation summary between the valuation amounts and the amount recognised on the Statement of Financial Position as investment properties is as follows:

| | 2024 \$ | 2023 \$ |
|-----------------------------------|--------------------|-------------------|
| Care Facility Value per Valuation | 6,000,000 | 6,000,000 |
| Operators Interest per Valuation | 70,840,000 | 43,800,000 |
| Occupation Right Agreements | 72,744,278 | 36,281,887 |
| Resident Advances | (13,084,299) | (2,213,525) |
| Revenue Received in Advance | 3,721,504 | 3,480,443 |
| Total Investment Property | 140,221,483 | 87,348,805 |

As the fair value of investment property is determined using inputs that are unobservable, the Company has categorised investment property as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 - Fair Value Measurement.

(5) Shareholder Loans

| | 2024 \$ | 2023 \$ |
|----------------|--------------|--------------|
| Arvida Limited | (46,855,427) | (63,525,013) |

The advance to/(from) Arvida Limited is interest free, unsecured and repayable on demand.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(6) Related Party Transactions

As of the 30th of June 2015, the Company is a wholly owned subsidiary of Arvida Limited (the "Parent"). The ultimate controlling entity is Arvida Group Limited, which is listed on the New Zealand Stock Exchange. Advances from the Parent company are shown in Note 5 above.

(6.1) Rent Agreement

The Company entered into a rent agreement with Aria Bay Senior Living Limited. The amount received was \$400,000, for the year ended 31 March 2024 (2023: \$400,000).

(6.2) Management Agreement

The Company has entered into a management agreement with Aria Bay Senior Living Limited. This covers the management of all aspects of the operation of the retirement complex. The amount paid was \$256,250 for the year ended 31 March 2024 (2023: \$256,250).

(6.3) Guarantees

Bank loans of the Company's ultimate parent Arvida Group Limited are secured by various mortgages over certain assets of the company, subject to a first priority to the Statutory Supervisor over the retirement village assets. A registered first ranking composite general security agreement containing a cross guarantee and indemnity granted by Arvida Group Limited and acceded to by the Company, subject to guarantees being limited to 50% of the company's net tangible assets.

(6.4) Key Management Personnel Compensation

The Company's ultimate parent is Arvida Group Limited. Key strategic decisions regarding the planning, direction, control and activities of the Company are undertaken by the Board of Arvida Group Limited as the ultimate controlling entity together with key management personnel of Arvida Limited the fully owned subsidiary of Arvida Group Limited and parent of the Company. Disclosures regarding key management personnel compensation for Arvida Group Limited can be found in the notes of that entity's annual report for the year ended 31 March 2024.

(6.5) Other Related Party Transactions

The Company has made an advance \$4,940,577 to Aria Bay Senior Living Limited (2023: \$5,335,491). The companies are related by common ownership and control. This amount is unsecured, interest free and to be settled at a notice of nine months. However, it is not expected to be settled within 12 months from balance date.

No related party debts have been written off or forgiven during the year.

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(7) Occupation Right Agreements

| | 2024 | 2023 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Occupation Right Agreements | 72,744,277 | 36,281,887 |
| Less Resident Advances | (15,753,611) | (3,974,974) |
| Net Liability to Residents | <u>56,990,666</u> | <u>32,306,913</u> |

The Occupation Right Agreements liability is classified as current as the Company does not have an unconditional right to defer settlement. Settlement occurs when both a terminating event has occurred and there has been a subsequent resale of the license.

Resident advances are provided to residents to enable them to complete the settlement of their ORA. Advances are either repayable upon sale of a property following the settlement or repaid on termination of the ORA.

Security:

Residents make interest free advances under their Occupation Right Agreements ("Occupancy Advances") to the retirement village in exchange for the right of occupancy to retirement village units. Under the terms of the Occupancy Agreement, an encumbrance is recorded over the land title by the statutory supervisor to secure the Company's obligation to the occupation license holders. The encumbrance ranks first ahead of any bank securities.

(8) Leases

As Lessee

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less as at the commencement of the lease. The Company recognises the lease payments associated with these leases as incurred as a rental expense over the lease term.

As Lessor

The Company acts as a lessor under occupation right agreements with village residents. The assets leased by the Company as a lessor are disclosed as investment property and lease income is generated in the form of deferred management fees. The lease term is determined to be the expected period of tenure. The Company uses the portfolio approach to account for leases of units to village residents and allocates individual leases to different portfolios depending on the type of unit.

(9) Share Capital

| | 2024 | 2023 |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| 100,000 Ordinary Shares | <u>100,000</u> | <u>100,000</u> |

The shares were issued at \$1 each and have been authorised and paid in full. The shares have no par value. All shares have equal voting rights and share equally in any dividends and surplus on winding up.

No shares were issued or repurchased during the year ending 31 March 2024 (2023: \$Nil).

There were no dividends paid or declared by the Company during the year ending 31 March 2024 (2023: \$Nil).

**ARIA BAY RETIREMENT VILLAGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

(10) Capital Commitments

As at 31 March 2024 the Company has capital commitments of \$Nil (2023: \$7,077,014).

(11) Contingent Liabilities

The Company has \$Nil material contingent liabilities at 31 March 2024 (2023: \$Nil).

(12) Significant Events after Balance Date

There have not been any significant events since balance date to affect the results shown in these statements.