

Waikanae Country Lodge Village Limited

Financial Statements

For the Year Ended 31 March 2025

Waikanae Country Lodge Village Limited
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For the Year Ended 31 March 2025

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Waikanae Country Lodge Village Limited
Company Directory
For the Year Ended 31 March 2025

Nature of Business: Retirement Village Operator

Date of Incorporation: 27 April 2009

Company Number: 2233920

Registered Office: Level 15
29 Customs Street West
Auckland

Issued Capital: 100 ordinary shares

| | | |
|--------------|----------------|---------------|
| Shareholder: | Arvida Limited | Shares |
| | | 100 |
| | | <u>100</u> |

Directors: Jeremy Mark Nicoll
Mark David Wells

Accountants: Connected Accountants Limited
326 Lambton Quay
Wellington

Auditors: EY
2 Takutai Square
Britomart
Auckland

Lawyers: Anthony Harper
Level 6
66 Wyndham Street
Auckland

Bankers: ANZ Bank New Zealand Limited

Waikanae Country Lodge Village Limited
Annual Report
For the Year Ended 31 March 2025

Nature of the Company's Business

The nature of the Company's business is that of a retirement village operator. The Directors consider the state of the Company's affairs to be satisfactory.

Approval of Financial Statements

The Directors have approved the financial statements of Waikanae Country Lodge Village Limited for the year ended 31 March 2025.

Contents of Annual Report

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



Mark Wells, Director

9 July 2025

Dated



Jeremy Nicoll, Director

9 July 2025

Dated



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Independent auditor's report to the shareholder of Waikanae Country Lodge Village Limited

Opinion

We have audited the financial statements of Waikanae Country Lodge Village Limited (the "Company") which comprise the statement of financial position of the Company as at 31 March 2025, 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 2025 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.

Ernst & Young provides other assurance related services to the parent entity; Arvida Group Limited. We also provided remuneration advisory assistance and limited financial modelling advice to Arvida Group Limited. 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 other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon.

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



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

If, based upon the work we have performed, 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/assurance-standards/auditors-responsibilities/audit-report-8>. This description forms part of our auditor's report.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

Chartered Accountants
Auckland
9 July 2025

Waikanae Country Lodge Village Limited
Statement of Comprehensive Income
For the Year Ended 31 March 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|------------------|-----------------|
| Revenue | | | |
| Fee Revenue | 3 | 698,357 | 657,701 |
| Fair Value Movement of Investment Properties | 5 | 491,254 | 118,700 |
| | | <u>1,189,611</u> | <u>776,401</u> |
| Expenses | | | |
| Administration Expenses | | 318,708 | 242,846 |
| Operating Expenses | | 358,322 | 229,306 |
| Depreciation | | 7,869 | 8,799 |
| | | <u>684,899</u> | <u>480,951</u> |
| Operating Profit (Loss) Before Financing Cost | | <u>504,712</u> | <u>295,450</u> |
| Interest Expense | | 9,170 | 1,407 |
| Interest Income | | (2,858) | (12,421) |
| Net Financing Cost (Income) | | <u>6,312</u> | <u>(11,014)</u> |
| Net Profit (Loss) before Tax | | <u>498,400</u> | <u>306,464</u> |
| Taxation Expense | 2 | 1,982 | 52,574 |
| Net Profit (Loss) after Tax | | <u>496,418</u> | <u>253,890</u> |
| Total Comprehensive Income / (Loss) | | <u>496,418</u> | <u>253,890</u> |

Waikanae Country Lodge Village Limited
Statement of Changes in Equity
For the Year Ended 31 March 2025

| | Share Capital \$ | Retained Earnings \$ | Total \$ |
|---|---------------------------------|-------------------------------------|---------------------|
| Balance as at 1 April 2023 | 10,000 | 3,361,065 | 3,371,065 |
| Total Comprehensive Income / (Loss) After Tax | - | 253,890 | 253,890 |
| | - | 253,890 | 253,890 |
| Balance as at 31 March 2024 | 10,000 | 3,614,955 | 3,624,955 |
| Balance as at 1 April 2024 | 10,000 | 3,614,955 | 3,624,955 |
| Total Comprehensive Income / (Loss) After Tax | - | 496,418 | 496,418 |
| | - | 496,418 | 496,418 |
| Balance as at 31 March 2025 | 10,000 | 4,111,373 | 4,121,373 |

Waikanae Country Lodge Village Limited
Statement of Financial Position
As at 31 March 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|-------------------|-------------------|
| Assets | | | |
| Cash and Cash Equivalents | | 10,220 | 21,486 |
| Trade & Other Receivables | | 9,111 | 224,983 |
| Related Party Receivables | 4 | 54,153 | 776,399 |
| Taxation | 2 | 92,459 | 28,591 |
| Resident Advances | 6 | 517,177 | 1,193,004 |
| Development Work in Progress | | 59,633 | 172,936 |
| Property, Plant & Equipment | | 28,553 | 31,810 |
| Investment Properties | 5 | 13,166,592 | 10,760,351 |
| Total Assets | | 13,937,898 | 13,209,560 |
| Liabilities | | | |
| Trade & Other Payables | | 78,146 | 331,901 |
| Revenue in Advance | | 476,422 | 502,177 |
| Goods & Services Tax | | 134,485 | 119,801 |
| Deferred Tax | 2 | 302,628 | 209,238 |
| Related Party Payables | 4 | 1,824,674 | 1,618,314 |
| Refundable Occupation Right Agreements | 6 | 7,000,170 | 6,803,174 |
| Total Liabilities | | 9,816,525 | 9,584,605 |
| Net Assets | | 4,121,373 | 3,624,955 |
| Equity | | | |
| Share Capital | 7 | 10,000 | 10,000 |
| Retained Earnings | | 4,111,373 | 3,614,955 |
| Total Equity | | 4,121,373 | 3,624,955 |



Mark Wells, Director



Jeremy Nicoll, Director

9 July 2025
Dated

9 July 2025
Dated

Waikanae Country Lodge Village Limited
Statement of Cash Flows
For the Year Ended 31 March 2025

| | 2025 | 2024 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Operating Activities | | |
| Receipts from Customers | 716,474 | 590,325 |
| Sales of Refundable Occupation Right Agreements | 2,515,823 | 1,643,448 |
| Interest Received | 2,858 | 12,421 |
| Net GST Received | 14,684 | 20,144 |
| Payments to Suppliers | (615,998) | (470,938) |
| Repayment of Refundable Occupation Right Agreements | (1,784,777) | (1,120,223) |
| Income Tax Refunded | 27,541 | 24,395 |
| Interest Paid | (9,170) | (1,407) |
| Net Operating Cash Flows | <u>867,435</u> | <u>698,165</u> |
| Investing Activities | | |
| Purchase of Investment Property, Property, Plant & Equipment, and Work in Progress | (1,807,307) | (553,957) |
| Net Investing Cash Flows | <u>(1,807,307)</u> | <u>(553,957)</u> |
| Financing Activities | | |
| Related Party Financing | 928,606 | (133,075) |
| Net Financing Cash Flows | <u>928,606</u> | <u>(133,075)</u> |
| Net Increase (Decrease) in Cash Held | <u>(11,266)</u> | <u>11,133</u> |
| Opening Balance | 21,486 | 10,353 |
| Balance at End of Year | <u><u>10,220</u></u> | <u><u>21,486</u></u> |

Waikanae Country Lodge Village Limited

Notes to the Financial Statements

For the Year Ended 31 March 2025

1 Statement of Accounting Policies

Reporting Entity

The financial statements presented are for the reporting entity Waikanae Country Lodge Village Limited ("the Company"), a registered Company under the Companies Act 1993 which was incorporated on 27 April 2009. The Company is a wholly owned subsidiary of Arvida Limited ("the Parent"). The controlling entity is Arvida Group Limited. The Company is incorporated and domiciled in New Zealand. The financial statements comply with the Financial Reporting Act 2013 and the Companies Act 1993.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). For the purpose 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 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 1m).

These financial statements were authorised for issue by the Directors on 9 July 2025. The Company's owner does not have the power to amend these financial statements once issued.

Period of Financial Statements

The period covered by these financial statements is for the twelve month period to 31 March 2025.

Basis of Preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars which is the Company's functional and presentation currency. These financial statements have been rounded to the nearest dollar.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements of the Company.

a) Revenue Recognition

Deferred Management Fees

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, estimated at 8.0 and 4.9 years for independent living units and serviced apartments respectively. The amounts recognised are on a straight line basis.

Management Fees

Management fee revenue is recognised in profit or loss as the services are provided and only when the amount of revenue can be measured reliably and it is probable future economic benefits will flow to the Company.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

Service Fees

Revenue from services is received for access to the Village facilities and services. Service fee revenue is recognised in profit or loss as the services are provided and only when the amount of revenue can be measured reliably and it is probable future economic benefits will flow to the Company.

b) Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank accounts.

c) Goods and Services Tax

These financial statements have been prepared on a basis exclusive of GST with the exception of trade receivables and trade payables that have been included on a GST inclusive basis.

d) Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at balance date. Deferred income 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. 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 balance 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

e) 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 cash flows from the financial assets 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 assets and liabilities are considered to be materially the same as their carrying amounts as disclosed in the Statement of Financial Position.

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.

Accrued revenue comprises Deferred Management Fees that are not payable until the village residents sell their serviced apartment or independent living unit or terminate their occupancy licence.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

f) 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.

g) 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 5).

h) Property, Plant & Equipment and Depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation of the assets is charged on a diminishing value basis over the estimated useful life of each asset in line with the recommended rates of the Inland Revenue Department. The principle rates in use were:

| | |
|----------------------|------------|
| Plant & Equipment | 10% to 67% |
| Furniture & Fittings | 20% |

i) Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment properties are 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 cashflow model.

Gains or losses arising from changes in the fair value 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. No depreciation is provided for on investment properties. For tax purposes depreciation is claimed and a deferred tax liability is recognised.

j) 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. 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.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

k) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance date to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses (which are the difference between carrying amount and recoverable amount) directly reduce the carrying amount of assets and are recognised in profit or loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance date.

l) Share Capital

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

m) Accounting Estimates and Assumptions

In preparing these financial statements, the Company has made estimates and assumptions around the carrying value of assets and liabilities that are not readily apparent from direct sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed on an ongoing basis. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following accounting policies and notes:

- Revenue recognition - policy a)
- Valuation of Investment Property - policy i), note 5

n) Changes in Accounting Policies

There have been no changes in accounting policies during the period. All other accounting policies have been applied on a consistent basis.

o) New Accounting Standards and Interpretations Adopted

There were no mandatory new and amended NZ IFRS Standards and Interpretations adopted during the year.

p) New Accounting 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.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

| | | | |
|-----------|-----------------------------------|------------------------|------------------------|
| 2 | Taxation | 2025 | 2024 |
| | | \$ | \$ |
| a) | Taxation Expense | | |
| | Net Profit before Tax | 498,400 | 306,464 |
| | Prima Facie Tax @ 28% (2024: 28%) | 139,552 | 85,810 |
| | Permanent Differences | <u>(137,570)</u> | <u>(33,236)</u> |
| | Tax Expense | <u>1,982</u> | <u>52,574</u> |
| | <i>Comprising:</i> | | |
| | Current Tax | (91,408) | (25,034) |
| | Deferred Tax | <u>93,390</u> | <u>77,608</u> |
| | | <u>1,982</u> | <u>52,574</u> |
| b) | Taxation Balance | | |
| | Opening Balance | (28,591) | (27,951) |
| | Current Tax | (91,408) | (25,034) |
| | Tax Paid | 28,591 | 27,951 |
| | Resident Withholding Tax | <u>(1,051)</u> | <u>(3,557)</u> |
| | Tax Payable (Refund Due) | <u>(92,459)</u> | <u>(28,591)</u> |

c) Deferred Tax Asset (Liability)

Taxable and deductible temporary differences arise from the following:

| 2025 | Opening | Recognised | Closing |
|------------------------------------|-------------------------|------------------------|-------------------------|
| | \$ | in Income | \$ |
| | | \$ | |
| Investment Property | (102,965) | (24,489) | (127,454) |
| Deferred Management Fees | <u>(106,273)</u> | <u>(68,901)</u> | <u>(175,174)</u> |
| Balance as at 31 March 2025 | <u>(209,238)</u> | <u>(93,390)</u> | <u>(302,628)</u> |
| | | | |
| 2024 | Opening | Recognised | Closing |
| | \$ | in Income | \$ |
| | | \$ | |
| Investment Property | (74,728) | (28,237) | (102,965) |
| Deferred Management Fees | <u>(56,902)</u> | <u>(49,371)</u> | <u>(106,273)</u> |
| Balance as at 31 March 2024 | <u>(131,630)</u> | <u>(77,608)</u> | <u>(209,238)</u> |

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

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

| 3 Fee Revenue | 2025 | 2024 |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| Service Fees | 285,015 | 281,846 |
| Deferred Management Fees | 406,237 | 389,105 |
| Management Fees | - | (23,913) |
| Other Income | 7,105 | 10,663 |
| | <u>698,357</u> | <u>657,701</u> |
| | | |
| 4 Related Party Transactions | 2025 | 2024 |
| | \$ | \$ |
| Related Party Payables (Receivables) | | |
| Waikanae Country Lodge Limited | (54,153) | (776,399) |
| Arvida Limited | 1,824,674 | 1,618,314 |
| | <u>1,770,521</u> | <u>841,915</u> |

The above loans are unsecured and repayable on demand. Interest is payable on the loans at the discretion of the lender and no interest charges were made in the current year (2024: Nil). No related party debts have been written off or forgiven during the year. No guarantees have been given or received in respect of these balances.

The Company paid a management fee to Waikanae Country Lodge Limited of \$211,403 (2024: \$174,600). The Company received a management fee from WCL Body Corporate of \$Nil (2024: -\$23,913).

The Company is a wholly owned subsidiary of Arvida Limited (the "Parent"). The controlling entity is Arvida Group Limited, which is incorporated and domiciled in New Zealand. Advances from the Parent company are shown above. Waikanae Country Lodge Limited and Arvida Limited are related parties by virtue of being under common control of Directors of the Company. WCL Body Corporate is a related party by virtue of provision of key management personnel.

Bank loans of the Company's controlling entity Arvida Group Limited are secured by various mortgages over certain assets of the Company, subject to a first priority to the Statutory Supervisor over 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.

Key Management Personnel

The Company is a fully owned subsidiary of Arvida Group Limited. Key strategic decisions regarding the planning, direction, control and activities of the Company are undertaken by the Board and key management personnel of Arvida Group Limited as the controlling entity. Disclosures regarding key management personnel compensation for Arvida Group Limited can be found in the notes of that entities annual report for the year ended 31 March 2025.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

| 5 Investment Properties | 2025 | 2024 |
|---------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Opening Balance | 10,760,351 | 10,220,329 |
| Acquired During the period | 1,910,987 | 421,322 |
| Resident Capital Gain Liability | 4,000 | - |
| Revaluation | 491,254 | 118,700 |
| Closing Balance | <u>13,166,592</u> | <u>10,760,351</u> |

Investment Properties were valued at 31 March 2025 by CBRE Limited, independent registered valuers. The valuation was completed in accordance with NZ IAS 40 and NZ IFRS 13 using the key assumptions in the table below.

| Valuation Technique | Significant Unobservable Inputs |
|-------------------------------|--|
| Discounted Cash Flow Approach | Terminal Yield rate of 13.0% has been used |
| | Average market growth rate of 1.0% - 3.0% has been used |
| | Adopted discount rate of 16.0% has been used |
| | Cash Flow Forecast – 20 years |
| | Average Occupancy – 4.9 years serviced apartments and 8.0 years independent living units |
| Sales Comparison Approach | Development land \$/ha of \$1,250,000 has been used |

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.

The valuation of investment properties is then adjusted for cash flows relating to refundable occupation right agreements and accrued income entitlements recognised separately on the Statement of Financial Position. A reconciliation between the valuation and the amount recognised on the Statement of Financial Position is as follows:

| | 2025 | 2024 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Valuation | 6,160,000 | 4,200,000 |
| Plus Refundable Occupation Right Agreements | 7,000,170 | 6,803,174 |
| Resident Advances | (470,000) | (745,000) |
| Revenue in Advance | 476,422 | 502,177 |
| | <u>13,166,592</u> | <u>10,760,351</u> |

An encumbrance in favour of the statutory supervisor of the village is recognised as a first charge over the freehold land to protect the interests of the village residents in the event of failure of the Company as operator of the village to observe obligations under the deed of supervision and occupation right agreements.

Waikanae Country Lodge Village Limited
Notes to the Financial Statements
For the Year Ended 31 March 2025

6 Refundable Occupational Right Agreements

A resident is charged a Deferred Management Fee in consideration for the right to occupy one of the Company's apartments. The Deferred Management Fee is payable by the resident on termination of the occupancy right agreement. Deferred Management Fee revenue is recognised in accordance with the accounting policy on revenue recognition (note 1a). Amounts which are payable under occupation right agreements, which are firm monetary obligations are shown in the Statement of Financial Position as liabilities.

Licence fees are refundable to the residents on vacating the serviced apartment or independent living unit, or on the termination of the licence to occupy (subject to new licence rights being issued). Therefore, the fair value is considered equal to the face value of the amount demanded.

| | 2025 | 2024 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Refundable Occupational Right Agreements | 7,000,170 | 6,803,174 |
| Less Resident Advances | (517,177) | (1,193,004) |
| | <u>6,482,993</u> | <u>5,610,170</u> |

7 Share Capital

| | 2025 | 2024 |
|-----------------|----------------------|----------------------|
| | \$ | \$ |
| Ordinary Shares | 10,000 | 10,000 |
| | <u>10,000</u> | <u>10,000</u> |

Share capital of 100 ordinary shares of \$100 each have been authorised, issued and were called during the year. All share capital is now paid in full. All shares carry equal voting rights, equal entitlements to dividends and rank equally with regard to the Company's residual assets on winding up. The shares have no par value.

8 Capital and Other Commitments

The Company had no capital or other commitments at balance date (2024: Nil).

9 Contingent Liabilities

There are no contingent liabilities at balance date (2024: Nil).

10 Subsequent Events

There have been no material events that have occurred subsequent to balance date (2024: Nil).