

# **Metlifecare Retirement Villages Limited**

## **Annual Report**

**For the year ended 30 June 2025**

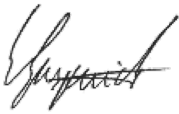
## Directors' Report

For the year ended 30 June 2025

The Directors have pleasure in presenting the Annual Report and Financial Statements of Metlifecare Retirement Villages Limited for the year ended 30 June 2025.

With the agreement of the Shareholder, the Company adopted the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Annual Report and Financial Statements presented are signed for and on behalf of the Board and were authorised by the Board for issue on 26 September 2025.



Director  
26 September 2025



Director  
26 September 2025

## Contents

Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	8
1    General information	8
2    Operating performance	13
3    Investment properties, refundable occupation right agreements and related property assets	16
4    Shareholders' equity and interest	27
5    Other assets and liabilities	28
6    Business combinations	33
7    Related parties	34
8    Commitments	35
9    Contingent liabilities and assets	35
10   Subsequent events	35
Independent Auditor's Report	36

## Statement of Comprehensive Income

For the year ended 30 June 2025

\$000	Note	30 June 2025	30 June 2024
<b>Income</b>			
Operating revenue	2.1	242,562	222,785
Other income	2.1.1	1,200	-
Interest income		166	145
<b>Total Income</b>		<b>243,928</b>	<b>222,930</b>
<b>Other gains</b>			
Change in fair value of investment properties	3.2	134,786	142,372
<b>Expenses</b>			
Employee expenses		(116,360)	(123,315)
Property expenses	2.2	(48,248)	(34,581)
Other expenses	2.2	(40,600)	(42,512)
Change in fair value of residents' share of capital gains		(279)	(3,356)
Reversal of impairment/(impairment)	2.2	5,460	(3,009)
Depreciation	3.4	(15,315)	(8,808)
Amortisation		(22)	(67)
Interest expenses	4.4	(12,530)	(4,923)
<b>Total expenses</b>		<b>(227,894)</b>	<b>(220,571)</b>
<b>Profit before income tax</b>		<b>150,820</b>	<b>144,731</b>
Income tax benefit/(expense)	5.1	22,710	(20,810)
<b>Profit for the year</b>		<b>173,530</b>	<b>123,921</b>
<b>Other comprehensive income</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Gain on revaluation of care homes, net of tax	4.2	41,800	47,360
<b>Other comprehensive income, net of tax</b>		<b>41,800</b>	<b>47,360</b>
<b>Total comprehensive income</b>		<b>215,330</b>	<b>171,281</b>
<b>Profit attributable to shareholders of the Company</b>		<b>173,530</b>	<b>123,921</b>
<b>Total comprehensive income attributable to shareholders of the Company</b>		<b>215,330</b>	<b>171,281</b>

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

## Statement of Changes in Equity

For the year ended 30 June 2025

\$000	Note	Contributed Equity	Retained Earnings	Revaluation Reserve	Total Equity
<b>Balance at 1 July 2023</b>		<b>311,165</b>	<b>2,120,280</b>	<b>22,406</b>	<b>2,453,851</b>
<b>Comprehensive income</b>					
Profit for the year		-	123,921	-	<b>123,921</b>
Other comprehensive income	4.2	-	-	47,360	<b>47,360</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>123,921</b>	<b>47,360</b>	<b>171,281</b>
<b>Balance at 30 June 2024</b>		<b>311,165</b>	<b>2,244,201</b>	<b>69,766</b>	<b>2,625,132</b>
<b>Balance at 1 July 2024</b>		<b>311,165</b>	<b>2,244,201</b>	<b>69,766</b>	<b>2,625,132</b>
<b>Comprehensive income</b>					
Profit for the year		-	173,530	-	<b>173,530</b>
Other comprehensive income	4.2	-	-	41,800	<b>41,800</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>173,530</b>	<b>41,800</b>	<b>215,330</b>
<b>Balance at 30 June 2025</b>		<b>311,165</b>	<b>2,417,731</b>	<b>111,566</b>	<b>2,840,462</b>

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

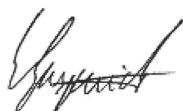
## Balance Sheet

As at 30 June 2025

\$000	Note	30 June 2025	30 June 2024
<b>Assets</b>			
Cash and cash equivalents		208	206
Trade and other receivables	5.3	131,014	82,247
Property, plant and equipment	3.4	544,717	426,954
Investment properties	3.2	6,183,229	5,718,038
Intangible assets		22	44
Goodwill	3.5	830	1,375
Asset classified as held for sale		2,258	1,210
<b>Total assets</b>		<b>6,862,278</b>	<b>6,230,074</b>
<b>Liabilities</b>			
Trade and other payables	5.4	60,699	67,231
Amounts due to Metlifecare Limited	7.3	1,052,167	946,536
Interest bearing liabilities		3,822	2,630
Deferred management fees		216,330	191,780
Refundable occupation right agreements	3.3	2,680,095	2,371,614
Deferred tax liability	5.2	8,703	25,151
<b>Total liabilities</b>		<b>4,021,816</b>	<b>3,604,942</b>
<b>Net assets</b>		<b>2,840,462</b>	<b>2,625,132</b>
<b>Equity</b>			
Contributed equity	4.1	311,165	311,165
Revaluation reserve	4.2	111,566	69,766
Retained earnings		2,417,731	2,244,201
<b>Total equity</b>		<b>2,840,462</b>	<b>2,625,132</b>

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

The Financial Statements presented are signed for and on behalf of Metlifecare Retirement Villages Limited and were authorised by the Board for issue on 26 September 2025.



Director  
26 September 2025



Director  
26 September 2025

## Cash Flow Statement

For the year ended 30 June 2025

\$000	Note	30 June 2025	30 June 2024
<b>Cash flows from operating activities</b>			
Receipts from residents for management fees, village, care and service fees		215,864	199,239
Receipts from residents for new refundable occupation right agreements		546,428	464,615
Receipts from liquidated damages		1,200	-
Payments to residents for outgoing refundable occupation right agreements		(229,130)	(201,340)
Payments to residents via buyback of refundable occupation right agreements for regeneration and remediation		(10,472)	(9,028)
Payments to suppliers and employees		(212,056)	(194,897)
Net interest paid		(282)	(146)
Net GST (paid)/received		(6,895)	4,108
<b>Net cash inflow from operating activities</b>		<b>304,657</b>	<b>262,551</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of businesses	6	-	(35,890)
Payments for property, plant and equipment		(61,720)	(113,387)
Payments for investment properties		(296,818)	(430,672)
Deposits paid for land acquisitions		-	(1,007)
Capitalised interest paid	4.4	(50,947)	(47,466)
Proceeds from divestment of business		-	4,085
Proceeds from sale of other investments		-	600
<b>Net cash outflow from investing activities</b>		<b>(409,485)</b>	<b>(623,737)</b>
<b>Cash flows from financing activities</b>			
Net advances from Metlifecare Limited		105,630	361,786
Principal payments of lease liabilities		(800)	(589)
<b>Net cash inflow from financing activities</b>		<b>104,830</b>	<b>361,197</b>
<b>Net increase in cash and cash equivalents</b>		<b>2</b>	<b>11</b>
Cash and cash equivalents at the beginning of the financial year		206	195
<b>Cash and cash equivalents at the end of the financial year</b>		<b>208</b>	<b>206</b>

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

## Cash Flow Statement (continued)

For the year ended 30 June 2025

### Reconciliation of profit after tax with net cash inflow from operating activities

\$000	Note	30 June 2025	30 June 2024
<b>Profit after tax</b>		173,530	123,921
<b>Adjustments for:</b>			
Change in fair value of investment properties	3.2	(134,786)	(142,372)
Change in the fair value of residents' share of capital gains		279	3,356
(Reversal of impairment)/impairment	2.2	(5,460)	3,009
Depreciation	3.4	15,315	8,808
Amortisation		22	67
Income tax (benefit)/expense	5.1	(22,710)	20,810
Gain on disposal of assets	2.2	(361)	(77)
Loss on divestment of business		-	221
Interest income		(2)	-
Interest expenses		12,084	4,631
Allowance for doubtful receivables		(37)	74
<b>Changes in working capital relating to operating activities:</b>			
Trade and other receivables		(32,587)	33,366
Trade and other payables		(6,479)	4,922
Deferred management fees		24,550	15,953
Refundable occupation right agreements		281,299	185,862
<b>Net cash inflow from operating activities</b>		<b>304,657</b>	<b>262,551</b>

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

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

This section outlines the basis upon which the Financial Statements are prepared.

#### 1.1 Reporting entity

The Financial Statements are for Metlifecare Retirement Villages Limited (the Company).

The Company is incorporated and domiciled in New Zealand. The address of its registered office is Level 4, 110 Carlton Gore Road, Newmarket, Auckland 1023.

The immediate parent of the Company is Metlifecare Limited (Metlifecare), a limited liability company incorporated in New Zealand. The ultimate parent is EQT Infrastructure Holdings, a Swedish entity.

The Company is in the business of owning, operating, and developing retirement villages and care homes for the elderly in New Zealand.

#### 1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the requirements of the Retirement Villages Act 2003 and the Companies Act 1993.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), and other applicable New Zealand Financial Reporting Standards, as appropriate for entities that apply NZ IFRS RDR.

The Company is eligible and has elected to report in accordance with Tier 2 for-profit accounting requirements (NZ IFRS RDR) on the basis that the Company has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Company has applied a number of disclosure concessions.

The Financial Statements have been prepared on the basis the Company is a going concern.

The Balance Sheet is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, care homes (care beds and care suites) and assets held for sale.

The functional and presentation currency is New Zealand dollars. Unless otherwise stated, the Financial Statements are presented in round thousands of dollars. The use of \$m signifies millions of dollars.

Comparative information may have been restated to ensure continuity of information.

## Notes to the Financial Statements (continued)

### 1.3 Key judgements and estimates

The preparation of the Financial Statements in accordance with GAAP requires the use of certain key accounting estimates and judgements. It also requires Management to exercise judgement based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances when applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are as follows:

Reference to Note	Key estimates and judgements
Note 2.1	Revenue recognition - Management fees
Note 3.2 and 3.4	Fair value of investment properties and care homes
Note 5.2	Recognition of historical tax losses in deferred tax

### Climate related risk

The Company acknowledges that climate-related risk presents a significant long-term threat to the Company's current operations, and the Audit & Risk Committee monitors climate change risks quarterly as part of its Enterprise Risk Management. Of particular concern to the Company are physical climate risks, such as extreme weather events, flooding, and heatwaves, which can pose substantial risks to people, operations, and assets.

Climate-related risks are considered when designing and building new developments, as well as when regenerating and refurbishing existing retirement villages. Severe weather events are increasingly common and intense. With resident satisfaction as our top priority, we aim to create a living environment that addresses long-term climate changes and ensures that residents are safe and comfortable. Additionally, while climate change currently has a small impact on the Company's property values, this could change in the future.

### 1.4 Material accounting policies

Material accounting policies that summarise the measurement basis used and are relevant to the understanding of the Financial Statements are provided throughout the Notes to the Financial Statements. Other relevant policies are provided as follows.

(i) New accounting policies

There are no material new accounting policies during the year that are relevant to the Company.

(ii) New accounting standards

From 1 July 2024 the Company has adopted the amendments to NZ IAS 1 Presentation of Financial Statements and FRS-44 New Zealand Additional Disclosures.

## Notes to the Financial Statements (continued)

Standards issued but not yet effective

NZ IFRS 18 Presentation and Disclosure in Financial Statements effective from 1 January 2027 has not been early adopted in preparing these financial statements.

There are no new accounting standards or standards issued but not yet effective which have or are expected to have a material effect on the Financial Statements of the Company.

(iii) Measurement of fair value

The Company measures investment properties, care homes and assets held for sale at fair value. The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

(iv) Goods and Services Tax (GST)

The Statement of Comprehensive Income and Cash Flow Statement have been prepared so that all components are stated exclusive of any GST that can be claimed with the net amount of GST payments/receipts being shown in the Cash Flow Statement under operating activities. Where an amount of GST is not recoverable, this is recognised as part of the cost of the assets or as an expense, as applicable. All other items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(v) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities at balance date are recognised in the Statement of Comprehensive Income.

## Notes to the Financial Statements (continued)

(vi) Classification of Company property

The Company operates retirement villages and care homes. As outlined in section 3, retirement villages are typically investment property and care homes are typically property, plant and equipment.

The Company applies the following principles when ascertaining the appropriate accounting treatment to be applied:

Unit	Scenario	Consideration of Significant Cash Flows	Classification
Independent living unit (villa or apartment)	Additional Services are optional <sup>1</sup> (whether or not the unit is certified for Aged Related Residential Care)	The business model is the provision of retirement accommodation	Investment property
Serviced apartment	Services are compulsory but an insignificant portion of total revenue from the unit (whether or not the unit is certified for Aged Related Residential Care)	<ol style="list-style-type: none"> <li>Where a guideline of under 20% of total revenue is adopted; and</li> <li>The business model is the provision of retirement accommodation</li> </ol>	Investment property
Care suite	Full Aged Related Residential Care services are compulsory, and a significant portion of the total revenue derived from the unit	The business model is the provision of care	Property, plant and equipment
Traditional care bed	Full Aged Related Residential Care services are compulsory for that bed	The business model is the provision of care. The price of the accommodation does not change the overall purpose of the accommodation	Property, plant and equipment

<sup>1</sup> Excludes Assisted Lifestyle Services that are included in Occupation Rights Agreements (ORA) of the new development retirement villages.

## Notes to the Financial Statements (continued)

(vii) Financial instruments

NZ IFRS 9 - Financial Instruments established three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company holds the following categories of financial instruments:

- Financial assets at amortised cost - financial assets comprising cash and cash equivalents, and trade and other receivables (excluding prepayments and GST receivable).
- Financial liabilities at amortised cost - financial liabilities comprising trade and other payables (excluding employee entitlements), interest-bearing liabilities and refundable ORAs (to the extent of associated future cashflows).

### 1.5 Significant events and transactions

The following events and transactions occurred during the year:

On 12 August 2024 and 15 November 2024, the Company settled on the land purchases for Rototuna and Kapiti respectively. The total settlement value was \$18.9m.

## Notes to the Financial Statements (continued)

### 2. OPERATING PERFORMANCE

This section provides information that the Directors consider most relevant in the context of the operating performance of the Company including revenue, property and other expenses.

#### 2.1 Operating revenue

\$000	30 June 2025	30 June 2024
Management fees	97,049	85,696
Rest home, hospital and service fees	103,752	96,940
Village fees	38,172	36,865
Other revenue	3,589	3,284
<b>Total operating revenue</b>	<b>242,562</b>	<b>222,785</b>

#### Management fees

Management fees are a key component of the Company's revenue model and represents the fee charged to residents, under ORAs for the right to share in the use of common areas. The management fee is generally calculated as a percentage of the original lump sum capital contribution, accrued over a defined period, and is recognised as revenue over the expected duration of the resident's occupancy.

#### ➤ Recognition and measurement

The ORAs conferring the right to occupancy are considered leases under NZ IFRS 16 – Leases.

The current ORA for independent living units/apartments and serviced apartments, commercially earns management fees receivable at the rate of 10% per annum of the ORA purchase price for a maximum of three years. ORAs that were acquired from The Selwyn Foundation during the year ended 30 June 2022 accrue management fees receivable at a rate of 25% - 28% in total for a maximum of 4-5 years. ORAs for care suites accrue the management fees receivable at the rate of 30% over 3 years.

The management fee is payable in cash by the resident at the time of repayment (to the resident) of the refundable ORA amount due. The Company has the right of set-off of the refundable ORA amount and the management fee receivable. At year end, the management fee receivable that has yet to be recognised in the Statement of Comprehensive Income as management fee revenue is recognised as deferred management fees on the Balance Sheet.

Consequently, management fee revenue is treated as lease income and is payable by the residents of the Company's independent living units/apartments, serviced apartments and care suites for the right to share in the use and enjoyment of common facilities. The management fee is recognised on a straight-line basis in the Statement of Comprehensive Income over the average expected length of stay of residents.

## Notes to the Financial Statements (continued)

### ➤ Key estimates and judgements

The timing of the recognition of management fees is a critical accounting estimate and judgement. The current assessments are as follows:

Expected average length of stay	30 June 2025	30 June 2024
Independent living units and apartments	8 years	8 years
Serviced apartments	4 years	4 years
Care suites	3 years	3 years

### Other items of Operating revenue

#### ➤ Recognition and measurement

Revenue is recognised in accordance with NZ IFRS 15 - Revenue from Contracts with Customers.

(i) Rest home, hospital and service fees

Rest home, hospital and service fee charges are governed by the individual contracted care and service agreements held with each resident. Revenue for rest home and hospital services is recognised based on the daily fees charged. Revenue from other services provided to residents is recognised on a monthly basis.

(ii) Village fees

Village fees are detailed within each resident's ORA and relate to the operating costs of the village. Revenue is recognised based on the weekly fees charged.

(iii) Other revenue

Other revenue includes resident refurbishment recoveries and administration fees collected on ORA contracts issued prior to 2006. Revenue is recognised at the point in time the services are provided and agreed to by the resident.

### Information about major customers

Revenues from the Company's largest customer, the New Zealand Government, is included in total operating revenue. This includes care fee revenue from eligible Government subsidised aged care residents who receive rest home or hospital level care. Revenue from the New Zealand Government, received via Health New Zealand – Te Whatu Ora, included in rest home, hospital and service fees, amounted to \$39.9m (2024: \$38.6m).

#### 2.1.1 Other income

On 3 October 2024, the Company reached a commercial settlement in respect of a dispute in relation to a construction contract at one of the new development villages. The settlement, by way of cash damages, is included in Other income in the Statement of Comprehensive Income for the year ended 30 June 2025.

## Notes to the Financial Statements (continued)

### 2.2 Expenses

The profit before income tax includes the following expenses:

\$000	30 June 2025	30 June 2024
Utilities and other property expenses	30,332	16,890
Repairs and maintenance on investment properties	14,176	15,150
Repairs and maintenance on property, plant and equipment	3,740	2,541
<b>Total property expenses</b>	<b>48,248</b>	<b>34,581</b>
Resident expenses	12,778	12,561
Marketing and promotion	5,019	5,162
Other employment expenses (e.g., staff training and recruitment)	796	589
IT and communication expenses	1,128	1,124
Legal and consultant expenses	151	93
Gain on disposal of assets	(361)	(77)
Loss on disposal of held for sale assets	-	221
Management fees charged by Metlifecare	13,996	16,634
Other village operating expenses	7,068	6,185
Auditor's remuneration – PricewaterhouseCoopers	25	20
<b>Total other expenses</b>	<b>40,600</b>	<b>42,512</b>
(Reversal of impairment)/impairment of care homes	(6,569)	2,307
Impairment of non-current held for sale	564	478
Impairment of goodwill	545	224
<b>Total (reversal of impairment)/impairment</b>	<b>(5,460)</b>	<b>3,009</b>

\$000	30 June 2025	30 June 2024
Audit and review of financial statements	10	10
Audit and review related services		
<ul style="list-style-type: none"> <li>• Assurance engagement relating to debenture deposit register compliance</li> <li>• Other non-assurance engagements relating to trustee reporting</li> </ul>	5	5
	10	5
<b>Total auditor's remuneration – PricewaterhouseCoopers</b>	<b>25</b>	<b>20</b>

## Notes to the Financial Statements (continued)

### 3. INVESTMENT PROPERTIES, REFUNDABLE OCCUPATION RIGHT AGREEMENTS AND RELATED PROPERTY ASSETS

This section shows the retirement village assets (investment properties), related liabilities for resident ORAs, other property assets including care homes (property, plant and equipment) and goodwill which are considered to be the most relevant to the operations of the Company.

#### What is an Investment property?

Investment properties are properties held to earn rental income and/or for capital appreciation. In the context of retirement villages, this typically includes independent living units/apartments and serviced apartments that are licensed under an ORA. These properties are held to generate returns through management fees, village fees and capital appreciation. Refer to Note 1.4 (v) for classification of the Company's properties.

#### What is a Refundable ORA?

ORAs represent the contractual arrangements under which residents are granted the right to occupy an independent living unit/apartment, serviced apartment, or care suite. These agreements do not confer ownership of the underlying property but provide a licence to occupy for the duration of the resident's tenure.

Under an ORA, the resident typically pays a lump sum capital contribution upon entry. Upon termination of the agreement, a portion of this contribution is refunded to the resident or their estate, less any deductions such as management fees.

#### What is Property, plant and equipment?

Property, plant and equipment comprises land, buildings, and other tangible assets that are held for use in the provision of aged care services or for future development into care homes. These assets are not held for capital appreciation or rental income, but rather to support the Company's operational activities.

In addition to core care-related assets, property, plant and equipment also includes administrative and operational equipment such as office furniture, computer hardware, vehicles, and other fixtures and fittings that are essential to the day-to-day management of the Company's activities.

#### 3.1 Market conditions

The property portfolio, comprising investment property (Note 3.2 – Investment properties) and certain property, plant and equipment (Note 3.4 – Property, plant and equipment) has been valued by CBRE Limited (CBRE) and Jones Lang Lasalle (JLL) (collectively referred to as the valuers), as at 30 June 2025 and 30 June 2024. At 30 June 2024, where two valuations were obtained for the same asset, a midpoint of the two valuations was applied, however for 30 June 2025 the valuers are each responsible for valuing the assets at each village allocated to them.

## Notes to the Financial Statements (continued)

The valuations represent a 'point in time valuation'.

With inflation back within the Reserve Bank of New Zealand target band, monetary policy easing and interest rates declining, transaction volumes in both commercial and residential property markets have shown some improvement in 2025, following historical lows throughout 2024. However, the valuers have noted increased uncertainty in the global economic outlook, amid global tariff and trade policy tensions stemming from the United States, as well as the escalation in conflicts across the Middle East, that poses risks for local economic activity and growth.

The valuers' recommendation is that, as consumer and investor behaviour can change rapidly during periods of volatility and economic uncertainty, valuations should continue to be reviewed periodically.

### 3.2 Investment properties

Investment properties include completed freehold land and buildings, freehold development land and buildings under development comprising independent living units and apartments, serviced apartments, carparks, and common facilities, provided for use by residents under the terms of an ORA. Investment properties are held for long-term yields.

The Company's investment properties, and movements for the year, are set out in the following table.

\$000	Note	30 June 2025	30 June 2024
Opening balance		5,718,038	5,043,432
Acquisition of business	6	-	64,348
Additions		350,997	510,314
Transfer to property, plant and equipment	3.4	(14,159)	(33,868)
Transfer of assets classified as held for sale		(2,425)	(1,210)
Disposals		(4,008)	(7,350)
Change in fair value		134,786	142,372
<b>Closing balance</b>		<b>6,183,229</b>	<b>5,718,038</b>

Investment properties are categorised as follows:

\$000	30 June 2025	30 June 2024
Development land	230,986	243,002
Retirement villages under development	197,463	246,709
Retirement villages		
Valuation	2,953,127	2,727,880
Net liabilities to residents	2,801,653	2,500,447
<b>Total investment properties</b>	<b>6,183,229</b>	<b>5,718,038</b>

## Notes to the Financial Statements (continued)

### ➤ Recognition and measurement

Investment property is initially recognised at cost and subsequently measured at fair value, except for retirement village units under development, which are measured at cost until fair value can be reliably determined. As the fair value is determined using inputs that are significant and unobservable, the Company has categorised all investment properties as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement.

### Valuation process and key inputs

During the year, a valuation policy was introduced in relation to the adoption of a dual valuer model, in respect of the Company's measurement of its investment properties. The dual valuer model involves two registered valuers undertaking a valuation of a proportion of the portfolio of investment property on a systematic, rotational basis. It is not intended that there will be more than one valuation obtained for the same asset, but where this occurs, a midpoint of the two valuations will be used in determining the fair value of that asset. All investment properties are valued twice per annum.

The valuers undertook the valuation of investment properties in accordance with professional valuation standards for all the reporting periods presented. The valuers are registered valuers and industry specialists in valuing the retirement village and aged care sector.

The fair value for investment properties, as determined by the valuers, is adjusted for the net liabilities to residents made up of the below items recognised on the Balance Sheet.

### Net liabilities to residents related to investment properties

The differences between the balances in the table below, and the balances found in Note 3.3 – Refundable occupation right agreements, or (in the case of deferred management fees) on the Balance Sheet, relate primarily to care suites, which are recognised as property, plant and equipment.

<b>\$000</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
Refundable occupation license payments	3,363,083	3,020,777
Residents' share of resale gains	26,004	32,977
Management fees receivable	(747,584)	(685,259)
Deferred management fee	212,901	190,230
Loans and deferrals to residents	(52,751)	(58,278)
<b>Total investment properties</b>	<b>2,801,653</b>	<b>2,500,447</b>

Investment properties which are substantially complete at balance date are valued by the valuers as if they were complete. The fair value of these properties is reduced for their estimated cost to complete of \$10.4m (2024: \$8.3m).

## Notes to the Financial Statements (continued)

In prior periods, the Company has taken the view that the purchase price for the acquisition of the retirement villages and care homes at the Merivale Retirement Village, as well as at certain Selwyn Villages, better reflected the fair value of those assets. The portfolio premium was in recognition of the impact to the overall portfolio from the acquisitions, as well as embedded development potential. As at 30 June 2025, a premium no longer exists for either the Merivale Retirement Village or the Selwyn Villages (2024: \$1.3m and \$3.4m respectively) based on the fair value per the external valuation received.

### Development land

Development land comprises a standalone title and/or part of the principal site. Where the development land is a standalone title, the respective valuer has ascribed a value which can be captured independently, if desired, from the overall village. Where the development land is part of the principal site, the valuers have identified if there is potential, be it planning or economic, to expand the village and have assessed a value accordingly. This latter value, whilst identified as surplus land value, cannot be independently captured.

Development land is valued based on recent comparable transactions. The Company's land values range as follows:

Land value	30 June 2025	30 June 2024
Per sqm	\$83 - \$2,593	\$81 - \$2,578

An increase/(decrease) in the per sqm rate would result in a higher/(lower) fair value of development land, respectively. As a general rule, the respective valuer has treated units in the early stages of construction, land with approvals and other vacant land clearly identified for future development as land for development in its highest and best use.

### Retirement villages under development

Where the staged development still requires substantial work, such that practical completion will not be achieved at or close to balance date, or the fair value of investment properties under development cannot be reliably determined at this point in time, the carrying amount of cost less any impairment is considered to be the fair value, with the exception of the underlying development land which is recognised at fair value per the Directors' valuation. The cost approach is deemed to be the more robust approach as it relies on inputs that can be accurately determined and is not subject to any variable inputs. Impairment is determined by considering the value of work in progress and the Directors' estimate of the asset value on completion.

### Retirement villages

To assess the market value of the Company's interest in a retirement village, the valuers have undertaken a cash flow analysis to derive a net present value.

Any developed but not yet sold stock (unsold stock) is valued based on recent comparable transactions, adjusted for disposal costs, holding costs and an allowance for profit and risk. This represents the fair value of the Company's interest in unsold stock at 30 June.

## Notes to the Financial Statements (continued)

There are various car parks within the Company's portfolio including car parks under the same roof (ORA inclusive of a car park) as well as standalone car parks (whereby there is a separate ORA for the car park).

The valuers have undertaken a proxy to a detailed cash flow-based forecasting by applying a percentage to the gross realisation of all car park values of 15% or 20% to car parks under a standalone ORA. This is an implicit approach applied on the basis that on completion, all car parks will be fully sold down and attract a similar resident demographic. For vacant standalone car parks, the respective valuer has applied a block discount that represents the fair value of the Company's unsold car parks at 30 June 2025.

### ➤ Key estimates and judgements

The significant unobservable inputs used in the fair value measurement of the Company's portfolio of retirement villages are the property price growth rate and the discount rate. The following assumptions have been used to determine fair value:

Unobservable input	30 June 2025	30 June 2024
Nominal growth rate - anticipated annual property price growth over the cash flow period 0 - 5 years	1.0% - 3.5%	0.5% - 3.5%
Nominal compound growth rate - anticipated annual property price growth over the cash flow period > 5 years	2.8% - 3.4%	3.0% - 3.5%
Pre-tax discount rate	12.5% - 17.5%	12.5% - 18.0%

The sensitivity of the fair value of investment properties and care suites (which are classified as property, plant and equipment) to changes in significant assumptions is set out in the table below.

30 June 2025	Adopted value*	Discount rate + 50 bp	Discount rate - 50 bp	Growth rates + 50 bp	Growth rates - 50 bp
Valuation (\$000)	2,645,760				
Difference (\$000)		(106,710)	115,640	168,073	(152,779)
Difference (%)		(4.0)	4.4	6.4	(5.8)
30 June 2024	Adopted value*	Discount rate + 50 bp	Discount rate - 50 bp	Growth rates + 50 bp	Growth rates - 50 bp
Valuation (\$000)	2,400,630				
Difference (\$000)		(92,510)	99,573	156,855	142,215
Difference (%)		(3.9)	4.1	6.5	(5.9)

\*Adopted value excludes unsold stock. Retirement villages measured at fair value includes unsold stock.

The occupancy period is a significant component of the valuation.

## Notes to the Financial Statements (continued)

For the CBRE valuation, this is driven from a Monte Carlo simulation. The simulations are dependent on the demographic profile of the village (age and gender of residents) and the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents.

The JLL valuation incorporates actuarial tables and probability analysis along with observed trends within a village such as average age of entry and length of stay, to estimate when each existing resident is most likely to terminate their ORA. The resulting stabilised departing occupancy period is an estimate of the long run occupancy for residents, reflecting the current and forecast trends.

An increase in the stabilised departing occupancy period will have a negative impact on the valuation and a decrease in the stabilised departing occupancy will have a positive impact on the valuation. The valuations calculate the expected cash flows for a 20-25 year period (2024: 20-25 year period) with stabilised departing occupancy assumptions set out as follows.

<b>Stabilised departing occupancy - years</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
Independent living units and apartments*	4.7 – 8.8	4.5 – 9.0
Serviced apartments	3.9 – 5.1	3.9 – 5.0

\* At Merivale, residents in certain independent living apartments are able to acquire a service package making these more akin to a serviced apartment impacting on stabilised departing occupancy.

The valuations also include within the forecast cash flows the Company's expected costs relating to any known or anticipated remediation works. The estimate of the gross cash flows included for remediation works is \$46.8m (2024: \$59.6m). The decrease in the estimated remediation work costs reflects continued progress on the Company's remediation strategy, where more than half of the units initially identified as requiring weathertightness works have either been completed or are in progress.

The valuers have also included within the forecast cash flows the Company's expected costs associated with seismic strengthening works of \$3.5m (2024: \$3.5m). In the year ended 30 June 2024, a comprehensive and proactive programme of work was undertaken to assess the seismic strength rating of buildings on properties owned by Metlifecare. The forecast cash flows include costs for seismic works underway at Pinesong Village, and estimated costs for two other villages which will be addressed as part of the Company's regeneration strategy, well in advance of the statutory timeframe for completing seismic strengthening works.

The estimates for both the weathertightness remediation programme and the work identified as a result of the seismic review are based on currently available information for both cost and timing of the work to be completed.

## Notes to the Financial Statements (continued)

### 3.3 Refundable occupation right agreements

The refundable occupation right agreements balance for investment properties and care suites is outlined below:

\$000	30 June 2025	30 June 2024
Refundable occupation right agreements	3,478,196	3,078,756
Residents' share of capital gains	26,004	32,977
Management fees receivable	(764,950)	(690,497)
Loans and deferrals to residents	(59,155)	(49,622)
<b>Total refundable occupation right agreements</b>	<b>2,680,095</b>	<b>2,371,614</b>

#### ➤ Recognition and measurement

ORAs conferring the right to occupancy are considered leases under NZ IFRS 16 – Leases. A new resident is charged a refundable security deposit on being issued the right to occupy which is refunded to the resident on termination. The Company has a legal right to set off any amounts owing to the Company by a resident against that resident's security deposit, including management fees, loans receivable, service fees and village fees. As the refundable occupation right is repayable to the resident upon vacation, the fair value is equal to the face value, being the amount that can be refunded.

The right of residents to occupy the investment properties of the Company is protected by the Statutory Supervisor restricting the ability of the Company to fully control these assets without undergoing a consultation process with all affected parties.

Certain older ORAs include the right to a proportion of the capital gain arising on resale. The amount of the capital gain relating to these agreements is recognised by way of a liability on the Balance Sheet.

## Notes to the Financial Statements (continued)

### 3.4 Property, plant and equipment

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

\$000	Freehold land and buildings	Construction work in progress	Plant, furniture, equipment and motor vehicles	Right- of-use assets	Total
<b>At 30 June 2024</b>					
Cost or valuation	345,414	54,276	35,417	3,121	<b>438,228</b>
Accumulated depreciation/impairment losses	-	-	(10,712)	(562)	<b>(11,274)</b>
<b>Closing net book value</b>	<b>345,414</b>	<b>54,276</b>	<b>24,705</b>	<b>2,559</b>	<b>426,954</b>
<b>Year ended 30 June 2025</b>					
Opening net book value	345,414	54,276	24,705	2,559	<b>426,954</b>
Change in fair value recognised in other comprehensive income	47,155	907	-	-	<b>48,062</b>
Transfer from Investment properties (Refer Note 3.2)	14,159	-	-	-	<b>14,159</b>
Additions/transfers	43,751	10,166	15,632	828	<b>70,377</b>
Disposals	(5,841)	-	(248)	-	<b>(6,089)</b>
Reversal of impairment/ (impairment)	10,987	(4,418)	-	-	<b>6,569</b>
Depreciation	(8,782)	-	(5,849)	(684)	<b>(15,315)</b>
<b>Closing net book value</b>	<b>446,843</b>	<b>60,931</b>	<b>34,240</b>	<b>2,703</b>	<b>544,717</b>
<b>At 30 June 2025</b>					
Cost or valuation	446,843	60,931	50,801	3,949	<b>562,524</b>
Accumulated depreciation/impairment losses	-	-	(16,561)	(1,246)	<b>(17,807)</b>
<b>Closing net book value</b>	<b>446,843</b>	<b>60,931</b>	<b>34,240</b>	<b>2,703</b>	<b>544,717</b>

## Notes to the Financial Statements (continued)

### ➤ Recognition and measurement

All property, plant and equipment is initially recognised at cost. For transfers from investment properties following a change in classification from investment properties to property, plant and equipment, the carrying value at the time of change is deemed to be the cost. Initial cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material and direct labour, and any other costs directly attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Subsequent to initial recognition, freehold land and buildings for care homes are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses, if any, since the assets were last revalued. As the fair value of freehold land and buildings is determined using inputs that are unobservable, the Company has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 - Fair Value Measurement. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the date of valuation. Refer to Note 3.1 - Market conditions for further information.

During the year, a valuation policy was introduced in relation to the adoption of a dual valuer model in respect of the Company's measurement of its care homes. The dual valuer model involves two registered valuers (CBRE and JLL) undertaking a valuation of a proportion of the portfolio of care homes on a systematic, rotational basis. It is not intended that there will be more than one valuation obtained for the same asset, but where this occurs, a midpoint of the two valuations will be used in determining the fair value of that asset.

Any revaluation surplus is recognised in other comprehensive income unless it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation deficit is recognised in the profit or loss unless it directly offsets a previous surplus in the same asset in other comprehensive income. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Independent valuations are performed every six months.

Subsequent to initial recognition, plant, furniture, equipment and motor vehicles, are recognised at cost less accumulated depreciation.

Right-of-use assets relating to leases of vehicles are capitalised and recognised within property, plant and equipment at the commencement date of the lease and comprise the initial lease liability, plus any initial indirect costs incurred and restoration costs, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## Notes to the Financial Statements (continued)

### Land and buildings under development

Subsequent to initial recognition, fair value measurement on construction work in progress is only applied if the fair value is reliably measurable.

Where the fair value of property under construction cannot be reliably determined (i.e., practical completion has not been achieved) the value is the fair value of the development land (which is classified under construction work in progress) plus the cost of work in progress.

At 30 June 2025, \$61m (2024: \$54m) has been recognised in relation to these development sites.

For the sites where there is a split of development classified by nature as investment properties and another portion as property, plant and equipment, the fair value of the land and the cost of work in progress is apportioned between investment properties and property, plant and equipment, by applying an estimated gross floor area for the respective areas of development based on information from the planning and design stages.

### Care beds

The valuers determined the fair value of care beds' assets using an earnings-based multiple approach where the normalised earnings before interest, tax, depreciation, amortisation and rent is capitalised at rates of between 11.3% to 13.5% (2024: 11.0% to 14.5%). The valuation prepared has been split between land, improvements, chattels and goodwill to determine the fair value of the relevant assets. The revaluation, net of applicable deferred income tax, is recognised in other comprehensive income and is shown in the revaluation reserve in shareholders' equity.

The significant unobservable inputs used in the fair value measurement of the Company's portfolio of land and buildings are the capitalisation rates applied to individual unit earnings. A significant decrease/(increase) in the capitalisation rate would result in a significantly higher/(lower) fair value measurement.

### Care suites

The Company recognises care suites as property, plant and equipment when there is evidence of change in use of the property, being the conversion from serviced apartments to care suites or care beds to care suites. In determining the fair value of care suites, the valuers have used both the retirement village methodology in relation to the management fees revenue, and the care beds methodology in relation to the residential care fees income derived via the care home. Refer to key assumptions disclosed in Note 3.2 – Investment properties and above.

If freehold land and buildings were stated on a historical cost basis, the amounts would be as follows:

\$000	30 June 2025	30 June 2024
Net book value	358,445	239,443

## Notes to the Financial Statements (continued)

In determining the fair value of the Company's property, plant and equipment (in respect of care suites), the valuers estimate the stabilised departing occupancy period, as set out below.

Stabilised departing occupancy – years	30 June 2025	30 June 2024
Care suites	2.7 – 3.0	2.7 – 3.4

### Depreciation

#### ➤ Recognition and measurement

Depreciation is provided on a straight-line basis on property, plant and equipment, other than freehold land, at rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated useful lives, commencing from the time the assets are held ready for use, as follows:

Asset category	Useful lives
Freehold buildings	25 - 50 years
Plant, furniture and equipment	3 - 10 years
Motor vehicles	5 - 7 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income.

### Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, after reducing the carrying amount by any amount that the asset has been revalued. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In the year ended 30 June 2025, a reversal of impairment of \$6.6m was recognised in the Consolidated Statement of Comprehensive Income to reflect the valuation of the care homes (2024: impairment of \$2.3m). Refer to Note 2.2 – Expenses.

### 3.5 Goodwill

#### ➤ Recognition and measurement

Goodwill represents the excess of cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary or business at the date of acquisition. Goodwill is allocated to the cash generating unit (CGU) that is expected to benefit from the business combination in which the goodwill arose.

## Notes to the Financial Statements (continued)

Goodwill is not amortised. Instead, goodwill is tested every six months for impairment and carried at cost less accumulated impairment losses. Impairments are recognised in the Statement of Comprehensive Income. Gains and losses on the disposal of a CGU include the carrying amount of goodwill relating to the entity or CGU sold.

### Impairment of goodwill

The carrying value of goodwill has been assessed on a village-by-village basis taking into account the villages as a whole. An impairment is recognised when the carrying value of goodwill is greater than the valuation. The carrying amount of goodwill at each village is not material to the financial statements. Goodwill of \$0.8m (2024: \$1.4m) is allocated to care homes.

#### ➤ Key estimates and judgements

The recoverable amount of the individual site has been determined based on an external valuation of fair value less costs to sell. The fair value less costs to sell is considered Level 3 under the fair value hierarchy. This has been used for comparison to current carrying value. The assumptions used in determining the fair value are disclosed in Note 3.4 – Property, plant and equipment.

### 3.6 Assets held for sale

#### ➤ Recognition and measurement

The Company classifies assets as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Costs to sell are the costs directly attributable to the disposal of an asset.

The criteria for held for sale classification are met when the sale is highly probable and the asset is available for immediate sale in its present condition. Assets and liabilities classified as held for sale are separately presented in the Balance Sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

As at 30 June 2025, investment properties that are subject to an unconditional agreement for sale or are being actively marketed with a sale expected to be completed within 12 months meet the definition of held for sale. These are held on the Balance Sheet at fair value less costs to sell. For those investment properties newly classified as held for sale in the year that were previously classified as Investment properties where this is less than the carrying amount, an impairment loss has been recognised for the difference. Refer to Note 2.2 – Expenses.

## Notes to the Financial Statements (continued)

### 4. SHAREHOLDERS' EQUITY AND INTEREST

This section includes disclosures related to the Company's capital structure and interest.

#### 4.1 Contributed equity

The following table provides details of movements in the Company's issued shares:

	30 June 2025 No. of shares	30 June 2024 No. of shares	30 June 2025 \$000	30 June 2024 \$000
Opening balance	263,961,165	263,961,165	311,165	311,165
Shares issued net of transaction costs	-	-	-	-
<b>Closing balance</b>	<b>263,961,165</b>	<b>263,961,165</b>	<b>311,165</b>	<b>311,165</b>

No shares have been issued by the Company in the year ended 30 June 2025. All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value.

#### 4.2 Revaluation reserve

The revaluation reserve records changes in the revaluation of property, plant and equipment.

\$000	30 June 2025	30 June 2024
Opening balance	69,766	22,406
Gain on revaluation of care homes	48,062	50,371
Tax on revaluation of care homes	(6,262)	(3,011)
<b>Closing balance</b>	<b>111,566</b>	<b>69,766</b>

#### 4.3 Interest-bearing liabilities

The following table sets out the Company's interest-bearing liabilities:

\$000	30 June 2025	30 June 2024
Capitalised debt costs	982	-
Lease liabilities	2,840	2,630
<b>Total Interest-bearing liabilities</b>	<b>3,822</b>	<b>2,630</b>

##### ➤ Recognition and measurement

Lease liabilities relate to leases for vehicles and are measured based on the present value of the fixed and variable lease payments, less any cash lease incentives receivable. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to profit and loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. Lease payments associated with low-value assets, and for lease terms of 12 months or less, are recognised on a straight-line basis as an expense in profit or loss.

## Notes to the Financial Statements (continued)

### 4.4 Interest expenses

\$000	Note	30 June 2025	30 June 2024
Interest on advances from Metlifecare	7.3	62,840	51,858
Interest expenses		453	384
Less: Interest expenses capitalised		(50,947)	(47,466)
Interest expenses on lease liabilities		184	147
<b>Total interest expenses</b>		<b>12,530</b>	<b>4,923</b>

#### ➤ Recognition and measurement

Interest expense is recognised on an accrual basis using the effective interest rate method. Interest expenses arising from the advances from Metlifecare of \$50.9m (2024: \$47.5m), arising from the construction of investment properties and care homes were capitalised during the year.

## Notes to the Financial Statements (continued)

### 5. OTHER ASSETS AND LIABILITIES

This section includes details of the operating assets, liabilities and provisional income tax of the Company. This section includes additional information that is considered less significant in understanding the financial performance and position of the Company but must be disclosed to comply with NZ IFRS RDR.

#### 5.1 Income tax

##### 5.1.1 Income tax (benefit)/expense

\$000	30 June 2025	30 June 2024
Current tax	-	-
Deferred tax	(22,710)	20,810
<b>Income tax (benefit)/expense</b>	<b>(22,710)</b>	<b>20,810</b>

##### 5.1.2 Numerical reconciliation of income tax (benefit)/expense to prima facie tax

\$000	30 June 2025	30 June 2024
Profit before income tax	150,820	144,731
Tax at the New Zealand tax rate of 28%	42,230	40,525
Tax effect of amounts which are (non-taxable)/not deductible in calculating taxable income:		
(Non-taxable income)/ non-deductible expenditure	(1,685)	1,051
Capitalised interest	(14,265)	(13,290)
Non-taxable impact of investment properties revaluation	(37,740)	(39,864)
Adjustment for timing difference of investment properties and property, plant and equipment	(11,383)	(42,681)
Impact of building depreciation removal	-	86,370
Adjustment for timing difference of provisions and accruals	(1,153)	1,143
Movement in recognised tax losses	-	(10,234)
Deferred management fees adjustment and other prior period adjustments	1,286	(2,210)
<b>Income tax (benefit)/expense</b>	<b>(22,710)</b>	<b>20,810</b>

## Notes to the Financial Statements (continued)

### 5.2 Deferred tax

#### What is Deferred tax?

Deferred tax arises as a result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are provided for unless they arise on a business combination.

\$000	Balance 1 July 2024	Recognised in income	Recognised in reserves	Acquisition of businesses	Balance 30 June 2025
Property, plant and equipment	(32,079)	2,888	(6,262)	-	(35,453)
Investment properties	(36,783)	7,793	-	-	(28,990)
Deferred management fees	(137,701)	(13,640)	-	-	(151,341)
Recognised tax losses	180,790	24,569	-	-	205,359
Other items	622	1,100	-	-	1,722
<b>Net deferred tax liability</b>	<b>(25,151)</b>	<b>22,710</b>	<b>(6,262)</b>	-	<b>(8,703)</b>

\$000	Balance 1 July 2023	Recognised in income	Recognised in reserves	Acquisition of businesses	Balance 30 June 2024
Property, plant and equipment	1,199	(29,712)	(3,011)	(555)	(32,079)
Investment properties	(18,737)	(17,271)	-	(775)	(36,783)
Deferred management fees	(125,527)	(12,174)	-	-	(137,701)
Recognised tax losses	141,129	39,661	-	-	180,790
Other items	1,936	(1,314)	-	-	622
<b>Net deferred tax liability</b>	<b>(0)</b>	<b>(20,810)</b>	<b>(3,011)</b>	<b>(1,330)</b>	<b>(25,151)</b>

#### ➤ Recognition and measurement

Deferred tax arises as a result of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for unless they arise on a business combination.

## Notes to the Financial Statements (continued)

The measurement of the deferred tax impact of deferred management fees uses the taxable cashflow receivable at the end of the ORA. The Company considers this appropriate given it is the contractual entitlement.

### ➤ **Key estimates and judgements**

NZ IAS 12 – Income Taxes provides that there is a rebuttable presumption that investment property measured at fair value under NZ IAS 40 – Investment Property and NZ IFRS 13 – Fair Value Measurement is recovered entirely through sale (excluding freehold land). This presumption is rebutted if:

- the investment property is depreciable; and
- the investment property is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale.

The Company considers the held for use methodology more appropriately represents the Company's business model, as a long-term owner and operator of integrated retirement village and aged care homes.

### **Deferred tax on non-residential buildings**

On 28 March 2024 the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act removed tax depreciation deductions from non-residential buildings. The outcome of this legislative change will reinstate the depreciation position to 0% in line with the position prior to 2020. The change in the depreciation rate took effect from 1 July 2024. In the Financial Statements for the year ended 30 June 2024, the impact of the change, being a deferred tax liability of \$86m from investment properties and property, plant and equipment was offset by the recognition of previously unrecognised tax losses.

The carrying value of the Company's investment properties is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Company has recognised deferred tax in relation to the present value of cash flows with a future tax consequence as provided by the valuers. The Company considers it appropriate to recognise and measure deferred tax based on the deferred management fees under ORA being receivable at the end of the ORA period, as that best represents the Company's contractual entitlement and is consistent with the valuers' cash flow models used in the valuation of investment properties.

### **Tax losses**

Tax losses are subject to the Business Continuity Test. This allows entities to carry forward tax losses that may previously have been forfeited due to shareholder continuity breaches, provided there is no major change in the Company's business activities within five years (or less if losses are used earlier) of the change in ownership.

At 30 June 2025, the Company assessed itself as having met the Business Continuity Test criteria and holds \$733.4m of gross tax losses (2024: \$645.7m).

## Notes to the Financial Statements (continued)

A reconciliation of the Company's gross tax losses is set out as follows:

\$000	30 June 2025	30 June 2024
Opening balance	645,679	531,483
Deferred management fees adjustment and other prior period adjustments	(4,593)	16,995
Tax losses during the year	92,340	97,201
<b>Closing balance</b>	<b>733,426</b>	<b>645,679</b>

### 5.3 Trade and other receivables

\$000	30 June 2025	30 June 2024
Trade receivables	7,758	10,392
Allowance for doubtful receivables	(612)	(649)
	<b>7,146</b>	<b>9,743</b>
Occupation right agreement receivables	117,377	60,083
Prepayments	228	258
Deposits paid for land acquisitions	-	1,007
GST receivable	3,953	8,531
Other receivables	2,310	2,625
<b>Total and other receivables</b>	<b>131,014</b>	<b>82,247</b>

All trade and other receivables are expected to be recovered within 12 months of balance date, except for prepayments. Included in other receivables is \$2.1m relating to the sale of Wilson Carlile Village that is receivable on 31 May 2026 (being two years after the settlement of the transaction).

#### ➤ Recognition and measurement

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any allowance for doubtful receivables. In determining the allowance for doubtful receivables, the Company applies the simplified approach to measuring expected credit losses as prescribed by NZ IFRS 9 - Financial Instruments, which permits the use of lifetime expected credit losses. To measure the expected credit losses, the Company considers historic, current and forward-looking information to the type of debtor and the days since resident departure. There are no overdue debtors considered impaired that have not been provided for.

## Notes to the Financial Statements (continued)

### 5.4 Trade and other payables

\$000	30 June 2025	30 June 2024
Trade creditors	9,185	9,578
Sundry creditors and accruals	37,897	46,321
Employee entitlements	13,617	11,332
<b>Total trade and other payables</b>	<b>60,699</b>	<b>67,231</b>

All trade and other payables are expected to settle within 12 months of balance date.

#### ➤ Recognition and measurement

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision will be recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that a future outflow of cash or other benefit will be required, and a reliable estimate can be made of the amount of the obligation.

## Notes to the Financial Statements (continued)

### 6. BUSINESS COMBINATIONS

There were no acquisitions during the year ended 30 June 2025.

#### Acquisition of businesses from Springlands Lifestyle Village Limited and Springlands Senior Living Limited.

On 30 November 2023, the Company acquired the retirement village, accompanying assets and aged care home from Springlands Lifestyle Village Limited and Springlands Senior Living Limited.

In line with the Company's growth strategy, the acquisition significantly expanded the geographical diversification of the village portfolio with this acquisition seeing the Company's operations increasing in the South Island as well as increasing the weighting of aged care offering in the Company's portfolio.

#### Purchase consideration and fair value of net assets acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

\$000	Fair value on acquisition
Property, plant and equipment	6,204
Trade and other receivables	513
Investment properties	64,348
Trade and other payables	(230)
Deferred tax liability	(1,331)
Deferred management fees	(2,985)
Refundable occupation right agreements	(30,629)
<b>Fair value of net assets acquired (purchase consideration)</b>	<b>35,890</b>

#### Revenue and profit contribution

The acquired business contributed revenue of \$4.1m and net profit after tax of \$0.6m to the Company for the seven months ended 30 June 2024.

If the acquisition had occurred on 1 July 2023, the total operating revenue and net profit after tax for the period ended 30 June 2024 would have been \$8.4m and \$1.7m respectively.

#### Contingent liabilities

No material contingent liabilities were noted during the due diligence process or since acquisition. Should any future contingent liabilities arise, they will be disclosed in future Financial Statements.

#### Acquisition-related expenses

Acquisition-related expenses of \$0.7m are included in other operating expenses in the Statement of Comprehensive Income and in operating cash flows in the Cash Flow Statement.

## Notes to the Financial Statements (continued)

### 7. RELATED PARTIES

#### 7.1 Directors

The names of persons who were Directors of the Company, at any time during the financial year, are as follows:

	Date of appointment	Date of resignation
Earl Gasparich	1 July 2021	-
Jonathan Wilde	30 August 2021	29 August 2025
Anna Thorburn	1 May 2024	-

#### 7.2 Key management personnel compensation

All key management personnel are employed and compensated by Metlifecare. The key management personnel are all executives with the authority for the strategic direction and management of the Company.

#### 7.3 Transactions and balances

The Company has made advances from/to Metlifecare as part of the Metlifecare Group treasury and cash management activities. The transactions completed and balances at year end are as follows:

\$000	30 June 2025	30 June 2024
<b>Transactions</b>		
Management fees charged by Metlifecare	(13,996)	(16,634)
Interest expense on advances from Metlifecare*	(62,840)	(51,858)
<b>Balances</b>		
Net advances owing to Metlifecare*	(1,052,167)	(946,536)

\* The Intragroup Loan Agreement between the Company and Metlifecare determines that the amounts payable to Metlifecare are offset against the amounts payable from Metlifecare and only the net amount is settled.

#### Terms and conditions

Net advances owing to Metlifecare are secured by way of a registered second mortgage and a general security agreement and are repayable on demand with a minimum of 12 months' notice. At balance date notice had not been given in relation to these advances.

Interest rates applicable in the twelve-month period to 30 June 2025 ranged from 5.79% to 6.83% (2024: 6.71% to 6.92%) and are based on the BKBM Bill and bond coupon rate, plus a margin and a line fee.

Interest on advances from/to Metlifecare are settled through the intercompany accounts.

## Notes to the Financial Statements (continued)

### 8. COMMITMENTS

<b>\$000</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
<b>Capital commitments</b>		
Estimated commitments to develop and construct certain sites	188,351	263,520
Unconditional land acquisition transactions	-	17,640
<b>Total commitments</b>	<b>188,351</b>	<b>281,160</b>

### 9. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent liabilities or assets as at 30 June 2025 (2024: nil).

### 10. SUBSEQUENT EVENTS

During the year ended 30 June 2025, the Company entered into an agreement to purchase land in Napier on which the Company plans to invest approximately \$140m to construct a retirement village. The agreement became unconditional on 26 August 2025, and the transaction is expected to complete no later than March 2027.

There have been no other events subsequent to 30 June 2025 that have a material impact on the results reported.



# Independent auditor's report

To the shareholder of Metlifecare Retirement Villages Limited

## Our opinion

In our opinion, the accompanying financial statements of Metlifecare Retirement Villages Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

## What we have audited

The Company's financial statements comprise:

- the balance sheet as at 30 June 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

## Basis for opinion

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

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

## Independence

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) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our capacity as auditor and assurance practitioner, our firm also provides other assurance and other services relating to reporting to the Company's trustees. The firm has no other relationship with, or interests in, the Company.

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West,  
Private Bag 92162, Auckland 1142, New Zealand  
T: +64 9 355 8000

## Other information

The Directors are responsible for the other information. The other information comprises the information included in 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 audit opinion or 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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 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 to 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 ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

## Who we report to

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

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

For and on behalf of

