

www.retirementvillages.govt.nz | 0800 268 269

Email your completed form to: retirementvillages@companies.govt.nz

or post to: Registrar of Retirement Villages, Private Bag 92061, Victoria Street West, Auckland 1142

Annual return and certificate of registered documents

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

Name of village

Registration number

Part 1 — Retirement village details

1. Street address of village

2. Address of registered office of village

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

3. Address for service of village

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

4. Postal address of village

5. Email address for village

6. Telephone number for village

7. Fax number for village (optional)

Name of village**Registration number**

Part 2 — Operator details

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

1. Name of operator**2. Company or other registration number (if any)****3. New Zealand Business Number (if any)****4. Nature of operator e.g. company, natural person****5. Address of registered office of operator**

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

6. Address for service of operator

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

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

Name of village

Registration number

Part 3 — Certificate of registered documents

Section 13(1) of the Retirement Villages Act 2003 requires the annual return for the village to be signed by the operator or by a solicitor or qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013).

(Insert name of operator)

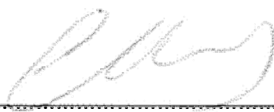
certify that

(Insert name of the retirement village)

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

- Documents to update the registered information are attached to the annual return form.
 - A change of circumstances form (RV3) must be completed for material changes including changes to —
 - retirement village name
 - operator details
 - registered document details
 - land details
 - change of statutory supervisor, and
 - any other material changes.

Signed:



Name of village

Registration number

Part 4 — Checklist

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

Have you completed?

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

Have you attached?

- A copy of the audited financial statements that comply with section 35B of the Retirement Villages Act 2003 (the Act) or, as referred to in section 35F of the Act, the audited financial statements that comply with subpart 3 of Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013; **and**
- A copy of the audited financial statements which comply with section 35C of the Retirement Villages Act 2003 (where applicable); **and**
- A copy of the statutory supervisor’s certification addressed to the Registrar (where applicable); **and**
- The documents supporting any information on the register that has changed (where applicable)

Contact details of person completing this form

Name:	
Address:	
	Fax number (optional):



OCEANIA
HEALTHCARE

Oceania Village Company Limited

Consolidated Financial Statements

For the year ended 31 March 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

\$NZ000's	Notes	March 24	March 23
Deferred management fees	2.1	54,803	53,828
Village service fees	2.1	9,741	8,939
Rental income	2.1	19,758	20,723
Change in fair value of investment property	3.1	84,690	22,580
Change in fair value of held for sale assets	3.2	-	2,360
Gain on purchase of business assets	1.3(i)	-	543
Other income	2.2	5,697	14,066
Total income		174,689	123,039
Employee benefits and other staff costs	2.3	11,426	8,595
Change in fair value of held for sale assets	3.2	1,592	-
Rental expense relating to right of use assets	2.3	-	158
Impairment of right of use investment property	2.3	-	1,431
Other expenses		26,113	20,833
Total expenses	2.3	39,131	31,017
Profit before income tax		135,558	92,022
Income tax expense	5.1	15,776	16,570
Profit for the period		119,782	75,452
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to shareholders of the parent		119,782	75,452

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

Consolidated Balance Sheet

As at 31 March 2024

\$NZ000's	Notes	March 24	March 23
Assets			
Cash and cash equivalents		898	718
Trade and other receivables	5.2	121,190	103,073
Investment property	3.1	2,564,809	2,292,338
Assets held for sale	3.2	45,281	100,387
Total assets		2,732,178	2,496,516
Liabilities			
Trade and other payables	5.3	10,585	14,255
Deferred payment on acquisition	4.2	-	250
Related party payables	5.4	310,128	286,213
Deferred management fee	3.3	47,337	45,334
Refundable occupation right agreements	3.3	997,190	879,578
Refundable occupation right agreements held for sale	3.3	7,585	47,092
Deferred tax liabilities	5.1	42,881	27,104
Total liabilities		1,415,706	1,299,826
Net assets		1,316,472	1,196,690
Equity			
Contributed equity	4.1	-	-
Retained earnings		1,316,472	1,196,690
Total equity		1,316,472	1,196,690

The Directors of the Group authorised these consolidated financial statements for issue on 13 June 2024.



Brent Pattison
Director



Kathryn Waugh
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

\$NZ000's	Contributed equity	Retained earnings	Total equity
Balance as at 31 March 2022	-	1,121,238	1,121,238
Profit for the period	-	75,452	75,452
Total comprehensive income	-	75,452	75,452
Balance as at 31 March 2023	-	1,196,690	1,196,690
Profit for the year	-	119,782	119,782
Total comprehensive income	-	119,782	119,782
Balance as at 31 March 2024	-	1,316,472	1,316,472

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

Consolidated Cash Flow Statement

For the year ended 31 March 2024

\$NZ000's	March 24	March 23
Cash flows from operating activities		
Receipts from residents for deferred management fees, village fees and rental income	14,561	16,902
Payments to suppliers and employees	(40,493)	(28,610)
Rental payments in relation to right of use asset	-	(158)
Receipts from new occupation right agreements	226,313	178,842
Payments for outgoing occupation right agreements	(78,780)	(95,645)
Net cash inflow from operating activities	121,601	71,331
Cash flows from investing activities		
Proceeds from sale of investment property	19,873	-
Payments for investment property and investment property under development	(160,144)	(137,688)
Payments for assets held for sale	(380)	(722)
Net cash outflow from investing activities	(140,651)	(138,410)
Cash flows from financing activities		
Payments from related parties	19,230	67,028
Net cash inflow from financing activities	19,230	67,028
Net increase in cash and cash equivalents	180	(51)
Cash and cash equivalents at the beginning of the period	718	769
Cash and cash equivalents at end of period	898	718

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

Consolidated Cash Flow Statement (Continued)

For the year ended 31 March 2024

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

\$NZ000's	March 24	March 23
Profit for the period	119,782	75,452
Non cash items included in profit for the period		
Deferred management fees accrued but not settled	(56,595)	(70,206)
Non cash rental income	(19,310)	(20,244)
Net loss on disposal of HFS	(512)	-
Fair value adjustment to investment property	(84,690)	(22,580)
Fair value adjustment to right of use asset	-	1,431
Fair value movement on residents' share of resale gains	715	1,724
Fair value adjustment to assets held for sale	1,592	(2,360)
Gain on purchase of business assets	-	(543)
Deferred tax expense	15,776	16,570
Other non cash items	-	-
	(143,024)	(96,208)
Cash items excluded from profit for the period		
Receipts from new occupation right agreements	226,313	178,842
Payments for outgoing occupation right agreements	(78,780)	(79,267)
	147,533	99,575
Increase in operating assets and liabilities		
(Increase) / Decrease in trade and other receivables	979	(6,582)
Decrease in trade and other payables	(3,670)	(906)
Net cash inflow from operating activities	121,601	71,331

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

Table of Contents

General Information.....	8
1.1 Basis of Preparation.....	8
1.2 Accounting Policies	9
1.3 Significant Events and Transactions.....	9
2. Operating Performance.....	12
2.1 Revenue.....	12
2.2 Other Income	12
2.3 Expenses.....	13
3. Property Assets	14
3.1 Investment Property	14
3.2 Held for Sale.....	21
3.3 Refundable Occupation Right Agreements.....	22
3.4 Leases	25
4. Shareholder Equity and Funding.....	26
4.1 Shareholder Equity and Reserves	26
4.2 Deferred payment on acquisition	26
5. Other Disclosures.....	27
5.1 Income Tax.....	27
5.2 Trade and Other Receivables.....	31
5.3 Trade and Other Payables.....	32
5.4 Related Party Transactions	33
5.5 Financial Risk Management	34
5.6 Assets Pledged as Security.....	36
5.7 Contingencies and Commitments.....	37
5.8 Events After Balance Date.....	37
Independent Auditors' Report.....	38

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

General Information

1.1 Basis of Preparation

(i) Entities Reporting

The consolidated financial statements of the Group are for the economic entity comprising Oceania Village Company Limited (the "Company") and its subsidiary (together "the Group"). Refer to note 5.4 for details of the Group structure.

The Group owns various care centres and owns and operates various retirement villages throughout New Zealand. The Group's registered office is Level 26, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand.

(ii) Statutory Base

Oceania Village Company Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993.

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

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

(iii) Measurement Basis

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and right of use assets.

(iv) Going concern basis of accounting

These consolidated financial statements have been prepared on a going concern basis.

(v) Key Estimates and Judgements

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

The Group makes estimates and assumptions concerning the future. The accounting estimates may not equal the actual results. Estimates and judgements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Fair value of assets acquired in business combination (note 1.3(i))
- Fair value of investment property (note 3.1)
- Classification and fair value of held for sale facilities (note 3.2)
- Revenue recognition of deferred management fees (note 3.3)
- Recognition of deferred tax (note 5.1)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

1.2 Accounting Policies

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

Other relevant policies are provided as follows:

(i) Functional and Presentational Currency

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

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

The Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement have been prepared so that all components are stated exclusive of any GST that can be claimed. GST is only deductible by the Group to the extent that it relates to care suites. All items in the Consolidated Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced. The Group is part of a consolidated GST group with other subsidiaries of the Oceania Healthcare Limited and as such GST payments are made from a related entity.

(iii) New Accounting Standards

There have been no changes to accounting standards during the year.

The Group has not early adopted any standards, amendments or interpretations to existing standards that are not yet effective.

(iv) Measurement of Fair Value

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

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

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

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

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

1.3 Significant Events and Transactions

(i) Acquisitions

Remuera Rise and Bream Bay

On 6 May 2022 in the comparative period, a number of Sale and Purchase Agreements were entered into in relation to Remuera Rise and Bream Bay:

- a. Oceania Village Company Limited and Oceania Care Company Limited entered into a Sale and Purchase Agreement with Remuera Rise Limited and Lifecare Residences NZ Limited to purchase the business assets in relation to Remuera Rise for a value of \$38.1m subject to purchase price adjustments. Remuera Rise is an established village with 58 independent living apartments and 12 rest home beds. This transaction was settled on 1 July 2022 which is the date of acquisition.
- b. Oceania Village Company Limited entered into a Sale and Purchase Agreement with Private Health Care (NZ) Limited and PGB Investments Limited to purchase the shares of Bream Bay Village Limited for a value of \$21.9m. Bream Bay Village is an established village with 83 independent living villas, including the eight villas under construction at the time of acquisition. This transaction was settled on 1 July 2022 which is the date of acquisition.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

1.3 Significant Events and Transactions (continued)

Purchase consideration and fair value of net assets acquired

The purchase price was linked to the 31 March 2021 CBRE Limited valuation in respect of Remuera Rise and the 8 December 2021 Colliers valuation of Bream Bay Village Limited and both acquisitions were settled in cash. The acquisitions were accounted for using the acquisition method which requires that all identifiable assets and liabilities be assumed at their acquisition date fair value.

Contingent liabilities

No material contingent liabilities with respect to any of the above mentioned transactions were noted during the due diligence process or since acquisition.

Bream Bay option

On 6 May 2022 Oceania Village Company Limited entered into an option agreement with GNLC Limited to purchase 6.7 hectares of development land in Bream Bay, adjacent to Bream Bay Village. The agreement granted Oceania Village Company Limited the option to acquire this land for a purchase price of \$8.4m plus GST. The option was exercised and settlement took place on 11 July 2023.

(ii) Disposal of leasehold interest

Everil Orr

The Group has previously leased the Everil Orr site and assumed the role of Operator of both Care and Village operations. On 3 March 2023, the Group entered into a Deed with Airedale Property Trust, the lessor of the Everil Orr leasehold facility to exit the Group from the Everil Orr site. As a result the care operations were closed on 21 March 2023 and the lease terminated on 31 March 2023. On 31 March 2023 the Group's operating interest in relation to village operations at Everil Orr, Mount Albert, Auckland met the definition of held for sale. An amount of \$1.1m in respect of the purchase of the Group's operational interest was received in full on 3 April 2023.

(iii) Disposal of held for sale sites

On 25 March 2022 the Group entered into an agreement in respect of the previous Whareama site in Nelson. The sale completed on 8 December 2023 and proceeds of \$8.350m were received.

On 9 May 2023 the Group entered into an agreement to sell the Amberwood and Greenvally care sites in Auckland to a third party operator. The sale was completed on 29 August 2023 and an amount of \$11.5m received resulting in a gain of \$1.0m in the village segment on the held for sale value. This has been recognised in the Consolidated Statement of Comprehensive Income.

On 12 February 2024, the Group entered into a conditional agreement to sell the Takanini care site in Auckland to a third party operator. The sale was completed on 30 April 2024 and proceeds of \$10.6m were received.

On 15 March 2024, the Group entered into a conditional agreement to sell the Middlepark care site in Christchurch to a third party operator. The sale was completed on 21 May 2024 and proceeds of \$5.2m were received.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

1.3 Significant Events and Transactions (continued)

(iv) Weather Events: Auckland Floods and Cyclone Gabrielle

A number of significant weather events occurred in New Zealand during January and February 2023. The Group owns and operates a number of sites in the Auckland and Hawkes Bay regions which were impacted by these events. Agreement was reached with insurers during May 2024 in relation to the Auckland Floods and Cyclone Gabrielle.

Accounting policy in relation to insurance proceeds

Insurance proceeds are accounted for as reimbursements under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Insurance income, and related assets are recognised when recovery is virtually certain.

The insurance proceeds and receivable in relation to these events have been included within the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet.

Material Damage

Amounts incurred in respect of remediation in the period to 31 March 2024 have been recognised as additions to the properties they relate. Affected properties have been valued by CBRE Limited as if the remediation has been completed and as such, an estimate of remaining costs to be incurred to fully remediate properties has been calculated based on third party quotations and assessments and has been recognised as a reduction to the property value as at 31 March 2024. Refer to note 3.1 for impact on fair value.

Other

In addition to recovery of the expected remediation costs, the Group seeks recovery of additional costs. These costs include business interruption costs and lost gross profit associated with the Auckland and Hawkes Bay sites which were impacted by the weather events and remediation. An amount has been recognised which is equal to the amount agreed with insurers as recovery of these items. The full amount of lost gross profit has been recognised as revenue during the year. A portion of this revenue relates to lost gross profit in relation to future periods.

Income in relation to these items is recognised as other revenue when the costs are incurred, and it is virtually certain that these costs will be reimbursed. The assessment of whether recoverability of these costs is virtually certain is a key judgement of the Group.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

2. Operating Performance

2.1 Revenue

Accounting Policy

Revenue is recognised in accordance with NZ IFRS 15 *Revenue from Contracts with Customers* ("NZ IFRS 15"). Deferred management fees and rental income are considered leases under NZ IFRS 16 *Leases* ("NZ IFRS 16") and are therefore excluded from the scope of NZ IFRS 15. None of the Group's revenue, as defined by NZ IFRS 15, contains significant financing components.

Deferred Management Fees

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

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

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

Village Service Fees

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

Rental Income

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

\$NZ000's	March 24	March 23
Deferred management fees – independent living	38,616	36,666
Deferred management fees – care suites	16,187	14,861
Deferred management fees – leased site	-	2,301
Village service fees	9,741	8,939
Rental income	19,758	20,723
	84,302	83,490

2.2 Other Income

Interest Income

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

Insurance Income

Insurance income in relation to recent weather events is recognised as per note 1.3(iv).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

2.2 Other Income (continued)

Other Income

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

\$NZ000's	March 24	March 23
Interest income	7	411
Insurance income	2,690	11,803
Net gain on disposal of property assets	512	-
Other income	2,488	1,852
	5,697	14,066

2.3 Expenses

Accounting Policy

All operating expenses are recognised on an accrual basis.

\$NZ000's	Notes	March 24	March 23
Profit before income tax includes the following expenses:			
Employee benefits and other staff costs			
Wages and salaries		11,133	8,487
Other staff costs ¹		293	108
		11,426	8,595
Rental expense relating to right of use investment property		-	158
Impairment of right of use investment property		-	1,431
Other expenses			
Fees paid to auditor			
Audit of financial statements ²		203	137
Other assurance services – Trustee reporting		7	7
		210	144
Movement of residents' share of resale gains		715	1,724
Repairs and maintenance of retirement village property		3,227	2,152
Impairment of goodwill		-	581
Impairment of assets held for sale		1,592	-
Other expenses (no item of individual significance)		21,961	16,232
		27,495	20,689
Total Expenses		39,131	31,017

1 Other staff costs include costs such as staff training, uniforms and recruitment.

2 Auditor for the year ended 31 March 2024: Ernst & Young (March 2023: PricewaterhouseCoopers).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3. Property Assets

3.1 Investment Property

The Group owns care centres and owns and operates retirement villages.

What is Investment Property?

Land and buildings are classified as investment property when they are held to generate revenue either through capital appreciation or through rental income.

As residents occupying our retirement villages live independently, the level of services provided is seen as secondary to the provision of accommodation. Accordingly, these buildings are classified as investment property as they are held primarily to generate Deferred Management Fee ("DMF") income.

As care centres are held to generate revenue through leasing them to a related company they are also classified as investment property.

What is a Care Suite?

Care suites are a premium offering for a resident requiring rest home or hospital level care. The care suite is located within a care centre. Rather than pay a daily premium accommodation charge for the provision of the premium room the residents enter into an ORA with a net management fee.

What is Held for Sale?

Assets are classified as held for sale when the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Accounting Policy

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

The fair value of investment property is determined by the Directors having taken into consideration the valuation conducted by CBRE Limited (March 2023: CBRE Limited and Collier Limited) as independent registered valuers and the cost of work undertaken- in relation to investment property under development.

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

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

A property under construction is classified as a care centre under construction where the completed development will be classified as such and as a retirement village under construction where the completed development will be classified as a retirement village. Fair value measurement on property under construction is only applied if the fair value is reliably measurable. Where the fair value of property under construction cannot be reliably determined the value is the fair value of the land plus the cost of work undertaken.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

\$NZ000's	March 24	March 23
Retirement village property under development at fair value		
Opening balance	141,738	173,899
Acquisition	-	-
Transfer to completed retirement village property	(27,475)	(150,871)
Transfer from completed care centre property	-	-
Transfer to care centre property under development	-	-
Transfer for held for sale	-	(5,714)
Capitalised expenditure	61,539	92,788
Capitalised interest and line fees	13,626	2,301
Impact of change to GST taxable supplies ¹	(1,500)	(4,397)
Change in fair value during the period	(5,960)	33,732
Closing balance	181,968	141,738
Completed retirement village property at fair value		
Opening balance	1,455,983	1,204,653
Acquisition	-	138,010
Transfer from retirement village property under development	27,475	150,871
Transfer to completed care centres	80	(1,552)
Transfer from/ (to) held for sale	21,608	(29,119)
Capitalised expenditure	60,002	5,437
Capitalised interest and line fees	2,903	5,998
Impact of change to GST taxable supplies ¹	(1,372)	(4,080)
Impairment as a result of weather events ²	-	(8,917)
Change in fair value during the period	66,739	(5,318)
Closing balance	1,633,418	1,455,983

¹ Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.

² The above differs from the insurance income expected in instances where an indemnity value approach has been agreed with the insurers.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

\$NZ000's	March 24	March 23
Care centre property under development at fair value		
Opening balance	89,098	105,150
Transfer from retirement village property under development	-	-
Transfer from / (to) completed care centre property	(45,391)	(58,452)
Transfer to held for sale	-	(1,319)
Impact of change to GST taxable supplies ¹	(280)	(894)
Capitalised expenditure	33,508	45,340
Capitalised interest and line fees	6,015	2,680
Change in fair value during the period	(4,343)	(3,407)
Closing balance	78,608	89,098
Completed care centre property at fair value		
Opening balance	605,519	561,457
Transfer to retirement village property under development	(80)	1,552
Transfer from completed retirement village property	-	-
Transfer (to) / from care centre property under development	45,391	58,452
Transfer to held for sale	(17,729)	(29,158)
Capitalised expenditure	8,247	6,345
Capitalised interest and line fees	1,213	381
Impairment as a result of weather events ²	-	(1,943)
Change in fair value during the period	28,253	8,433
Closing balance	670,814	605,519
Total investment property	2,564,809	2,292,338

Included in the above change in fair value is an amount of \$1.0m (decrease) in respect to fair value moments since acquisition date of the Remuera Rise site and \$3.0m (decrease) in respect to the Bream Bay site (March 2023: \$1.0m (decrease) in respect to fair value moments since acquisition date of the Remuera Rise site and \$3.0m (decrease) in respect to the Bream Bay site). The decrease in fair value at Bream Bay has arisen predominantly on first sell down of vacant units.

¹ Relates to GST claimed on land purchased in a prior period subject to a change in use adjustment in the current period.

² The above differs from the insurance income expected in instances where an indemnity value approach has been agreed with the insurers.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

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

\$NZ000's	March 24	March 23
Retirement village property under development		
Valuation	181,968	141,738
Completed retirement village property at fair value		
Valuation	812,698	744,733
Add: Refundable occupation licence payments	1,003,945	884,890
Add: Resident's share of resale gains	5,730	5,920
Less: Management fee receivable	(170,638)	(147,278)
Less: Resident obligations for units not included in valuation	(18,316)	(32,282)
	1,633,419	1,455,983
Care centre property under development at fair value		
Valuation	78,608	89,098
Completed care centre property at fair value		
Valuation	670,814	605,519
Total investment property at fair value	2,564,809	2,292,338

Where an incoming resident has an unconditional ORA in respect of a retirement village unit and the corresponding outgoing resident for that same accommodation has not yet been refunded, the independent valuation is adjusted for the incoming resident balances only. In certain circumstances accommodation under an ORA is valued as development land. In these situations the independent valuation is not adjusted for the refundable amounts and consequently no offsetting "gross up" is required. An adjustment of \$18.3m (March 2023: \$32.3m) is included in the above reconciliation to reflect this.

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

Why do we adjust for the liability to residents?

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

Valuation Process and Key Inputs

Investment Property under Development

CBRE Limited provided valuations of development land in respect of investment property under development as at 31 March 2024.

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

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

Practical completion not achieved

Where the development still requires substantial work such that practical completion is not going to be achieved, and a reliable estimate of fair value cannot be made, at or close to balance date, the fair value recognised is the fair value of the development land per the Directors' valuation plus the cost of any work in progress. An amount of \$85.9m as at 31 March 2024 (2023: \$59.5m) in relation to retirement village property under development has been recognised and \$61.4m as at 31 March 2024 (2023: \$63.9m) in relation care centres under development.

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

Practical completion achieved

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

Completed Retirement Village Property

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

The Group's interest in all completed retirement village property was valued on 31 March 2024 by CBRE Limited and Colliers Limited at a total of \$812.7m (31 March 2023: \$744.7m).

Investment Property Held for Sale

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

Completed Care Centre Property

A valuation in respect of completed care centre property was provided by CBRE Limited as at 31 March 2024.

The valuation of the Group's care centres was apportioned to land, improvements, chattels and goodwill. The fair value of land and buildings as calculated by CBRE Limited is based on the level of rent able to be generated from the maintainable net cash flow of the site subject to average efficient management. The fair value of the Group's land and buildings as determined by the Directors is based on these apportionments. However, chattels are owned by a related company and carried at historic cost less depreciation and the amount apportioned to goodwill by CBRE Limited is not recorded in the financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

Care Suites and Serviced Apartments

Where services are provided to residents who occupy accommodation under an ORA, it is the Group's policy to look at the significance of these services in the context of the overall revenue derived from care suite or serviced apartment in ascertaining whether the care suite or serviced apartment is care centre property or retirement village property. Care suite residents occupying accommodation under an ORA receive a significant level of services. Hence they are included in care centre property. Care suite land and buildings are held at fair value.

Property Specific Assumptions

Seismic Assessments

The external valuations, and accordingly the fair value of investment property, incorporates an allowance in relation to remediation to properties where seismic strength testing has been carried out.

Weather Events: Auckland Floods and Cyclone Gabrielle

The fair value of completed investment property has been adjusted downwards for the cost of future works to be undertaken to remediate damage caused by the Auckland Floods, an amount of \$5.2m. (31 March 2023: \$7.7m on damage caused by the Auckland floods and Cyclone Gabrielle).

Key Accounting Estimates and Judgements

All investment properties have been determined to be Level 3 (March 2023: Level 3) in the fair value hierarchy as the fair value is determined using inputs that are unobservable.

Significant Unobservable Inputs

The significant unobservable input used in the fair value measurement of the Group's development land is the value per m² assumption. Increases in the value per m² rate result in the corresponding increases in the total valuation.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of completed investment property are the discount rate and property price growth rate. There are no interdependencies or interplays between unobservable inputs.

The following assumptions have been used to determine fair value:

Significant Input	Description	2024	2023
Discount rate	The pre-tax discount rate	14.0% - 20.0 % (median: 14.9%)	14.0% - 20.0% (median: 15.0%)
Property price growth rate	Anticipated annual property price growth over the cash flow period 0-4 years	0.5 % - 3.0 %	0.0 % - 3.0 %
Property price growth rate	Anticipated annual property price growth over the cash flow period 5+ years	2.5 % - 3.5 %	2.5% - 3.5%

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

Significant Input	2024	2023
Stabilised Occupancy Period	2.8 yrs – 9.0 yrs (median: 7.4 yrs)	2.5yrs – 8.9yrs (median: 7.3yrs)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

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

Sensitivities

	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
At 31 March 2024					
Completed investment property Valuation \$NZ000's	812,698	-	-	-	-
Difference \$NZ000's		(26,456)	28,461	48,359	(45,872)
Difference %		(3.26%)	3.5%	5.95%	-5.64%
At 31 March 2023					
Completed investment property Valuation \$NZ000's	744,733				
Difference \$NZ000's		(24,447)	26,541	43,075	(40,216)
Difference %		(3.3%)	3.6%	5.8%	(5.4%)

Sensitivities – care centre property

	Adopted Value	Capitalisation Rate +50 bp	Capitalisation Rate -50 bp
At 31 March 2024			
Completed care centre property			
Valuation \$NZ000's	670,814		
Difference \$NZ000's		(40,406)	43,779
Difference %		(6.0%)	6.5%
At 31 March 2023			
Completed care centre property			
Valuation \$NZ000's	605,519		
Difference \$NZ000's		(35,120)	39,359
Difference %		(5.8%)	6.5%

	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
At 31 March 2024					
Completed care suite property					
Valuation \$NZ000's	253,355				
Difference \$NZ000's		(8,248)	8,873	15,076	(14,300)
Difference %		(3.3%)	3.5%	6.0%	(5.6%)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.1 Investment Property (Continued)

At 31 March 2023	Adopted Value	Discount Rate +0.5%	Discount Rate -0.5%	Property Growth Rate +50 bp	Property Growth Rate -50 bp
Completed care suite property					
Valuation \$NZ000's	188,380				
Difference \$NZ000's		(6,184)	6,713	10,896	(10,173)
Difference %		(3.3%)	3.6%	5.8%	(5.4%)

3.2 Held for sale

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

As at 31 March 2024 seven sites meet the definition of held for sale, four sites are being actively market for sale and three are held under contract, (March: 2023 ten sites). These sites and their respective property have been reclassified for reporting purposes. As at 31 March 2023 one Right of Use Investment Property also met the definition of held for sale, refer to 1.3(ii).

All assets are held on the Balance Sheet at their fair value.

Changes in fair value from the date of classification to held for sale are recognised in comprehensive income. See note 3.4 for resident liabilities associated with these held for sale assets.

During the year to 31 March 2024, three sites were disposed of. Refer to Note 1.3(ii) and (iii) for further details. Two sites classified as held for sale in the prior year no longer meet the definition of held for sale so have been transferred back to investment property. Included in the held for sale balance are two sites under contract for sale that had not settled at year end. One of these sites was settled on 30 April 2024 and the other on 21 May 2024. Refer to Notes 1.3 and 5.9 for further details.

\$NZ000's	Notes	March 24	March 23
Opening balance		100,387	-
Transfer from retirement village property	3.1	-	34,833
Transfer from care centre property	3.1	17,729	30,477
Transfer from right of use assets	3.4	-	31,995
Transfer to retirement village property	3.1	(21,608)	
Additions		378	722
Disposals		(50,013)	-
Change in fair value during the year		(1,592)	2,360
Closing balance		45,281	100,387

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.3 Refundable Occupation Right Agreements

What is an ORA?

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

What is DMF?

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

Accounting Policy

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

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

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy for the relevant accommodation i.e. 7 years for units and premium apartments, 5 years for apartments and 3 years for care suites (March 2023: 7yrs, 5yrs, 3yrs).

An additional management fee is payable on premium apartments following termination of the ORA. This is an amount equal to 1% per annum of the occupation licence payment up to a maximum of 5%. The fee is recognised on a straight-line basis over the 5 years, and any unpaid is included as a receivable.

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.3 Refundable Occupation Right Agreements (continued)

\$NZ000's	March 24	March 23
Village		
Refundable occupation licence payments	1,003,945	884,890
Residents' share of resale gains	5,730	5,920
Less: Management fee receivable (per contract)	(217,412)	(191,599)
	792,263	699,211
Care Suites		
Refundable occupation licence payments	246,529	215,206
Accommodation rebate	95	83
Less: Management fee receivable (per contract)	(41,697)	(34,922)
	204,927	180,367
Total refundable occupation right agreements	997,190	879,578
Held for Sale¹		
Refundable occupation licence payments	9,034	58,475
Residents' share of resale gains	-	220
Less: Management fee receivable (per contract)	(1,955)	(15,282)
	7,079	43,413

¹ The amount on the face of the Balance Sheet in relation to refundable occupation right agreements held for sale includes an amount of \$0.5m (March 2023: \$3.7m) in relation to deferred management fees detailed further in this note.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.3 Refundable Occupation Right Agreements (continued)

Reconciliation of Management Fees recognised under NZ IFRS and per ORA

\$NZ000's	March 24	March 23
Village		
Management fee receivable (per contract, non GAAP)	(217,412)	(191,599)
Deferred management fee	46,774	44,321
Management fee receivable (per NZ IFRS)	(170,638)	(147,278)
Care Suites		
Management fee receivable (per contract, non GAAP)	(41,697)	(34,922)
Deferred management fee	563	1,013
Management fee receivable (per NZ IFRS)	(41,134)	(33,909)
Held for Sale		
Management fee receivable (per contract, non GAAP)	(1,955)	(15,282)
Deferred management fee	506	3,679
Management fee receivable (per NZ IFRS)	(1,449)	(11,603)

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.4 Leases

What's a right of use asset?

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

Accounting Policy

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

Right of use assets are initially recognised at cost, comprising of the initial amount of the lease liability less any lease incentives received.

Lease of Investment Property

In the comparative period the Company leased one site, Everil Orr, which met the definition of investment property. The site comprised both apartments and common facilities provided for use by residents under the terms of an ORA. Payments to the lessor under this lease were made as ORAs are sold. Subsequent cash flows upon the sale and resale of the units were shared between the lessor and the Company.

On 3 March 2023 the Oceania Healthcare Group entered into a Deed with Airedale Property Trust in respect of its leasehold interest at the Everil Orr site in Mt Albert in Auckland. On 31 March 2023 the Company's operating interest in relation to village operations at Everil Orr met the definition of held for sale. An amount of \$1.1m in respect of the purchase of the Company's operational interest was received in full on 3 April 2023.

The carrying value of the right of use asset in the prior period as at 31 March 2023 in respect of this leased site is recognised in held for sale at a value of \$32.0m.

Right of Use Asset	March 24	March 23
\$NZ000's		
Opening net book value	-	33,373
Additions	-	53
Revaluation for the period	-	(1,431)
Transfer to held for sale	-	(31,995)
Net book value	-	-

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

3.4 Leases (continued)

Accounting by Lessor

The Group also acts as a Lessor in relation to care facilities that are leased to a sister company. The future minimum lease payments receivable from sister company Oceania Care Company Limited for the use of care facilities are as follows:

\$NZ000's	March 24	March 23
Within one year	18,365	19,442
Between one and two years	18,042	18,769
Between two and three years	14,386	18,445
Between three and four years	13,760	13,664
Between four and five years	12,634	12,800
Later than five years	77,473	89,664
	154,660	172,784

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

Accounting Policy

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

	March 2024 Shares	March 2023 Shares	March 2024 \$NZ's	March 2023 \$NZ's
Share capital				
Authorised, issued and fully paid up capital	100	100	100	100
Total contributed equity	100	100	100	100

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 Deferred payment on acquisition

Relates to the purchase of a site previously leased by a sister company, Oceania Care Company Limited. The deferred payment was secured by a first charge mortgage over the property repaid in the current period.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5. Other Disclosures

5.1 Income Tax

What is Current Tax?

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

What is Deferred Tax?

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

Accounting Policy

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.1 Income Tax (Continued)

\$NZ000's	March 24	March 23
Income tax expense / (benefit)		
Current tax	-	-
Deferred tax	15,776	16,570
	15,776	16,570
Taxation expense is calculated as follows:		
Profit before income tax	135,560	92,022
Tax at the New Zealand tax rate of 28%	37,957	25,766
<i>Adjusted by the tax effect of:</i>		
Non-taxable gain on purchase of business assets	-	(156)
Non-deductible impairment of goodwill	-	163
Non-deductible expenditure	73	407
Capitalised interest deductible for tax	(6,765)	(3,181)
Taxable deferred management fees	(7,941)	(9,748)
Non-assessable revaluation of investment property	(16,799)	(8,760)
Taxable depreciation	(8,508)	(6,035)
Accounting depreciation	(143)	-
Right of use assets	8,828	-
Reversal of non-deductible impairment of fixed asset	(6,468)	(863)
Adjustment for timing difference of provisions	(373)	(140)
Losses utilised	139	2,547
Current tax expense	-	-
Impact of movements in investment property	18,636	2,587
Impact of movements in held for sale	(7,930)	8,084
Other adjustments	74	139
Deferred management fee	7,554	8,307
Losses utilised or (recognised) / derecognised	(2,557)	(2,547)
Deferred tax expense / (benefit)	15,776	16,570
Income tax expense / (benefit)	15,776	16,570

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.1 Income Tax (Continued)

Movement in the Deferred Tax Balance:

\$NZ000's	Balance 31 April 2023	Recognised in Statement of Comprehensive Income	Balance 31 March 2024
Investment property	(9,500)	(18,636)	(28,136)
Held for sale assets	(8,084)	7,930	(154)
Provisions and other assets / liabilities	1,241	(73)	1,167
DMF revenue in advance	(13,308)	(7,554)	(20,862)
Tax losses	2,547	2,557	5,104
Deferred tax liabilities	(27,104)	(15,776)	(42,881)

\$NZ000's	Balance 31 April 2022	Recognised in Statement of Comprehensive Income	Balance 31 March 2023
Investment property	(6,913)	(2,587)	(9,500)
Held for sale assets	-	(8,084)	(8,084)
Provisions and other assets / liabilities	1,380	(139)	1,241
DMF revenue in advance	(5,001)	(8,307)	(13,308)
Tax losses	-	2,547	2,547
Deferred tax liabilities	(10,534)	(16,570)	(27,104)

Recognition and Measurement

No income tax was paid or payable during the year (March 2023: nil).

Key Accounting Judgements

Deferred Tax on Investment Property

Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use"). An initial recognition exemption has been applied to newly developed village sites in accordance with NZ IAS 12 *Income Taxes*.

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.1 Income Tax (Continued)

In calculating deferred tax under the Held for Use methodology, the Group has made significant judgements to determine taxable temporary differences. The carrying value of the Group's investment property is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Group has recognised deferred tax on the cash flows with a future tax consequence being DMF and deductible amounts as provided by external valuers, to the extent that it doesn't relate to land. The Group uses the external valuers' valuation of land and improvements to estimate the apportionment of cash flows arising from the depreciable (i.e. buildings) and non-depreciable components (i.e. land).

Deferred tax on non-residential buildings

On 28 March 2024, the Government passed the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act, which included tax legislation changes including the removal of tax deductions for depreciation on non-residential buildings. The change largely reinstates the policy that was in place between 2012 and 2020. Specifically, the tax depreciation rate will be set at 0% for all buildings (residential and non-residential) with an estimated useful life of 50 years or more, from the 2024/25 year onwards. This resulted in an increase in the deferred tax liability in respect of Property, Plant and Equipment and Investment Property of \$28.48m as at 31 March 2024 for the Company, but did not result in any change to the total deferred tax recognised on the balance sheet of nil.

Recognition of Deferred Tax on Tax Losses

The Group and its related parties (together "the OHL Group") formed a consolidated tax group effective from 1 April 2022. All tax losses incurred by the Company and its related parties from 1 April 2022 are tax losses of the OHL Group consolidated tax group (of which the Company is a member).

After taking into consideration losses generated in the period to 31 March 2024, the OHL Group now has an estimated \$253.7m (2023: \$201.3m) of available tax losses as at 31 March 2024.

An estimated \$18.2m (31 March 2023: \$9.1m) of OHL Group tax losses available to be carried forward were incurred by OVL (for which a deferred tax asset is recognised), and the remaining were incurred by other Group companies.

The Group may recognise deferred tax assets to the extent that it is probable that the Group will generate future economic profits to offset the deferred tax assets or to the extent that they offset deferred tax liabilities.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.2 Trade and Other Receivables

Accounting Policy

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

Occupation licence payment receivables are recognised at the point in time that an ORA becomes unconditional and has either “cooled off” or where the resident is in occupation, and the resident has not yet made all of the contractual licence payment to the Group. The long term portion of this receivable has been discounted by \$1.9m (March 2023: \$0.9m).

\$NZ000's	March 24	March 23
Net trade and other receivables		
Trade receivables	826	2,291
	826	2,291
Occupation licence payment receivable ¹	93,788	74,146
Insurance Receivable	4,914	10,691
Goods and Service Tax Receivable	19,372	15,945
Prepayments	2,290	-
Trade and other receivables	121,190	103,073

Recognition, Measurement and Judgements in Applying Accounting Policies

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of the trade receivable. To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days since resident departure and the funding stream and type of debtor. Judgement is used in selecting the inputs to the impairment calculation and is based on past history and forward looking assumptions.

The Group has the following financial assets subject to the application of the expected credit loss model:

- Trade receivables from village operations for the provision of weekly service fees and occupation licence payment receivables. These are receivable from residents.

The Group has adopted an expected loss rate of 0% to trade receivables from village operations, adjusted for any other known factors with respect to individual debts.

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

¹ Occupation licence receivable includes an amount of \$74.0m in relation to short term occupation licence receivables expected to be recovered in less than 12 months. (31 March 2023: \$64.2m).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.3 Trade and Other Payables

Accounting Policy

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

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

Wages and Salaries, Annual Leave and Long Service Leave

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

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

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

\$NZ000's	March 24	March 23
Trade payables	163	202
Development accruals	9,266	12,615
Sundry payables and accruals ¹	594	950
Employee entitlements	562	488
Trade and other payables	10,585	14,255

¹ Sundry payables include \$0.1m (March 2023: \$0.1m) relating to cash held on behalf of residents.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.4 Related Party Transactions

The direct parent entity is Oceania Healthcare Limited ("Parent"). There are no major shareholders of Oceania Healthcare Limited.

The below entity is a subsidiary of Oceania Village Company Limited.

Name of Entity	Principal Activities	2024	2023	Class of shares
Bream Bay Village Limited ¹	Non operating	100%	100%	Ordinary

The subsidiary is incorporated in New Zealand and has a balance date of 31 March (2023: 31 March). There are no significant restrictions on subsidiaries.

Directors

The names of persons who were directors of the Group during the year are Brent Pattison and Kathryn Waugh. No fees are paid to directors other than ordinary salaries and wages which are borne by Oceania Group (NZ) Limited, a related company.

Key Management Personnel Compensation

Key management personnel comprise the Executive Team including the Chief Executive Officer and the Chief Financial Officer. Key management personnel are paid directly by Oceania Group (NZ) Limited.

There have been no other transactions with key management personnel or entities related to them.

Transactions with Related Parties

Oceania Village Company Limited and fellow group subsidiaries use a central treasury and payroll functions with all cash received by the Group swept up to another Group company and all expenses paid via that company.

Oceania Village Company Limited leases investment properties to a related company, Oceania Care Company Limited, for the operation of its care business.

Fees charged to residents receiving care packages, premium living charges and meal income are collected by Oceania Village Company Limited and passed onto Oceania Care Company Limited and costs incurred by Oceania Care Company Limited for the running of the retirement villages are on-charged to Oceania Village Company Limited.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

\$NZ000's	March 24	March 23
Related party balances		
Amounts owing to Oceania Healthcare Limited	325,439	301,682
Amounts owing from other Group companies	(15,311)	(15,470)
	310,128	286,212

Outstanding balances are unsecured, non-interest bearing and are repayable in cash and on demand.

A letter of support is in place from the Directors of the Parent Company Oceania Healthcare Limited in respect of amounts owing stating that Oceania Healthcare Limited accepts responsibility of providing financial assistance to Oceania Village Company Limited as and when needed and that the debt is subordinated in favour of all other creditors.

¹ The business operations and assets of Bream Bay Village Limited were sold to its parent, Oceania Village Company Limited, on 30 September 2022 at carrying amount. Subsequent to this date the company is dormant.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.4 Related Party Transactions (Continued)

The following transactions took place during the period:

\$NZ000's	March 24	March 23
Transactions with Parent company		
Payments made by Parent for purchase of investment property and development costs	-	58,194
Capitalised interest on development	24,160	11,356
Invoice payment	(403)	-
Transactions with other Group companies		
Cash		
Care package income payable to Oceania Care Company Limited	956	1,477
Employee costs payable to Oceania Care Company Limited	12,628	11,165
Payable / (receivable) in respect of cash sweeps to central treasury function net of payment of village invoices by central function	5,641	58,908
Accommodation rebate receivable / (payable) by Oceania Care Company Limited	242	398
Non cash		
Rental income charged to Oceania Care Company Limited for care properties	(19,310)	(20,244)
	23,916	121,254

5.5 Financial Risk Management

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

Classification and measurement

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

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

(a) Fair Value Estimation

All financial assets (cash and cash equivalents, trade and other receivables and certain right of use assets) and financial liabilities (trade and other payables, lease liabilities and bank borrowings), other than derivatives, are measured at

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.5 Financial Risk Management (continued)

amortised cost, which approximates to fair value. Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. In considering the fair value of interest bearing assets and liabilities the estimated future interest rates approximate the discount rates used in a fair value assessment.

(b) Market Risk

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

(c) Cash Flow Risk

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

As the Group has no significant interest-bearing liabilities, the Group's expenses and operating cash flows are substantially independent of changes in market interest rates and consequently no sensitivity analysis has been prepared.

(d) Credit Risk

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

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

Concentrations

Cash and cash equivalents of the Group are deposited with one of the major trading banks. Non-performance of obligations by the bank is not expected due to the credit rating of the counter party considered. The Standard and Poors credit rating of the counter party as at 31 March 2024 is AA- (March 2023: AA-).

The Group's receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents.

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.5 Financial Risk Management (Continued)

(e) Liquidity Risk

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

Cash flow forecasting is regularly performed by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

\$NZ000's	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
2024				
Trade and other payables	10,585	-	-	-
Related party payables	310,128	-	-	-
Refundable occupation right agreements	1,004,269	-	-	-
2023				
Trade and other payables	14,255	-	-	-
Deferred payment on acquisition	250	-	-	-
Related party payables	286,577	-	-	-
Refundable occupation right agreements	922,991	-	-	-

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

(f) Capital Risk Management

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

5.6 Assets Pledged as Security

The Oceania Healthcare Limited Group, of which Oceania Village Company Limited is a part, hold bank loans which are secured by mortgages over the Oceania Village Company Limited's investment property. On 19 October 2020 the Oceania Healthcare Limited Group issued retail bonds totalling \$125.0m with a maturity date of 19 October 2027, on 13 September 2021 the Oceania Healthcare Limited Group issued additional retail bonds totalling \$100.0m with a maturity date of 13 September 2028, and these are also secured by mortgages over the Oceania Village Company Limited's investment property. In the case of completed and under development retirement village property the mortgages rank second behind the Statutory Supervisors.

As at 31 March 2024 the balance of the bank loans over which the properties are held as security is \$419.0m (2023: \$332.8m), the total commitment as at 31 March 2024 is \$500.0m (2023: \$500.0m). As at 31 March 2024 the balance of the bonds over which the properties are held as security is \$225.0m (2023: \$225.0m).

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2024

5.7 Contingencies and Commitments

(a) Contingencies

At 31 March 2024, the Group had no contingent liabilities (March 2023: nil).

(b) Capital commitments

At 31 March 2024, the Group has a number of commitments to develop and construct certain development sites totalling \$45.3m (March 2023: \$124.8m)-

As at 31 March 2024, the Group had commitments of \$nil (March 2023: \$10.9m) in relation to the development of the Everil Orr site.

(c) Repairs and Maintenance

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

5.8 Events After Balance Date

Assets Held for Sale

On 30 April 2024, \$10.6m was received in full and final settlement of an asset held for sale at 31 March 2024 located in Auckland.

On 21 May 2024, \$5.4m was received in full and final settlement of an asset held for sale at 31 March 2024 located in Christchurch.

Land Acquisition

On 7 November 2023 a sale and purchase agreement was entered into to acquire a parcel of land adjacent to an existing site for \$4.2m. Settlement occurred on 12 April 2024.

Insurance

Prior to signing these financial statements final agreement was reached with insurers in relation to all insurance claims arising from the Auckland Floods and Cyclone Gabrielle with \$1.7m of cash received between balance date and signing.

There have been no other significant events after balance date.



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Independent auditor's report to the shareholder of Oceania Village Company Limited

Opinion

We have audited the financial statements of Oceania Village Company Limited (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet of the Group as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and its consolidated 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 Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Information other than the financial statements and auditor's report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

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

Chartered Accountants
Auckland
13 June 2024

23 September 2024

The Registrar of Retirement Villages
c/- Ministry of Business, Innovation and Employment
Private Bag 92061
Victoria Street West
AUCKLAND 1142

Dear Sir/Madam

**REPORT OF THE STATUTORY SUPERVISOR
OCEANIA VILLAGE COMPANY LIMITED - VILLAGES LISTED IN APPENDIX 1**

We act as Statutory Supervisor of the Villages listed in Appendix 1 pursuant to the Retirement Villages Act 2003 (**Act**) and in accordance with a deed dated 8 May 2007 (**Deed of Supervision**) between Trustees Executors Limited and Oceania Village Company Limited (**Operator**).

This report accompanies the Operator's annual return (**Annual Return**) for the year ended 31 March 2024 and has been prepared by us in accordance with sections 13(3)(c) and 42(c) of the Act, for the period the subject of the Annual Return.

Pursuant to section 13(3)(c) of the Act, we certify that:

- The Operator has supplied to us a copy of its audited financial statements for the period ended 31 March 2024 being statements that, in our opinion, comply with the Act. The Operator has not prepared separate audited financial statements for the Villages.
- The information contained in the Annual Return is, to the best of our knowledge and belief, accurate.

Pursuant to section 42(c) of the Act, we report that:

- In the performance of our duties as Statutory Supervisor of the Villages, we have:
 - provided a stakeholder facility for intending residents and residents of the Village who pay deposits or progress payments in respect of occupation right agreements or incomplete residential units or facilities at the Villages (if any).
 - monitored the financial position of the Operator;
 - reported to the residents of the Villages on the performance of our duties and the exercise of our powers at the Annual General Meetings; and
 - performed any other duties imposed on us by the Act, the regulations made under the Act and the Deed of Supervision.
- We have not found it necessary to exercise any of the powers conferred on us as Statutory Supervisor of the Villages pursuant to section 43(1) of the Act.
- We have not issued any directions prohibiting the publication or distribution of any advertisement.


This certification and report has been provided on the basis that, subject to the duties imposed on us as Statutory Supervisor of the Villages by the Act, the regulations made under the Act and the Deed of Supervision, in performing our duties we have relied on the information, explanations and

confirmations supplied to us by the Operator and the auditor of the Operator and we have not carried out independent checks of the same.

The Operator has provided us with the independent audit report as required by the Deed of Supervision. That report does not raise any matters of concern, although we note that it is addressed solely to the Operator for the benefit of the Operator.

Yours sincerely

TRUSTEES EXECUTORS LIMITED



MICHAEL COOTE
CLIENT MANAGER
TRUSTEES CORPORATE SUPERVISION

cc: Claire Fisher, Chief Legal and Risk Officer, Oceania Healthcare Limited

Appendix 1

The Villages for which Oceania Village Company Limited is the Operator and Trustees Executors Limited is the Statutory Supervisor:

- Addington Gardens, Christchurch
- Atawhai Lifestyle Care & Village, Napier
- Awatere Village, Hamilton
- Eden Village, Auckland
- Elmwood Lifestyle Care & Village, Auckland
- Eversley Lifestyle Care & Village, Hastings (no residents during the period)
- Green Gables Lifestyle Care & Village, Nelson
- Heretaunga Lifestyle Care & Village, Upper Hutt
- Hutt Gables Village, Upper Hutt
- Lady Allum Lifestyle Care & Village, Auckland
- Marina Cove Village, Picton
- Meadowbank Lifestyle Care & Village, Auckland
- Redwood Lifestyle Care & Village, Blenheim
- St Johns Village, Auckland
- Totara Park Village, Warkworth
- The Bayview, Tauranga
- The Bellevue, Christchurch
- The Helier, Auckland