Directors' Statement

For the year ended 31 March 2024

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2024.

The Financial Markets Conduct Act 2013 requires the Directors to prepare financial statements for each financial year which present fairly the financial position of the Group and financial performance and cash flows for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the generally accepted accounting practice in New Zealand, as defined in the Financial Reporting Act 2013. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the preventions and detection of fraud and other irregularities.

The Financial Statements presented are signed for and on behalf of the Board and were authorised for issue on 27 May 2024.

Anthony Beverley
Chair
27 May 2024

Michael Ambrose
Director
27 May 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

$000	Note	31 March 2024	31 March 2023
Care fees and village services	2	168,798	149,028
Deferred management fees	2	68,222	62,118
Other income	2	10,140	10,833
Total revenue		**247,160**	**221,979**
Insurance recoveries	9	13,804	19,013
Change in fair value of investment property	6	164,955	80,377
Change in fair value of interest rate swaps		(488)	436
Change in fair value in property, plant and equipment		93	95
Share of profit arising from joint venture	19	1,878	752
Total income		**427,402**	**322,652**
Employee costs	3	156,048	135,610
Property costs	3	32,994	27,992
Depreciation and amortisation	7, 8	9,125	8,364
Impairment of intangibles	8	2,059	2,901
Finance costs	4	28,655	15,139
Transaction costs		362	247
Other expenses	3	52,181	48,529
Total expenses		**281,424**	**238,782**
Profit before tax		**145,978**	**83,870**
Income tax expense / (credit)	5	6,615	1,405
Profit after tax		**139,363**	**82,465**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain / (loss) on revaluation of property, plant and equipment		(1,724)	1,192
Total comprehensive income		**137,639**	**83,657**
Earnings per share:			
Basic (cents per share)	17	19.15	11.41
Diluted (cents per share)	17	19.09	11.38

The accompanying notes on pages 06-27 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
Opening Balance at 1 April 2022		**422,682**	**40,004**	**446**	**881,948**	**1,345,080**
Profit for the period		82,465	0	0	0	82,465
Other comprehensive income		0	1,192	0	0	1,192
Total comprehensive income		**82,465**	**1,192**	**0**	**0**	**83,657**
Dividends paid		(39,691)	0	0	0	(39,691)
Share based payments	20	0	0	(128)	302	174
Share capital issued dividend reinvestment plan	16	0	0	0	4,760	4,760
Transfer revaluation reserve of divestments		1,568	(1,568)	0	0	0
Balance at 31 March 2023		**467,024**	**39,628**	**318**	**887,010**	**1,393,980**
Opening Balance at 1 April 2023		**467,024**	**39,628**	**318**	**887,010**	**1,393,980**
Profit for the period		139,363	0	0	0	139,363
Other comprehensive income		0	(1,724)	0	0	(1,724)
Total comprehensive income		**139,363**	**(1,724)**	**0**	**0**	**137,639**
Dividends paid		(25,740)	0	0	0	(25,740)
Share based payments	20	0	0	142	0	142
Share capital issued dividend reinvestment plan	16	0	0	0	7,986	7,986
Balance at 31 March 2024		**580,647**	**37,904**	**460**	**894,996**	**1,514,007**

The accompanying notes on pages 06-27 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2024

$000	Note	31 March 2024	31 March 2023
Assets			
Cash and cash equivalents		4,679	9,894
Trade receivables and other assets		11,592	17,384
Held for sale	10	63,252	0
Insurance recoveries receivable	9	13,273	12,700
Tax receivable		1,594	1,443
Resident advances		38,575	29,727
Accrued income		5,517	5,337
Property, plant and equipment	7	189,893	202,307
Investment properties	6	3,821,765	3,427,005
Investment in joint venture	19	37,937	37,259
Intangible assets	8	16,748	18,901
Total assets		**4,204,825**	**3,761,957**
Liabilities			
Trade and other payables	15	37,478	43,005
Held for sale	10	33,101	0
Employee entitlements	15	19,518	15,546
Revenue in advance	2	136,286	125,155
Interest rate swaps	13	10,956	10,467
Lease liability	12	5,849	7,051
Interest bearing loans and borrowings	13	780,288	622,815
Residents' loans	11	1,653,696	1,538,282
Deferred tax liabilities	5	13,646	5,656
Total liabilities		**2,690,818**	**2,367,977**
Net assets		**1,514,007**	**1,393,980**
Equity			
Share capital		894,996	887,010
Reserves		38,364	39,946
Retained earnings		580,647	467,024
Total equity		**1,514,007**	**1,393,980**

The accompanying notes on pages 06-27 form an integral part of these financial statements.

Consolidated Statement of Cash Flow

For the year ended 31 March 2024

$000	Note	31 March 2024	31 March 2023
Cash flows from operating activities			
Receipts from residents for care fees and village services		183,208	160,835
Receipts of residents' loans from resales		199,103	186,245
Receipts of residents' loans from new sales		127,939	125,235
Interest received		757	593
Payments to suppliers and employees		(235,454)	(203,235)
Repayments of residents' loans		(109,554)	(106,719)
Insurance recoveries received		4,081	575
Interest paid		(25,505)	(15,230)
Income tax paid		(151)	(17)
Net cash inflow from operating activities	14	**144,424**	**148,282**
Cash flows from investing activities			
Insurance recoveries received		9,150	5,750
Purchase of property, plant and equipment and intangible assets		(5,015)	(9,546)
Purchase of investment properties		(274,534)	(264,084)
Proceeds from sale of assets		5,579	0
Capitalised interest paid		(24,211)	(13,559)
Dividends received		1,200	900
Net cash (outflow) from investing activities		**(287,831)**	**(280,539)**
Cash flows from financing activities			
Proceeds from borrowings		184,431	194,500
Repayment of borrowings		(27,000)	(24,500)
Transaction costs		(362)	(247)
Payments for lease liabilities		(1,123)	(825)
Dividends paid		(17,754)	(34,931)
Net cash inflow from financing activities		**138,192**	**133,997**
Net increase/(decrease) in cash and cash equivalents		**(5,215)**	**1,740**
Cash and cash equivalents at the beginning of the financial period		9,894	8,154
Cash and cash equivalents at the end of the financial period		**4,679**	**9,894**

The accompanying notes on pages 06-27 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1 General Information

Arvida Group Limited (the "Group" or the "Company") is a for-profit, limited liability company incorporated and domiciled in New Zealand. Arvida Group Limited is registered under the Companies Act 1993. The Company is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013 ("the Act") and is listed on the NZX Main Board (the "NZX"). The Company's registered office is 29 Customs Street West, Auckland Central, Auckland.

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

These financial statements have been approved for issue by the Board of Directors on 27 May 2024. The financial statements presented are for Arvida Group Limited and its subsidiaries.

The Directors believe it remains appropriate that the financial statements have been prepared under the going concern convention.

Basis of Preparation

These financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with International Financial Reporting Standards ("IFRS") and the New Zealand equivalents ("NZ IFRS") as appropriate for a for profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- under the historical cost convention, as modified by the revaluation of investment properties, land and buildings (included in property, plant and equipment) and derivatives;
- on the liquidity basis where the assets and liabilities are presented on the balance sheet in the order of their liquidity;
- in New Zealand dollar terms, rounded to the nearest thousand dollars; and
- with all amounts shown exclusive of goods and services tax ("GST"), other than trade debtors and trade creditors, except where the amount of GST incurred is not recoverable from the taxation authority. When this occurs, the GST is recognised as part of the cost of the asset or as an expense, as applicable.

Critical Accounting Estimates and Judgements

The preparation of the financial statements, in line with NZ IFRS, requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Directors, in determining the appropriate treatment, have carefully evaluated all of the available information and consider the adopted policies to be appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are found in the following notes:

Note 2 Revenue recognition
Note 6 Fair value of investment property
Note 7 Fair value of care facility
Note 8 Impairment of goodwill

Basis of Consolidation

The Group's financial statements are prepared by consolidating the financial statements of all entities that comprise the Group, being Arvida Group Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the Group's financial statements. All intercompany transactions and balances, and unrealised profits arising within the Group are eliminated in full.

Segment Reporting

An operating segment is a component of an entity that engages in business activities which earn revenue and incur expenses and where the chief operating decision maker reviews the operating results on a regular basis and makes decisions on resource allocation.

The Group operates in one operating segment being the provision of aged-care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole. The nature of the products and services provided and the type and class of customers have similar characteristics within the operating segment. All revenue earned and assets held are in New Zealand.

Other Accounting Policies

Other accounting policies that are relevant to an understanding of the financial statements are provided within the notes to the financial statements.

New Standards and Interpretations Adopted

The Group has adopted all mandatory new and amended standards and interpretations and there has been no material impact on the Group's financial statements.

New Standards and Interpretations not yet Adopted

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

Comparative information

The Statement of Cash Flows presentation has been amended following the settlement of the Parklane material damage insurance claim. The amendment has been applied retrospectively and the impact on the comparative period is shown below:

$000	2023 Reported	Reclas.	2023 Revised
Statement of Cash Flows			
Cash flows from operating activities Insurance recoveries received	4,925	(4,350)	575
Cash flows from investing activities Insurance recoveries received	1,400	4,350	5,750

2 Income

Care Fees and Village Services

Care fees and village services fees are recognised over the period in which the service is rendered. A portion of village services is considered lease income based on the nature of the services provided.

Deferred Management Fees

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

Other Income

Other income includes income derived from resident recoveries and other sundries for services provided to residents such as meals and cleaning which are recognised in the period the service is rendered.

Revenue in Advance

Revenue in advance comprises those amounts by which the amortisation of deferred management fees over the contractual period of the Occupation Right Agreement ("ORA") exceeds the amortisation of the deferred management fee based on estimated tenure.

Information about Major Customers

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home, dementia or hospital level care. Government aged care subsidies received from the Te Whatu Ora included in care fees and village services amounted to $85.2 million (2023: $78.6 million).

Key Judgements and Estimates

Deferred management fees are recognised as revenue on a straight-line basis. This requires management to estimate the period of occupancy for units and serviced apartments. The expected periods of tenure, being based on historical results, experience and industry averages, are estimated at 6.7 to 9.3 years (2023: 6.5 to 9.2 years) for independent apartments and villas and are estimated at 2.7 to 5.2 years (2023: 2.7 to 5.1 years) for care suites and serviced apartments.

3 Expenses

Operating Expenses

Employment expenses relate to wages and salaries of employees which includes holiday pay, KiwiSaver and employee incentives. These expenses are recognised as the benefit accrues to the employee.

Property expenses and other expenses relate to costs associated with running a retirement village such as rates, insurance, repairs and maintenance, purchases of consumables and power costs. These expenses are recognised as they are incurred.

$000	2024	2023
Other expenses		
Directors' fees	579	557

4 Finance Costs

$000	2024	2023
Interest expense	24,832	12,723
Facility costs	3,071	2,089
Financing costs	752	327
Total finance costs	**28,655**	**15,139**

Finance Costs

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

5 Income Tax Expense

$000	2024	2023
Income tax expense / (credit)		
Current tax	0	0
Deferred tax	6,615	1,405
	6,615	**1,405**

$000	2024	2023
Reconciliation to profit before tax		
Profit before tax	145,978	83,870
Tax at 28%	**40,874**	**23,484**
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Changes in fair values	(46,187)	(22,506)
Share of profit arising from joint venture (net of tax)	(526)	(211)
Non-taxable income and non-deductible expenditure	1,020	1,061
Other	11,434	(423)
Income tax expense / (credit)	**6,615**	**1,405**

Income Tax Expense

Income tax comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The applicable tax rate is 28% (2023: 28%).

Imputation Credits

The imputation credit balance for the Group and Parent as at 31 March 2024 is $0.4 million (2023: $0.2 million).

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, unless they arise on a business combination, are not provided for.

Income Tax Legislation Amendments

On 28 March 2024, the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act 2024 received royal assent. This Act removed tax depreciation deductions for non-residential buildings. This has resulted in a $26.6 million recognition of deferred tax expense in the statement of profit and loss and corresponding increase of deferred tax liability related to care facility buildings.

$000	2024	2023
Brought forward	**5,656**	**3,796**
Temporary difference in income statement		
Property, plant and equipment	26,613	(46)
Investment property	7,951	6,681
Deferred management fees	12,597	9,209
Tax losses carried forward	(39,094)	(18,501)
Other items	(1,452)	4,053
	6,615	**1,396**
Temporary differences in Other Comprehensive Income		
Property, plant and equipment	1,375	464
	1,375	**464**
Balance at end of year		
Property, plant and equipment	29,115	1,127
Investment property	58,047	50,096
Deferred management fees	16,032	3,435
Tax losses carried forward	(85,388)	(46,294)
Other items	(4,160)	(2,708)
Deferred tax liability	**13,646**	**5,656**

Deferred tax assets and liabilities have been offset in accordance with NZ IAS 12 Income Tax. The deferred tax has been calculated on the assumption that there will be no change in tax law or circumstances.

The Group recognises tax losses in the balance sheet to the extent that tax losses offset deferred income tax liabilities arising from temporary differences and the requirements of income tax legislation can be satisfied. Significant judgement is required in determining whether shareholder continuity and other income tax legislation requirements will continue to be met in the future in order for tax losses to be recognised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying value of the Group'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. In determining the taxable temporary difference, the Directors have used the contractual cash flows on the basis that the contractual arrangements for an occupation right agreement comprise two gross cash flows (being an occupation right agreement deposit upon entering the unit and the refund of this deposit upon exit) that are non-taxable and need to be excluded to determine the taxable temporary differences arising on investment properties.

6 Investment Properties

$000	2024	2023
Balance at beginning of period	3,427,005	3,061,245
Additions	287,308	271,283
Assets held for sale	(54,716)	0
Disposals	(4,079)	0
Reclassification from / (to) property, plant and equipment	1,292	14,100
Fair value movement - unrealised	164,955	80,377
Total investment property	**3,821,765**	**3,427,005**
Valuation of managers' net interest	1,698,515	1,480,730
Development land	151,925	119,445
Investment property under construction	186,784	168,730
Liability for residents' loans	1,653,772	1,538,282
Net revenue in advance / (accrued income)	130,769	119,818
Total investment property	**3,821,765**	**3,427,005**

Recognition and Measurement

Investment properties are held to earn rental income and for capital appreciation. They comprise land and buildings and associated equipment and furnishings related to independent living units, serviced apartments, care suites and common facilities in the retirement village. Investment properties include land acquired with the intention of constructing a retirement village. All retirement village units that are contracted with an ORA are classified as investment property as the majority of the net operating cash flows generated are for the purpose of earning rental income and capital appreciation.

Investment properties under construction are measured at cost . Investment property is initially recognised at cost and subsequently measured at fair value with any change in fair value recognised in profit or loss.

Classification of Serviced Apartments and Care Suites

Classification of Serviced Apartments and Care Suites Serviced apartments and care suites are contracted with an ORA and held to earn rental income and long term capital appreciation. To determine whether ancillary services are insignificant to the arrangement as a whole, the value of these services has been assessed and represents less than 20% over the expected life of the asset. The ancillary services are considered insignificant in comparison to the overarching ORA agreement. The assessment is applied across all entities in the Group. Subsequent reclassification of unit types between investment property or property, plant and equipment, occur only when there has been a change in use.

Key Judgements and Estimates

The fair value of investment property is determined on an annual basis. The fair value of completed investment properties and development land has been determined by Michael Gunn, an independent registered valuer, of the firm CBRE and Glenn Loraine, an independent registered valuer of the firm JLL. A valuation method for investment properties was used based on a discounted cash flow ("DCF") model. CBRE used expected cash flows for a 20-year period and JLL used expected cash flows for a 25-year period.

Development land has been valued using a sales comparison approach.

Assumption Estimate Used	Estimate Used
Land $/ha	Between $0.5 million and $22.5 million (2023: $0.5 million and $30.1 million)
Land $/unit	Between $0.1 million and $0.3 million (2023: $0.0 million and $0.2 million)

The valuation of investment property includes within its forecast cash flows and the Group's expected costs relating to any known or anticipated remediation works. The fair value as determined by the independent valuer is adjusted for assets and liabilities already recognised in the balance sheet which are also reflected in the DCF. As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as level 3 under the fair value hierarchy in accordance with NZ IFRS 13 'Fair Value Measurement'. Significant assumptions used by the valuer include:

Assumption	Estimate Used
Occupancy periods of units	Stabilised departing occupancy of 6.7 to 9.3 years (2023: 6.5 to 9.2 years) for independent apartments and villas and 2.7 to 5.2 years for care suites and serviced apartments (2023: 2.7 to 5.1 years)
House price inflation	Between 0% and 3.5% (2023: 0% and 3.5%)
Discount rate	Between 12.75% and 16.5% (2023: 12.5% and 16.0%)
Average age on entry	Between 72 and 83 years (2023: 72 and 83 years) for independent apartments and villas and between 81 and 87 years (2023: 80 and 91 years) for care suites and serviced apartments

The occupancy period derived by CBRE is driven from a Monte Carlo simulation. The simulations are dependent upon the demographic profile of the village (age and gender of residents) and a death and non-death probability as the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents. Additional variables which will influence the stabilised occupancy period outputs (and recycle profile) by village will include resident densities where a high proportion of couples will logically extend/prolong the recycle profile, occupancy periods for existing residents, current absolute age levels and whether it is a care or lifestyle orientated village. The occupancy period derived by JLL for the existing residents is based on the observed historical length of stay within the village and the demographic profile of the existing residents, including age and gender. The stabilised occupancy period for new residents is guided by the historical length of stay for previous residents within the village, considered alongside village maturity, resident densities where a high proportion of couples will logically prolong the recycle profile, current age levels and whether it is a care or lifestyle orientated village.

A 0.5% decrease in the discount rate would result in a $60.3 million (2023: $53.1 million) higher fair value measurement and an increase in the fair value gain recorded in the income statement. Conversely, a 0.5% increase in the discount rate would result in a $55.9 million (2023: $49.2 million) lower fair value measurement and a decrease in the fair value gain recorded in the income statement. A 0.5% decrease in the 5-year plus growth rate would result in a $83.9 million (2023: $72.3 million) lower fair value measurement and a decrease in the fair value gain recorded in the income statement. Conversely, a 0.5% increase in the 5-year plus growth rate would result in a $89.6 million (2023: $78.5 million) higher fair value measurement and an increase in the fair value gain recorded in the income statement. Other key components in determining the fair value of investment property are the average age on entry of residents and the stabilised departing occupancy period. A decrease (increase) in the stabilised departing occupancy period would result in higher (lower) fair value measurement and an increase (decrease) in the average age on entry of residents would result in a higher (lower) fair value measurement.

7 Property, Plant and Equipment

$000	Freehold Land at Valuation	Freehold Building at Valuation	Right of use assets	Work in progress	Other	Total
Year ended 31 March 2023						
Opening net book value	74,335	109,515	3,016	1,859	20,033	208,758
Additions	0	269	6,364	1,420	9,831	17,884
Depreciation	0	(2,019)	(682)	0	(5,529)	(8,230)
Revaluation	0	1,750	0	0	0	1,750
Transfer from / (to) investment property	(5,520)	(8,580)	0	0	0	(14,100)
Disposals and transfers	0	0	(1,978)	(1,562)	(215)	(3,755)
Closing net book value	**68,815**	**100,935**	**6,720**	**1,717**	**24,120**	**202,307**
Cost or valuation	68,815	100,935	7,837	1,717	50,238	229,542
Accumulated depreciation	0	0	(1,117)	0	(26,118)	(27,235)
Net book value at 31 March 2023	**68,815**	**100,935**	**6,720**	**1,717**	**24,120**	**202,307**
Year ended 31 March 2024						
Opening net book value	68,815	100,935	6,720	1,717	24,120	202,307
Additions	0	136	196	485	6,387	7,204
Depreciation	0	(2,080)	(862)	0	(6,089)	(9,031)
Revaluation	(5,260)	5,004	0	0	0	(256)
Assets held for sale	(1,350)	(6,150)	0	0	(560)	(8,060)
Transfer from / (to) investment property	0	0	0	(1,292)	0	(1,292)
Disposals and transfers	0	0	(688)	(158)	(133)	(979)
Closing net book value	**62,205**	**97,845**	**5,366**	**752**	**23,725**	**189,893**
Cost or valuation	62,205	97,845	7,133	752	55,931	223,866
Accumulated depreciation	0	0	(1,767)	0	(32,206)	(33,973)
Net book value at 31 March 2024	**62,205**	**97,845**	**5,366**	**752**	**23,725**	**189,893**

Recognition and Measurement

Land and buildings (which are not classified as investment property) are initially recognised at cost. 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. Subsequent to initial recognition, land and buildings for care facilities are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Any revaluation surplus is recognised as other comprehensive income unless it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation deficit (impairment) is recognised in the profit or loss unless it directly offsets a previous surplus in the same asset in the asset revaluation reserve. Upon disposal, any revaluation reserve for the asset being sold is transferred to retained earnings.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement over the estimated useful lives of each asset class as follows:

- Land – not depreciated
- Buildings – 2% straight line
- Other Assets include Plant, Furniture, Equipment and Motor Vehicles - a combination of straight line and diminishing value at rates of 3% to 80%
- Right of use assets - straight line basis over the term of the lease

At 31 March 2024, had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately $39.3 million and $85.4 million respectively (2023: $39.3 million and $87.3 million).

Right of use assets primarily relate to the Group's leased office premises.

Key Judgements and Estimates

Fair value of land and buildings is determined by reference to market-based evidence. Independent valuations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset’s fair value at the balance sheet date. The current policy is to undertake an independent valuation every two years.

The value of the care facility land and buildings for the year ended 31 March 2024 determined by Michael Gunn, an independent registered valuer of the firm CBRE and Glenn Loraine, an independent registered valuer of the firm JLL. The method used was a capitalisation of earnings approach.

As the fair value of freehold land and buildings is determined using inputs that are unobservable, the Group has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 ‘Fair Value Measurement’. The carrying amount also reflects the Group’s expected costs relating to any known or anticipated remediation works.

The significant unobservable inputs used in the fair value measurement of the Group’s portfolio of land and buildings are:

Assumptions	Estimate Used
Capitalisation rates	Rates used range from 11.8% to 14.8% (2023: 10.9% to 14.8%)
Earnings	Market value for a care bed ranging from $80,932 to $181,818 (2023: $77,037 to $186,932)

A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the earnings per care bed would result in a significantly higher (lower) fair value measurement.

8 Intangible Assets

$000	Goodwill	Software	Total
Year ended 31 March 2023			
Opening net book value	21,614	133	21,747
Additions	0	189	189
Amortisation	0	(134)	(134)
Impairment of goodwill	(2,901)	0	(2,901)
Closing net book value	**18,713**	**188**	**18,901**
Year ended 31 March 2024			
Opening net book value	18,713	188	18,901
Amortisation	0	(94)	(94)
Impairment of goodwill	(2,059)	0	(2,059)
Closing net book value	**16,654**	**94**	**16,748**

Goodwill

Goodwill as at 31 March 2024 was $16.7 million (2023: $18.7 million). Goodwill has decreased as a result of the recognition of goodwill impairment. Goodwill is tested for impairment annually at 31 March and when circumstances indicate that the carrying value may be impaired. Goodwill acquired through business combinations with indefinite lives have been allocated for impairment testing, to fifteen (2023: seventeen) of the cash generating units ("CGU's") that continue to carry goodwill. A CGU is defined as an individual village which may include either or both, a care facility and retirement village. This is the level at which the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other groups of assets.

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. Impairment losses relating to goodwill cannot be reversed in future periods.

In twelve (2023: fourteen) of the CGU's, the recoverable amount was based on fair value less costs to sell, and three (2023: three) CGU based on value in use.

In five (2023: four) of the CGU's the recoverable amount was in excess of the carrying value. As such the Directors did not identify any impairment for these CGU's. In ten (2023: thirteen) of the CGU's the carrying value was in excess of the recoverable amount and an impairment was recognised. Goodwill allocated to any single CGU is not material. The goodwill impairment during the year was $2.1 million (2023: $2.9 million).

Key Judgements and Estimates

The fair value assumptions are based on the valuers assumptions in note 7, less costs of disposal and are categorised as level 3 under the fair value hierarchy in accordance with NZ IFRS 13 'Fair Value Measurement'. A significant decrease (increase) in the capitalisation rate could result in a significantly higher (lower) impairment and a significant increase (decrease) in the earnings per care bed could result in a significantly lower (higher) impairment of goodwill.

The value in use calculation is based on a DCF model which uses the following assumptions:

Assumption	Description	Estimate Used
Operating earnings	Operating earnings is a function of revenue received from Government agencies and private paying residents for care and village service fees and the net cash flows from the receipt and repayment of resident loans. The key driver of these revenue items are occupancy levels, subsidy levels and growth rates. It is assumed that the government will continue to support the aged care sector and that subsidies will increase over time. If the government decides to reduce its funding, it may lead to residents and their families being required to make up the difference. Expenses are forecast to increase in line with inflation projections.	Cash flow projections from the Group’s five year financial forecasts approved by the Board which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested.
Discount rates	Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have to be incorporated into the cash flow estimates.	Pre-tax discount rates for each CGU, ranging from 12.2% to 16.2% (2023: 10.9% to 14.8%). The discount rates have been taken from the most recent independent valuation of each CGU.
Growth rates	Growth rates are used to extrapolate cash flows beyond the forecast period.	Growth rates of 2.5% (2023: 2.5%) have been used after the initial financial forecast period.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised at 50% on a diminishing-value basis.

9 Insurance Receivable

On 27 January 2023, a weather event in Auckland resulted in serious flooding occurring in part of the Group's Parklane retirement community. The flooding caused extensive damage to 39 villas and the Community Centre and Serviced Apartments building. The Group has comprehensive insurance cover in place for material damage and business interruption. It is possible that the actual financial impacts will differ from those included in the financial statements.

On 2 August 2023, the Group settled the material damage claim with insurers for the flooding event at Parklane for $14.9m.

As at 31 March 2024, the Group has $13.0m of business interruption insurance recoveries receivable for the impacts of the flooding event at Parklane. The business interruption claim is ongoing and will be continually assessed throughout the indemnity period.

10 Held for sale

The Group classifies assets held for sale if their carrying amounts 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, except for the portion that relates to investment property which is carried at fair value.

The criteria for held for sale classification is met only 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 presented in the balance sheet.

As at 31 March 2024, Strathallan (assets and liabilities of Strathallan Healthcare Limited and Strathallan Lifecare Village Limited) was classified as held for sale. On 30 April 2024, the Group completed the sale of Strathallan for $30.0 million. The Strathallan assets and liabilities represented as held for sale are:

$000	2024	2023
Assets		
Other assets	472	0
Property, plant and equipment	8,063	0
Investment property	54,717	0
	63,252	**0**
Liabilities		
Other liabilities	(1,247)	0
Revenue in advance	(1,765)	0
Residents' loans (ORA's)	(30,089)	0
	(33,101)	**0**
Held for sale	**30,151**	**0**

11 Residents' Loans

$000	2024	2023
Opening balance	1,538,282	1,415,878
Amounts repaid on termination of ORAs	(151,217)	(146,221)
Amounts received on issue of new ORAs	408,738	365,645
Amount relating to assets held for sale	(30,089)	0
Movement in DMF receivable and residents' portion of capital gains	(112,018)	(97,020)
Total residents' loans	**1,653,696**	**1,538,282**

Residents' loans are amounts payable to Arvida by a resident on being issued the right to occupy one of the Group's units or serviced apartments under an ORA. The ORA confers a right of occupancy until such time as the right is effectively terminated.

These loans are non-interest-bearing and are repayable to the exiting resident, net of any amount owing to the Group, when a new ORA for the unit or serviced apartment is issued to an incoming resident.

DMF are payable by residents in consideration for the supply of accommodation and the right to share in the use of community facilities. DMF are paid in arrears with the amount payable by the resident calculated as a percentage of the resident loan amount as per the resident's ORA.

The DMF receivable is calculated and recorded based on the current tenure of the resident and the contractual right to the DMF earned at balance date. Under certain ORAs, residents are entitled to receive some or all of the capital gain which has occurred from the increase in value of the unit or serviced apartment. The present value of the operator's portion of estimated capital gain has been calculated by either CBRE or JLL in the valuation of the investment property.

Recognition and Measurement

Resident loans are initially recognised at fair value and subsequently measured at amortised cost.

As the Group holds a contractual right to offset the DMF receivable on termination of an agreement against the resident's loan to be repaid, residents' loans are recognised net of the DMF receivable on the balance sheet. The fair value of the residents' loans is equal to the face value, being the amount that can be demanded for repayment.

At year end, the deferred management fee receivable and accrued income on unit titled properties (including termination fees, if any) that has yet to be recognised is held on the balance sheet as a liability (revenue in advance) or as an asset (accrued income).

12 Leases

As Lessee

The Group has leases for support office premises, the care facility at Lake Wakatipu and various property, plant and equipment. In respect of these leases, a right of use asset is disclosed along with a corresponding lease liability. The right of use assets are depreciated on a straight line basis, while the lease liability is measured at the present value of the lease payments that are not yet paid, discounted using the Group's incremental borrowing rate.

Right of use assets are classified as property, plant and equipment and lease liabilities are disclosed as such in the Group's balance sheet.

The weighted average incremental borrowing rates used to measure lease liabilities are 6.5% (2023: 4.0%).

When the Group has the option to extend a lease, management uses its judgment to determine whether an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help determine the lease term. Other assumptions and judgments used by management include calculating the appropriate discount rate.

$000	2024	2023
Less than 1 year	749	925
Between 1 and 5 years	3,623	3,768
More than 5 years	1,477	2,358
Total lease liabilities	**5,849**	**7,051**

$000	2024	2023
Interest on lease liabilities	414	120
Expenses relating to short-term and low-value assets	64	27
Depreciation on right of use assets	862	682
Total amounts recognised in profit and loss	**1,340**	**829**

As Lessor

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

13 Interest Bearing Loans and Borrowings

$000	2024	2023
Secured bank loans	657,431	500,000
Retail Bond - ARV010	125,000	125,000
Capitalised financing costs	(2,143)	(2,185)
Total interest bearing loans and borrowings	**780,288**	**622,815**

Recognition and Measurement

Interest bearing loans and borrowings include secured bank loans and unsubordinated fixed-rate bonds. Interest bearing loans and borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

Any financing costs paid on the establishment of the loans are deducted from the fair value of the loan to determine the carrying amount on initial acquisition, and are then accredited to the carrying amount of the loan under the effective interest method.

Secured Bank Loans

On 30 September 2022, a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited and Bank of New Zealand. The agreement extended the maturity date of Facility D to 1 September 2024, Facility E to 1 September 2025, and extended the facility limit of Facility D from $50.0 million to $100.0 million. The key terms of the amended facilities agreement are not substantially different.

On 30 March 2023, a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited and Bank of New Zealand to introduce ASB Bank Limited into the lending syndicate. The agreement established a new Facility F of $100.0 million with a maturity date of 1 September 2026. The key terms of the amended facilities agreement are not substantially different to the existing facilities.

On 30 October 2023, a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited, Bank of New Zealand and ASB Bank Limited to refinance and restructure its bank debt facilities into a revolving core and development facility. The deed increased the total limit of bank facilities by $100.0 million to $775.0 million. The split between bank facility limits is $325.0 million of core facilities and $450.0 million of development facilities. The interest cover covenant has been amended to exclude interest costs on the development facility. Other key terms of the amended bank facilities are not substantially different.

Bonds

On 28 January 2021, Arvida Group Limited registered a Master Trust Deed to establish a bond issuance framework, with The New Zealand Guardian Trust Company Limited appointed as the bond supervisor.

On 22 February 2021, the Group issued a 7-year guaranteed, secured, unsubordinated, fixed rate bonds of $125.0 million. The bonds are listed on the NZX Debt Market under the ticker code ARV010. The maturity date of the bond is 22 February 2028. The bond coupon is 2.87% per annum.

Security

On 25 January 2021, Arvida Limited entered into an Amending Deed relating to the Security Trust Deed and the Composite Guarantee and General Security Deed. The Amending Deed appointed NZGT Security Trustee Limited as the new security trustee.

The bank loans and bonds are secured by various mortgages over certain of the Group's assets, subject to a first priority to the Statutory Supervisor over the property assets within the retirement village companies. A registered first ranking composite general security agreement is in place. This contains a cross guarantee and indemnity granted by Arvida Group Limited and acceded to by each of its subsidiaries.

Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin. Interest rates applicable in the year to 31 March 2024 ranged from 6.1% to 7.1% pa (2023: 2.8% to 6.2% pa). A separate line fee is charged over the facility limit.

Interest Capitalisation

Interest costs are capitalised if they directly relate to development work in progress. Capitalisation commences when the activities to prepare the development works commence and continue until the asset is substantially ready for its intended use.

Interest costs of $24.2 million (2023: $13.6 million) were capitalised during the year. The weighted average capitalisation rate on the funds borrowed was 6.9% (2023: 5.0%).

Financial Covenants

The financial covenants that the Group must comply with include Interest Cover Ratio and Loan to Valuation Ratio. During the year ended 31 March 2024, the Group was in compliance with its financial covenants (2023: the Group was in compliance with its financial covenants).

Interest Rate Swaps

Interest rate swaps are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured at fair value based on market observable inputs (level 2).

$000	2024	2023
Opening balance	622,815	452,862
Proceeds from borrowings	184,431	194,500
Repayment of borrowings	(27,000)	(24,500)
Capitalised financing costs movement	42	(47)
Closing balance	**780,288**	**622,815**

Funding facilities	2023 Limit	2023 Drawn Amount
Facility A maturing 1 September 2026	$125.0m	$50.0m
Facility B maturing 1 September 2025	$125.0m	$125.0m
Facility C maturing 1 September 2024	$125.0m	$125.0m
Facility D maturing 1 September 2024	$100.0m	$100.0m
Facility E maturing 1 September 2025	$100.0m	$100.0m
Facility F maturing 1 September 2026	$100.0m	$0.0m
Total Facilities	**$675.0m**	**$500.0m**

Funding facilities	2024 Limit	2024 Drawn Amount
Core Facility A maturing 1 September 2026	$135.0m	$135.0m
Core Facility B maturing 1 September 2027	$90.0m	$67.4m
Core Facility C maturing 1 September 2025	$100.0m	$95.0m
Development Facility A maturing 1 September 2026	$270.0m	$270.0m
Development Facility B maturing 1 September 2027	$180.0m	$90.0m
Total Facilities	**$775.0m**	**$657.4m**

14 Reconciliation of Profit after Tax with Cash Inflow from Operating Activities

$000	2024	2023
Profit after tax	**139,363**	**82,465**
Adjustments for:		
Changes in fair value of investment property	(164,955)	(80,377)
Changes in fair value of property, plant and equipment	(93)	(95)
Changes in fair value of interest rate swaps	488	(436)
Share of investment in joint venture	(1,878)	(752)
Depreciation and amortisation	9,125	8,364
Impairment of intangibles	2,059	2,901
Movement in deferred tax	6,615	1,405
Insurance recoveries included in investing activities	(9,150)	(5,750)
Transaction costs included in financing activities	362	247
Changes in working capital relating to operating activities		
Trade receivables and other assets	(4,323)	(6,939)
Trade and other payables	21,307	24,773
Refundable occupation right agreements	145,503	122,404
Other	1	72
Net cash inflow from operating activities	**144,424**	**148,282**

Cash comprises cash at bank, bank overdraft, cash on hand and call deposit facilities with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

The following are definitions of the terms used in the cash flow statements:

- operating activities include all transactions and other events that are not investing or financing activities;
- investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investment properties and other investments. Investments can include securities not falling within the definition of cash; and
- financing activities are those activities which result in changes in the size and composition of the capital and funding structure of the Group.

15 Trade and Other Payables

$000	2024	2023
Trade creditors	20,086	30,703
Sundry creditors and accruals	17,392	12,302
Employee entitlements	19,518	15,546
Total trade and other payables	**56,996**	**58,551**

Trade and other payables are carried at amortised cost. Due to the short term nature they are not discounted.

Employee Entitlements

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is made for benefits accruing to employees in respect of wages, salaries, annual leave, bonuses and profit-sharing plans when it is probable that settlement will be required and the amount can be estimated reliably.

The Labour inspectorate of Ministry of Business, Innovation and Employment ("MBIE") has undertaken a programme of compliance audit of the Group in respect of the Holidays Act 2003 (the "Holidays Act"). A provision of $2.8 million as the current estimate has been recognised during the year within Employee Entitlements.

16 Share Capital

Shares 000	2024	2023
Opening balance	723,578	720,061
Shares issued	7,407	3,517
Closing balance	**730,985**	**723,578**

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

The Company incurred $0.0 million of transaction costs during the year (2023: $0.0 million), with no costs related to the issue of new shares deducted from equity (2023: $0.0 million).

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value.

On 22 June 2022, Arvida Group Limited issued 3,141,017 ordinary shares pursuant to the Company's dividend reinvestment plan.

On 5 July 2022, Arvida Group Limited issued 375,608 ordinary shares to senior executives under the terms of its long-term incentive plan.

On 22 June 2023, Arvida Group Limited issued 4,398,137 ordinary shares pursuant to the Company's dividend reinvestment plan.

On 21 December 2023, Arvida Group Limited issued 3,009,435 ordinary shares pursuant to the Company's dividend reinvestment plan.

Dividends

During the year dividends of 1.2 cents per ordinary share (2023: 4.85 cents per ordinary share) were declared to shareholders. Imputation credits of 0.00 cents per ordinary share (2023: 0.00 cents per ordinary share) were attached to the dividends.

17 Earnings per Share

$000	2024	2023
Profit attributable to equity holders	139,363	82,465
Basic earnings per share		
Weighted average number of ordinary shares on issue (thousands)	727,809	722,764
Basic earnings per share (cents)	**19.15**	**11.41**
Diluted earnings per share		
Weighted average number of ordinary shares on issue (thousands)	729,880	724,457
Diluted earnings per share (cents)	**19.09**	**11.38**

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares on issue during the year.

Diluted

Diluted earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares on issue during the year adjusted to assume conversion of dilutive potential of ordinary shares.

18 Financial Risk Management

Financial Instruments

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

$000	2024	2023
Financial assets		
Cash and cash equivalents	4,679	9,894
Trade receivables and other assets	5,891	11,683
Total	**10,570**	**21,577**
Financial liabilities		
Trade and other payables	37,478	43,005
Interest rate swaps	10,956	10,467
Bank loans	657,431	500,000
Retail bonds	125,000	125,000
Residents' loans	1,653,696	1,538,282
Total	**2,484,561**	**2,216,754**

The Group's principal financial instruments comprise loans and borrowings, bonds, residents' loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also holds other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

All financial instruments currently held by the Group are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, except for interest rate swaps which are measured at fair value.

Prepayments are excluded from trade receivables and other assets. Employee entitlements are excluded from trade and other payables.

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, liquidity risk and capital risk. The exposure to interest rate risk is not considered to be material to the Group. The Group's management programme considers financial market's volatility and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure the 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 ageing analysis for credit risk.

Risk management is carried out centrally by the support office under policies approved by the Board of Directors. The Board and Group has approved policies covering overall risk management, as well as policies covering treasury and financial markets risks.

Credit risk

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

The Group has no significant concentrations of credit risk. The Group policy is to require a security deposit from new residents before they are granted the right to occupy a unit. Therefore, the Group does not face significant credit risk. The values attached to each financial asset in the 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.

Trade receivables are assessed for impairment on an individual basis and any impairment is recognised in the profit or loss when it is incurred.

Cash and cash equivalents of the Company and Group are deposited with one of the major trading banks. Non-performance of obligations by the bank is not expected due to the Standard & Poor's AA credit rating of the counterparty considered.

The Group receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents. The only large receivables relate to the residential care subsidies which are received in aggregate via the various District Health Boards and Work and Income New Zealand. None of these entities are considered a credit risk.

Capital risk

Capital risk is the risk that the Group may not be able to access sufficient capital when it is required. Capital risk arises from changes in local and global market conditions and changes to government policy.

The Group manages its capital risk (which management considers to be total equity) with regard to its gearing ratios (net debt to enterprise value), as a guide to capital adequacy, borrowing ratios such as interest cover and loan to value ratios, exposure to liquidity and credit risk and exposures to financial markets volatility.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group targets a gearing ratio of 25% to 35%. The bank loans are subject to bank covenants. The covenants require the Group to maintain agreed interest cover and loan to valuation ratios, as detailed in note 13.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Cash flow forecasting is regularly performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. Surplus cash held by the operating entities is used to repay debt.

The following table analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the tables below are the contractual undiscounted cash flows inclusive of interest payments.

The bank loans are drawn down from the committed bank facilities for fixed periods (typically 3 months). At the conclusion of the draw down period the loans are rolled over for a further fixed period. The maturities of the committed bank facilities are shown in note 13.

The refundable occupation right agreement is repayable to the resident on vacation of the unit or serviced apartment or on termination of the occupation right agreement (subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident).

In determining the fair value of the Group's investment properties, CBRE Limited and Jones Lang LaSalle Limited estimate the stabilised occupancy period for residents as shown in note 2. Based upon these historical turnover calculations the expected maturity of the total refundable obligation to refund residents is expected to be as noted in the table below.

$000	**Less than 1 Year**	**Greater than 1 Year**
2023		
Trade and other payables	43,005	0
Lease liabilities	925	6,126
Interest rate swaps	435	10,032
Bank Loans	0	500,000
Retail bonds	0	125,000
Residents' loans	1,538,282	0
2024		
Trade and other payables	37,478	0
Lease liabilities	749	5,100
Interest rate swaps	(2,269)	13,225
Bank Loans	0	657,431
Retail bonds	0	125,000
Residents' loans	1,653,696	0

19 Subsidiary Companies

Wholly Owned Subsidiaries

The following entities are wholly owned subsidiaries of the ultimate parent company, Arvida Group Limited, as at 31 March 2024:

Aria Bay Retirement Village Limited

Aria Bay Senior Living Limited

Aria Gardens Limited

Aria Park Retirement Village Limited

Aria Park Senior Living Limited

Arvida Limited

Arvida AL Holdings Limited

Arvida AL Limited

Arvida AL New Zealand Limited

Ashwood Park Lifecare (2012) Limited

Ashwood Park Retirement Village (2012) Limited

Bethlehem Country Club Village Limited

Bethlehem Shores Retirement Village Limited

Copper Crest Living Well Limited

Copper Crest Retirement Village Limited

Glenbrae Resthome and Hospital Limited

Glenbrae Village Limited

Good Friends (2020) Limited

Ilam Lifecare Limited

Ilam Senior Living Limited

Knightsbridge GP Limited

Knightsbridge LP Limited

Knightsbridge RV Limited Partnership

Lansdowne Developments Limited

Lansdowne Park Village Limited

Lauriston Park Living Well Limited

Lauriston Park Retirement Village Limited

Lincoln Land Limited

Mary Doyle Healthcare Limited

Mary Doyle Trust Lifecare Complex Limited

Mayfair (Auckland) RV Limited

Mayfair Lifecare (2008) Limited

Mayfair Retirement Village (2008) Limited

Molly Ryan Lifecare (2007) Limited

Molly Ryan Retirement Village (2007) Limited

Mount Eden Gardens RV Limited

Oakwoods Lifecare (2012) Limited

Oakwoods Retirement Village (2012) Limited

Ocean Shores GP Limited

Ocean Shores LP Limited

Ocean Shores RV Limited Partnership

Olive Tree Apartments Limited

Olive Tree Holdings Limited

Olive Tree Village (2008) Limited

Park Lane Lifecare Limited

Park Lane Retirement Village Limited

Parklane (Auckland) RV Limited

Peninsula Club RV Limited

Queenstown Country Club Living Well Limited

Queenstown Country Club Village Limited

Rhodes on Cashmere Healthcare Limited

Rhodes on Cashmere Lifecare Limited

St Albans Lifecare Limited

St Albans Retirement Village Limited

St Allisa Rest Home (2010) Limited

Strathallan Healthcare Limited

Strathallan Lifecare Village Limited

Te Puna Waiora RV Limited

The Cascades Retirement Resort Limited

The Wood Lifecare (2007) Limited

The Wood Retirement Village (2007) Limited

TML(2005) Limited

TMRV(2005) Limited

Views Lifecare Limited

Waikanae Beach Retirement Village Limited

Waikanae Country Lodge Limited

Waikanae Country Lodge Village Limited

Waimea Plains Living Well Limited

Waimea Plains Retirement Village Limited

Warkworth RV Limited

Whai Mauri Ora RV Limited

Wholly owned subsidiaries are those entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account.

The financial results of wholly owned subsidiaries included in the financial statements are from the date on which control commenced until the date control ceases.

All wholly owned subsidiary companies are incorporated in New Zealand with a balance date of 31 March.

All wholly owned subsidiary companies are in the business of owning, operating and developing retirement villages and care facilities for the elderly in New Zealand.

Investment in Joint Venture

The Group has a 50% interest in the joint venture companies Village at the Park Care Limited and Village at the Park Lifecare Limited (2023: 50%). The joint venture companies are incorporated in New Zealand and have a balance date of 31 March. The principal activity of the joint venture companies is owning, operating and developing retirement villages and care facilities for the elderly in New Zealand.

Joint venture companies are accounted for using the equity method. Interests in joint venture companies are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

During the year $1.9 million (2023: $0.8 million) of share of profits arising from the joint venture, net of tax, was recognised. Of this, $2.3 million (2023: $0.9 million) related to the change in fair value of the joint venture's investment property.

20 Related Party Transactions

Key Management Personnel Compensation

Key management personnel compensation for the year ended 31 March 2024 and the year ended 31 March 2023 is set out below. The key management personnel are all executives with the greatest authority for the strategic direction and management of the Company. The directors are remunerated through directors' fees and expenses.

$000	2024	2023
Salaries and other short term benefits	4,351	3,835
Share based payments	142	174
Total	**4,493**	**4,009**

Identity of Related Parties

The Board of Directors at 31 March 2024, comprising Anthony Beverley, Michael Ambrose, Susan Paterson, Susan Peterson and Paul Ridley- Smith.

Executives of the Group, including, but not limited to, Jeremy Nicoll and Mark Wells.

Joint Venture, during the year $0.4 million (2023: $0.4 million) was received as management and director fees from the joint venture companies, Village at the Park Care Limited and Village at the Park Lifecare Limited. A dividend of $1.2 million was received from Village at the Park Lifecare Limited (2023: $0.9 million).

21 Fees Paid to Auditors

$000	2024	2023
Fees paid to group auditor - Ernst & Young		
Audit - Financial Statements	516	480
Assurance - Sustainability	48	40
Other non-assurance		
Tax compliance and advisory	0	0
Total	**564**	**520**

22 Capital Commitments

As at 31 March 2024, the Group had $29.5 million of capital commitments in relation to construction contracts (2023: $68.7 million).

As at 31 March 2024, the Group had $1.3 million of commitments in relation to the purchase of land (2023: $20.0 million).

23 Subsequent Events

On 30 April 2024, the Group completed the sale of Strathallan for $30.0 million.

24 Employment Share Plan

The Group operates an equity based share rights scheme for selected senior employees. If the unlisted performance share rights vest, ordinary shares will be issued to the employees at or around the vesting date. The issue price of the shares was determined by reference to the 10 trading day volume weighted average price of shares traded on the NZX immediately prior to the commencement date of the share rights performance period.

Performance goals are measured for the total shareholder return hurdles, for the period from the commencement date to the vesting date.

The share rights scheme is an equity settled scheme and is measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate that the share will vest. A simulation-based approach was used to complete the valuation model. For the purposes of the simulation, it is assumed that share returns are normally distributed. The option cost for the year ending 31 March 2024 of $0.1 million has been recognised in the Group's statement of comprehensive income for that period (2023: $0.2 million).

2024

Commencement date	**23 June 2021**	**14 June 2022**	**15 June 2023**
Issue price	$ 1.89	$ 1.57	$ 1.20
% of shares vested	0%	0%	0%
Vesting date	June 2024	June 2025	June 2026
Unlisted performance share rights	395,341	612,893	1,062,929
Volatility assumption	22%	22%	27%

2023

Commencement date	**1 April 2020**	**23 June 2021**	**14 June 2022**
Issue price	$ 1.15	$ 1.89	$ 1.57
% of shares vested	0%	0%	0%
Vesting date	June 2023	June 2024	June 2025
Unlisted performance share rights	560,041	446,154	685,934
Volatility assumption	22%	22%	22%

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year. The weighted average remaining contractual life for the share options outstanding as at 31 March 2024 was 1.5 years (2023: 1.3 years).

	2024 Number	**2024 WAEP**	**2023 Number**	**2023 WAEP**
Opening balance at 1 April	1,692,129	$ 1.52	1,605,625	$ 1.41
Granted during the year	1,062,929	$ 1.20	685,934	$ 1.57
Forfeited during the year	(123,854)	$ 1.70	(95,837)	$ 1.30
Exercised during the year	0	$ 0.00	(375,608)	$ 1.26
Expired during the year	(560,041)	$ 1.15	(127,985)	$ 1.26
Closing balance at 31 March	**2,071,163**	**$ 1.44**	**1,692,129**	**$ 1.52**
Exercisable at 31 March	**0**		**0**	

25 Contingent Liabilities

At balance date there are no known contingent liabilities. The Labour inspectorate of Ministry of Business, Innovation and Employment ("MBIE") has undertaken a programme of compliance audit of the Group in respect of the Holidays Act 2003 (the "Holidays Act"). A provision of $2.8 million as the current estimate has been recognised during the year within Employee Entitlements.

Independent auditor's report to the Shareholders of Arvida Group Limited

Opinion

We have audited the consolidated financial statements of Arvida Group Limited (the "Company") and its subsidiaries (together the "Group") on pages 2 to 27, 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 statement of cash flows 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 on pages 2 to 27 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 and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders 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 shareholders, as a body, 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.

Ernst & Young provides other assurance services to the Group. 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. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Property Valuation

Why significant	How our audit addressed the key audit matter

The Group's retirement village assets and care facility assets have an assessed fair value of $3.983b and account for 95.5% of total Group assets at 31 March 2024.
 	
The Group engaged two third party registered valuers to determine the fair value of these assets at 31 March 2024. The fair values of retirement village assets as determined by the third party valuers were adjusted for assets and liabilities already recognised in the balance sheet to determine their recorded values.
 	
The property valuations require the use of judgments specific to the properties, as well as consideration of the prevailing market conditions. Significant assumptions used in the valuation are inherently subjective and a small variation in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of the properties.
 	
For retirement village property assets, which are accounted for as investment properties, the key assumptions are made in respect of:
• discount rate;
• forecast house price inflation;
• the average entry age of residents; and
• the occupancy periods of the units for each village.
 	
For care facility property assets, which are accounted for as property, plant and equipment, the key assumptions are made in respect of:
• capitalisation rates; and
• earnings per care bed.
 	
Retirement village assets under development whose fair value cannot be reliably determined, generally those which are not substantially progressed, are carried at cost less any impairment.
 	
Disclosures relating to retirement village assets and care facility property assets and the associated significant valuation judgments are included in Note 6 'Investment Properties' and Note 7 'Property, Plant and Equipment' to the consolidated financial statements.
	Our audit procedures included the following:
	• Held discussions with management to understand:
	  • sales or purchases of the Group's retirement village and care facility property assets;
	  • changes in the condition of each property; and
	  • their internal review of the third party valuation reports.
	• Held discussions with the third party valuers to gain an understanding of the assumptions and estimates used and the valuation methodologies applied;
	• On a sample basis we:
	  • involved our real estate valuation specialists to assist with our assessment of the methodologies used and whether the significant valuation assumptions fell within a reasonable range;
	  • assessed key inputs of property specific information supplied to the third party valuers by the Group, including resident schedules, sales of Occupational Rights Agreement ("ORA"), occupancy data and earnings per care bed, to the underlying records held by the Group; and
	  • assessed the significant input assumptions applied by the third party valuers compared to previous period assumptions and considering the changing state of the properties and other market changes.
	• Assessed the competence, qualifications and objectivity of the third party valuers;
	• Examined the allocation of costs from work in progress to completed village units, care facilities and other assets;
	• Considered the impact of new development work and the completeness of assets included in the valuations;
	• Assessed adjustments made between the third party valuations and amounts recorded in the balance sheet and tested the quantum of these adjustments; and
	• Considered the adequacy of the disclosures in Note 6 and Note 7.

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 which is expected to be made available to us after the date of this 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

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 and International Financial Reporting Standards, 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 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 the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1. This description forms part of our auditor's report.

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

Ernst + Young

Chartered Accountants
Auckland
27 May 2024