Harbour Pines Retirement Village
20 Francis Street, Geraldton, WA 6530

Operating Account
First Quarter 2027
Notes to the Operational Income & Expenditure Statement
For the Period ending 30th September 2026

These notes accompany the Operational Income & Expenditure Statement for the first quarter ended 30 September 2026. They explain material receipts, expenditure and variations of 10% or more between quarterly budget and actual expenditure. The statement is prepared having regard to the Retirement Villages Act 1992 (WA), the Retirement Villages Regulations 2026 and the transitional quarterly reporting arrangements under regulation 103(1), which permit reporting under clause 18 of the former Code of Practice for Retirement Villages 2022 for this quarter.

Determination of the 2027 annual Operating Budget

The annual Operations Budget is derived from the total recurrent fees charged to the 51 units, less the components allocated to the Sinking Fund account, as set out below.

51 Units		
1 Bedroom (3) : $429/month	$	15,444
2 Bedroom (35): $462/month		194,040
3 Bedroom (13): $484/month		75,504
Total Recurrent Fees	**$**	**284,988**
Less:		
Sinking Fund Component		13,464
Operations Budget	**$**	**271,524**

Operational Receipt Notes

NOTE R01 – RECURRENT OPERATING CHARGE

The first-quarter operating budget is $67,881. Residents' recurrent fee receipts comprised $61,173 in operating charges, $396 in arrears paid and $7,424 in prepayments, totaling $68,993. The July 2026 change to separate strata and village payments resulted in some adjustments to residents' accounts, as explained in Note R11. These receipts were funded by residents.

NOTE R02 – OPERATING ARREARS

As detailed in the Operations receipts for the first quarter is $396 which is arrears that have been paid by a resident this quarter. The source of this income is 100% from residents.

NOTE R03 – OPERATING PREPAYMENTS

As detailed in the Operations receipts for the first quarter a number of residents have prepaid their next month's recurrent fees ($7,424) during this quarter. The source of this income is 100% from residents.

NOTE R04 – OPERATING LEVY

The 2027 Operations budget was formally presented at a budget meeting on the 27th May 2026, with 16 Residents in attendance and 3 apologies. The $50,490 (990*51) Operations Levy formed part of the 2027 annual Operations Budget to ensure all costs are able to be met as per this presented budget. The following amounts were received during this quarter $34,650. There is a shortfall of $15,840 for this Operations Levy. The source of this income is 100% from residents.

NOTE R05 – PROVIDER SUBSIDY

The Provider has deposited $560 into the Operations Account to subsidize the costs of the Resident Amenities for the first quarter (to 30th September 2026) of the 2027 financial year.

NOTE R06 – PROVIDER ADVANCE

Adder Holdings Pty Ltd advanced $2,900 of its own funds into the Village Operating Account at the request of the newly appointed Strata Manager, Aardvark Strata Management WA, to meet the strata insurance instalment payment.

NOTE R07 – PROVIDER ADVANCE

The Provider advanced $4,059 in this quarter for the July arrears in the Operating Account to ensure the financial costs are met in a timely manner.

NOTE R08 – PROVIDER ADVANCE

The Provider advanced $1,959 in this quarter for the shortfall in August to the Operating Account to ensure the financial costs are met in a timely manner.

NOTE R09 – PROVIDER ADVANCE

The Provider advanced $1,604 in this quarter for the shortfall in September to the Operating Account to ensure the financial costs are met in a timely manner.

NOTE R10 – PROVIDER ADVANCE

The Provider advanced $1,188 in this quarter for the Operations account to meet the financial shortfall for this quarter for the payment to the Provider for interest on the loan for this quarter.

NOTE R11 – OPERATIONS OVERPAYMENT

Following the appointment of Aardvark Strata Management WA on 1 July 2026, residents were required to adjust their monthly payment arrangements, with the strata component payable separately to the new Strata Manager and the revised recurrent fee payable to the Village Operator. The changeover resulted in confusion for some residents, with payments continuing at previous rates or being incorrectly adjusted, resulting in overpayments and payment shortfalls. Additional administration was required to identify, reconcile and correct individual resident accounts. Overpayments totaling $3,451 were recorded during the quarter. These amounts have been refunded or credited against outstanding arrears, with affected residents advised accordingly.

NOTE R12 – TRANSFER ex STRATA

Following the appointment of Aardvark Strata Management WA, the former strata bank account was closed. After the final transactions, the remaining $4 was transferred by the bank to the Village Operating Account.

NOTE R13 – RENTAL INCOME

There is no rental income receivable.

Operational Expense Notes

NOTE E01 & E08 – ADMINISTRATION AND MANAGEMENT FEES

The annual administration fee is $60,000 and the annual management fee is $164,000, as set out in the village budget. These fees cover village operations, staffing and associated administration, resident liaison, financial administration, regulatory obligations and business overheads. The July 2026 transition to separate strata and village payments also required additional resident account reconciliation and communication. For the quarter, administration fees paid were $16,500 against a $15,000 budget ($1,500 above budget); management fees paid were $24,498 against a $41,000 budget ($16,502 below budget), reflecting available operating funds. The fees are funded from resident recurrent charges.

NOTE E02 – ADVERTISING

This cost has been borne by the need to advertise for staff in Geraldton to work in the village office. The source of income for both fees is 100% from resident recurrent charges.

NOTE E03 – AUDIT & NON-AUDIT SERVICES

The annual audit budget is $3,300, with $825 allocated to the quarter. No audit or non-audit service expenditure was incurred this quarter because the annual audit is undertaken later in the financial year. The budget was informed by prior-year audit costs.

NOTE E04 – ELECTRICITY

This expense covers electricity supplied to the Community Hall and village common areas, including lighting, reticulation and associated equipment. Expenditure for the quarter was $575 against a budget of $500. The variation reflects actual electricity charges incurred during the quarter, which may fluctuate depending on usage and applicable tariffs.

NOTE E05 – GARDEN & MAINTENANCE

This expense covers garden maintenance contractor labour and consumables, including reticulation, mowing, mulch, plants and associated upkeep. Expenditure

was $5,360 against a quarterly budget of $7,500. The lower expenditure reflects the timing and extent of garden maintenance undertaken during the quarter.

NOTE E06 – INSURANCE

The annual insurance budget of $18,000 provides for village insurance costs not covered by the strata insurance policy. Expenditure for the quarter was $2,500 against a quarterly budget of $4,500. Insurance expenditure varies with policy renewal and premium payment dates; the annual insurance renewal was pending at quarter end.

NOTE E07 – LEGAL FEES

The annual budget includes $4,000 for legal expenses potentially attributable to village operations. No legal expenses were charged to the Village Operating Account during this quarter. Any future expenditure will be assessed for its appropriate allocation.

NOTE E09 – REPAIRS AND MAINTENANCE

This expense covers general village repairs and maintenance, including contractor labour and the ongoing servicing and upkeep of village gardening equipment and tools. These services are undertaken onsite by the village maintenance contractor, reducing the need to engage separate external service providers. Expenditure for the quarter was $8,084 against a budget of $3,750, primarily reflecting contractor maintenance services.

NOTE E10 – REPAY RESIDENT OVERPAYMENT

There was no separate budget for refunds of resident overpayments. Following the July 2026 changes to monthly payment arrangements, $715 was refunded to residents during the quarter. Other overpayments were credited against outstanding arrears on residents' accounts, as explained in Note R11.

NOTE E11 – RESIDENT AMENITIES AND SERVICES

This expense covers resident events, Community Hall amenities, and water coolers, servicing and cleaning. Gross expenditure for the quarter was $1,860 against a budget of $1,300. Adder Holdings Pty Ltd contributed a $560 subsidy

(Note R05), bringing the net amount borne by the Operating Account to $1,300, equal to the quarterly budget.

NOTE E12 – SECURITY

This expense covers external monitoring of operational unit alarms and village security systems. Expenditure was $126 against a quarterly budget of $500. The existing alarm systems are ageing, with some remaining operational and others reaching the end of their serviceable life. Monitoring arrangements continue for operational systems during this transition.

NOTE E13 – TELEPHONE & INTERNET

This expense covers village telephone services, mobile diversion and internet for the Community Hall and village office. Expenditure was $1,837 against a quarterly budget of $3,000. Actual costs reflect services invoiced during the quarter, with no additional charges identified.

NOTE E14 – TRAVEL & ACCOMODATION

This covers the cost share towards transferring staff to and from Geraldton. The remainder of the costs has been met by the Provider. This financial quarter has had the Director and Lisa Chugg in Geraldton. The budgeted amount is based on last year's budget plus CPI.

NOTE E15 – BANK & TRANSACTION FEES

This covers bank charges relating to maintaining the Village's Operating bank account as charged by the Bendigo Bank. The source of income is 100% from resident recurrent charges.

NOTE E16 – REPAY ADDER ADVANCE

As at the 30th June 2026 Adder Holdings Pty Ltd advance to the Operating Account was $41,630 (as verified in the 2026 Operating Account audit). The Operating account was able to repay $15,000 back to the Provider. The source of income is 100% from resident recurrent charges.

NOTE E17 – ELECTRONIC INVOICE ARCHIVE

All invoices are electronically archived for each quarter. For privacy and confidentiality purposes the invoice details are allocated to a generic listing.