

INVESTOR NEWS

ISSUE 11, SEPTEMBER 2020.



UPDATE FROM THE CEO

BILL MCDONALD

We started this financial year in lockdown, as New Zealand executed a strategy of COVID elimination rather than a less certain strategy of simply flattening the curve. Our government's bold decision allowed New Zealanders to enjoy a relatively quick return to pre-COVID 'business as usual' life.

The recent resurgence in Auckland highlights the challenges of containing this complex virus.

Complacency at many levels is likely to have contributed to Auckland's new clusters, but it's pleasing that this complacency has not extended to the aged care sector. The New Zealand aged care sector has demonstrated an adoption of effective protocols and an ability to respond rapidly to a change in risk.

However, the scientific community still knows little about the nature of immunity that can be gained, either from the infection or from a vaccine. The limited understanding of the virus and why its impact is so variable, remains a key challenge. The best defence for our sector continues to be keeping the virus out.

SO, WHAT DOES THIS ALL MEAN FOR ARVIDA INVESTORS?

We continue to build product across New Zealand and sales of new and existing units are going well. We continue to review opportunities, including several attractive land prospects. We continue to develop products for the wider community, extending the reach of our innovative services. And we continue to accelerate the household design of our care centres, as we embed the Attitude of Living Well™ internal culture across the organisation.



While trading conditions were impacted during the lockdown period and a number of additional one-off operating costs were incurred to continue trading as an essential service, the business continued to perform well. Business activities, such as sales and construction, that were significantly disrupted by New Zealand's COVID response, swiftly returned to near normalcy once through these periods. Recent sales enquiry has revealed appetite for a retirement community setting in those over 65 remains strong.

It's fair to predict that COVID will be the major influencer on economic and social activity for a while to come. Over 150 vaccines are in development, but we are a long way from knowing how safe, effective and targeted they can be. Realistically, the world faces a prolonged period of uncertainty and viral risk ahead.

I'm very proud of and grateful to the entire Arvida team for their hard work and sacrifices, which have helped to keep our communities safe from COVID. Their concerted efforts through periods of lockdown and elevated risk have been critical to resident safety and our success in maintaining resident wellbeing through these emotionally stressful periods.

Thank you for your continuing confidence in Arvida.

Living a life with soul



DEMAND FOR QUALITY CARE

We were pleased to announce the appointment of Maria Scott-Multani to General Manager, Wellness and Care. Maria was previously our Wellness Manager and has been instrumental in supporting change management across Arvida's care operations. She has led much of the development of our Attitude of Living Well™ care model and the implementation of our person-centred approach to care delivery. Our previous General Manager, Denise Brett, takes over a special projects role as we look to commission a number of new care centres.

The Attitude of Living Well™ remains a clear point of difference encouraging holistic practice in an environment that supports people to live well. By prioritising residents' wellbeing, autonomy and engagement, over task-based institutionalised practices, we are truly making a difference in the lives and wellbeing of residents and staff alike.

Occupancy across our care facilities has remained consistently high at 94% (95% 1Q20).

WELLNESS & CARE

MARIA SCOTT-MULTANI
GM, WELLNESS & CARE



Due to COVID restrictions in place earlier this year, the Ministry of Health cancelled some certification audits during Levels 3 and 4. They have extended current certifications to next year. Three Arvida care centres were due for certification at that time with all currently holding gold standard 4 year certification. The timing of some surveillance audits has also been impacted.

SALES & MARKETING

TRISTAN SAUNDERS
GM, SALES & MARKETING



SALES ENQUIRY HIGH

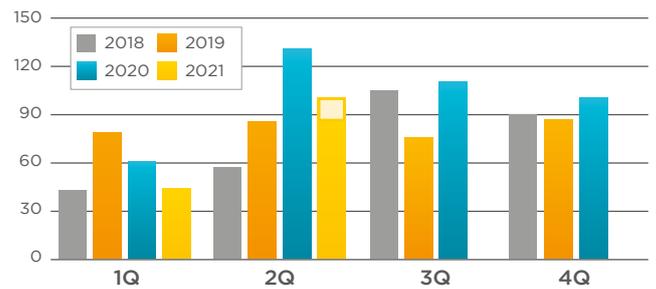
Navigating a changeable sales environment in differing alert levels has been the challenge of the last five months.

The FY21 financial year commenced in alert level 4, which greatly limited the ability of our sales team to carry out their normal daily sales activities. Resumption of sales and marketing activity in May delivered encouraging results, with June and July back to good levels of enquiry and sales applications. August also remained steady leading up to the Government's announcement of Level 3 restrictions in Auckland and Level 2 elsewhere.

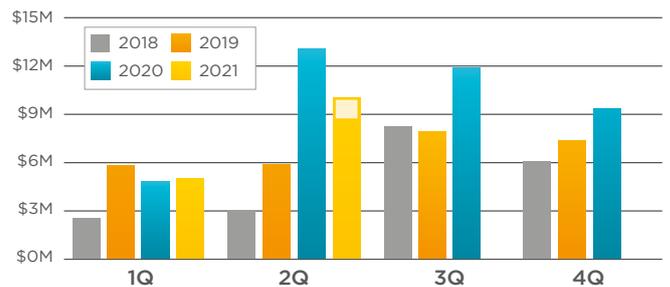
On an overall basis, \$11.1 million of gains were achieved on 106 settlements in the five months to 31 August compared to \$11.9 million on 140 settlements in the same period last year. Total gains are projected to exceed \$15 million for 1H21 (based on settled sales to 10 September plus an estimate of contracted sales settling). In dollar terms, sales and resales combined were \$55.1 million compared to \$60.8 million through to the end of August last year.

Resales continue to settle above prices assumed in the independent valuations prepared for our March 2020 financial year end. This trend is consistent with REINZ data which reported a 9% increase in its July house price index and a 15% increase in the July median house price across New Zealand year on year.

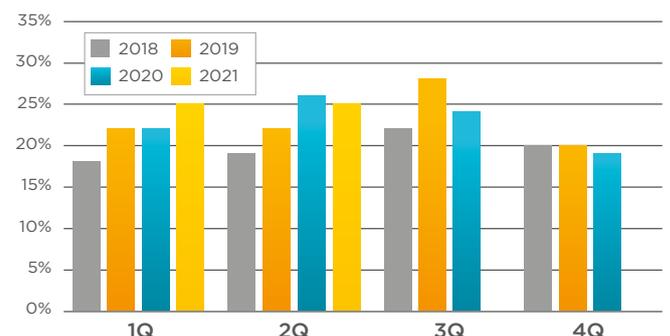
TOTAL NUMBER OF SALES* (Units)



TOTAL GAINS ON SALES* (\$ millions)

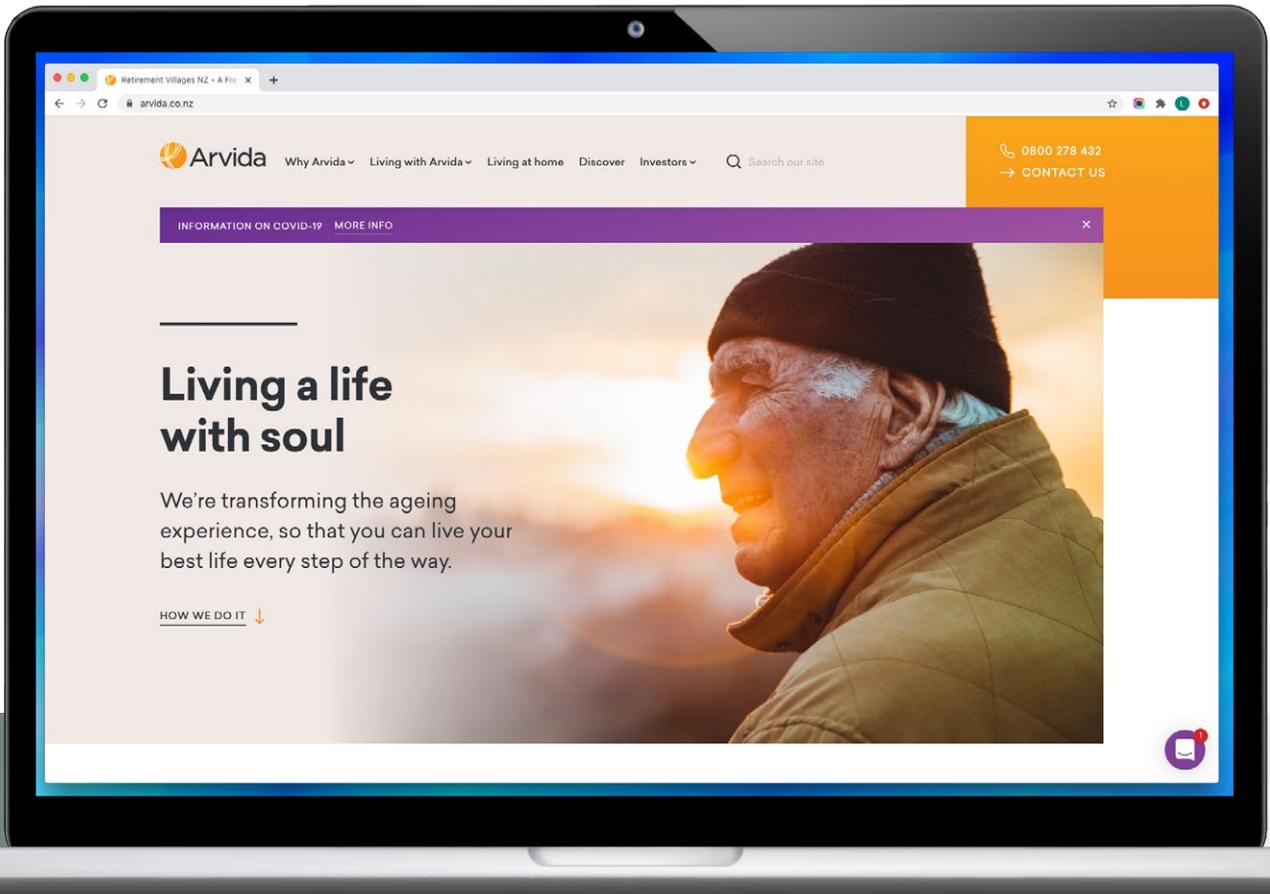


RESALE MARGINS (%)



* Aggregated for new and resale units.

2Q FY21, based on settled sales and estimate of contracted sales to settle in September.



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Waimea Plains
waimeaplains.co.nz

Living a life with soul 



MARKETING ACTIVITY

A refresh of brand and marketing strategy has seen a new advertising campaign appearing in press and digital channels as we use the essence of the Arvida brand - "Living a life with soul" - to generate interest and engagement. This has also included a very successful refresh of our website.

Strengthened communication with residents (and their family and whānau), staff, suppliers and other key stakeholders over the past five months has been

a positive feature and critically important part of our marketing. Regular group-wide communications including blogs and relevant articles published to our website, is a key part of keeping everyone informed.

DEVELOPMENT UPDATE

JONATHAN ASH
GM, DEVELOPMENT



ON TRACK TO DELIVER

Through the initial Level 4 lockdown period, all construction activity ceased. While the recent return to level 3 in Auckland and level 2 nationally has again disrupted some on-site construction activity and building material supply lines, the effect is not likely to impact on this year's build volumes.

We are on track to deliver well over 200 new units this year, with key projects at Copper Crest and Aria Bay on track for 4Q completions.

FY20 ACQUISITIONS

Development activity continues to expand at the sites acquired in the prior year. Thirty-seven new villas were targeted for delivery this year across these sites, which is likely to increase as we move through the year. Sales enquiry continues to be strong for these villages underpinning the roll-out of further villas.

Nine sales of new villas have already settled this financial year (six at Queenstown Country Club and three at Bethlehem Country Club). Deposited applications are in

Above: Current villa construction at Waimea Plains.

place for a further 17 villas for settlement later in the year (eight at Queenstown Country Club, six at Bethlehem Country Club and three at Bethlehem Shores).

Development planning for the next stages of villas at Bethlehem Shores is well underway, with resource consents lodged. Future care and apartment buildings at Bethlehem Shores and Queenstown Country Club are in the design phase.

At Queenstown Country Club, construction of the residents' clubhouse has commenced, including resident dining and lounge areas, a movie theatre, pool, gym and bowling green.

On Queenstown Country Club's southern boundary, the developer is making good progress with the medical and commercial precinct. The doctor, pharmacy and childcare businesses are already operating. The first precast panels of the Southern Cross hospital are in place and the retail amenity fully framed. Future plans for radiology and specialised consulting suites are well underway.

LOCATION	FY21 TARGET DELIVERY	STATUS
Aria Bay Auckland	59 care suites	Building exterior is progressing well and is nearing completion. Interior fitout well advanced. Delivery expected 4Q.
Copper Crest Tauranga	29 apartments 55 care suites	Construction is progressing well with the building exterior now largely complete. Continues to track to a 4Q delivery date.
Bethlehem Country Club Tauranga	15 villas	Ten villas completed in the first half. On track to complete balance in FY21. Of the 15, contracts are in place for six villas with a further two having settled already.
Bethlehem Shores Tauranga	7 villas	Construction underway following completion of planning for the care centre and revision of villa sites. On target for delivery FY21.
Glenbrae Village Rotorua	8 duplex villas	Exterior closed in with interior fit out progressing well. Progressing ahead of FY21 target completion date.
Mary Doyle Havelock North	7 villas	Delivery expected in 3Q with all villas sold.
Waimea Plains Nelson	25 villas	Completion of this stage is expected in October. 8 villas are subject to contracts, with good enquiry since launch.
St Albans Christchurch	19 care beds 8 serviced apartments	Building is enclosed and interior fitout is progressing well. Completion brought forward to 4Q.
Queenstown Country Club Queenstown	15 villas	Nine villas completed in the first half, with construction progressing well on the balance. Sales enquiry is likely to lead to further villas added to the FY21 delivery schedule.

OTHER WORK IN PROGRESS

Kerikeri

Improvements to the access road have been completed. Earthworks and civils for stage 1 villas have commenced. Stage 1 includes the construction of 16 villas.

Lauriston Park, Cambridge

Design and procurement planning progressing on the care facility with a target construction start likely to be early 2021.

Waimea Plains, Richmond

Construction on the next stage of 20 villas has commenced. Delivery is anticipated in 2Q22. Construction of the residents' clubhouse is also advancing with completion targeted for December 2020.

Village at the Park, Wellington

Construction of the first stage of new villas is underway, along with works to the village entrance.

Park Lane Wellness Centre, Christchurch

The building is now fully enclosed with internal fitout progressing well. Completion is on target for 4Q, with an opening date likely March 2021.

WETLAND REMEDIATION

The acquisition of Bethlehem Shores was completed in July 2019. As part of the master plan and developing the broader village amenity, Arvida's development and construction team recently completed remediation of the wetland area. The development team took an opportunity to answer some questions about the project:

Q: How big is the wetland area at Bethlehem Shores?

A: It's around one hectare, and involved the fairly considerable movement of some 30,000m³ of soil.

Q: How will residents benefit from the area?

A: Our plan was to remediate the area, restoring the ecological environment.

A series of walkways will link the wetland to the village, providing amenity for residents to enjoy. This includes viewing platforms and bird hides. A 'river lodge' is proposed with a viewing deck over the wetland area to maximise the outlook. The lodge itself will reference the ecological environment including reference to local Iwi.

Q: Will Arvida look to do similar projects at some of its other sites?

A: Yes, where possible we are seeking to add additional amenity for residents while enhancing the surrounding environment. Similar projects are planned for Kerikeri and Waimea Plains.

Remediating streams, wetlands and natural environments affected by construction activities form part of our sustainability strategy. By mitigating and managing the adverse impacts and risks of our business activities on the environment, whether natural or built, we ensure improvement in our environments and contribute positively to our communities.



Top: Aria Bay's new care centre exterior is nearing completion. Centre: 29 apartments and 55 care suites are progressing well at Copper Crest. Bottom: Arvida recently completed remediation of the wetland area at Bethlehem Shores.

ARVIDA INVESTOR CENTRE

We look to publish an investor update twice yearly. Your enquiries, feedback and suggestions are greatly welcomed.

INVESTOR CALENDAR*

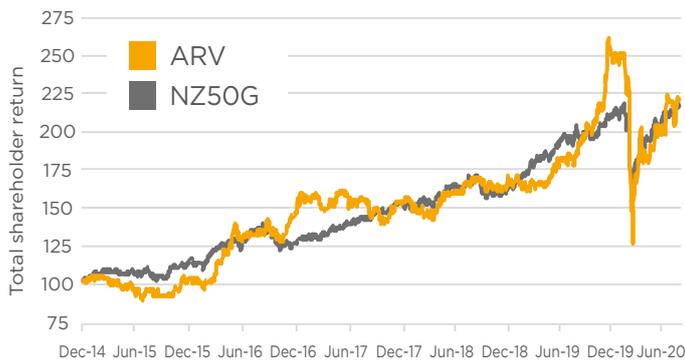
Financial Year End: 31 March 2021

Release of Half Year Result:
24 November 2020

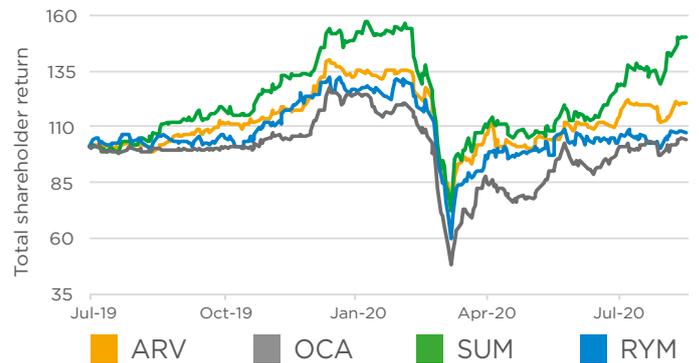
Quarterly Dividend Payments:
16 September 2020 (1Q FY2021)
10 December 2020 (2Q FY2021)

* Expected dates, subject to confirmation.

TOTAL SHAREHOLDER RETURNS RELATIVE TO NZ50 INDEX - SINCE IPO



TOTAL SHAREHOLDER RETURNS RELATIVE TO INDUSTRY PEERS (Rebased to July 2019)

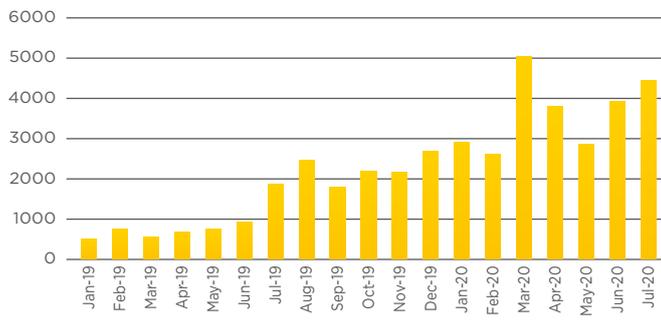


Source: IRESS as at September 2020.

Arvida will be added to the FTSE Small Cap index from Friday 18 September.

Post the share issue completed in conjunction with the Sanderson village acquisitions in July 2019, we have seen monthly trading increase significantly. In the five months leading up to the capital raise, value traded averaged \$7 million per month. Post capital raising the average monthly value traded sits at \$17 million. The number and volume of trades has also increased over this period.

NUMBER OF TRADES ON NZX (MONTHLY)



Source: NZX

DIVIDEND

The Board has declared a 1Q dividend of 1.20 cents per share for the three months ending 30 June 2020. The Board has set the level of the first quarter dividend based on the expected earnings for the first half of the financial year. The first half includes a period of significant disruption to business operations and sales activities as a result of the initial lockdown that occurred in April and May.

The Board has stated the level of dividends will be reviewed in February when there is likely to be more clarity on the full year trading performance.

Arvida's dividend policy is to distribute between 50% and 70% of underlying profit per annum.

GO ELECTRONIC

Many of our shareholders have elected to receive communications electronically. This not only ensures they receive shareholder related information promptly, but importantly helps to reduce our carbon footprint.

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