Arvida

2021

Annual Report

To 31 March 2021

Arvida

About this Report

SCOPE, BOUNDARY AND REPORTING CYCLE

This Annual Report and Financial Statements (Annual Report) of Arvida Group Limited (Arvida or Group) is prepared in accordance with the International Financial Reporting Standards, NZX Listing Rules and Corporate Governance Code, Companies Act 1993 and with due consideration of the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework.

The information is supplemented by additional disclosures, including:

- 2021 Annual Results Presentation
- 2021 Notice of Annual General Meeting,

which are also available on the Group's website (www.arvida.co.nz).

Additionally, audit reports for each of our care facilities are available at the Ministry of Health's website (www.health.govt.nz) along with audited financial statements for each of our retirement villages at the New Zealand Companies Office website (www.companiesoffice.govt.nz).

We have continued to focus on selected elements of the Integrated Reporting <IR> framework in a pragmatic approach to improving our reporting.

TARGET AUDIENCE AND APPLICATION

This report has been primarily prepared for current investors to outline how we are delivering on our strategy. The report is also relevant for prospective investors or any other stakeholder who has an interest in our performance and prospects.

EXTERNAL AUDIT AND ASSURANCE

An independent audit of Arvida's consolidated annual financial statements was performed by the Group's independent external auditor, Ernst & Young in accordance with International Standards on Auditing (New Zealand).

The rest of this Annual Report has not been subjected to independent audit or review. Information reported, other than that mentioned above, is derived from Arvida's own internal records and publicly disclosed information.

The Executive Management and the Board have collectively reviewed the contents of this Annual Report and agree that it reflects a balanced view of business performance and outlook.

FORWARD-LOOKING STATEMENTS

The Annual Report contains certain forward-looking statements with respect to Arvida's financial position and operational results. This involves a degree of risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Factors that could cause our actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; levels of securities markets; interest rates; credit or other risks of lending and investment activities; pandemic events; as well as competitive and regulatory factors. Because of this uncertainty, all forward-looking statements have not been reviewed or reported on by our auditor.

We welcome your feedback on this report. Please address any queries or comments to the Investor Relations team at info@arvida.co.nz.

TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

Arvida is a Toitū carbonreduce certified organisation in line with ISO 14064-1.

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Contents

Living a fulfilling life is a goal that applies to any age, but for older people it's not always easy. Too often they're required to fit into a pattern of living that dictates what they do and when they do it, irrespective of preferences and personalities.

We're making it possible for older people to live by their own rules, to be free to be themselves and have meaningful connections to the people, community and activities they love.

We call this 'living a life with soul'.

Natter Café at Arvida Good Friends at Park Lane Living Well Centre, Christchurch.

Arvida at a Glance

We were formed in 2014 when we listed on the New Zealand stock exchange with 18 retirement villages. Since then, we have grown to become a group spread across 33 locations nationally, with our newest greenfield development launched during the year in Kerikeri.

Arvida now offers retirement living accommodation and aged care services to over 4,950 residents. We are one of the largest providers of aged care services in New Zealand.

Our mission, which guides us in what we do and why, is to improve the lives of New Zealanders by transforming the ageing experience. We are doing this by breaking free from institutional models to put our residents' quality of life at the centre of everything we do.

Our purpose is to enable a more fulfilling life as people age. Everyday over 2,600 team members strive to improve the lives and wellbeing of our residents, making it possible for older people to live by their own rules.

Our way of working ensures they're free to be themselves, have meaningful connections to the things they know and love – and live a life with soul.

With this vision, we are reimagining how communities will age and setting strategy accordingly. Our focus is on the resident – we are resident-led in our outcomes. This resonates through strategy from new builds and acquisitions, to our care model which we call The Attitude of Living Well.™

We own and operate all our retirement communities, other than Village at the Park in which we have a 50% interest but manage the operations.

We have support offices in Auckland and Christchurch.

Total Aged Care Beds

780
HOSPITAL

629
REST HOME

263
DEMENTIA CARE

1,672
TOTAL AGED CARE BEDS

95%
OCCUPANCY OF AGED CARE BEDS

Total Retirement Units

2,695
TOTAL RETIREMENT UNITS

1,893
VILLAS/ APARTMENTS

688
SERVICED APARTMENTS

114
CARE SUITES

81 years
CURRENT AVERAGE AGE OF INDEPENDENT LIVING RESIDENTS

87 years
CURRENT AVERAGE AGE OF SERVICED APARTMENT RESIDENTS

Our Direction

Our Purpose

To enable a more fulfilling life as people age.

We call this 'living a life with soul'.

Our Mission

Transform the ageing experience

Inputs

Shareholder, bondholder and resident capital

33

retirement communities across New Zealand

The Attitude of Living Well™
Internal development team

2,600

employees

4,950

residents

Community and commercial partnerships

Buying + Building Well

Growth and expansion of our operations through careful selection of greenfield and brownfield development projects and existing village acquisitions that deliver long term value

Nurturing Well

Managing our business in a responsible and sustainable way, to help create thriving communities whilst limiting our impact on the environment

Passion

Authenticity

Fairness

Our strategic approach is underpinned by the values we embrace: passion; authenticity; fairness; can-do; innovative; and nimble and flexible.

Our Business Model shows our key inputs interacting with our business activities (which has our values at its core) to create outputs of sustainable, commercial value. The outcomes of our activity are measured and take us towards mid-term and long-term goals that reflect our mission.

Living Well

Investment in our employees and organisation's culture to deliver a truly resident-led service offering that transforms the ageing experience of our residents and future customers

Engaging Well

Investment in the health and wellbeing of our communities, leveraging The Attitude of Living Well and new delivery platforms to provide innovative high quality services

Outputs

Leading

provider of quality retirement accommodation and aged care services in New Zealand

4,367

units/beds with planned future development adding 1,324 units/beds

57%

needs-based

Can do

Innovative

Nimble and flexible

Our Business Model

OUR STRATEGIC PILLARS	FY21 OUTCOMES	MID-TERM GOALS
Buying + Building Well	**247** new units delivered, including 114 new care suites, with 1,324 units in development pipeline **+1** new community launched in Kerikeri **15%** development margin	Sufficient land bank to support target build rate for >7 years; enhance development capacity to support target delivery of 300+ units annually Balanced portfolio, by location, size and type Combine design IP, cost reduction and sustainability to increase development margin to exceed 15%
Living Well	**86%** staff engagement indexed; 45,000+ training modules completed **Nil** notified H&S injury incidents; 83% of care centres at 4 year certification **Top 100** in Refinitiv Diversity & Inclusion Index	Transition all villages to the Attitude of Living Well model; increasing EBITDA and lowering turnover rates Aligning health and safety systems to ISO 45001; focus on risk framework, controls and continuous improvements Gender balance in Board, SLT and VMs
Engaging Well	**+48** NPS village residents **+43** NPS care residents **95%** care occupancy **+1** Arvida Good Friends community	Quality resident-centric service provision Launch Arvida Good Friends in five NZ regions, greenfield projects to incorporate living well centres
Nurturing Well	Carbon emissions measured and independently audited Emissions reduction target set, with 50 tonnes of carbon emissions offset **$125m** bond issue	20% reduction in carbon emissions per $M turnover by 2025; 50% reduction per $M turnover and 40% absolute by 2030 (SBTi aligned) from FY20 base Standard applied to all new construction and refurbishments

HOW WE MEASURE	OUTLOOK	LONG-TERM GOALS
• Portfolio size and needs-based composition • Number of units able to be delivered sustainably over the long term • Brand recognition	Reviewing acquisition and divestment opportunities; market for good land remains competitive Target completion timeframes have not been impacted by disrupted supply lines Residential housing market continues to outperform	50 integrated communities of scale, with a needs-based composition of 50-55%
• Employee engagement, learning and turnover • No notified injuries and clinical standards • Diversity and inclusion	Sector funding model continuing to place unsustainable pressure on care margins Workforce constraints with continuing border closures exacerbating nurse pay disparity between public and private sectors	A zero harm organisation with a culture that makes it the workplace of choice in the sector attracting, developing and retaining a talented, diverse and engaged team
• Full care centres • Net Promoter Score • Outwardly facing community engagement	Understanding of connection between the environment and social impact increased with Covid, with communities placing a much greater value on health and wellbeing Restructure of DHB's to one national entity may affect timing of Good Friends contracts	An organisation that supports people to live by their own rules and access quality health and aged services when needed
• Formation of strategic initiatives and management plans to facilitate our long-term approach • Data integrity; governance practice • Capital management initiatives	Regulatory changes may affect how we manage our integrated business model Group-wide focus on elevating sustainability initiatives and identifying priorities important to us	Recognised as a leader in the management of both physical, natural and people assets over the long term

Chair's Letter

Peter Wilson
Chair

Welcome to Arvida's annual report for the 12 months ended 31 March 2021.

In a year that has been dominated by Covid-19 social and commercial influences, Arvida Group financial results through to March 2021 have recovered well. The early signs of some recovery reported in our half year results to September 2020 continued.

More recently we are seeing further waves of the global pandemic causing devastating impacts so while we and Australia enjoy a degree of comfort in our relative isolation, risks remain, as do the longer economic consequences for New Zealand. Our residents and our communities are the most vulnerable should the pandemic continue, so we must remain vigilant.

BUSINESS PERFORMANCE

Your Board is pleased to report IFRS net profit up 207% to $131.1 million and underlying profit[1] of $51.9 million for the 2021 financial year. Underlying profit is similar to 2020 results but includes a material improvement over the second half.

We successfully completed care suite developments at Aria Bay (Auckland) and at Copper Crest (Tauranga). The opening of these facilities reflected further investment in our care strategy, and we plan to introduce care suites across a number of our retirement communities.

We exceeded our target build this year with 247 new units completed. Existing and new developments are valued annually by our two external valuers and this year the assessment has added $123.5 million to asset valuations compared with $22.2 million last year.

CAPITAL MANAGEMENT

Arvida continues to be well positioned from a capital and debt gearing perspective.

In February 2021 we successfully issued our inaugural retail bond at $125 million. This bond issuance provides diversification of funding sources and extends the duration of our funding. Proceeds from the bond were applied to our existing bank debt. Our debt gearing ratio is 30% and is within our target range.

To further strengthen our capital options the Board has introduced a dividend reinvestment plan. Full details of the plan are contained in the plan offer document which is available from our website.

DIVIDEND

We recognise we have a large number of retail shareholders on our share register who appreciate regular dividend payments. Our challenge is to balance those wishes with our longer-term growth aspiration to deliver enhanced earnings over the long term. We do need to recycle capital to support growth including greenfield development activity.

The Board has declared a dividend of 1.50 cents per share for the final quarter bringing the full year dividend to 5.35 cents per share. This represents a pay-out ratio of 56% of underlying profit and is in line with the target pay-out range mid-point. Going forward the Board has adopted a distribution range of 40% to 60% of full year underlying profit and six monthly dividend payments.

CARE FUNDING

We have previously expressed concern at the level of funding for residential aged care. Providing care for the elderly in both residential settings and in the home is critical. Current funding levels neither reflect the costs of provision at a sustainable level nor the investment needed to meet demand.

The aged care sector must be resourced to deliver to the needs of an ageing population in an environment that rewards high standards of care and compassion, in a cost-efficient manner.

1. *Underlying profit reconciliation to IFRS net profit is provided on page 19*

MANAGEMENT CHANGES

Bill McDonald has decided it is time for him to pursue other interests and will retire at the end of September. Bill has managed the formation and growth of Arvida exceedingly well for shareholders. The challenges through the initial public offering and the roll up of the original portfolio of villages required a close understanding of the aged care sector, and a personal style that promoted an amalgamation of many different beliefs.

The results since late 2014 speak for themselves, and your Board and I am sure all shareholders and staff are grateful for Bill's dedication and commitment. We will be very sorry to see Bill leave but wish him well for the future.

Jeremy Nicoll will succeed Bill and we are delighted to be promoting from within. Jeremy and Bill have worked as a team, so Jeremy is ideally placed to fill the Chief Executive role. Mark Wells has been General Manager Finance and will assume the Chief Financial Officer role. Again, we are pleased to see succession for existing experienced executives.

LOOKING TO THE FUTURE

We believe Arvida is well placed to continue to progress and grow shareholder value. This will be enhanced by remaining committed to our strong values and culture.

A clear strategy that addresses short and longer term objectives through a well-defined business model exists. We are investing to provide solutions that allow those who wish to stay in their own home, the support and community connections to maintain independence. Technology is an enabler when coupled with a culture that focuses on the personal wellbeing of the individual.

YOUR BOARD

The demands of the Board have been significant this year with the Covid-19 challenges for resident's and staff's health and the economic consequences that followed.

We were delighted to have Susan Petersen join us during the year. Susan brings wide ranging business and governance experience and adds further diversity to the Board membership.

As announced recently I will retire at the conclusion of the Annual Meeting on 2nd July. Anthony Beverley has been elected to succeed me as Chairman. Anthony has property experience and governance skills across a number of sectors. He has chaired our Audit Committee since inception and has a sound knowledge of the aged care sector.

It has been a privilege to be your Chairman. I have enjoyed the support of my Board colleagues and a great working relationship with Bill, Jeremy and senior management.

I am sure Arvida will continue to progress and I wish the team well for the future.

Peter Wilson
Chair

New Chair-elect

Earlier this year, Peter Wilson announced he would not be standing for re-election at the upcoming Annual Meeting of shareholders, and accordingly would retire from the board of directors.

Mr Wilson oversaw Arvida's listing on the NZX in 2014, and under his leadership Arvida has grown to become one of the largest operators and developers of retirement living and aged care in New Zealand.

The Board would like to thank Mr Wilson for his contribution to the strategic direction and governance of Arvida which covered a wide range of initiatives and achievements.

Following Mr Wilson's retirement, the board intends to appoint Mr Anthony Beverley (pictured) as the new Chair effective 2 July 2021.

I leave Arvida knowing it is in very capable hands with a strong team of passionate individuals ready to deliver the next phase of growth.

Chief Executive's Report

Bill McDonald, Chief Executive

THE VISION FOR ARVIDA

In my first report to you in 2015, I wrote about embracing a "yes we can" attitude and pursuing a genuine desire to create better outcomes for our residents and staff.

The last 12 months has demonstrated that Attitude is at the core of what Arvida does well. The resilience of many aspects of the business was tested through Covid-19 including the resolve of our people, both residents and staff.

Our ability to successfully navigate a global pandemic has been made possible by our staff who strive to give their best every day. With their outstanding commitment, we are showing we can transform the ageing experience even in the midst of a global pandemic.

I am very proud of the progress we have made as an organisation, particularly this last year. We set out to lead the sector in the provision of a truly person-centred model delivering genuinely positive outcomes for our residents.

The value of this vision has never been more evident than through Covid-19. Our residents remain at the centre of everything we do and there is a culture of continuous improvement that motivates our staff to maintain the highest level of services even in the most challenging circumstances. We are very fortunate to have assembled a wellness team with the passion to embed this culture across the Group.

SOLID PERFORMANCE

At the outset of the pandemic, we identified three priorities that focused our efforts throughout the crisis and continue to guide our decisions and behaviours: ensure our staff were fully prepared and safe; safeguard the health and wellbeing of our residents; and protect our business.

For the 2021 financial year, underlying profit[1] was in line with 2020 performance. This primarily reflected New Zealand's Covid-19 response impacting performance in the first six months.

As an essential service we continued to operate through the lockdowns, with disruption mainly impacting sales and construction functions. During these periods, new residents were unable to visit our villages, move in, or settle their properties. Construction also paused but was possible to restart in level three with additional health and safety precautions.

Once out of level three, business operations largely normalised. This was evidenced in materially improved financial performance; underlying profit in the second six months was up 53% on the first half.

DELIVERING VALUE

Looking after the interests of all our stakeholders is directly linked to creating long term value. When we talk about operating in a sustainable way, we mean that in the broadest sense; our actions and approaches today determine the success of our business into the future.

Arvida has a clear strategy set for sustainable growth. We seek to grow our portfolio by building integrated retirement communities that meet future requirements and acquiring quality retirement villages that meet stated criteria.

The retirement communities we are building are multi-generational assets. They must meet the needs of our future residents to remain valid for the long term. We believe community connection is the key step to achieving this objective.

Communities are changing, reflecting societal changes with families becoming more dispersed and independent. Support networks for older New Zealanders wishing to remain in their own home have greatly diminished. These factors are leading to an array of associated health issues and challenges as a country.

Arvida Good Friends at Park Lane Living Well Centre, Christchurch.

Our Living Well communities offer a solution for many, but for those whom either choose not to live in retirement communities or can't afford to we needed to find an alternative.

Arvida Good Friends is our solution. It combines the provision of care and services into the home with a third place for meeting. Not a workplace, and not home. A place where people can socialise, feel connected, and receive centralised healthcare support if needed. With Good Friends Go, our transport service is making it affordable and easy to remain mobile.

The Arvida Good Friends vision brings together bold thinking to deliver an offering that we consider will be enduring. For the more than 85% of New Zealand aged over 75 years that choose to remain living in their own home, we now have a solution that will support them to live independently for as long as they want.

2021 HIGHPOINT

The opening of care suite developments at Aria Bay and Copper Crest were milestones for Arvida.

Our care suites are purpose-built, high quality accommodation certified up to hospital level care. They are configured in small clusters within the care centre with each cluster having standalone common areas for socialising with other residents or family. Care centres, such as Aria Bay and Copper Crest, become a series of mini care centres through this design. With dedicated staff caring for small groups of residents. Residents know their neighbours, and a sense of community is established, which is critical to resident wellbeing.

Provision of care is core to our proposition. It provides residents with the confidence that care services are available at a flexible needs-based level as they age. Care suites allow us to execute this strategy and earn the required return on our capital investment.

Similar care developments are planned at Bethlehem Shores, Lauriston Park, Waimea Plains and Queenstown Country Club.

CONTINUED MOMENTUM

Our direction has evolved since listing as we completed the initial integration and set the business for growth. This year we updated our strategy pillars so they remain consistent with priorities:

- The Buying Well and Building Well pillars have been merged to reflect our growth focus. Adding to our land bank will support future greenfield development as we look to lift our build rate to 300+. We will still consider village acquisition opportunities where it makes sense.
- A new pillar, Nurturing Well, has been added to guide our sustainability priorities. As an organisation, we have a long-term focus that recognises the interests of our residents and future generations of older New Zealanders, staff and the communities in which we operate. Our sustainability framework broadens our focus to include meeting New Zealand's climate change goals and achieving best practice governance standards.

LOOKING FORWARD

Arvida is pursuing a truly differentiated position in the market. We are building product for the future that will be relevant to ongoing generations of New Zealanders.

Care suites will lead the New Zealand retirement industry into a new standard for aged care. They are a standard above the traditional care bed, offer broader amenity and greater service levels to residents.

With this outlook for Arvida's future, it is exciting to hand over a platform that is primed for future growth. I have worked closely with Jeremy over the last seven years to deliver on our stated strategy. We are fortunate to have put a succession plan in place right from the outset that will see a seamless transition of the Chief Executive role.

I leave Arvida knowing it is in very capable hands with a strong team of passionate individuals ready to deliver the next phase of growth.

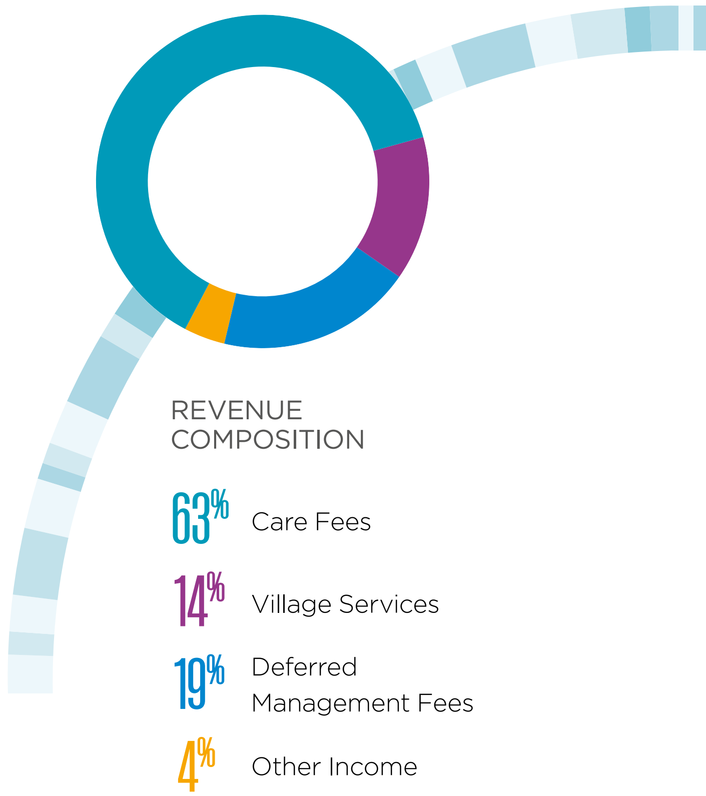
Bill McDonald
Chief Executive

Financial Commentary

During Covid-19 lockdown periods cash flows were impacted by sales, marketing and construction activities being disrupted and additional costs being incurred on staffing and preventative measures to keep our residents and staff safe.

Outside of these periods the business continued to operate strongly experiencing a return to relative normality below Level 2.

Part year contributions from villages acquired and closed are included in the prior comparison period.



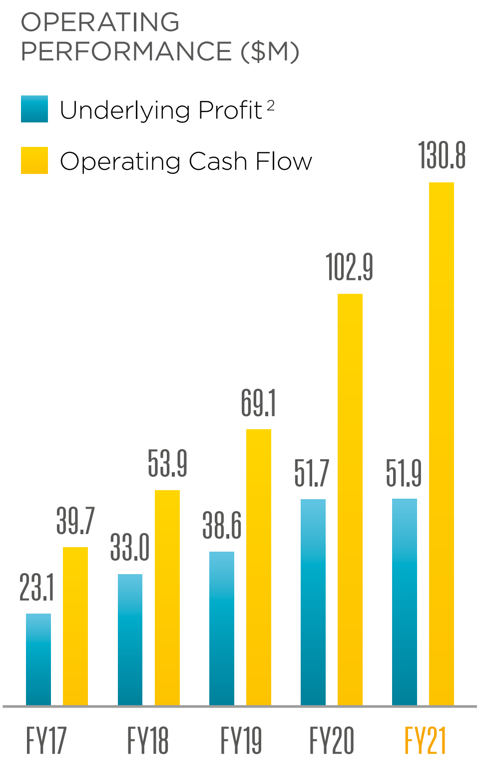
Financial Performance

IFRS NET PROFIT AFTER TAX

Arvida achieved a record net profit after tax of $131.1 million for the year ended 31 March 2021, up 207% from $42.6 million in 2020.

This included a fair value movement on investment property of $123.5 million (2020: $22.2 million). The three villages acquired during 2019 increased in value by $61.4 million.

The fair value movement reflects positive impacts from an additional 247 new units delivered during the year and the increase in existing unit pricing. These were supplemented by changes to the valuers' key assumptions at year end to reverse the uncertainty of the coronavirus impacts on the valuations. In general terms the valuers have decreased discount rates, increased property growth rates and normalised the level of sales activity.



UNDERLYING PROFIT RECONCILIATION $000 [2]	FY21	FY20	VARIANCE
IFRS Net profit after tax	**131,113**	**42,640**	**88,473**
Change in fair values	(127,360)	(22,084)	(105,276)
Deferred tax	2,037	(23,098)	25,135
Impairment of goodwill	3,729	17,864	(14,135)
Gain on acquisition	0	(3,718)	3,718
One-off costs [3]	119	826	(707)
Underlying operating profit	**9,638**	**12,430**	**(2,792)**
Gains on resales	25,951	23,667	2,284
Development margin on new units	16,275	15,589	686
Underlying profit	**51,864**	**51,686**	**178**

2. *Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board's estimate of realised components of movements in investment property value and to eliminate other unrealised, deferred tax and one-off items.*
3. *Non-operating one-off items that relate to transactional activity.*

UNDERLYING PROFIT[2]

Underlying profit of $51.9 million was reported for 2021 (2020: $51.7 million).

Underlying profit is a non-GAAP unaudited financial measure used by Arvida to monitor financial performance and determine dividend distributions. In general terms, underlying profit removes the fair value movement of investment property, other unrealised items, deferred tax and one-off items from reported net profit after tax and adds back the realised gains associated with our resales and the development margin associated with our new sales.

REVENUE

Our revenue for the year grew 7% to $174.5 million (2020: $163.7 million), reflecting continued financial performance across core village operations despite the impact of Covid-19 and a national lockdown.

Arvida generates revenue from providing village and care services, and deferred management fees. In FY21, the company's revenue increased from an increase in the number, occupancy and value of units, reflective of the scale and growth of our operations, plus increase in daily bed funding rates and premium bed rates.

Care and village service fee revenue of $133.6 million (2020: $129.5 million) was reported for the year. Occupancy at some of our care centres declined through Covid-19 lockdown periods as a result of being unable to admit new residents. However, occupancy across Arvida care centres returned to 95% at March and was an average of 94.5% for the year. High care centre occupation continues to underpin care fee revenue.

Deferred management fees relative to last year, were up 15% which reflected full year contributions from the three villages acquired in the prior period, underlying growth through high occupancy across our villages, increased pricing and the addition of new stock to the portfolio.

Sundry revenue includes Government subsidies that in aggregate totalled $2 million (rest home relief and essential worker subsidies). While sales activity ceased during the lockdown period materially impacting revenue, we claimed a wage subsidy for only those not able to work and retained on full pay during this period. This amounted to a claim of $0.4 million for café staff and construction workers. The wage subsidy was repaid in November when it became clear the impact on the business was short term and the outlook was changing to be more positive.

EXPENSES

As an essential service we incurred significant costs during the early stages of the pandemic in April and May. An estimated $5 million of one-off operating costs were incurred in the period predominantly from additional staff costs and rostering, personal protective equipment and enhanced cleaning routines.

This included a $2 per hour wage increase for our front-line staff during the level four lockdown, additional rostering of care staff, security personnel at all sites and additional employee entitlements as result of less leave taken.

Higher operating expenses predominantly reflected the larger scale of the Group from prior period acquisition activity and higher employee costs. The latter was primarily a result of increased nurse pay previously signalled with staffing levels remaining relatively stable across existing villages.

An increase in property costs included higher insurance costs, mainly attributable to continued structural changes in the insurance sector, higher council rates and the increase in asset base.

CASH FLOW

Operating cash flow reached $130.8 million (2020: $102.9 million) for the year. The increase of $27.9 million reflected greater sales activity but also strong cash flows generated from our care operations. Care fees continue to represent a core source of recurring cash flow.

Capital expenditure attributable to investment properties was $140.4 million for the year.

SALES ACTIVITY	FY21	FY20
Number of ORA resales	267	278
Value of ORA resales	$118.0m	$104.8m
Resale margin	23%	23%
Number of new ORA sales	137	126
Value of new ORA sales	$109.4m	$96.1m
Development margin	15%	18%

Sales Activity

During the level four national lockdown and level three regional restrictions, sales and marketing activities were disrupted.

The ability to sign contracts and settle occupation right agreements was largely deferred to level two. Settlements of serviced apartments were relatively more affected due to being generally located near care centres. Prospective residents were unable to view or move in to serviced apartments during periods where restricted access to care centres occurred.

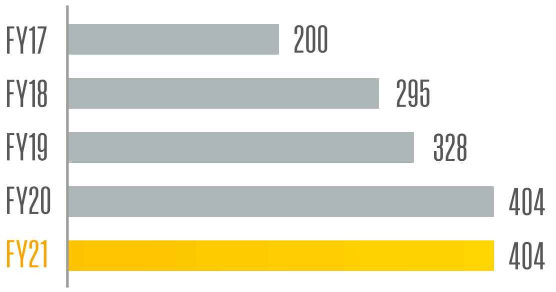
This disruption resulted in settlement volumes of occupation right agreements being 24% down at half year but recovering in the second half. The result was that a total of 404 settlements occurred in the year, in line with the prior year. This was a very strong result reflecting a significant effort by our sales teams and investment in marketing and sales post lockdown to ensure results.

Resale gains increased to $26.0 million (2020: $23.7 million), with average gross proceeds per settlement of $442,000 up 17% from 2020. This reflected a change in mix of unit type and region of sales and increasing unit pricing across the portfolio in the second half. On average, prices achieved were 5% above valuer estimates assumed at 31 March 2020. Resale margin was stable at 23%. Uncontracted resale inventory was less than 2% of the total portfolio at the end of the year.

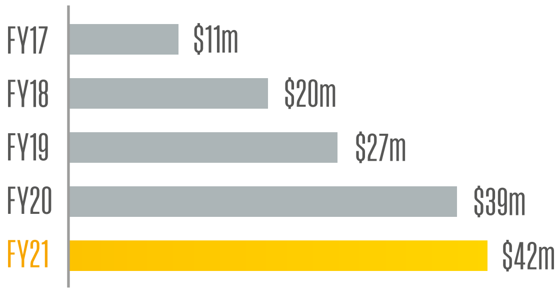
We settled 137 new sales, delivering gross cash proceeds of $109.4 million. This was up from 126 new sales and gross cash proceeds of $96.1 million in the prior year. New unit inventory, excluding care suites, at year end totalled 142 units, of which 95 units were delivered in the last quarter.

Gains generated from the resale of occupation right agreements on existing units and the sale of occupation right agreements on new units are two key components of the underlying profit calculation.

TOTAL ORA SALES (UNITS)

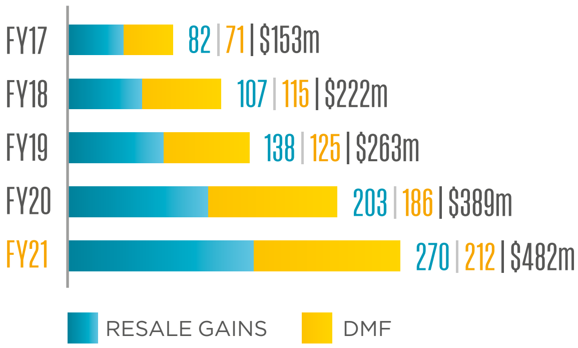


TOTAL GAINS ON ORA SALES ($M)



RESALE MARGIN (%)

EMBEDDED VALUE ($M)



Financial Position

In April 2020 we secured $100 million of additional debt capacity from our existing ANZ and BNZ syndicate to address any medium term impact on financial illiquidity in the funding markets. The banking syndicate was very supportive, promptly approving the extension.

On 22 February 2021 the Group issued $125 million of 7-year guaranteed, secured, unsubordinated, fixed rate bonds with a coupon 2.87% per annum. The bonds are listed on the NZX Debt Market under the ticker code ARV010.

Proceeds from the bond issue were applied to repayment of bank debt. A tranche of $100 million of ANZ and BNZ facilities was cancelled reducing total bank facilities to $375 million.

Total drawn interest bearing debt including the bond issue was $367.5 million (2020: $313.0 million) at year end, on an aggregate funding limit of $500 million. Including both drawn bank debt and the retail bond, gearing at 30% (2020: 30%) was within the target gearing range.

Total assets grew to $2.2 billion, up from $1.9 billion at the start of the financial year with development activity completed and an increase in the value of Investment Property. The annual revaluations of our investment property undertaken by CBRE Limited and Jones Lang LaSalle Limited delivered a revaluation movement of $123.5 million (2020: $22.2 million).

Embedded value in the portfolio, which calculates future cash that can be generated when a unit is relicensed, grew strongly to $482 million (2020: $389 million).

Copper Crest Care Centre, Tauranga

A range of factors impact on the business. These can present risks, challenges and opportunities. We put effort into understanding external factors most material to our business and use this understanding to guide our decisions.

The Operating Environment

COVID-19

The global Covid-19 pandemic has and continues to present a number of challenges and risk to our business. Over the first part of FY21, board and senior management attention was focused on limiting the impact of Covid-19 on our business.

We engaged our pandemic plan as soon as news of the coronavirus emerged and assembled our pandemic response team. The safety and wellbeing of our people, both residents and staff was our priority, and we had no tolerance for risk exposure. As highlighted in previous reporting, Arvida moved quickly in February 2020 to ensure Group-wide preparedness. The expert advice of an independent virologist was critical in understanding the potential areas of greatest risk early.

As events escalated, we implemented risk management protocols working with other members of the aged care sector as part of the Retirement Village Association of New Zealand and New Zealand Aged Care Association taskforce.

Key areas of focus were on regulating admission to care centres and actively managing staff bubbles to ensure high risk practices were identified and promptly addressed. Group-wide weekly virtual meetings of senior personnel and care teams facilitated knowledge and learnings to be shared swiftly across our villages.

During the level four lockdown the following measures were implemented to safeguard residents and staff:

- Use of personal protective equipment, particularly when in close proximity to residents
- Temperature checks and health declarations completed
- Enhanced cleaning practices using an antimicrobial cleaning product, including regular whole facility cleansing of care centres
- 24 hour security at all village access points to screen visitors
- Grocery shopping and safe food delivery service
- Programmes and activities to aid with resident wellness
- Activated vulnerable workers to perform regular resident wellness check-ins
- Regular resident and family communication updates on measures in place

We had three priorities from the outset: ensure our staff were fully prepared and safe; safeguard the health and wellbeing of our residents; and protect our business. Staff worked tirelessly to support our residents throughout the lockdown helping families to stay connected. This was critical to resident wellbeing.

We are pleased to report our retirement communities have remained Covid-19 free, with no positive cases reported in residents or staff.

REGULATION

HEALTH AND DISABILITY SYSTEM REVIEW

We welcomed the Government's announcement in April 2021 on the Health and Disability System Review. Its response sets out fundamental changes to the New Zealand health system that includes a decision to replace all 20 District Health Boards with one national organisation, Health NZ – a Crown Entity. The overarching objective of the reform is that "who you are or where you live should not determine the range and quality of services you receive".

Reforms are expected to take three years to complete with a timeline of July 2022 to disestablish the existing 20 District Health Boards. We are hopeful that the reforms improve the function of the overall health and disability system delivering balance towards wellness, access, equity, and sustainability.

Reforms are not expected to have an immediate impact on District Health Board's funding under aged residential care contracts.

CFFC DISCUSSION PAPER

In December 2020 the Commission for Financial Capability (CFFC) released a discussion paper on the retirement village legislative framework. The framework includes the Retirement Villages Act 2003, its Regulations, and the Retirement Villages Code of Practice 2008.

The current statutory and operating framework provides a comprehensive and effective resident-focused consumer protection regime. Minimum standards are set out in the Code of Practice, which is regularly reviewed by the CFFC and amended as required to keep it current.

The paper raised concerns on various aspects of the retirement village sector's operating model and asked for public submissions on these matters. More than 3,000 submissions were made, including from Arvida. Our industry body the Retirement Village Association of New Zealand, highlighted in its submission areas where best practice could be further delivered:

- re-licensing and buyback process and timing
- status of weekly fees after the resident leaves
- transition to care arrangements
- complaints system / voice for residents
- operator chattels repairs and replacements

Recommendations are expected to be released in mid-2021.

Our key external stakeholders

7,000+

Owners

More than 6,600 shareholders and 400 debtholders

33

Communities

Villages in 33 locations spread across New Zealand

71%

Regulators

71% of care revenue is derived from the Ministry of Health or other Government sources

$190m

Suppliers

Total spend of over $190 million

RESIDENTIAL PROPERTY MARKET

New Zealand's residential property market has continued to strengthen despite early predictions from market analysts the Covid-19 pandemic could result in significant decreases in house prices nationwide.

In late March 2021 the Government announced a housing package containing tax reforms aimed at increasing housing supply and removing investment incentives in an effort to dampen house price inflation.

Our current understanding is the changes to interest deductibility forming part of this package will not apply to corporate developers of property. However, the Government is focused on taking heat out of the residential property market. This action could affect prospective resident's ability to sell their home and enter one of our retirement communities.

FUNDING

Funding for the residential aged care sector has continued to lag behind the costs to provide the services. Providing care for the elderly is a critical element of our society and needs to be appropriately funded. The New Zealand Aged Care Association (NZACA), on behalf of industry participants, leads the negotiations with the Ministry of Health and District Health Boards to set the funding rates. Changes to the funding rates are implemented annually, with an effective date of 1 July. The NZACA has set out a number of issues that are to be considered when setting the new rates applicable from 1 July 2021, including:

- pay parity for registered nurses with their counterparts working in public health settings
- the legislated increase to care giver pay rates
- allowances for the extra statutory holiday and the additional five days of sick leave
- additional costs to manage pandemic related risks
- a higher funding rate for palliative care
- remote working allowances
- general costs inflation

Our internal stakeholders

Staff

More than 2,600 staff, including contactors

2,600+

Residents

Over 4,950 residents, with about 2,500 living independently

4,950+

Board

A talented and experienced board of six members

6

Materiality

Our strategic pillars represent the key drivers of material value creation for Arvida. These have evolved alongside the business as we have modified and refined our strategy. They set the business for a sustainable future that continues to create value for our stakeholders.

We have recently refreshed our pillars by merging the Buying + Building Well pillars to align with our strategic growth focus. A new pillar, Nurturing Well, was added to capture our objectives as an organisation committed to sustainable operations.

Together with our fifteen focus areas they enable us to integrate what matters most to Arvida and our stakeholders. They form the framework for our long-term business strategy, mid-term goals and short-term business planning and reflect the capitals of the Integrated Reporting <IR> framework.

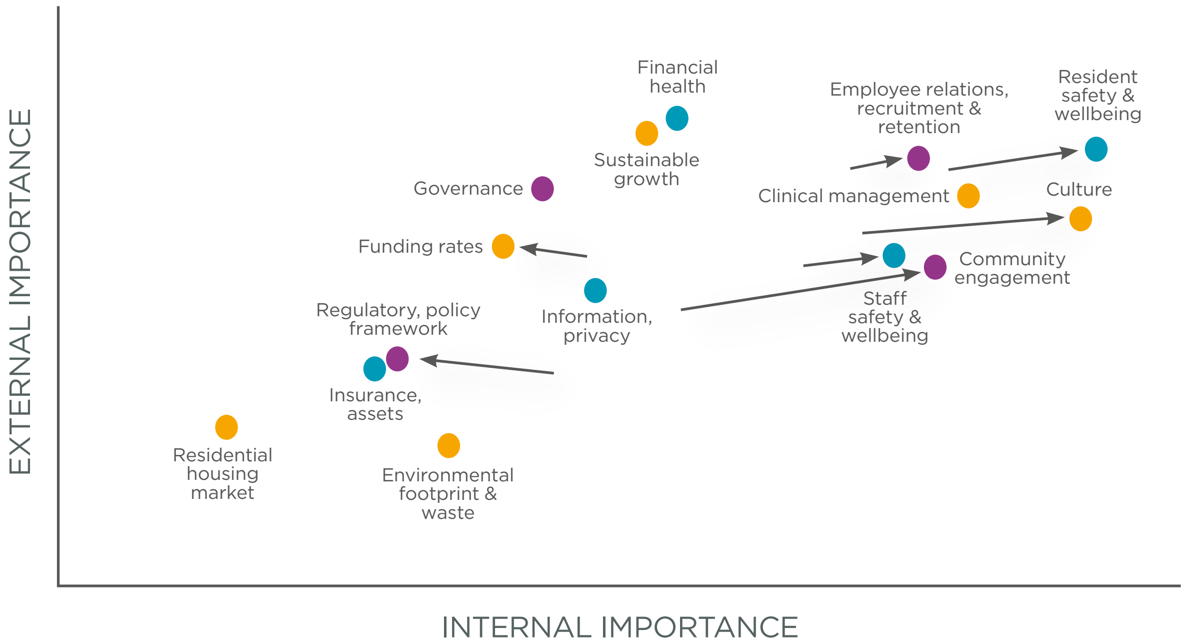
MATERIAL TOPICS

Material topics reflect areas that matter most to Arvida and those topics where Arvida has an opportunity to shift the dial.

Undertaking a materiality assessment, like the one plotted on this page, helps to visualise these topics by combining what matters most to our stakeholders and what matters most to us.

For our materiality assessment this year, we used our fifteen focus areas, related to our pillars. Feedback was invited from a range of

FY21 Materiality Assessment



The focus areas in the top right-hand corner are those that rank the highest.
Arrows highlight the movement between survey years.

internal stakeholders on the relative importance of the material topics. This was conducted through an online survey where participant feedback was anonymised.

The material topics again covered risks identified on the internal risk register and remained largely unchanged from those identified in 2020. They were grouped broadly into core capitals – social, environmental, financial, human and governance. They survey also asked internal stakeholders to note any topics that were not included on the list previously.

People-related matters ranked highly in this survey.

FY22 PLAN

Key performance indicators are reported to stakeholders for the majority of material topics. Where there are none and Arvida considers it is a topic that it is able to influence, Arvida plans to develop indicators.

This year we plan to refresh insights obtained from external stakeholders on material topics.

Our Growth: Buying + Building Well

Grow and expand our operations through careful selection of greenfield and brownfield development projects and existing village acquisitions that deliver long term value

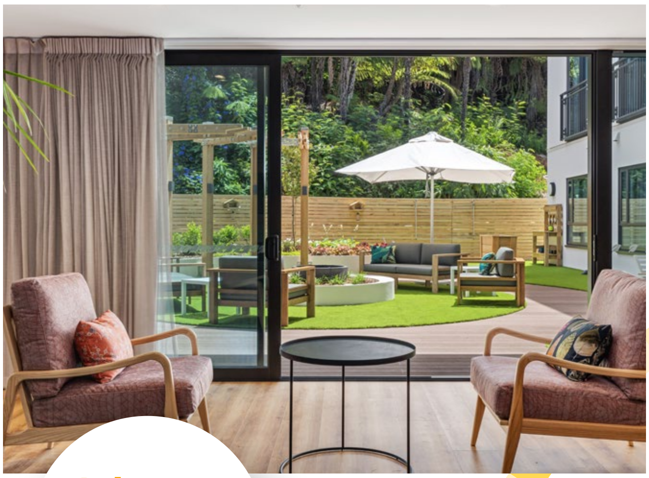
Our development team passed key milestones this year. Highlights celebrated included the completion of multi-storey buildings at Aria Bay and Copper Crest. These buildings are the first of our purpose-built care suite product. They form a core part of our care strategy – providing our residents with access to a higher quality product, designed around small households and the ability to age in place.

At the time of New Zealand's level four lockdown restrictions coming into place, development was progressing across one greenfield and eleven brownfield sites.

On 26 March 2020 construction activity paused at all sites.

Sites were safely and securely closed for the lockdown period, with only essential weathertightness or health and safety related works completed. On 28 April 2020, sites were reopened, and construction activities

Projects of significance completed in FY21



Aria Bay Care Centre

ARIA BAY, AUCKLAND

59 care suites

Copper Crest Care Centre

COPPER CREST, TAURANGA

55 care suites, 29 apartments

recommenced under level three health and safety restrictions.

Responding to the impact of Covid-19 has tested the development team and shown strengths within the team and across Arvida.

Despite construction site closures and disruption to in-progress works, a total of 247 new units were delivered across ten developments during FY21: Aria Bay, Bethlehem Country Club, Bethlehem Shores, Copper Crest, Glenbrae, Mary Doyle, St Albans, Waimea Plains, Strathallan, Queenstown Country Club.

The investment in our development team over the prior years has enabled an extensive construction programme to be well managed across a diverse range of multi-site projects.

FUTURE DEVELOPMENT

Development is set to continue at a target build rate of 200+ new units per annum.

Covid-related factors could impact FY22 delivery timeframes including further construction site shutdowns, disruption to building material supply lines, and ready access to building fitout materials and skilled labour within reasonable timeframes.

Our planned FY22 construction is mainly of villa product, which typically involves staged construction of three to six months in duration. This enables quick response to changes in customer demand, external factors and active control of investment cash flows.

DEVELOPMENT TEAM

The in-house construction management team in Tauranga has delivered greater time and cost certainty to the completed Copper Crest development. They have now moved to Lauriston Park in Cambridge to commence construction of the villas and planned care centre.

On-the-ground construction teams at Bethlehem Shores and Queenstown Country Club continue

Waimea Plains Villas

WAIMEA PLAINS, RICHMOND

25 villas

St Albans Apartments & Care

ST ALBANS, CHRISTCHURCH

8 serviced apartments, 19 care beds

with multi-year build programmes. A similar construction model is being employed at the Te Puna Waiora development in Kerikeri where construction of the first stage of villas is well advanced.

We see internalised construction capabilities important to delivery certainty in the Far North, Queenstown and the Bay of Plenty regions, where we have several years of future development in existing villages planned. The internalised model allows retention of delivery resource, knowledge and know-how embedded in those teams.

Our development team will continue to fill out over the next couple of years with the aim of supporting a future build rate increasing to 300+ per annum.

LOOKING AHEAD

A total of fourteen villages and two greenfield sites have been acquired since IPO.

We continue to scan for attractive opportunities that meet our acquisition criteria. Our immediate focus remains adding to our land bank and extending the future development pipeline. The more desirable locations for investment are those areas where we are currently underweight, that exhibit favourable demographics, or complement existing Arvida villages.

The current land bank has the potential to add 1,324 units to the portfolio over the next 6-7 years.

Our acquisition strategy has demonstrated significant brownfield development opportunities can be delivered through village acquisitions. Village acquisitions have also presented matured development opportunities with advanced cash flow profiles, scale benefits and greater access to talent. The current climate could present opportunities to acquire quality villages or advance sector consolidation.

Projects of significance completed in FY21

Living Well Centre

ARVIDA GOOD FRIENDS AT PARK LANE, CHRISTCHURCH

Living Well Centre

Waimea Plains Clubhouse

WAIMEA PLAINS, RICHMOND

Residents' Clubhouse

Key projects in FY22

TE PUNA WAIORA, KERIKERI

Upgrading access roads to our newest village were completed during the year, with resource consent also being received to commence villa construction. The first stage is due to be delivered in 1H22, with a total of 35 villas planned in FY22.

The unconditional purchase of 8 hectares of adjoining farmland provides dual access roads and greater flexibility for future expansion.

BETHLEHEM SHORES, TAURANGA

Construction of the next stage of 12 villas is nearing completion.

During the year we received resource consent to commence construction of the new stage comprising 59 villas. Earthworks have largely been completed allowing for construction to commence 1H22.

Construction of the swimming pool in the resident clubhouse is complete, finishing this premium amenity.

WAIMEA PLAINS, RICHMOND

Construction of 20 villas were completed and delivered in April 2021 (14 sold). A total of 83 villas have now been delivered over three development stages since receiving consents in 2019. Construction of the next stage of 42 villas has commenced and is due for delivery in FY22.

The resident clubhouse designed as a grand villa was completed in December 2020. Planning is underway to introduce the next stage of community amenity, which will include a Good Friends Living Well community centre at the front of the village.

QUEENSTOWN COUNTRY CLUB, QUEENSTOWN

Villa construction continues to progress well, with 32 villas currently planned for delivery in FY22. Construction of the Warren & Mahoney designed 1,600 sqm Residents' Clubhouse has commenced and is due for completion in December. Amenity for resident use will include a pool, gym, lounge and dining area, library and cinema.

Master planning continues for the Living Well Care & Apartments facility.

ARIA BAY, AUCKLAND

Residents transferred to the newly completed care suite building in January 2021. The next stage of development commenced at our Browns Bay village in March 2021 with the demolition of the existing care wing.

Construction will add 57 apartments in multi-storey blocks for delivery in FY24. This will complete planned development at Aria Bay.

Development Staging

BROWNFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Bethlehem Shores	183	Villas, Apartments & Care	→	→	→	→
Queenstown Country Club	229	Villas, Apartments & Care	→	→	→	→
Bethlehem Country Club	2	Apartments	→	→	→	
Glenbrae	12	Care & Apartments	→	→	→	
Copper Crest	2	Villas, Apartments & Care	→	→	→	
Rhodes on Cashmere	37	Care & Apartments	→	→	→	
Aria Bay	57	Care & Apartments	→	→	→	
Village at the Park	25	Villas	→	→	→	
Lauriston Park	81	Care & Apartments	→	→	→	
Lansdowne Park	50	Villas	→	→		
Cascades	80	Care & Apartments	→	→		
Aria Park	60	Care & Apartments	→	→		
Oakwoods	31	Apartments	→			
TOTAL BROWNFIELD	849					

GREENFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Waimea Plains	195	Villas, Apartments & Care	→	→	→	→
Te Puna Waiora	280	Villas, Apartments & Care	→	→	→	
TOTAL GREENFIELD	475					

TOTAL UNITS 1,324

Our People: Living Well

Invest in our employees and organisation's culture to deliver a truly resident-led service offering that transforms the ageing experience of our residents and future customers

Developing the wellness capabilities through The Attitude of Living Well culture of Arvida has been a natural passion of our General Manager of Wellness, Maria Scott-Multani.

The word Attitude plays a significant role in Arvida's culture.

"To truly understand what we are trying to achieve, requires the whole team to stop and think about the attitude they bring to work. The first step begins at a very personal level. Providing space for staff to reflect on what it truly means to live in an Arvida community," says Maria.

An important part of this is to look for and acknowledge the positive. In creating a living well community we are recognising that no matter what your age or stage, you have something of value to offer the community you live and work in. By positively reinforcing examples of the Attitude of Living Well in practice, we strengthen the culture and encourage people to live our Arvida values.

The Wellness and Care team have multiple initiatives in place in order to support this philosophy. This ranges from shared leadership training, monthly networking sessions, wellness challenges, the sharing of good news stories and recently developed steering groups to identify opportunities to further improve clinical outcomes for residents.

Maria is a firm believer that culture is not something we can ever really stop working at. "I sincerely believe that what you focus on becomes your reality. If we focus on risk, disability and all the negative aspects of ageing we stop seeing the person behind the diagnosis. By keeping individual people at the heart of all we do, we are encouraging our teams to recognise that relationships, empowerment and bringing your whole self to work are key to the success of this living well model."

The wellness and care team has grown recently now comprising a core team of six. They bring passion and energy to ensure we support our communities to keep the attitude alive.

We are developing our kitchen teams to be more integrated with wellness partners. Kitchen managers meet on a regular basis with residents to discuss where menu improvements can be made, with meal service catering to individual requirements.

A new national hospitality manager has joined our wellness team to coordinate, structure and guide our teams on our food journey.

STAFF ENGAGEMENT SURVEY

We measure our progress annually through an internally managed survey of all staff. A higher response rate this year showed engagement levels have remained similar to 2020, a significant achievement considering the challenges Covid-19 presented.

- Staff engagement in their everyday work was indexed at 85% (2020: 86%)
- 95% (2020: 96%) of staff surveyed were determined to give their best effort at work each day
- 83% (2020: 85%) of staff feel motivated to go above and beyond what is required.

Reporting of results has been provided to staff to enable functional areas to benefit.

Training course completions were up over 45% from last year. Covid-19 related learning materials delivered through Altura, our remote learning platform, forms a significant part of staff development. Over 45,000 courses were accessed by staff from Altura. Almost 10,000 related to health and safety training, an increase of 75% from last year.

HEALTH & SAFETY

We are committed to the health and safety of our people. We provide a healthy and safe place for everyone who lives and works with us. As highlighted in our materiality matrix, wellbeing and safety of our people rank high as material matters of importance to us.

"Our health and safety system covers all business units and needs to be adaptable to the work, and the workers involved", says National Health & Safety Manager, Mike Barnett. "Having committed Health and Safety representatives within our workforce helps these differences to be integrated to the specific site."

Mike highlights an area of ongoing challenge being our contracting pool, where some contractors can be stretched and are not always are able to provide supervision of their workers.

"We are working with our contractors encouraging them to commit to continuing to upskill their workforce to meet our standards."

Health and safety risks associated with Covid-19 continue to be front of mind in preserving the wellbeing of our people. As New Zealand's border opens up, the risks to health increase. This requires active monitoring of the infection protocols and procedures in place. This ensures we maintain a safe place for our residents and staff to live and work. This includes encouraging our people to participate in the Covid-19 vaccination programme as it becomes available.

Employee Assistance services continue to be offered to support staff wellbeing.

Over the past year, we have continued to invest time, energy and resource into building our health and safety framework across the business. Our online software solution, Mango, records and monitors our health and safety performance. This is an ongoing focus across the group with a review currently underway of our functional design of Health, Safety and Wellbeing.

Good progress has been made across all ten goals of our Health and Safety Plan, with a staged approach to be taken in aligning our health and safety systems to ISO 45001.

Additionally, we are aiming to be accepted into the ACC – Accredited Employers Programme, where we will stand in the shoes of the Accident Compensation Corporation for any employee workplace injuries. The Internal Audit Plan FY 2022-2024 includes having the first review with a specific focus on health and safety.

There have been no injury accidents that were required to be notified to WorkSafe NZ in FY21. Two non-injury incidents were notified to WorkSafe NZ.

- A contractor working on our site recently had a non-injury incident with their truck mounted crane.
- A scaffold tower tip caused some damage to the building and the scaffold itself. WorkSafe NZ did not visit the site or issue any legal notices or letters.

The annual staff survey showed strong safety values and high staff satisfaction to health and safety.

CERTIFICATION

Arvida currently has 26 care centres, one more than 2020 with the addition of Copper Crest. Our care centres provide a range of services: hospital (geriatric medical), rest home, dementia, and residential disability.

Rest Home	2
Rest Home and Hospital (geriatric, medical)	13
Dementia	1
Rest Home, Dementia and Hospital (geriatric, medical)	10
Total Care Centres	**26**

A conditional agreement has been entered to divest one care centre in Christchurch. The sale is expected to be completed on 31 May 2021 if all conditions of sale are satisfied.

All care centres are independently audited to Health and Disability Service Standards. Of our 26 care centres: two have provisional certification to these standards following recent completion of care suite developments; twenty have fully achieved the gold standard of four-year Ministry of Health certification; four hold three-year certification.

Audit reports are published by the Ministry of Health for all care centres. Arvida's clinical standard is significantly higher than the national level where only 39% of aged care centres nationally hold four-year certification.[4]

The Attitude of Living Well™ model of care is now well embedded across the Group. This, together with the culture of continuous improvement in clinical quality led by our National Quality Manager, Wellness team, and village and clinical managers supports our track record of improvement against sector standards and promotes consistently positive resident outcomes.

MINISTRY OF HEALTH CERTIFICATION[5]	2021	2020	2019
Proportion of Care Centres with 4 years	83%	80%	65%
Certification period (Group average, years)	3.8	3.8	3.7
Average Continuous Improvements[6] per site	1.4	1.5	1.5
Average PAs[7] (Negligible or low risk) per site	0.7	0.8	0.9
Average PAs[7] (Moderate risk or above) per site	0.0	0.0	0.2

4. *Reported by BSI Group NZ, February 2020.*
5. *Excludes Aria Bay and Copper Crest care centres where partial provisional audits have been conducted following the recent completion of care centre developments.*
6. *Continuous Improvements are awarded for achievement beyond the full attainment. Measurement shows results from certification audits only.*
7. *A risk rating is given to standards or criteria identified as partially attained ('PA') or unattained ('UA'). These standards or criteria are rated according to the assessed potential risk for consumers – negligible, low, moderate, high or critical risk.*
   A partial attainment rating does not indicate a failure. The Ministry of Health states that most rest home audits have some standards and criteria assessed as partial attainment. Partial attainment indicates the areas that require improvement. The audits are an opportunity to identify the areas where the rest home should improve and what action is required for improvement. Measurement shows results from certification audits only.

Our Communities: Engaging Well

Invest in the health and wellbeing of our communities leveraging The Attitude of Living Well and new delivery platforms to provide innovative services

Arvida Good Friends at Park Lane Living Well Centre gymnasium, Christchurch.

We know that only a small portion of older New Zealanders choose to live in a retirement community or require the services and support provided in care centres. So even though the number of people aged over 75 years has increased and the number of people living in retirement villages has increased, the number that choose not to has also increased.

In a modern post Covid-19 world, creation and maintenance of social relationships has become more complicated. Increasingly our communities are at risk of loneliness and social isolation, which is well documented as a "serious public health concern".

Risk factors for loneliness and social isolation amongst those aged over 75 are heightened through family dispersal, decreased mobility and income, loss of loved ones, and poor health. It is thought that societal change, including reduced inter-generational living, greater geographical mobility and less cohesive communities, have also contributed to higher levels of loneliness in the older population.

The challenge for Arvida has been how to engage beyond the boundaries of our villages and how to deliver health and aged care services to the wider community in a way that aligns with our values.

Chief Executive Bill McDonald has also always held the view that to live well our residents must remain part of their community when choosing to live with us. Their place of residence shouldn't displace them from the broader community.

COMMUNITY ENGAGEMENT PLATFORM

We are leading the New Zealand retirement and aged care sector with development of a "virtual village" concept tested and adapted for the New Zealand market during the past year.

"In ten years, I want the world to notice how well older New Zealanders live. And I hope it can be traced to Arvida's commitment to transforming the ageing experience through person-centred care – what we call the Attitude of Living Well," says Bill.

Arvida Good Friends allows this philosophy to be extended beyond our boundaries. It is a bundle of services to offer choice to those who want to stay living independently in the homes they know and love; whether within one of our retirement communities or not.

The service offers a range of subscription memberships for any combination of:

- Social connection, exercise and activities at Arvida Good Friends at Park Lane, our first community living well centre;
- Private home help and in-home care services with intelligent remote care monitoring; and
- On-demand rideshare transport within a specific geographic area.

Services are underpinned by market-leading technology that makes the interaction more human. Individual needs are monitored in real time, as well as analysed against anonymised cohort data to show where interventions and actions have improved health outcomes over time.

Arvida Good Friends is directly aligned with the national health sector reform goals of localisation, increased management of healthcare in the home and digitally enabled services and reporting.

CHOOSE TO ENGAGE WELL

This innovative new business has launched in Christchurch giving meaning to Arvida's mission to transform the ageing experience for all older New Zealanders – regardless of where you choose to live.

"Engaging well is about having choices on how to find the help we want when we need it and finding it easier to stay active and connected with friends, family, and hobbies."

Arvida Good Friends at Park Lane was officially opened on 15 April 2021 by The Hon Margaret Austin CNZM. Over 200 people enjoyed seeing the 15 metre swimming pool, spa therapy pool, specialist 50+ gym, large spaces for activities and events as well as the licensed café and hair and beauty salon.

We have also secured tenants in the Allied Health sector, offering complementary specialist support for people living with chronic illness, neurological and muscular physiotherapy, speech therapy, dietitian, podiatrist, counselling and oedema massage.

With a club-like atmosphere, Arvida's first community Living Well Centre is an extension of the "outwardly focused" approach we've been designing into all our new developments.

RESIDENT SURVEY

In a year where many Covid-related restrictions and requirements were implemented across our communities, transparency into the broader resident experience was always going to be interesting. We were pleased to see excellent Net Promoter Score results recorded across our communities.

Our annual resident survey was conducted by independent research house McCrindle in October-November 2020. This is the fourth year they have conducted the survey to measure resident satisfaction. To provide some context, at the time Auckland had just moved out of the latest level 2 lockdown.

The Net Promoter Score (NPS)[8] for our village residents was +48 (2020: +54) and +43 (2020: +52) for residents living in care. Three-in-five village residents were promoters, recommending their village and fuelling growth through positive word of mouth. This compares to one-in-ten residents who were detractors.

The survey highlighted both village (79%) and care (82%) residents were very satisfied with the way their village responded to the restrictions in place due to Covid-19. It also found village (78%) and care (83%) residents believed staff to be respectful, authentic and willing to assist. Promptness of village repairs and maintenance and choice of food in the care centres are key areas for improvement.

The Arvida Good Friends platform allows Net Promoter Scores to be recorded in real time from our members. We will be looking to incorporate these results in reporting next year.

8. *Resident satisfaction is primarily gauged using NPS and feedback on a number of key aspects of village living. NPS measures the extent to which an organisation's clients promote the business to friends and people they know. A high proportion of promoters will produce a high NPS score. Because it is calculated on a net basis, the result can be within a range of -100 to +100.*

Our Footprint: Nurturing Well

Manage our business in a responsible and sustainable way, to help create thriving communities whilst limiting our impact on the environment

"The wellbeing of the land and the wellbeing of people are the same"

Part of creating retirement communities for our residents is to understand what it takes to be good environmental stewards and to help nurture natural resources for future generations.

So, when we see one of our sustainability priorities being building thriving retirement communities for older people, we can also see these communities needing to be world class, liveable, environmentally friendly and integrated to be considered sustainable.

We also want to help tackle climate change, boost diversity and inclusion of our staff, and ensure the safety and wellbeing of our people.

Having a sustainability framework will help guide our progress and ensure we focus

Outdoor barbeque and raised gardens for residents of Park Lane, Christchurch.

on those matters we can control. Time was spent during the year developing guiding principles for our sustainability journey.

EMISSIONS REDUCTION PROGRAMME

We measured our carbon footprint for the first time this year, with 2020 forming the base year for our reporting going forward. As we continue to grow, our absolute emissions will increase and for this reason we will measure our emissions on an intensity basis.

We have set an emission reduction target of 20% by 2025 on an intensity basis.

Our carbon emissions for 2020 were independently audited by Toitū Envirocare to the ISO14064-1 standard. We intend to have our emissions audited annually so that we can track progress to our stated target.

We expect to update our reduction target and set a long-term reduction target aligned with meeting 'science-based' targets as we progress our sustainability journey.

ESG HIGHLIGHTS

At Bethlehem Shores we recently completed the regeneration of a wetland area. The area sits on around one hectare with remediation involving the movement of some 30,000m3 of soil.

Walking tracks and viewing platforms are to be constructed as part of the regeneration so residents can enjoy the wetlands.

The next regeneration projects will be at Waimea Plains and Te Puna Waiora.

EMISSION MANAGEMENT & REDUCTION STRATEGIES

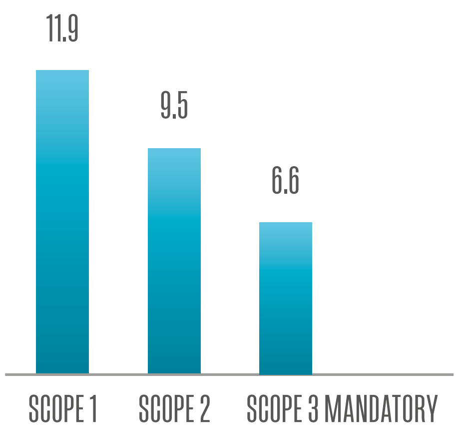
The three areas of focus of our emissions management reduction are energy, waste, and travel.

ENERGY CONSUMPTION	During FY21, we continued our LED upgrade programme, conducted a review of site laundry facilities to reduce chemical and energy use, and conducted site audits of refrigerants. Solar panels installed on the roof of a Christchurch site generated approximately 80MWh of electricity in FY21 for operational consumption in its care centre, building common areas and recharging the residents' pool of electric. Solar is being incorporated into other sites.
CONSTRUCTION AND OPERATIONS WASTE	Reducing the amount of waste that we send to landfill is an ongoing focus for our offices, operations and construction activities. In FY22, we will be looking to source better data so that we can better monitor waste. This will allow improved and targeted reduction strategies to be developed and implemented. Currently we measure waste as a whole and are only able to broadly categorise by construction and other waste.
BUSINESS TRAVEL	Travel emissions are calculated for car hire and air travel. Compared to 2020, we achieved a 50% decrease in travel emissions. Covid-19 travel restrictions had a noticeable impact on group travel as communication technology was employed. The organisation offset 50 tonnes of carbon emissions generated through car and air travel by purchasing carbon credits. The amount offset in 2020 was 100 tonnes.

TRACKING OUR ABSOLUTE CARBON EMISSIONS

Arvida's total emissions in 2020 were 4,582 tCO_2e, or 28 tCO_2e per million dollars of revenue. Energy (electricity and gas) use accounted for 68% of our carbon emissions. This reflects the high energy usage of our care centres. The energy usage of our independent residents was excluded as we do not operate embedded networks and are therefore unable to measure their consumption. Waste represented 17% of emissions.

EMISSIONS INTENSITY - tCO_2 PER $MILLION REVENUE



2020 KEY IMPACT AREAS BY tCO_2

68% Energy

17% Waste

7% Travel

8% Other

CLIMATE-RELATED FINANCIAL DISCLOSURES

Arvida recognises climate change as one of the most significant long-term issues that will impact the wellbeing of our communities. We have committed to voluntarily measuring and reporting greenhouse gas emissions, setting a public emissions reduction target and are looking to develop strategies with suppliers to reduce their emissions.

The Task Force on Climate-related Financial Disclosures (**TCFD**) has created a framework for New Zealand organisations to manage risks, identify and seize climate-related business opportunities, and disclose reliable information about the risks and opportunities to investors.

With work currently underway on making climate-related financial disclosures mandatory for listed companies by 2023, we have developed a staged approach to the identification and assessment of climate-related risks and opportunities across the group. Our roadmap to 2023 reporting includes both a plan to meet the requirements of TCFD reporting and furthering our sustainability objectives.

Roadmap to 2023

	2021	2022	2023
GOVERNANCE	Board approved sustainability framework & approach Add sustainability topics to board agendas and reporting	Establish a project team to define approach to TCFD Implement governance procedures for climate-related risks and opportunities	Review management's role and board oversight of climate-related risks and opportunities
STRATEGY	Conduct review of business strategy to align sustainability objectives	Conduct a gap analysis between current <IR> disclosures and TCFD recommendations Identify short-, medium- and long-term climate-related risks and opportunities for Arvida	Review results of scenario analysis and impacts on strategy of climate-related risks and opportunities
RISK MANAGEMENT	Describe current approach to sustainability and climate-related risks Conduct internal stakeholder review of materiality assessment	Systems and data integrity review Conduct external stakeholder review of materiality assessment	Integrate management of climate-related risks and opportunities into the risk framework
METRICS AND TARGETS	Establish emissions reduction target	Report scope 1 – 3 emissions and carbon intensity Report sustainability targets for initiatives implemented and progress	Include sustainability KPIs in performance contracts for leadership team
ASSURANCE	Undertake certification of base line emissions	Undertake certification of FY21 emissions	Prepare for assurance over climate-related disclosures

Historical Summary

Key Financial and Operational Statistics

Financial

	2017	2018	2019	2020	**2021**
Care fees and village services ($000)	85,735	109,896	125,580	129,480	**133,606**
Deferred management fees ($000)	12,268	18,147	21,447	29,044	**33,541**
Total revenue ($000)	101,433	132,298	152,437	163,653	**174,452**
Operating earnings ($000)	20,529	23,518	22,602	24,026	**21,681**
Net profit after tax (IFRS) ($000)	53,668	57,637	59,075	42,640	**131,113**
Underlying profit [9] ($000)	23,135	33,019	38,635	51,686	**51,864**
Annuity earnings [10] ($000)	25,414	33,002	39,759	45,990	**48,288**
Net operating cash flow ($000)	39,746	53,877	69,141	102,917	**130,776**
Total assets ($000)	795,829	1,132,380	1,299,648	1,907,070	**2,181,651**
Embedded value per unit ($000)	117	130	150	178	**210**
Underlying profit per share (cents)	7.66	8.9	9.33	10.23	**9.56**
Dividend per share (cents)	4.45	5.01	5.35	5.80	**5.35**
Net tangible assets per share (cents)	95.9	109.9	119.8	126.7	**146.3**
Shares on issue (000)	334,261	413,741	413,950	541,892	**542,488**

Operational

	2017	2018	2019	2020	**2021**
Number of Villages	26	29	29	32	**33**
Care beds	1,446	1,743	1,722	1,688	**1,672**
Retirement living units	1,301	1,850	1,955	2,475	**2,695**
Needs-based composition	74%	68%	66%	57%	**57%**
Occupancy of care beds [11]	95%	96%	96%	95%	**95%**
New sales of occupation rights	32	79	70	126	**137**
Resales of occupation rights	166	216	258	278	**267**
Total sale of occupation rights	198	295	328	404	**404**
New units/beds delivered	5	97	113	210	**247**
Units/beds development pipeline	907	1.099	1,357	1,683	**1,324**

9. *Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. Please refer to page 19 for a reconciliation to Reported Profit under IFRS.*
10. *Calculated as operating earnings plus realised resale gains on occupation right settlement.*
11. *Measured in March for each financial year.*

Financial Statements

Arvida Group Limited
For the year ended
31 March 2021

Directors' Statement

For the year ended 31 March 2021

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2021.

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 24 May 2021.

Peter Wilson
Chairman
24 May 2021

Anthony Beverley
Director
24 May 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

$000	Note	31 March 2021	31 March 2020
Care fees and village services	2	133,606	129,480
Deferred management fees	2	33,541	29,044
Other income	2	7,305	5,129
Total revenue		**174,452**	**163,653**
Gain on acquisition of villages		0	3,718
Change in fair value of investment property	6	123,547	22,199
Change in fair value of interest rate swaps		(2,237)	(2,671)
Change in fair value in property, plant and equipment		7	508
Share of profit arising from joint venture	18	6,514	2,826
Total income		**302,283**	**190,233**
Employee costs	3	103,011	95,125
Property costs	3	15,826	14,808
Depreciation and amortisation	7, 8	6,682	5,826
Impairment of goodwill	8	3,729	17,864
Finance costs	4	6,017	4,067
Transaction costs		119	576
Other expenses	3	33,934	29,694
Total expenses		**169,318**	**167,960**
Profit before tax		**132,965**	**22,273**
Income tax expense/(credit)	5	1,852	(20,367)
Profit after tax		**131,113**	**42,640**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of property, plant and equipment		1,174	11,191
Total comprehensive income		**132,287**	**53,831**
Earnings per share:			
Basic (cents per share)	16	24.17	8.44
Diluted (cents per share)	16	24.06	8.40

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
Opening Balance at 1 April 2019		**133,198**	**13,322**	**845**	**402,359**	**549,724**
Profit for the period		42,640	0	0	0	42,640
Other comprehensive income		0	11,191	0	0	11,191
Total comprehensive income		**42,640**	**11,191**	**0**	**0**	**53,831**
Dividends paid		(29,585)	0	0	0	(29,585)
Share based payments		0	0	(19)	339	320
Share capital issued		0	0	0	151,731	151,731
Transaction costs		0	0	0	(3,455)	(3,455)
Balance at 31 March 2020		**146,253**	**24,513**	**826**	**550,974**	**722,566**
Opening Balance at 1 April 2020		**146,253**	**24,513**	**826**	**550,974**	**722,566**
Profit for the period		131,113	0	0	0	131,113
Other comprehensive income		0	1,174	0	0	1,174
Total comprehensive income		**131,113**	**1,174**	**0**	**0**	**132,287**
Dividends paid		(28,752)	0	0	0	(28,752)
Share based payments		0	0	(155)	408	253
Share capital issued		0	0	0	0	0
Transaction costs		0	0	0	0	0
Balance at 31 March 2021		**248,614**	**25,687**	**671**	**551,382**	**826,354**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 March 2021

$000	Note	31 March 2021	31 March 2020
Assets			
Cash and cash equivalents		6,426	4,241
Trade receivables and other assets		9,780	11,180
Assets held for sale	9	8,670	0
Tax receivable		1,836	1,342
Resident advances		18,111	18,301
Accrued income		5,614	5,907
Property, plant and equipment	7	195,529	183,151
Investment properties	6	1,872,011	1,621,087
Investment in joint venture	18	31,194	25,880
Intangible assets	8	32,480	35,981
Total assets		**2,181,651**	**1,907,070**
Liabilities			
Trade and other payables	14	33,867	27,714
Employee entitlements	14	12,464	10,801
Revenue in advance	14	59,646	49,809
Interest rate swaps	12	7,947	5,711
Lease liability	11	4,683	4,871
Interest bearing loans and borrowings	12	364,892	312,504
Resident's loans	10	865,872	769,477
Deferred tax liabilities	5	5,926	3,617
Total liabilities		**1,355,297**	**1,184,504**
Net assets		**826,354**	**722,566**
Equity			
Share capital		551,382	550,974
Reserves		26,358	25,339
Retained earnings		248,614	146,253
Total equity		**826,354**	**722,566**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flow

For the year ended 31 March 2021

$000	Note	31 March 2021	31 March 2020
Cash flows from operating activities			
Receipts from residents for care fees and village services		144,376	132,603
Receipts of residents' loans from resales		102,140	90,916
Receipts of residents' loans from new sales		100,652	75,845
Interest received		85	250
Payments to suppliers and employees		(145,435)	(128,083)
Repayments of residents' loans		(64,214)	(62,897)
Interest paid		(6,328)	(3,653)
Income tax paid		(500)	(2,064)
Net cash inflow from operating activities	**13**	**130,776**	**102,917**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(8,602)	(6,145)
Payments for village acquisitions		0	(178,953)
Purchase of investment properties		(140,387)	(146,423)
Proceeds from sale of assets		0	3,406
Capitalised interest paid		(5,842)	(6,305)
Net cash (outflow) from investing activities		**(154,831)**	**(334,420)**
Cash flows from financing activities			
Proceeds from borrowings		85,500	244,500
Proceeds from bond		125,000	0
Repayment of borrowings		(156,000)	(122,000)
Proceeds of share issue		0	141,731
Transaction costs		(119)	(4,031)
Payments for lease liabilities		(589)	(645)
Dividends paid		(28,752)	(29,585)
Dividends received		1,200	1,200
Net cash inflow from financing activities		**26,240**	**231,170**
Net increase/(decrease) in cash and cash equivalents		**2,185**	**(333)**
Cash and cash equivalents at the beginning of the financial period		4,241	4,574
Cash and cash equivalents at the end of the financial period		**6,426**	**4,241**

The financial statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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 39 Market Place, Viaduct Basin, 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 24 May 2021. 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 and land and buildings (included in property, plant and equipment);
- 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

No comparatives have been restated.

2. INCOME

Care Fees and Village Services

Care fees and village services fees are recognised over the period in which the service is rendered.

Deferred Management Fees

Deferred management fees entitle residents to accommodation and the use of the community facilities within the village. They are recognised over the period of service, being the greater of the expected period of tenure or the contractual right to the revenue.

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.

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 Ministry of Health included in care fees and village services amounted to $78.6 million (2020: $73.1 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 6.2 to 9.1 years (2020: 5.9 to 9.4 years) for independent apartments and villas and are estimated at 2.8 to 5.0 years (2020: 4.1 to 5.0 years) for care suites and serviced apartments.

3. EXPENSES

Operating Expenses

Employment expenses relate to wages and salaries of employees which includes holiday pay 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	2021	2020
Other expenses		
Directors' fees	532	498

4. FINANCE COSTS

$000	2021	2020
Interest expense	3,834	2,954
Facility costs	1,678	895
Financing costs	505	218
Total finance costs	**6,017**	**4,067**

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	2021	2020
Income tax expense		
Current tax	0	2,793
Deferred tax	1,852	(23,160)
	1,852	**(20,367)**

$000	2021	2020
Reconciliation to profit before tax		
Profit before tax	132,965	22,273
Tax at 28%	**37,230**	**6,236**
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Changes in fair values	(34,595)	(6,358)
Reversal of deferred tax	0	(22,896)
Share of profit arising from joint venture (net of tax)	(1,824)	(791)
Non-taxable income and non-deductible expenditure	970	3,428
Other	71	14
Income tax expense	**1,852**	**(20,367)**

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% (2020: 28%).

Imputation Credits

The imputation credit balance for the Group and Parent as at 31 March 2021 is $0.7 million (2020: $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.

$000	2021	2020
Brought forward	**3,617**	**27,719**
Temporary difference in income statement		
Property, plant and equipment	717	(21,900)
Investment property	4,544	1,364
Deferred management fees	965	(1,854)
Income taxes not yet utilised	(3,132)	0
Other items	(1,242)	(770)
	1,852	**(23,160)**
Temporary differences in Other Comprehensive Income		
Property, plant and equipment	457	2,776
	457	**2,776**
Acquired on acquisition		
Deferred management fees	0	(3,718)
	0	**(3,718)**
Balance at end of year		
Property, plant and equipment	1,262	88
Investment property	23,595	19,051
Deferred management fees	(10,700)	(11,665)
Income taxes not yet utilised	(3,132)	0
Other items	(5,099)	(3,857)
Deferred tax liability	**5,926**	**3,617**

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 PROPERTY

$000	2021	2020
Balance at beginning of period	1,621,087	1,021,582
Acquisition of villages	0	426,619
Additions	148,156	151,369
Assets held for sale	(7,553)	0
Reclassification from / (to) property, plant and equipment	(13,226)	(682)
Fair value movement - unrealised	123,547	22,199
Total investment property	**1,872,011**	**1,621,087**
Valuation of managers' net interest	782,565	614,750
Development land	90,800	100,230
Investment property under construction	78,742	92,728
Liability for residents' loans	865,872	769,477
Net revenue in advance / (accrued income)	54,032	43,902
Total investment property	**1,872,011**	**1,621,087**

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 property is initially recognised at cost and subsequently measured at fair value with any change in fair value recognised in the statement of comprehensive income.

Covid-19

CBRE Limited ("CBRE") and Jones Lang LaSalle Limited ("JLL") have reviewed market conditions in relation to the Covid-19 global pandemic. With the level of uncertainty and unknown impacts decreasing, and markets becoming more used to operating under Covid-19 conditions, they have reversed their Covid-19 specific adjustments relating to discount rates, near term growth rates and recycle frequencies when determining value at 31 March 2021. Their view is that the longer-term economic impact of Covid-19 on the New Zealand retirement village sector remains unknown, with comparable transactions and market evidence since the outbreak limited. They advise that a higher degree of caution should be exercised when relying upon the valuations.

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.

Significant assumptions used by the valuer include:

Assumption	Estimate Used
Land $/ha	Between $0.9 million and $20.0 million (2020: $0.8 million and $19.5 million)
Land $/unit	Between $0.0 million and $0.3 million (2020: $0.0 million and $0.2 million)

The valuation of investment property includes within its forecast cash flows, 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 6.2 to 9.1 years (2020: 5.9 to 9.4 years) for independent apartments and villas and 2.8 to 5.0 years for care suites and serviced apartments (2020: 4.1 to 5.0 years)
House price inflation	Between 0.5% and 3.5% (2020: -5.0% and 3.5%)
Discount rate	Between 12.5% and 17.0% (2020: 12.5% and 17.5%)
Average age on entry	Between 71 and 88 years (2020: 71 and 84 years) for independent apartments and villas and between 80 and 87 years (2020: 80 and 87 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 $27.9 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 $25.9 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 $40.4 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 $37.0 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 significant decrease (increase) in the stabilised departing occupancy period would result in significantly higher (lower) fair value measurement and a significant increase (decrease) in the average age on entry of residents would result in a significantly 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 2020						
Opening net book value	57,015	99,570	0	190	11,939	168,714
NZ IFRS 16 transition	0	0	4,964	0	0	4,964
Acquisition of villages	0	0	0	0	1,033	1,033
Additions	0	616	282	1,060	5,035	6,993
Depreciation	0	(1,934)	(549)	0	(3,192)	(5,675)
Revaluation	4,053	10,423	0	0	0	14,476
Disposals and transfers	(7,025)	0	0	(92)	(237)	(7,354)
Closing net book value	**54,043**	**108,675**	**4,697**	**1,158**	**14,578**	**183,151**
Cost or valuation	54,043	108,675	5,246	1,158	26,915	196,037
Accumulated depreciation	0	0	(549)	0	(12,337)	(12,886)
Net book value at 31 March 2020	54,043	108,675	4,697	1,158	14,578	183,151
Year ended 31 March 2021						
Opening net book value	54,043	108,675	4,697	1,158	14,578	183,151
Additions	0	556	383	1,390	6,780	9,109
Depreciation	0	(2,194)	(590)	0	(3,751)	(6,535)
Revaluation	0	1,638	0	0	0	1,638
Asset held for sale	(1,200)	(3,175)	0	0	(204)	(4,579)
Disposals and transfers	4,455	8,028	0	(270)	532	12,745
Closing net book value	**57,298**	**113,528**	**4,490**	**2,278**	**17,935**	**195,529**
Cost or valuation	57,298	113,528	6,278	2,278	34,023	213,405
Accumulated depreciation	0	0	(1,788)	0	(16,088)	(17,876)
Net book value at 31 March 2021	57,298	113,528	4,490	2,278	17,935	195,529

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.

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
- Plant, Furniture, Equipment and Motor Vehicles - a combination of straight line and diminishing value at rates of 3% to 80%

At 31 March 2021, had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately $44.5 million and $98.9 million respectively (2020: $40.0 million and $92.4 million).

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 fair value of care facility land and buildings for the year ended 31 March 2021 was valued by the Directors of the Group. The Directors' valuation was based on independent advice from CBRE on the macro view of the valuation of care facilities in New Zealand, specific physical factors and operating metrics of each of the care facilities being valued. The Directors, in forming the valuations, considered the following:

- the independent advice from CBRE confirmed that there were no material macro changes in the valuation of the care facilities in New Zealand during the financial year;
- where material construction of care beds or care building related assets had occurred within the period under review, an independent valuation of these assets was completed by CBRE;
- that no other material construction of care beds or care building related assets had occurred within the period under review;
- the key metrics of the care facilities were in-line with expectations (excluding any short-term impacts of Covid-19); and
- that the Directors were not aware of any material physical, operational or macro issues that would materially impact care facility values.

The Directors agreed that the valuations of the care facility's land and buildings would remain unchanged from the valuations completed by CBRE and JLL as at 31 March 2020, adjusted for any additions, disposals, decommissions, the completion of earthquake remediation works and valuations of material construction of care beds or care building related assets that occurred within the period under review.

The value of the care facility land and buildings for the years ended 31 March 2020 and 31 March 2021 was 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:

Assumption	Estimate Used
Capitalisation rates	Rates used range from 10.75% to 15.5% (2020: 10.75% to 15.5%)
Earnings	Market value for a care bed ranging from $68,242 to $181,818 (2020: $68,242 to $181,818)

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 2020			
Opening net book value	53,680	283	53,963
Additions	0	33	33
Amortisation	0	(151)	(151)
Impairment of goodwill	(17,864)	0	(17,864)
Closing net book value	**35,816**	**165**	**35,981**
Year ended 31 March 2021			
Opening net book value	35,816	165	35,981
Additions	0	375	375
Amortisation	0	(147)	(147)
Impairment of goodwill	(3,729)	0	(3,729)
Closing net book value	**32,087**	**393**	**32,480**

Goodwill

Goodwill as at 31 March 2021 was $32.1 million (2020: $35.8 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 twenty of the cash generating units ("CGU's"). 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 seventeen of the CGU's, the recoverable amount was based on fair value, and three CGU's based on value in use.

In twelve 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 eight 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 $3.7 million (2020: $17.9 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'.

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 property 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 11.3% to 15.3% (2020: 11.3% to 15.3%). 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% (2020: 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. ASSETS 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.

Discontinued operations are separately disclosed in the statement of comprehensive income if they represent a major part of the business.

10. RESIDENTS' LOANS

$000	2021	2020
Opening balance	769,477	466,075
Amounts repaid on termination of ORAs	(72,879)	(62,149)
Amounts received on issue of new ORAs	216,948	175,151
Amounts acquired on investment property	0	226,242
Amounts relating to assets held for sale	(3,262)	0
Movement in DMF receivable and residents' portion of capital gains	(44,412)	(35,842)
Total residents' loans	**865,872**	**769,477**

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 occupation right agreement ("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.

Deferred management fees ("DMF") are payable by residents in consideration for the supply of accommodation and the right to share in the use of community facilities. Deferred management fees 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).

11. LEASES

As Leasee

The Group has leases for support office premises, the care facility at Glenbrae Village 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 statement of financial position.

The following practical expedients have been utilised in relation to the Group's operating leases as lessee:

- A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics
- Leases with a term ending within 12 months of the date of application have been treated as short term leases
- Initial direct costs have been excluded from the measurement of the right of use asset at the date of initial application

The weighted average incremental borrowing rates used to measure lease liabilities at the date of application are 3.1% (2020: 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.

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 greater of the expected period of tenure or the contractual right to revenue. 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.

$000	2021	2020
Less than 1 year	708	584
Between 1 and 5 years	1,534	1,612
More than 5 years	2,441	2,675
Total lease liabilities	**4,683**	**4,871**

$000	2021	2020
Interest on lease liabilities	210	188
Expenses relating to short-term and low-value assets	6	5
Depreciation on right of use assets	590	549
Total amounts recognised in profit and loss	**806**	**742**

12. INTEREST BEARING LOANS AND BORROWINGS

$000	2021	2020
Secured bank loans	242,500	313,000
Retail Bond - ARV010	125,000	0
Capitalised financing costs	(2,608)	(496)
Total interest bearing loans and borrowings	**364,892**	**312,504**

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 difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Secured Bank Loans

On 6 April 2020, 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 A to 6 April 2025 and incorporated a new Facility D of $100.0 million with a maturity date of 6 October 2021. The key terms of the amended facilities agreement were not substantially different.

On 18 September 2020 a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited and Bank of New Zealand. The agreement adjusted some terms to allow for other forms of debt instruments to be used by the Group. The key terms of the amended facilities agreement are similar to the old facility.

On 22 February 2021 Facility D was cancelled.

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 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 2021 ranged from 1.4% to 1.6% pa (2020: 1.7% to 3.1% 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 $5.8 million (2020: $6.3 million) were capitalised during the year. The weighted average capitalisation rate on the funds borrowed was 3.1% (2020: 4.0%).

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 2021, the Group was in compliance with its financial covenants (2020: 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).

Funding facilities	Limit	2021 Drawn Amount	2020 Drawn Amount
Facility A maturing 6 April 2025	$125m	$8.5m	$125.0m
Facility B maturing 5 June 2023	$125m	$115.0m	$69.0m
Facility C maturing 24 June 2022	$125m	$119.0m	$119.0m
Total Facilities	**$375.0m**	**$242.5m**	**$313.0m**

13. RECONCILIATION OF PROFIT AFTER TAX WITH CASH INFLOW FROM OPERATING ACTIVITIES

$000	2021	2020
Profit after tax	**131,113**	**42,640**
Adjustments for:		
Gain on acquisition of villages	0	(3,718)
Changes in fair value of investment property	(123,547)	(22,199)
Changes in fair value of property, plant and equipment	(7)	(508)
Changes in fair value of interest rate swaps	2,237	2,671
Share of investment in joint venture	(6,514)	(2,826)
Depreciation	6,682	5,826
Impairment of goodwill	3,729	17,864
Movement in deferred tax	1,852	(23,160)
Transaction costs included in financing activities	119	576
Changes in working capital relating to operating activities		
Trade receivables and other assets	(229)	(10,067)
Trade and other payables	18,694	18,415
Refundable occupation right agreements	96,395	77,160
Other	252	243
Net cash inflow from operating activities	**130,776**	**102,917**

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.

14. TRADE AND OTHER PAYABLES

$000	2021	2020
Trade creditors	16,409	17,242
Sundry creditors and accruals	17,458	10,472
Employee entitlements	12,464	10,801
Revenue in advance	59,646	49,809
Total trade and other payables	**105,977**	**88,324**

Revenue in Advance

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

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.

15. SHARE CAPITAL

Shares 000	2021	2020
Opening balance	541,892	413,950
Shares issued	596	127,942
Closing balance	**542,488**	**541,892**

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 $0.1 million of transaction costs during the year (2020: $4.0 million), with no costs related to the issue of new shares and deducted from equity (2020: $3.5 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 24 April 2019 Arvida Group Limited issued 731,325 ordinary shares to senior executives under the terms of its long-term incentive plan.

On 28 June 2019 Arvida Group Limited issued 40,000,000 ordinary shares at $1.25 to new and existing investors by way of a placement to part fund the acquisition of Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club.

On 22 July 2019 Arvida Group Limited issued 79,766,160 ordinary shares at $1.15 to existing investors by way of a 1-for-5.7 pro-rata renounceable rights issue to part fund the acquisition of Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club.

On 31 July 2019 Arvida Group Limited issued 7,444,488 ordinary shares at $1.343 to the vendors of Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club in part satisfaction of the purchase price.

On 25 May 2020 Arvida Group Limited issued 595,983 ordinary shares to senior executives under the terms of its long-term incentive plan.

Dividends

During the year dividends of 5.30 cents per ordinary share (2020: 5.80 cents per ordinary share) were paid to shareholders. Imputation credits of 0.10 cents per ordinary share (2020: 0.40 cents per ordinary share) were attached to the dividends.

16. EARNINGS PER SHARE

$000	2021	2020
Profit attributable to equity holders	131,113	42,640
Basic earnings per share		
Weighted average number of ordinary shares on issue (thousands)	542,395	505,008
Basic earnings per share (cents)	**24.17**	**8.44**
Diluted earnings per share		
Weighted average number of ordinary shares on issue (thousands)	544,894	507,706
Diluted earnings per share (cents)	**24.06**	**8.40**

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.

17. 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	2021	2020
Financial assets		
Cash and cash equivalents	6,426	4,241
Trade receivables and other assets	5,494	9,044
Total	**11,920**	**13,285**
Financial liabilities		
Trade and other payables	33,867	27,714
Interest rate swaps	7,947	5,711
Bank loans	242,500	313,000
Retail bonds	125,000	0
Residents' loans	865,872	769,477
Total	**1,275,186**	**1,115,902**

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 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 income statement 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 12.

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 12.

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
2020		
Trade and other payables	27,714	0
Lease liabilities	584	4,287
Interest rate swaps	0	5,711
Bank Loans	0	313,000
Refundable occupation right agreements	64,225	705,252
2021		
Trade and other payables	33,867	0
Lease liabilities	708	3,975
Interest rate swaps	173	7,774
Bank Loans	0	242,500
Retail bonds	0	125,000
Refundable occupation right agreements	83,989	781,883

18. SUBSIDIARY COMPANIES

Wholly Owned Subsidiaries

The following entities are wholly owned subsidiaries of the ultimate parent company, Arvida Group Limited, as at 31 March 2021:

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
Ashwood Park Lifecare (2012) Limited
Ashwood Park Retirement Village (2012) Limited
Bainlea House (2013) Limited
Bainswood House Rest Home Limited
Bainswood Retirement Village Limited
Bethlehem Country Club Village Limited
Bethlehem Shores Retirement Village Limited
Copper Crest Living Well Limited[1]
Copper Crest Retirement Village Limited
Glenbrae Rest Home and Hospital Limited
Glenbrae Village Limited
Good Friends (2020) Limited[2]
Ilam Lifecare Limited
Ilam Senior Living Limited
Lansdowne Developments Limited
Lansdowne Park Village Limited
Lauriston Park Retirement Village Limited
Mary Doyle Healthcare Limited
Mary Doyle Trust Lifecare Complex Limited
Mayfair Lifecare (2008) Limited
Mayfair Retirement Village (2008) Limited
Molly Ryan Lifecare (2007) Limited
Molly Ryan Retirement Village (2007) Limited
Oakwoods Lifecare (2012) Limited
Oakwoods Retirement Village (2012) Limited
Olive Tree Apartments Limited
Olive Tree Holdings Limited
Olive Tree Village (2008) Limited

1 Incorporated on 3 June 2020
2 Incorporated on 29 May 2020

Park Lane Lifecare Limited
Park Lane Retirement Village Limited
Queenstown Country Club Living Well Limited[3]
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[4]
The Cascades Retirement Resort Limited
The Maples Lifecare (2005) Limited
The Maples Retirement Village (2005) Limited
The Wood Lifecare (2007) Limited
The Wood Retirement Village (2007) Limited
Views Lifecare Limited
Waikanae Country Lodge Limited
Waikanae Country Lodge Village Limited
Waimea Plains Living Well Limited
Waimea Plains Retirement Village Limited
Wendover Rest Home 2006 Limited
Wendover Retirement Village 2006 Limited

3 Incorporated on 4 February 2021
4 Changed name from Kerikeri Land Limited on 24 November 2020

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 (2020: 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 $6.5 million (2020: $2.8 million) of share of profits arising from the joint venture, net of tax, was recognised. Of this, $6.0 million (2020: $2.0 million) related to the change in fair value of the joint venture's investment property.

19. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

Key management personnel compensation for the year ended 31 March 2021 and the year ended 31 March 2020 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	2021	2020
Salaries and other short term benefits	2,676	2,692
Share based payments	253	320
Total	**2,929**	**3,012**

Identity of Related Parties

The Board of Directors at 31 March 2021, comprising Peter Wilson, Michael Ambrose, Anthony Beverley, Susan Paterson, Susan Peterson and Paul Ridley-Smith.

Executives of the Group, including, but not limited to, William McDonald and Jeremy Nicoll.

Joint Venture, during the year $0.4 million (2020: $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 (2020: $1.2 million).

20. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2020: nil).

21. FEES PAID TO AUDITORS

$000	2021	2020
Fees paid to group auditor - Ernst & Young		
Audit	404	397
Other non-assurance		
Tax compliance and advisory	0	1
Total	**404**	**398**

22. SUBSEQUENT EVENTS

On 19 April 2021, the directors approved the issuance of 385,712 shares to senior employees pursuant to the equity based share rights scheme.

On 24 May 2021, the directors approved a dividend of 1.50 cents per share amounting to $8.1 million. The dividend does not have any imputation credits attached and no supplementary dividend will be paid to non-resident shareholders. The dividend record date is 2 June 2021 and payment is due to be made on 10 June 2021.

23. CAPITAL COMMITMENTS

As at 31 March 2021, the Group had $9.4 million of capital commitments in relation to construction contracts (2020: $42.5 million).

As at 31 March 2021, the Group had $4.5 million of commitments in relation to the purchase of land (2020: $0.2 million).

24. EMPLOYEE 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 either of the 10 or 20 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. Details of the vesting hurdles can be found in the Remuneration section of this report.

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 2021 of $0.3 million has been recognised in the Group's statement of comprehensive income for that period (2020: $0.3 million).

Details of the unlisted performance share rights scheme are:

2021

Commencement date	**1 April 2015**	**1 April 2018**	**1 April 2019**	**1 April 2020**
Issue price	$ 0.95	$ 1.19	$ 1.26	$ 1.15
% of shares vested	61%	0%	0%	0%
Vesting date	31 March 2021	23 June 2021	8 June 2022	7 June 2023
Unlisted performance share rights	630,042	422,264	678,297	769,035
Volatility assumption	22%	22%	22%	22%

2020

Commencement date	**1 April 2015**	**1 April 2015**	**1 April 2017**	**1 April 2018**	**1 April 2019**
Issue price	$ 0.95	$ 0.95	$ 1.33	$ 1.19	$ 1.26
% of shares vested	77%	0%	35%	0%	0%
Vesting date	31 March 2020	31 March 2021	31 March 2020	23 June 2021	8 June 2022
Unlisted performance share rights	630,042	630,042	312,935	422,264	702,297
Volatility assumption	14%	14%	14%	14%	14%

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

The share price at the date of exercise of the options that vested on 31 March 2021 was $1.81. The weighted average remaining contractual life for the share options outstanding as at 31 March 2021 was 1.0 years (2020: 1.0 years).

	2021 Number	2021 WAEP	2020 Number	2020 WAEP
Opening balance at 1 April	2,697,580	$ 1.12	2,982,237	$ 1.02
Granted during the year	769,035	$ 1.15	702,297	$ 1.26
Forfeited during the year	(24,000)	$ 1.26	0	$ 0.00
Exercised during the year	(595,983)	$ 1.02	(731,325)	$ 0.94
Expired during the year	(346,994)	$ 1.18	(255,629)	$ 0.95
Closing balance at 31 March	**2,499,638**	**$ 1.14**	**2,697,580**	**$ 1.12**
Exercisable at 31 March	**630,042**	**$ 0.95**	**942,977**	**$ 1.08**

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Building a better working world

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 ("the Group"), on pages 45 to 70, which comprise the consolidated balance sheet of the Group as at 31 March 2021, 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 notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 45 to 70 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Investment Property

Why significant?	How our audit addressed the key audit matter

The Group's investment property comprises a portfolio of retirement villages and development land in New Zealand which have an assessed fair value of $1.9b and account for 86% of total Group assets at 31 March 2021.
 	
The Group engaged two third party registered valuers to determine the fair value of these properties at 31 March 2021. The fair values of the properties as determined by the third party valuers were adjusted for assets and liabilities already recognised in the balance sheet to determine their recorded values.
	Our audit procedures included the following:
	• Held discussions with management to understand:
	  • sales or purchases of the Group's investment property assets;
	  • changes in the condition of each property;
	  • the impact that COVID-19 has had on the Group's investment property; and
	  • their internal review of the third party valuation reports.
	
	...continued over

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 difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of a property.
For investment properties 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.
Disclosures relating to investment property and the associated significant judgments are included in Note 6 'Investment Property' to the consolidated financial statements.
	• Held discussions with the third party valuers to gain an understanding of the assumptions and estimates used and the valuation methodologies applied. This included consideration of any impact that COVID-19 has had on key assumptions such as the discount rate and forecast house price inflation;
	• 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, Occupational Rights Agreement ("ORA") and occupancy data, 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, 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 and other assets;
	• Considered the impact of new development work and the completeness of the assets included in the valuation; and
	• Considered the adequacy of the disclosures in Note 6.

Care Facilities

Why significant?	How our audit addressed the key audit matter

The land and buildings associated with the Group's care facilities are classified as Property, Plant & Equipment, are recorded at fair value of $0.2b and account for 9% of total Group assets at 31 March 2021.
The Group engaged two third party registered valuers to determine the fair value of these properties in the prior financial year.
The Directors have considered whether these previous values remain appropriate at 31 March 2021.
As disclosed in note 7 'Property, Plant and Equipment', in forming their assessment on whether there has been a material change in fair value the Directors considered the following factors:
• third party valuer information on the macro changes in the valuation of care facilities during the year;
• construction of care beds of related assets that occurred in the year;
	Our audit procedures included the following:
	• Held discussions with management to understand:
	  • sales or purchases of the Group's care facility property assets;
	  • changes in the condition of each property;
	  • the impact that COVID-19 has had on the Group's care facility property; and
	  • their internal review of the third party valuations report.
	• Assessed the Directors valuation of care facility properties and its supporting documentation and analysis;
	• On a sample basis we:
	  • assessed key inputs of property specific information including occupancy data and earnings per care bed, to the underlying records held by the Group; and
	...continued over

• whether key care facility metrics were in line with previous third party valuation expectations (excluding any short term impacts arising from COVID-19); and • whether there were any material physical, operational or macro issues that would impact care facility values. Where the Directors determine that there has been no material change in fair value of these care facility properties the Directors have adopted the most recent third party registered valuation as fair value at 31 March 2021. Where the Directors determine there has been a material change in fair value they engage third party valuers to determine the fair value of these properties at 31 March 2021. Three care facility properties were valued by a third party registered valuer at 31 March 2021. For care facility valuations key assumptions are made in respect of: • capitalisation rates; and • earnings per care bed. Disclosures relating to care facilities and the associated significant judgments are included in Note 7 'Property, Plant and Equipment' to the consolidated financial statement.	• assessed the significant assumptions considered by the Directors compared to previous period third party valuations, the changing state of the properties and other market changes • Examined the allocation of costs from work in progress to completed care facilities and other assets; • Considered the impact of new development work and the completeness of the assets included in the Directors valuation; • In relation to the three properties which were subject to third party valuation we performed the procedures described in "Investment Property" above; and • Considered the adequacy of the disclosures in Note 7.

Goodwill Impairment

Why significant?	How our audit addressed the key audit matter
The Group has goodwill of $32.1 million at 31 March 2021 and recognised an impairment charge of $3.7 million in the year. The recoverable amount of each cash generating unit ("CGU") to which goodwill is allocated is determined each reporting period as the higher of the Value in Use ("VIU") and Fair Value less costs of disposal ("FV"). VIU is calculated by the Group using discounted cash flow models ("DCF") and FV of the cash generating unit is calculated by third party registered valuers or by Directors valuation, in a similar manner as that referenced in "Care Facilities" key audit matter above. As a result the same significant matters apply to the FV estimates. DCF models contain significant assumptions that are inherently subjective. A small difference in any one of the key assumptions, when aggregated, could result in a material difference in the assessed VIU of a CGU. Disclosure relating to Goodwill and the associated significant judgments are included in Note 8 'Intangible assets' to the consolidated financial statements.	Our audit procedures included the following: • Held discussions with management to understand: • the Group's approach to the determination of CGUs; and • the allocation of goodwill to CGUs. • In relation to VIU, on a sample basis we: • tested the mathematical accuracy of DCF models; • obtained the group's DCF models and agreed EBITDA inputs to the board approved FY22 budget; • involved our valuation specialists to assist the audit team in assessing the discount rates and growth rates applied; • compared the budgeted EBITDA with historical actual figures and considered the accuracy of previous internal forecasts; • performed sensitivity analyses on key DCF assumptions, including operating earnings, discount rates and growth rates, to understand the impact of reasonably possible changes in key assumptions; and ...continued over

	• compared the calculated recoverable amounts using the VIU and FV approaches to the associated carrying amounts for each CGU and assessed whether any impairments were required. • Our procedures in relation to FV are described in the "Care Facilities" key audit matter above; and • Considered the adequacy of the disclosures in Note 8.

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 the 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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 responsibility for the audit of the financial statements is located at 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
24 May 2021

Governance

Arvida Group Limited
For the year ended
31 March 2021

Board of Directors

The Board currently comprises six directors. Each of the directors is non-executive and independent.

The Board is structured to ensure that as a collective group it has the skills, experience, knowledge, diversity and perspective to fulfil its purpose and responsibilities. The Board's responsibilities are set out in the Board Charter.

Biographies for each of our directors along with Arvida's governance documents are available at arvida.co.nz/investors/corporate-governance.

PETER WILSON, Chair & Independent Director

ANTHONY BEVERLEY, Independent Director

SUSAN PATERSON, Independent Director

SUSAN PETERSON, Independent Director

MICHAEL AMBROSE, Independent Director

PAUL RIDLEY-SMITH, Independent Director

Senior Leadership Team

The Arvida senior leadership team is a diverse and experienced management team that comprises the Chief Executive Officer, Chief Financial Officer and six other members of senior executive management.

Biographies are available at arvida.co.nz/investors/corporate-governance.

BILL MCDONALD
Chief Executive Officer

JEREMY NICOLL
Chief Financial Officer

MARK WELLS
General Manager
Finance

JONATHAN ASH
General Manager
Development

MARIA SCOTT-MULTANI
General Manager
Wellness and Care

TRISTAN SAUNDERS
General Manager
Sales & Marketing

KAY MARSHALL
General Manager
Village Services

TERESA SEUX
General Manager
Human Resources

Arvida is committed to applying and adhering to best practice governance structures and principles. To maintain this standard, the Company has implemented a framework of structures, practices and processes that it considers reflect best practice.

The framework has been guided by the recommendations set out in the NZX Corporate Governance Code (NZX Code) and the requirements set out in the NZX Listing Rules. The Company reviewed its corporate governance policies and procedures, and its board and committee charters during the year, demonstrating its commitment to the fundamental principles set out in the NZX Code. Each principle of the NZX Code is provided below with an explanation on how the Company meets the principle.

The Board confirms that in the year to 31 March 2021, Arvida's corporate governance practices and policies fully complied with the NZX Code recommendations. The corporate governance policies and procedures, and Arvida's board and committee charters are available to view at www.arvida.co.nz/investors/corporate-governance.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

> **"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."**

Code of Ethics and Related Policies

Recommendation 1.1: *The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

The Board sets and maintains high standards of ethical conduct and expects the Company's Directors and employees to act legally and with integrity in a manner consistent with the policies, guiding principles and values that are in place.

The Company's Code of Ethics sets out the standards of conduct expected of Directors (including members of committees) and employees (including contractors and consultants). The purpose of the Code is to underpin and support the values that govern individual and collective behaviour. It covers a wide range of areas including the following: standards of behaviour; conflicts of interest; proper use of company information and assets; gifts; compliance with laws and policies; reporting concerns; and corporate opportunities.

Related policies include: financial products trading; audit independence; whistle blowing; diversity and inclusion; market disclosure; and the interests register.

Training on ethical conduct is included as part of the induction process for new Directors and employees and forms a part of an employment handbook provided to employees. The Code can be found on the Company's website and internal intranet.

The Code requires Directors and employees to report breaches of the Code and sets out the procedure for doing so in accordance with the Company's Whistle Blowing Policy.

Trading in Company Securities Policy

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and Directors.*

In accordance with the Company's Financial Products Trading Policy, the NZX Listing Rules, and the Financial Markets Conduct Act 2013, Directors and employees of the Company are subject to limitations on their ability to buy or sell Company shares.

The Policy sets out restrictions on the ability of Directors and employees to buy or sell financial products. In particular:

- Restricted Persons may not buy or sell Company shares in specified "blackout" periods that are set out in the Policy (these periods commence prior to the release of financial results to the market or the release of other material information).
- Outside of a blackout period, Restricted Persons must obtain consent to buy or sell Company shares and should not engage in short term trading.

Directors are encouraged to own shares in the Company in their own name (or through associated interests). In the case of Independent Directors, the Board has resolved that Independent Directors are expected to hold a discretionary but meaningful level of Arvida shares. The Directors' shareholdings and changes to those shareholdings are included in the Disclosures section of this Annual Report.

Training on the Policy is included as part of the induction process for new Directors and included in the employee handbook distributed to employees. The Policy is available to view at www.arvida.co.nz/investors/corporate-governance.

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

> **"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."**

The Board is comprised of six Directors with a mix of qualifications, skills and experience appropriate to Arvida's business. The Board schedules a minimum of eight meetings each year.

Board Charter

Recommendation 2.1: *The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.*

The Board has adopted a formal Board Charter that is available to view at www.arvida.co.nz/investors/corporate-governance and details its authority, responsibilities, membership and operation.

Role of the Board

The key responsibilities of the Board include establishing the Company's objectives, the major strategies for achieving these objectives, the overall policy framework within which business is conducted and monitors the senior leadership team's performance with respect to these matters. The Board has processes and systems in place to ensure that significant issues, risks and major strategic decisions are monitored and considered at Board level. This allows the Company to operate on a day-to-day basis in a manner which maximises shareholder value and manages risk while seeking to ensure that the interests of Shareholders are protected.

A summary of the Board Charter includes:

- At least one-third of the total number of Directors should be Independent as defined in the NZX Listing Rules.
- The Chair of the Board should be an Independent Director.
- The Chair and the Chief Executive Officer should be different people.
- Directors should possess a broad range of skills, qualifications and experience, and remain current on how best to perform their duties as Directors.
- Information of sufficient content, quality and timeliness as the Board considers necessary shall be provided by management to allow the Board to discharge its duties effectively.
- The effectiveness and performance of the Board and its individual members should be re-evaluated on an annual basis.

The Board's focus is on the creation of long term shareholder wealth and ensuring the Company is run in accordance with best international management and corporate governance practices. The legitimate interests of all stakeholders are taken into account in the decision-making of the Board.

Delegation of authority

The Board delegates to the Chief Executive Officer responsibility for implementing the Board's strategy and for managing the Company's operations. The Chief Executive Officer has Board-approved levels of authority and, in turn, sub-delegates authority in some cases to direct reports and has established a formal process for direct reports to sub-delegate certain authorities as appropriate. This is documented in the Delegated Authority Policy.

All Directors have access to the senior leadership team to discuss issues or obtain further information on specific areas. Key executives and managers are invited to attend and participate in appropriate sessions at Board meetings to provide additional insight into the items being discussed. With the Chair's prior approval, Directors are entitled to obtain external independent expert advice.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: *Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.*

Retirement and re-election

In accordance with the Company's Constitution and the NZX Listing Rules, Directors are required to retire three years after their appointment or at the third Annual Meeting of Shareholders following their appointment (whichever is later). Directors who have been appointed by the Board must also retire at the next Annual Meeting following their appointment. Directors may offer themselves for re-election by Shareholders. Procedures for the appointment and removal of Directors are also governed by the Constitution.

At the 2021 Annual Meeting of Shareholders, Peter Wilson will retire and not stand for re-election, Susan Paterson will retire by rotation and stand for re-election, and Susan Peterson, who having been appointed by the Board during the year, will stand for election. Profiles for each Director will be contained in the Notice of Meeting. The meeting will be held at 10:30am on Friday 2 July 2021 at the Park Lane Living Well Centre, 47 Whiteleigh Avenue, Tower Junction, Christchurch.

Board composition

The Board's policy is that the Board needs to have an appropriate mix of skills, professional experience and diversity to ensure that it is well equipped to fulfil its responsibilities. The Board reviews and evaluates on a regular basis the skill mix required, and identifies any existing gaps.

The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing the Company.

The NZX Listing Rules require that a minimum of two Directors are Independent Directors. As at 31 March 2021, Peter Wilson (Chair), Michael Ambrose, Anthony Beverley, Susan Paterson, Susan Peterson and Paul Ridley-Smith were determined by the Board to be Independent Directors. Accordingly, the Board comprised of six non-executive Independent Directors.

In determining whether a Director is Independent, the Board has regard to the NZX Listing Rules. The Board considers all current Directors to be Independent in that they are not executives of the Company and do not have a direct or indirect interest or relationship that could reasonably influence, in a material way, their decisions in relation to the Company.

The Directors are required to keep the Board advised of any interests they have that could affect their independence, including any interests that could potentially conflict with the interests of Arvida. The Board determines the independence of each Director in terms of any matter arising at any time and on a formal basis at the time of appointment and annually thereafter. The Board will review any determination it makes as to a Director's independence on becoming aware of any information that indicates that the Director may have a material relationship that could potentially conflict with the interests of the Company.

All Directors have agreements that set out the terms and conditions of their appointment.

Director Particulars

Recommendation 2.4: *Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests*.

Information on each Director, including their interests, skills, length of service and security holdings, is provided in the Directors' Profiles and Disclosures sections of this Annual Report. A profile of each Director is available to view at www.arvida.co.nz/investors/corporate-governance.

Diversity

Recommendation 2.5: *An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it*.

Diversity and inclusion

The Company and its Board believe that having a team of individuals with different backgrounds, views, experiences and capabilities working together makes the business stronger, vibrant and better as an organisation. The Company is committed to retaining and recruiting people who are passionate about the Company's customers and have a range of skills, experiences and frames of reference to drive innovation and to help the Company to achieve its vision.

The Company has a formal Diversity and Inclusion Policy which is available to view at www.arvida.co.nz/investors/corporate-governance

Each year the Board reviews performance of the Policy against agreed annual objectives.

The Company has determined that the category of Officers includes the Chief Executive Officer, Chief Financial Officer and the six divisional General Managers. The gender mix of Directors and Officers is set out overleaf.

	Gender	2021	2020
Directors	Male	4	4
	Female	2	1
	Total	**6**	**5**
Officers	Male	5	5
	Female	3	3
	Total	**8**	**8**
Village Managers	Male	10	10
	Female	21	20
	Total	**31**	**30**
All staff	Male	493	462
	Female	2,184	2,170
	Total	2,677	2,632

The table below details the Company's diversity and inclusion objectives and an update on the progress being made with them. Diversity and engagement feedback was collected through the Company's staff engagement survey that was conducted again this financial year. It is intended that the survey will continue to be conducted on a regular basis.

Director Training

Recommendation 2.6: *Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.*

The Board seeks to ensure that new Directors are appropriately introduced to the senior leadership team and the Arvida business, that all Directors are acquainted with relevant industry knowledge and economics and that they receive a copy of the Charters of the Board and Committees and the key governance documents.

It is expected that all Directors continuously educate themselves to ensure they have appropriate expertise and can effectively perform their duties. In addition, visits to the Company's operations, briefings from the senior leadership team and industry experts or key advisers to the

Objective	Measurement	Progress
Work towards improving the gender balance in the Board, Senior Leadership Team and Village Managers	Compare gender proportions for employee classifications to benchmark	Details of the gender balance in the Director, Officer and Village Manager role types are detailed above. In all role types, approximately 82% (2020: 83%) of the workforce is female
Ensure diversity of thought is valued and encouraged	Compare annual survey of Directors, Officers and Village Managers (as individual groups and in aggregate) response to the inclusion question: "Is diversity of thought valued and encouraged at Arvida?"	In the 2021 staff engagement survey, 73% (2020: 75%) of respondents either agreed or strongly agreed with the measurement statement
Ensure fair evaluation of employee performance and equitable remuneration decisions	Compare remuneration of workforce by role by gender	Arvida has completed an analysis of hourly remuneration by role by gender across the village workforce and found no gender pay gap either between like roles or on an overall basis
Ensure our team is treated fairly and with respect	Compare annual employee engagement survey response to the inclusion question: "Are all employees at Arvida treated fairly (including as to employment opportunity), regardless of age, ethnicity, gender or physical capabilities"	In the 2021 staff engagement survey, 72% (2020: 72%) of respondents either agreed or strongly agreed with the measurement statement

Company, and educational and stakeholder visits, briefings or meetings are arranged for the Board.

Evaluation of Performance of Directors

Recommendation 2.7: *The Board should have a procedure to regularly assess Director, Board and committee performance.*

The Chair undertakes an annual review of the individual performance of Directors. The Board also reviews its performance as a whole and the performance of its Committees on an annual basis.

An external consultant is engaged by the Board periodically to undertake a review of Board performance. The externally facilitated review provides the opportunity for Directors to independently evaluate board and committee performance and processes as well as to give individual feedback on and to each Director. This provides useful and positive feedback on the governance of the business. Propero Consulting Limited conducted a review of the Board in May 2017 and again in May 2019. The Board anticipates the next independent review will be undertaken in the following year.

Separation of Board Chair and CEO

Recommendation 2.8: *The Chair and the CEO should be different people.*

The Board Charter requires the Board Chair to be an Independent Director, and not be the same person as the Chief Executive Officer or the Chair of the Audit and Risk Committee.

PRINCIPLE 3: BOARD COMMITTEES

> **"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."**

Board Committees

The Board has two formally constituted committees to assist in the execution of the Board's duties, being the Audit and Risk Committee and the Remuneration Committee. Each Committee operates under a written charter that sets out its mandate.

The table overleaf sets out attendance at Board and Committee meetings for all respective Directors during the financial year ended 31 March 2021. Directors also met regularly over the course of the year to discuss other important matters such as potential acquisitions. Two of the Board meetings were convened on site at an Arvida village.

Outside of the Board and Committee meetings, the Board or a subcommittee held an additional six formal meetings in person or by way of conference call during the year.

Audit Committee

Recommendation 3.1: *An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board.*

Meeting Attendance	Board	Audit and Risk Committee	Remuneration Committee	Additional Meetings
Peter Wilson	8	-	-	6
Michael Ambrose	8	4	-	6
Anthony Beverley	8	4	3	6
Susan Paterson	8	-	3	6
Susan Peterson[1]	3	-	-	3
Paul Ridley-Smith	8	4	3	5
Total meetings held	**8**	**4**	**3**	6

1 Susan Peterson was appointed a Director on 1 November 2020.

The primary functions of the Audit and Risk Committee are:

- To co-ordinate the audit process to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control.
- To provide the Board with an assessment of the Company's financial disclosures and accounting affairs.
- To keep under review the effectiveness of the Company's procedures for the identification, assessment and reporting of material risks.

A key responsibility of the Audit Committee is to ensure the quality and independence of the external audit process.

The Audit Committee make enquiries of management and the external auditors so that it is satisfied as to the validity and accuracy of all aspects of the Company's financial reporting. All aspects of the external audit are reported back to the Audit Committee and the external auditors are given the opportunity at Audit Committee meetings to meet with Directors.

Members of the Committee are appointed by the Board. The Committee must comprise a minimum of three Directors comprising a majority of Independent Directors. The current members of the Committee are Anthony Beverley (Chair), Paul Ridley-Smith and Michael Ambrose.

The Audit and Risk Committee Charter provides for the composition, responsibilities, procedures and reporting duties of the Audit Committee and governs how the members of the Audit Committee discharge their obligations. The Audit and Risk Committee Charter is reviewed annually by the Board and was last reviewed in February 2021.

Recommendation 3.2: *Employees should only attend Audit Committee meetings at the invitation of the Audit Committee*.

The Audit and Risk Committee generally invites the Chief Executive Officer, Chief Financial Officer, General Manager Finance and external auditors to attend meetings. The Committee also meets and receives regular reports from the external auditors without management present, concerning any matters that arise in connection with the performance of their role.

Remuneration Committee

Recommendation 3.3: *An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.*

The role of the Remuneration Committee is to assist the Board in establishing and reviewing remuneration policies and practices for the Company. Specific responsibilities include:

- To set and review the Company's remuneration policies and practices.
- Formulating and suggesting the director's fees to be paid to each Director.
- Determining additional allowances to be paid to Directors where additional work is being undertaken to that expected of other Directors.
- Conducting an annual review of the Chief Executive Officer's performance against his or her performance agreement and employment contract and ensuring appropriate performance agreements are in place.
- Reviewing succession planning and recruitment, retention and termination policies for the Chief Executive Officer and the senior leadership team.

The Remuneration Committee must be comprised of a minimum of three Directors comprising a majority of Independent Directors. The current members of the Committee are Paul Ridley-Smith (Chair), Anthony Beverley and Susan Paterson.

The Remuneration Committee Charter provides for the composition responsibilities, procedures and reporting duties of the Remuneration Committee and governs how the members of the Remuneration Committee discharge their obligations. The Board undertakes an annual review of the Remuneration Committee's objectives and activities in terms of its responsibilities as set out in the Charter. The Remuneration Committee Charter is reviewed annually by the Board and was last reviewed in April 2021.

Nomination Committee

Recommendation 3.4: *An issuer should establish a Nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.*

The Board has decided not to have a separate Nomination Committee as Director appointments are considered by the Board as a whole. The procedure for the nomination and appointment of

Directors is included in the Board Charter and summarised in Principle 2.

Other Committees

Recommendation 3.5: *An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

No other committees were established or operated during the financial year.

Takeover Protocols

Recommendation 3.6: *The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer (amongst other matters).*

The Company's Takeover Protocol sets out the procedure to be followed in the event that a takeover offer is made or scheme of arrangement proposed.

PRINCIPLE 4: REPORTING AND DISCLOSURE

> **"The board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures."**

Continuous Disclosure

Recommendation 4.1: *An issuer's Board should have a written Continuous Disclosure Policy.*

The Company is committed to promoting Shareholder confidence through open, timely, accurate and balanced disclosures. It achieves these commitments, and the promotion of investor confidence, by ensuring that trading in its shares takes place in an efficient, competitive and informed market.

The Company has in place procedures designed to ensure compliance with its disclosure obligations under the NZX Listing Rules such that:

- Any matter that might be material information is appropriately and swiftly escalated to the senior management team.
- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way.

The Company's Market Disclosure Policy sets out the disclosure and communication responsibilities and procedures for managing this obligation.

Charters and Policies

Recommendation 4.2: *An issuer should make its code of ethics, Board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Copies of key governance documents, including the Code of Ethics, Vision and Values, Financial Product Trading Policy, Board and Committee Charters, Diversity and Inclusion Policy, Audit Independence Policy, Market Disclosure Policy, Whistle Blowing Policy and Risk Management Policy are all available on the Company's website at www.arvida.co.nz/investors/corporate-governance.

The Company's governance documents were last reviewed in May 2021 and updated to the website.

Financial Reporting

Recommendation 4.3: *Financial reporting should be balanced, clear and objective.*

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on its present and future prospects.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews the Company's full and half-year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

All matters required to be addressed and for which the Committee has responsibility were addressed during the reporting period. The Company has published Annual and Interim Reports that contained its full and half-year financial statements that were prepared in accordance with relevant financial standards.

Non-Financial Reporting – Sustainability

Recommendation 4.3: *An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other* *key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured.*

The Company currently provides non-financial disclosure on matters including operational and clinical performance, risk management, health and safety, diversity, the environment and community engagement within this Annual Report.

The Company recognises it is in the early stages of reporting on non-financial information. Additional disclosure is intended in future reports as the Company develops its reporting in this area.

The Company did refresh the materiality assessment undertaken in the prior year for internal stakeholder feedback. The findings are set out in the Materiality section of this Annual Report. The process assisted to better understand material environmental, economic and social (ESG) matters affecting the Company.

PRINCIPLE 5: REMUNERATION

> **"The remuneration of directors and executives should be transparent, fair and reasonable."**

Directors' Remuneration

Recommendation 5.1: *An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's annual report.*

Remuneration of Directors is reviewed by the Remuneration Committee. Its membership and role are set out under Principle 3 above. The level of remuneration paid to the Directors is determined by the Board within the limits approved by the Shareholders of the Company.

There were no changes to these allocations or the fee pool in this financial year.

Further details on Director remuneration are provided in the Remuneration section of this Annual Report.

Remuneration Policy

Recommendation 5.2: *An issuer should have a Remuneration Policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

The Company is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment and the ability to achieve business objectives. As set out under Principle 3 above, the Remuneration Committee makes recommendations to the Board on remuneration packages, keeping in mind the requirements of the Company's Remuneration Policy.

Under the Company's remuneration framework, remuneration for the senior leadership team and senior managers includes a mix of fixed and variable components. Individual performance and market relativity are key considerations in all remuneration based decisions, balanced by the organisational context.

Further details on remuneration are provided in the Remuneration section of this Annual Report.

Chief Executive Officer Remuneration

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the Chief Executive Officer in its Annual Report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.*

Further details on the Chief Executive Officer's remuneration are provided in the Remuneration section of this Annual Report. In addition, the Company discloses the Chief Financial Officer's remuneration in the Remuneration section of the Annual Report.

PRINCIPLE 6: RISK MANAGEMENT

> **"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."**

Risk Management

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.*

The Company has a robust risk management framework for identifying, overseeing, managing and controlling risk. The identification and effective management of risks are a priority of the Board and the Audit and Risk Committee.

The processes involved are set out in the Company's Risk Management Policy and require the maintenance of a risk register that identifies key business risks and initiatives deployed to manage and mitigate those risks.

All major risk and internal control issues are reported on at each Board meeting.

The Board has responsibility for the oversight of risk management. The Company, through the Board, Audit and Risk Committee and senior management team, continually monitors and, where necessary, updates the operation and implementation of the risk management system to ensure that the Company continues to have an appropriate and effective system in place to manage material business risks.

The Company's Risk Management Policy is available to view at www.arvida.co.nz/investors/corporate-governance.

Health and Safety

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management*

The Company's health and safety objectives are met by:

- Documenting overarching performance standards with measurable indicators in a Health and Safety Management Plan. The Plan identifies health and safety risks and details how these risks are to be managed. It is continuously monitored and formally reviewed every two years.
- Documenting health and safety policies and communicating these to all employees.
- Monitoring, analysing and evaluating health and safety processes and performance data to identify areas of improvement and acting on any improvements identified.
- Monitoring and annually appraising the health and safety performance of senior managers and employees.

Detailed monthly reports are produced for the Board covering Health and Safety incidents, injury rates by severity, local site Health and Safety committee meetings and key initiatives undertaken.

PRINCIPLE 7: AUDITORS

> **"The board should ensure the quality and independence of the external audit process."**

Relationship with Auditor

Recommendation 7.1 and 7.2: *The Board should establish a framework for the issuer's relationship with its external auditor. This should include the procedures prescribed in the NZX Code. The external auditor should attend the issuer's annual meeting to answer questions from shareholders in relation to the audit.*

Oversight of external audit arrangements is the responsibility of the Audit and Risk Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. A formal policy on audit independence has been adopted by the Committee to meet this requirement.

The Audit Independence Policy covers the following areas:

- Provision of related assurance services by the external auditors.
- Auditor rotation.
- Relationships between the auditor and the Company.
- Approval of Auditor.

The Audit and Risk Committee shall only approve a firm to be auditor if that firm would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement. The external auditor (Ernst & Young) attends the Company's Annual Meeting and is available to answer questions from Shareholders in relation to the external audit. The audit partner at Ernst & Young was rotated in 2020 in accordance with the auditor's internal governance requirements.

Internal Audit Functions

Recommendation 7.3: *Internal audit functions should be disclosed.*

The Company does not have an internal audit function. The Company has engaged KPMG to assist with carrying out internal audit work on various parts of operations. The Board is confident the key risks of the business are being adequately managed and the internal control framework is operating effectively.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Information for Shareholders

Recommendation 8.1: *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

A comprehensive set of information regarding the Company's operations and results is made available on the Company's website including annual and half-year financial reports, investor presentations, investor newsletters, notice of meetings and market releases. The Company's corporate governance charters and policies, profiles of directors and senior management and key calendar dates are also made available on the website at www.arvida.co.nz/investors.

Communicating with Shareholders

Recommendation 8.2: *An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

The Company provides options for shareholders to receive communications electronically, to and from both the Company and its share registrar. The Company's website also contains an investor centre section for establishing electronic shareholder communications together with a Company phone number and email address for communications from Shareholders and investor relations enquiries.

All market releases carry contact details for the Chief Executive Officer and Chief Financial Officer for communications from shareholders. The Company responds to all shareholder communications within a reasonable timeframe. An investor relations programme is also maintained by the Company to encourage engagement with investors.

Shareholder Voting Rights

Recommendation 8.3 and 8.4: *Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in. Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.*

The regulatory safeguards built into the NZX Listing Rules, the Companies Act 1993 and the Company's constitution operate to preserve shareholders' entitlement to vote on major decisions impacting the Company.

The Company conducts voting at its Annual Meeting by a poll of shareholders, where each person voting at the meeting and each Shareholder who casts a vote by proxy, has one vote for each share held.

Notice of Annual Meeting

Recommendation 8.5: *The Board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 28 days prior to the meeting.*

The Company encourages shareholder participation in Annual Meetings, including alternating the venue of the Annual Meeting between North and South Islands. The Board aims to ensure that all relevant information is provided to shareholders for consideration with sufficient notice in advance of the Annual Meeting (and at least 20 working days prior to the Annual Meeting, including by posting the notice of annual meeting on the Company's website).

Remuneration

Arvida Group Limited
For the year ended
31 March 2021

DIRECTORS' REMUNERATION

Directors' remuneration levels are set as to be fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

Directors' fees are reviewed from time to time. The total pool of fees available to be paid to Directors is subject to shareholder approval. The current pool for non-executive directors' fees and board committee responsibilities was fixed at the 2016 Annual Meeting of Shareholders at $500,000 per annum.

As at 31 March 2021, the standard Director fees per annum are as follows:

	Position	Fees
Board of Directors	Chair	$150,000
	Member	$82,000
Audit and Risk Committee	Chair	$12,000
Remuneration Committee	Chair	$8,000

These allocations were approved by shareholder resolution at the 2017 Annual Meeting of Shareholders. The Board had sought external advice from The Institute of Directors on the levels of director remuneration.

No additional fees were paid to committee members or Directors.

Total remuneration paid to Directors during the financial year ended 31 March 2021 is set out in the table below. Remuneration paid excludes GST and expenses. Each Director is entitled, without limit, to be paid for all reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Directors and Officers also have the benefit of Directors' and Officers' liability insurance. As provided for under its Constitution and in accordance with Section 162 of the Companies Act 1993, the Company arranged to indemnify all the Directors and Officers for all liabilities that arise out of the performance of their duties as Directors and Officers of the Company for which they may be held personally liable. Certain actions are specifically excluded, for example, the incurring of penalties and fines that may be imposed in respect of certain breaches of the law.

During the financial year, the Company paid premiums in relation to policies of Directors' and Officers's liability insurance.

Director	Board Fees	Audit and Risk Committee	Remuneration Committee	Other Committee	Total Remuneration
Peter Wilson	$150,000 (Chair)	-	-	-	$150,000
Michael Ambrose	$82,000	-	-	-	$82,000
Anthony Beverley	$82,000	$12,000 (Chair)	-	-	$94,000
Susan Paterson	$82,000	-	-	-	$82,000
Susan Peterson[1]	$34,167	-	-	-	$34,167
Paul Ridley-Smith	$82,000	-	$8,000 (Chair)	-	$90,000

1 Susan Peterson was appointed a Director on 1 November 2020.

EXECUTIVE REMUNERATION

The remuneration of the executive team is designed to promote a high-performance culture and to align rewards to the achievement of strategies and business objectives that create sustainable value for shareholders.

The Company's remuneration policy for members of the executive team provides the opportunity for them to receive, where performance merits, a total remuneration package in the median quartile for equivalent market-matched roles. The Remuneration Committee reviews the annual performance appraisal outcomes for all Executive Team members, including the Chief Executive Officer. External remuneration benchmarking is taken into account to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Total remuneration is made up of three components:

- Fixed remuneration;
- Short-term performance-based cash remuneration; and
- Long-term performance-based equity remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary and benefits. The Company's policy is to pay fixed remuneration with reference to the fixed pay market median.

Short-Term Incentives

Short-term incentives (STIs) are at-risk payments designed to motivate and reward for performance, in that financial year. The target value of a STI payment is set annually, usually as a percentage of the executive's base salary. For 2021, the relevant percentages were 20% to 33%. A proportion (usually around 50%) of the STI is related to achievement of annual performance metrics which aim to align executives to a shared set of key performance indicators (KPIs) based on business priorities for the next 12 months.

Target areas for the shared KPIs for 2021 are outlined below:

Target	Weighting
Health and safety compliance and culture	18%
Expense management against budget	14%
Aged care facility occupancy against national average +5%	18%
Gains on sales against budget	18%
Resident wellbeing measured through clinical systems and culture	14%
Resident satisfaction measured by an NPS survey	14%

The balance of the STI is related to individual performance measures.

The maximum amount of a STI payment for an executive team member is 125% of the STI on-target amount for that Executive Team member.

Long-Term Incentives

Long-term incentives (LTIs) are at-risk payments through a share plan, designed to align the reward of executive team members with the enhancement of shareholder value over a multi-year period. Under the LTI, executive team members are granted non-listed performance rights in Arvida Group Limited.

The LTI plan commenced on 1 April 2015, after the Company listed on the NZX Main Board. Vesting of shares is contingent on achievement of performance goals in relation to Total Shareholder Return hurdles from the commencement date to vesting date.

CHIEF EXECUTIVE OFFICER REMUNERATION

The remuneration of the Chief Executive Officer comprises of Fixed Remuneration and Pay for Performance. Fixed Remuneration includes a base salary only. Pay for Performance includes both Short Term Incentives (STI) and Long Term Incentives (LTI). These incentives remain at the same target percentage levels as previous years, being 33.3% of base salary each.

The Board has an overriding discretion in respect of both the STI and LTI awards. The Board may take into account all measures and their overall assessment of individual performance and may take into account any other matters that they consider relevant in assessing whether (and to what extent) the performance hurdles should be treated as satisfied, which will include the level of achievement of the measure set out in the STI and LTI.

The Board has discretion to vary the grant, and to adjust the quantum and the Total Shareholder Return (TSR) hurdles, in respect to future awards.

In 2018, the Board commissioned an external remuneration benchmarking report. As a result, the Board determined the Chief Executive Officer annual base salary would be fixed at $500,000 effective from 1 July 2018 until the last one-off LTI vests on 31 March 2021, absent any special circumstances.

During the current year, two LTI grants vested. The Foundation LTI grant with a vesting date of 31 March 2020 was determined. Arvida's TSR was second out of the four companies in the peer group and 15th out of 39 companies in the NZ50 group. The overall result was that 77% of the LTI entitlement vested into ordinary shares. The annual LTI grant with a vesting date of 31 March 2020 was determined. Arvida's TSR was second out of the five companies in the peer group and 25th out of 45 companies in the NZ50 group. The overall result was that 35% of the LTI entitlement vested into ordinary shares. As such, the Chief Executive Officer was issued 359,297 ordinary shares on 27 May 2020. The closing share price on the day of allotment was $1.39.

Remuneration for the financial years ended 31 March 2019 to 31 March 2021

	Fixed Remuneration			Pay for Performance			
	Salary	Other benefits[1]	Subtotal	STI[2]	LTI[3]	Subtotal	Total
FY2021	$511,776	-	$511,776	$134,090	$499,423	$633,513	$1,145,289
FY2020	$500,602	-	$500,602	$150,000	$514,185	$664,185	$1,164,787
FY2019	$476,871	-	$476,871	$126,250	$104,777	$231,027	$707,898

1 The Chief Executive Officer did not receive any other benefits, such as health insurance or participate in KiwiSaver.
2 STI is the amount paid during the financial year and relates to the performance period of the previous financial year.
3 The Company's approach in reporting the value of LTI is to report the value of shares that were issued in the financial year (at the closing share price on the day of allotment) and relates to performance periods over previous financial years.

Three-year Summary

	Total Remuneration	%STI Awarded against on-plan Performance[1]	STI Performance Period	%LTI Vested against on-plan Performance[2]	Span of LTI Performance Periods
FY2021	$1,145,289	80%	FY2020	69%	FY16 to FY20
FY2020	$1,164,787	90%	FY2019	72%	FY16 to FY19
FY2019	$707,898	93%	FY2018	69%	FY16 to FY18

1 STI is the amount paid during the financial year and relates to the performance period of the previous financial year.
2 The Company's approach in reporting the value of LTI is to report the value of shares that were issued in the financial year (at the closing share price on the day of allotment) and relates to performance periods over previous financial years.

Plan	Description	Performance Measures
STI	Set at a gross target amount of one third of the base salary remuneration (giving a current target of $166,667) and is achievable in each financial year, up to a maximum of 1.25 times if outperformance occurs in all company performance and individual measures.	55% on company performance
		45% on individual measures
LTI	Equity based "share rights scheme" whereby the scheme grants comprise an annual grant with a target value of an amount equal to one third of the base salary remuneration at the commencement of the award period. The grant is subject to a three-year vesting period and TSR hurdles. In addition, the Chief Executive Officer was awarded one off LTI grants in relation to work undertaken to successfully complete the Initial Public Offering and company establishment. These grants are subject to four, five and six-year vesting periods and TSR hurdles.	50% measured against the comparable peer group TSR hurdle[3]
		50% measured against the NZ50 group TSR hurdle[4]

3 The Peer Group is assessed by the Board at the commencement of the grant. Broadly, for grants with four Peer Group companies the vesting scale is 100% of the LTI will vest if the Company has the highest TSR in the Peer Group, none will vest if the TSR is in the bottom half and either 70% or 90% will vest if the Company is second in the Peer Group, depending on how close the TSR is to the highest performer. For grants with five Peer Group companies the vesting scale is similar, with 50% payable if the Company has the third highest TSR in the Peer Group.

4 For the NZ50 group, 50% of the NZ50 comparator LTI vest if the TSR is at the 50th percentile of the NZ50 and 100% vest if the TSR is at the 90th percentile, with a sliding scale in-between.

The Board's intention is to make annual rolling LTI grants. The current LTI grants (which are the sum of the two different sub-sets of LTI) are set out in the table below.

Subsequent to financial year end, the outcome of the Foundation LTI grant that had a vesting date of 31 March 2021 was determined. For the Foundation LTI grant, Arvida's TSR was 16th out of 39 companies in the NZ50 group. As Metlifecare delisted during the measurement period, the peer group component was collapsed into the NZ50 group. The overall result was that 61% of the Foundation LTI entitlement vested into ordinary shares. As such, the Chief Executive Officer was issued 257,141 ordinary shares on 19 April 2021. As these were issued subsequent to the financial year end, they are not included in the FY21 remuneration details.

Annual LTI			
Commencement Date	1/04/2018	1/04/2019	1/04/2020
Vesting Date	23/06/2021	8/06/2022	7/6/2023
Unvested Rights	113,625	131,799	144,692

Foundation LTI	
Commencement Date	1/04/2015
Vesting Date	31/03/2021
Unvested Rights	420,028

CHIEF FINANCIAL OFFICER REMUNERATION

In the year ended 31 March 2021, the Chief Financial Officer received remuneration totalling $754,303. This amount included Fixed Remuneration of $390,525, a STI payment of $101,908 (relating to the performance period of the prior financial year) and a LTI entitlement valued at $261,870 (relating to performance periods over previous financial years).

EMPLOYEE REMUNERATION

The number of employees of Arvida and its subsidiaries, not being a Director, which received remuneration and other benefits in excess of $100,000 for the financial year ended 31 March 2021 is set out in the remuneration bands detailed in the adjacent table.

The remuneration figures shown in the "Remuneration Band" column includes all monetary payments actually paid during the course of the year ended 31 March 2021. The table also includes the value of any shares issued to individuals during the course of the same period under the LTI scheme but does not include the value of share rights issued under the same LTI scheme. The table does not include amounts paid or value of shares issued post 31 March 2021 that relate to the year ended 31 March 2021.

This is consistent with methodology for calculating remuneration in previous financial years.

PAY GAP

The pay gap represents the number of times greater the Chief Executive Officer remuneration is to the remuneration of an employee paid at the median of all Arvida employees.

For the purposes of determining the median paid to all Arvida employees, all permanent full-time, permanent part-time and fixed-term employees are included, with part-time employee remuneration adjusted to a full-time equivalent amount.

At 31 March 2021, the Chief Executive Officer's base salary of $511,776 was 11 times (2020: 10 times) that of the median employee at $47,840 per annum. The Chief Executive Officer's total remuneration, including STI and LTI, of $1,145,289, was 24 times (2020: 24 times) the total remuneration of the median employee at $47,840.

Remuneration Band	Number of Employees
$100k - $110k	12
$110k - $120k	8
$120k - $130k	12
$130k - $140k	14
$140k - $150k	6
$150k - $160k	5
$160k - $170k	6
$170k - $180k	1
$180k - $190k	3
$190k - $200k	1
$210k - $220k	1
$240k - $250k	2
$250k - $260k	1
$260k - $270k	1
$290k - $300k	1
$300k - $310k	1
$370k - $380k	1
$750k - $760k	1
$1,140k - $1,150k	1

Disclosures

Arvida Group Limited
For the year ended
31 March 2021

DIRECTORS' INTERESTS

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity. The following particulars were entered in the Company's Interests Register for the year ended 31 March 2021:

Peter Wilson: No changes disclosed.

Michael Ambrose: Disclosed he was appointed to the following positions in respect of the following entities: Deep Creek Fruits GP Limited (Director), Southern Fruits International GP Limited (Director). Disclosed he ceased to hold the following position in respect of the following entity: Ward Services Limited (Director).

Anthony Beverley: Disclosed he was appointed to the following positions in respect of the following entities: Dryland Carbon GP One Limited (Director), Dryland Carbon One Management Limited (Director), Dryland Carbon One H1 Limited (Director), Dryland Carbon One H2 Limited (Director), Dryland Native Limited (Director), Dryland Manuka Limited (Director), Kahikatea Nominee Limited (Director). Disclosed he ceased to hold the following positions in respect of the following entities: Carbon Systems (NZ) Limited (Director), Ngai Tahu Property Limited (Director).

Susan Paterson: Disclosed she ceased to hold the following positions in respect of the following entities: Goodman NZ Limited and associated companies (Director), Sky TV Limited (Director).

Susan Peterson: Disclosed she holds the following positions in respect of the following entities: Trustpower Limited (Director), Xero Limited (Director), Vista Group Limited (Chair & Director), Property for Industry Limited (Director), PFI (No1) Limited (Director), Global Women New Zealand (Trustee), Markets Disciplinary Tribunal (Tribunal Member), Organic Initiative Limited (Director).

Paul Ridley-Smith: No changes disclosed.

SPECIFIC DISCLOSURES

There were no specific disclosures made during the year of any interests in transactions entered by the Company or any of its subsidiaries.

USE OF COMPANY INFORMATION

There were no notices received from Directors requesting use of Company information in their capacity as Directors that would not otherwise have been available to them in the year ended 31 March 2021.

DIRECTORS' SECURITY HOLDINGS

Ordinary shares in which each Director had a relevant interest as at 31 March 2021 are set out in the table below.

Relevant interests of Directors

Director	Beneficial / Non-beneficial Interest	No. of shares held
Peter Wilson	Beneficial	532,941
	Non-beneficial	4,500
Michael Ambrose	Beneficial	1,644,465
	Non-beneficial	219,100
Anthony Beverley	Beneficial	374,977
Susan Paterson	Beneficial	189,028
Susan Peterson	None	-
Paul Ridley-Smith	Beneficial	132,627

SECURITIES DEALINGS OF DIRECTORS

Dealings by Directors in relevant interests in Arvida's ordinary shares during the year ending 31 March 2021 as entered in the Interests Register:

Director	No. of Shares	Nature of Relevant Interest	Acquisition/ Disposal	Consideration	Date of Transaction
Peter Wilson	13,132	Registered holder and beneficial owner	Disposal	$1.57 per share	17/06/2020 & 27/10/2020

DIRECTOR APPOINTMENT DATES

The date of each Director's first appointment to the position of Director is provided below.

Since the date of first appointment, Directors have been re-appointed at annual meetings when retiring by rotation as required.

Susan Peterson was appointed to the Board on 1 November 2020 (by director resolution as permitted under Arvida's constitution). Susan holds office until the annual meeting to be held on 2 July 2021, at which point she will stand for election by shareholders.

Director	Date first appointed	Date last re-appointed
Peter Wilson	13 November 2014	6 July 2018
Michael Ambrose	17 January 2014	3 July 2020
Anthony Beverley	13 November 2014	5 July 2019
Susan Paterson	7 May 2015	6 July 2018
Susan Peterson	1 November 2020	-
Paul Ridley-Smith	7 May 2015	3 July 2020

DIRECTORS OF SUBSIDIARY COMPANIES

The remuneration of employees acting as directors of subsidiaries is disclosed in the relevant banding of remuneration set out under the heading Employee Remuneration. Neither William McDonald, Jeremy Nicoll nor Tristan Saunders received additional remuneration or benefits for acting as directors of subsidiaries during the year.

William McDonald and Jeremy Nicoll are directors of all of the Company's wholly-owned subsidiaries as at 31 March 2021. The directors of the joint venture companies (Village at the Park Care Limited and Village at the Park Lifecare Limited) are William McDonald, Jeremy Nicoll, Euan Playle, Tristan Saunders, Anaru Smiler and Richard Te One.

During the financial year ending 31 March 2021, the following wholly-owned subsidiary companies were newly incorporated:

- On 29 May 2020, Good Friends (2020) Limited with William McDonald, Jeremy Nicoll appointed as directors.
- On 3 June 2020, Copper Crest Living well Limited with William McDonald, Jeremy Nicoll appointed as directors.
- On 4 February 2021, Queenstown Country Club Living Well Limited with William McDonald, Jeremy Nicoll appointed as directors.

No acquisition or divestment of subsidiary companies occurred in the financial year ending 31 March 2021. On 13 November 2020, Frasers Cafe Limited was amalgamated into Bethlehem Shores Retirement Village Limited. On 24 November 2020, Kerikeri Land Limited changed its name to Te Puna Waiora RV Limited.

TOP 20 SHAREHOLDERS AS AT 31 MARCH 2021

	Shareholder	No. of Shares	% of Shares
1	New Zealand Central Securities Depository Limited	152,623,348	28.1%
2	Forsyth Barr Custodians Limited	79,511,959	14.7%
3	Ian Archibald Hurst & Gloria Faye Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	12,052,310	2.2%
4	New Zealand Depository Nominee Limited	10,974,453	2.0%
5	Donna Maree Hurst & Douglas Culmer Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	9,028,134	1.7%
6	FNZ Custodians Limited	7,113,076	1.3%
7	Forsyth Barr Custodians Limited	6,971,341	1.3%
8	Waikanae Trustees Limited	6,860,447	1.3%
9	Suzanne Elizabeth Marshall & Simon Ross Marks	4,631,327	0.9%
10	Alison Mary Davis & Purnell Creighton Trustees Ltd	4,400,365	0.8%
11	Gordon Alfred Hartley & Karen Diane Hartley & Rostock Trustees Limited	4,290,000	0.8%
12	Trevor Ross Marshall & Simon Ross Marks	4,065,636	0.7%
13	Scott Francis Vernon & Wyndham Trustees Limited	3,526,315	0.7%
14	Leveraged Equities Finance Limited	3,494,683	0.6%
15	Kim Cherie Poynter & Scott Jeffrey Williams	3,113,605	0.6%
16	Arthur James Keegan	3,018,760	0.6%
17	Wairahi Investments Limited	2,500,000	0.5%
18	Stephen Lawrence Darling & Gail Lillian Darling & Canterbury Trustees Limited	2,326,000	0.4%
19	Custodial Services Limited	2,041,813	0.4%
20	Philip George Lennon	2,000,000	0.4%
	Total	324,543,572	59.8%

SHAREHOLDERS HELD THROUGH THE NZCSD AS AT 31 MARCH 2021

New Zealand Central Securities Depository Limited (NZCSD) provides a custodian depository service that allows electronic trading of securities to its members and does not have a beneficial interest in these shares. The 10 largest shareholdings in the Company held through NZCSD were:

	Holder Name	No. of Shares	% of Shares
1	National Nominees Limited	30,607,805	5.6%
2	Generate Kiwisaver Public Trust Nominees Limited	28,044,609	5.2%
3	Citibank Nominees (New Zealand) Limited	25,333,451	4.7%
4	Accident Compensation Corporation	23,177,882	4.3%
5	HSBC Nominees (New Zealand) Limited	9,264,170	1.7%
6	JPMorgan Chase Bank NZ Branch-Segregated Clients Acct	7,465,051	1.4%
7	HSBC Nominees (New Zealand) Limited A/C State Street	6,845,162	1.3%
8	BNP Paribas Nominees (NZ) Limited	4,493,319	0.8%
9	BNP Paribas Nominees (NZ) Limited	4,215,116	0.8%
10	Public Trust	3,046,989	0.6%

SPREAD OF SHAREHOLDERS AS AT 31 MARCH 2021

Size of shareholding	Shareholders		Shares held	
	Number	%	Number	%
under 2,000	998	15.0%	928,746	0.2%
2,000 to 4,999	1,297	19.5%	4,179,772	0.8%
5,000 to 9,999	1,310	19.7%	8,953,703	1.7%
10,000 to 99,999	2,662	40.0%	71,518,909	13.2%
100,000 to 499,999	290	4.4%	58,019,717	10.7%
500,000 and over	104	1.6%	398,886,951	73.5%
Total	6,661	100.0%	542,487,798	100.0%

SUBSTANTIAL PRODUCT HOLDER NOTICES AS AT 31 MARCH 2021

According to the records kept by the Company under the Financial Market Conducts Act 2013, the following were substantial holders in the Company as at 31 March 2020. The total number of listed ordinary shares as at 31 March 2021 was 542,487,798 (being the only voting products).

Shareholder	Relevant Interest	% held at date of notice	Date of Notice
Generate Investment Management Limited	20,900,123	5.1%	14 February 2018
Forsyth Barr Investment Management Limited	38,810,783	9.4%	27 June 2019
Milford Funds Limited	27,201,167	5.0%	29 January 2021

SPREAD OF BONDHOLDERS AS AT 31 MARCH 2021

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Size of bondholding	Bondholders		Bonds held	
	Number	%	Number	%
Under 5,000	1	0.3%	1,000	0.0%
5,000 to 9,999	45	11.4%	251,000	0.2%
10,000 to 99,999	314	79.5%	7,923,000	6.3%
100,000 to 499,999	22	5.6%	3,734,000	3.0%
500,000 and over	13	3.3%	113,091,000	90.5%
Total	395	100.0%	125,000,000	100.0%

WAIVERS FROM NZX LISTING RULES

No waivers from NZX Listing rules were sought in the year ending 31 March 2021.

AUDITORS' FEE

Ernst & Young has continued to act as auditors of the Company. The amount payable to Ernst & Young as audit fees during the financial year ended 31 March 2021 was $404,000. Ernst & Young did not undertake any non-audit work during the financial year ended 31 March 2021.

CREDIT RATING

The Company has no credit rating.

DONATIONS

In accordance with section 211(1)(h) of the Companies Act, the Company records that $22,744 was donated by Arvida or its subsidiaries in the year ended 31 March 2021.

Company Information

REGISTERED OFFICE OF ARVIDA	Arvida Group Limited Level 1, 39 Market Place Auckland 1010 PO Box 90217 Victoria Street West Auckland 1142 Phone: +64 9 972 1180 Email: info@arvida.co.nz Website: www.arvida.co.nz
DIRECTORS	**Peter Wilson,** Independent Director and Chair **Michael Ambrose,** Independent Director **Anthony Beverley,** Independent Director **Susan Paterson,** Independent Director **Susan Peterson,** Independent Director **Paul Ridley-Smith,** Independent Director
GROUP AUDITOR	Ernst & Young
VALUER	CBRE Limited Jones Lang LaSalle Limited
LEGAL ADVISORS	Chapman Tripp Anthony Harper
BANKERS	ANZ Bank New Zealand Limited Bank of New Zealand
STATUTORY SUPERVISOR	Covenant Trustee Services Limited
BOND SUPERVISOR	The New Zealand Guardian Trust Company Limited
SHARE REGISTRAR	Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Phone: +64 9 488 8777 Email: enquiry@computershare.co.nz

Directory

Aria Bay	3-7 Woodlands Crescent, Browns Bay, Auckland 0630	09 479 1871
Aria Gardens	11 Bass Road, Albany, Auckland 0632	09 415 7035
Aria Park	1-3 Claude Road, Epsom, Auckland 1023	09 630 8430
Ashwood Park	118-130 Middle Renwick Road, Springlands, Blenheim 7241	03 577 9990
Bainlea House	29 Wiltshire Court, Rangiora 7400	03 313 6055
Bainswood House	191 King Street, Rangiora 7400	03 313 5905
Bainswood on Victoria	28 Victoria Street, Rangiora 7400	03 313 2805
Bethlehem Country Club	111 Carmichael Road, Bethlehem, Tauranga 3110	07 579 2035
Bethlehem Shores	141 Bethlehem Road, Bethlehem, Tauranga 3110	07 579 2035
Bethlehem Views	186 Cambridge Road, Bethlehem, Tauranga 3110	07 578 5500
Cascades	55 Pembroke Street, Hamilton Lake, Hamilton 3204	07 839 2348
Copper Crest	52 Condor Dr, Pyes Pa, Tauranga 3112	07 578 6245
Glenbrae	22 Hilda Street, Fenton Park, Rotorua 3010	07 349 0014
Ilam	28 Ilam Road, Upper Riccarton, Christchurch 8041	03 341 1913
Lansdowne Park	100 Titoki Street, Lansdowne, Masterton 5810	06 377 0123
Lauriston Park	91 Coleridge Street, Cambridge 3432	07 827 0793
Maples	71 Middleton Road, Upper Riccarton, Christchurch 8041	03 348 4362
Mary Doyle	3 Karanema Drive, Havelock North 4130	06 873 8400
Mayfair	104 Wharenui Road, Upper Riccarton, Christchurch 8041	03 348 2445
Molly Ryan	269 Mangorei Road, Merrilands, New Plymouth 4312	06 757 8773
Oakwoods	357 Lower Queen Street, Richmond, Nelson 7020	03 543 9700
Olive Tree	11-13 Dalwood Grove, Palmerston North 4412	06 350 3000
Park Lane	35 Whiteleigh Avenue, Tower Junction, Christchurch 8024	03 338 4495
Queenstown Country Club	420 Frankton-Ladies Mile Hwy, Cnr Howards Drive, Queenstown 9371	0800 111 410
Rhodes on Cashmere	5 Overdale Drive, Cashmere, Christchurch 8022	03 332 3240
St Albans	41 Caledonian Road, St Albans, Christchurch 8014	03 366 1824
St Allisa	46 Main South Road, Upper Riccarton, Christchurch 8042	03 343 3388
Strathallan	31 Konini Street, Gleniti, Timaru 7910	03 686 1996
Te Puna Waiora	59 Hall Road, Kerikeri 0230	0800 20 24 20
The Wood	156 Milton Street, Nelson 7010	03 545 6059
Village at the Park	130 Rintoul St, Newtown, Wellington 6021	04 380 1361
Waikanae Lodge	394 Te Moana Road, Waikanae, Kapiti Coast 5036	04 902 6800
Waimea Plains	455 Lower Queen Street, Richmond 7020	03 922 9823

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