

# A MORE FULFILLING LIFE



# ABOUT THIS REPORT

## Scope, Boundary and Reporting Cycle

This Annual Report and Financial Statements (Annual Report) of Arvida Group Limited (Arvida or Group) are 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:

- 2023 Annual Results Presentation
- 2023 Notice of Annual General Meeting

which are made available on the Company's website [www.arvida.co.nz](http://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](http://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](http://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 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.

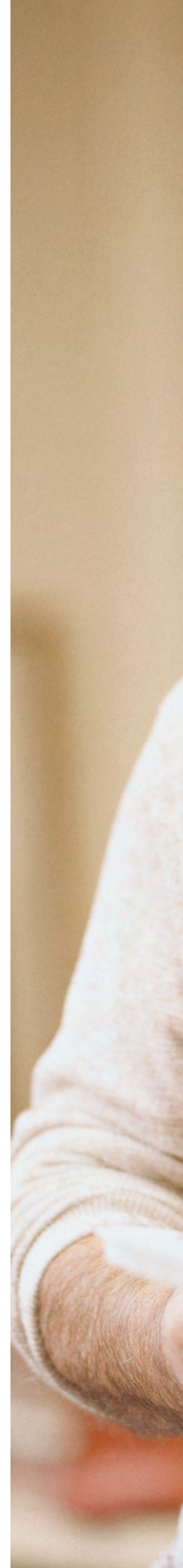
The senior management team and the Board have collectively reviewed the contents of this Annual Report and agree that it reflects a balanced view of business performance and outlook.

## Forward-Looking Statements

The Annual Report contains certain forward-looking statements with respect to the Company'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](mailto:info@arvida.co.nz)







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# WE CALL THIS 'LIVING A LIFE WITH SOUL'

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.







## Welcome from our Chief Executive

Over the last couple of years, the senior management team and I have focused on three key objectives.

First, negotiating the risks that Covid presented to our retirement communities ensuring the health and wellbeing of our people was the priority.

Second, advancing our development capabilities so that we have a strong platform from which to grow and deliver substantial long term future value for shareholders.

Lastly, taking a nimble approach to windows of opportunity in a very uncertain environment.

Continued execution to our strategy has created a significantly larger group over the 8 years since NZX listing.

In the 2023 year the business again grew strongly to now have total assets of \$3.8b. Sound financial results were delivered on the back of record resale and new sale settlements of occupation rights.

Providing aged care services successfully requires a genuine commitment to the care and wellbeing of our residents.

The purpose-led culture of our teams resonates strongly in feedback – and continues to underpin our resident experience.

**Jeremy Nicoll**  
Chief Executive



About Arvida

# FINANCIAL HIGHLIGHTS





## INCOME STATEMENT

IFRS Net profit

**\$82.5M**

FY22: \$198.9m

Underlying profit<sup>1</sup>

**\$88.0M**

FY22: \$73.5m

Annuity EBITDA<sup>2</sup>

**\$83.6M**

FY22: \$64.6m

Earnings  
per share (basic)

**11.4c**

FY22: 32.4c

Underlying profit  
per share

**12.2c**

FY22: 12.0c

Dividend  
per share

**4.85c**

(40% payout)

FY22: 5.5c (45% payout)

## CASH FLOW STATEMENT

Operating cash flow

**\$152.6M**

FY22: \$151.8m

## BALANCE SHEET

Total assets

**\$3762M**

FY22: \$3,397m

Total interest bearing debt

**\$623M**

FY22: \$453m

Embedded value

**\$1131M**

FY22: \$977m

Gearing ratio<sup>3</sup>

**30.5%**

FY22: 24.8%

Net tangible assets  
per share

**190c**

FY22: 184c

<sup>1</sup> Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax.

Please refer to the section Financial Commentary for a reconciliation to Reported Profit under IFRS.

<sup>2</sup> Annuity EBITDA is a non-GAAP (unaudited) financial measure that adds back interest and depreciation to underlying profit and excludes development margin on new units.

<sup>3</sup> Calculated as a ratio of net interest bearing debt to net interest bearing debt plus the book value of total equity.



## About Arvida

We create thriving retirement communities where older New Zealanders can lead connected and fulfilling lives.

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 36 locations nationally with additional retirement communities in development. We are one of the largest retirement living and aged care groups in New Zealand.

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.

# ARVIDA AT A GLANCE

**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. Every day we strive to improve the lives and wellbeing of our residents, making it possible for them to live by their own rules. Our way of working ensures they are 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 creating thriving retirement communities where older New Zealanders can lead connected and fulfilling lives. 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.™



Dementia  
**236**

Hospital  
**763**

Resthome  
**545**



Care Suites  
**212**

Serviced Apartments  
**706**

Villas / Apartments  
**3208**





**TE PUNA WAIORA**



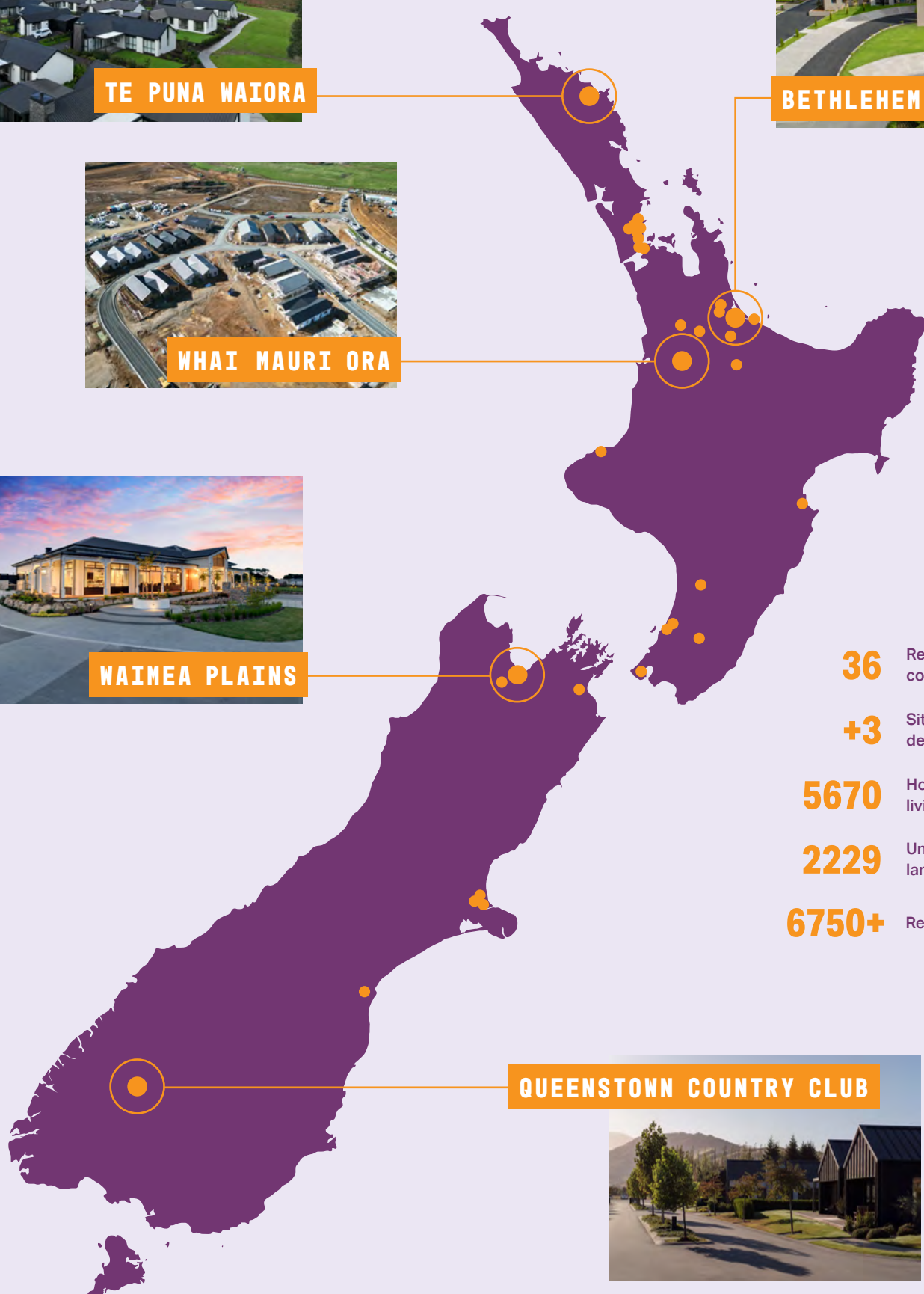
**BETHLEHEM SHORES**



**WHAI MAURI ORA**



**WAIMEA PLAINS**



**QUEENSTOWN COUNTRY CLUB**



- 36** Retirement communities
- +3** Sites for future development
- 5670** Homes (retirement living and aged care)
- 2229** Unit development landbank
- 6750+** Residents



## About Arvida

### Our Inputs

#### ESTABLISHED

Established group of retirement communities

#### OPPORTUNITIES

Substantial pipeline of brownfield and broad-acre greenfield development opportunities

#### CARE

A continuum of care accessible by our residents

#### EXPERTISE

Expertise in aged care, village management and development activities through our people and platform

#### UNDERSTANDING

Deep understanding of our residents and their needs as they age

#### RELATIONSHIPS

Relationships with our communities, suppliers and funding partners

#### PROVIDERS

Access to a broad range of capital providers

### Business Activities

 **ENGAGING WELL**

 **LIVING WELL**

 **NURTURING WELL**

 **GROWING WELL**

Our Values - Passionate - Authentic - Fair - Innovative - Can do - Flexible

## Outcomes

### LEADER

Leading provider of quality retirement living and aged care services in New Zealand

### 5670

5,670 units and beds;  
43% needs-based; pipeline  
of future development

# 6750+

RESIDENTS

# 2900+

TEAM MEMBERS

## Value We Create

### RESIDENTS

We create environments that meet the changing needs of our residents as they age, where they can be actively involved with designing their own life and shaping their community.

### TEAMS

We provide the opportunity to do meaningful work in an inclusive safe workplace, with support to achieve their best.

### INVESTORS

We aim to generate attractive returns for our investors over the long term.

### COMMUNITIES

We engage with and give back to our local communities through employment opportunities, health infrastructure, housing supply and support as people age.

### SUPPLIERS

We develop enduring relationships with our suppliers that are mutually beneficial.

### REGULATORS & FUNDERS

We partner with regulators and public health agencies with a long term view of meeting the needs of an ageing population.



# OUR STRATEGY

Through our four strategic pillars – Engaging Well, Living Well, Nurturing Well, Growing Well – we are focused on building a platform positioned for sustainable growth.

With disciplined management and execution, we look to drive growth in cash flows and total returns by realising the identified development opportunities within our existing portfolio and by continuing to add value accretive opportunities to the portfolio over the longer term, starting the cycle again.

**Our strategic priorities:**

- Resilience for the future
- Mature the business in critical areas
- Focus on cash management



### Our Vision

Create thriving retirement communities where older New Zealanders can lead connected and fulfilling lives.

### Our Purpose

To enable a more fulfilling life as people age. We call this 'living a life with soul'.

### Our Strategic Pillars

#### Engaging Well

We want to attract and retain talented, passionate people who identify with our core values and are obsessed with achieving the best outcomes for our residents. In return, we offer our team an environment where they are valued for their input and supported to be their best.

#### Living Well

We want every resident to be actively involved with designing their own life and shaping their community. We hope to hear them tell friends and family how much they love their life.

#### Nurturing Well

We want to reduce the impact of climate change and enhance social equity. We do this by making responsible decisions about resource use, financial management and human rights.

#### Growing Well

We want to grow well by acquiring and building quality assets that will be relevant and attractive for generations to come, because they allow residents to live well as they age.

### Our Value Outcomes

A safe workplace with a culture that supports team members to strive for continuous improvement.

Thriving communities that express The Attitude of Living Well™.

Leader in environmental and social guardianship.

50 retirement communities of scale offering a continuum of care.

### Our Values

Passionate      Authentic      Fair      Innovative      Can-do      Nimble      Flexible

### Our Enablers

Community Connection      Passionate People      Brand Authenticity      Access to Capital      Innovative Thinking

### Our Sustainability Goals

#### People

Empower our people to give their best everyday.

#### Our measures:

Staff retention, staff satisfaction; diversity & inclusion.

#### Residents

Inspire our residents to live their best lives.

#### Our measures:

Engagement; community outreach; Good Friends members.

#### Sustainability

Be a sustainable organisation.

#### Our measures:

Greenhouse gas emissions, energy use, waste to landfill, financial returns.

#### Portfolio

Grow our portfolio of market leading retirement communities.

#### Our measures:

Embodied carbon; construction waste, healthy homes.





# ENGAGING WELL

## FY23 Highlights

- Gained understanding of the current state of our People & Culture across the Company.
- Developed roadmap for implementation of and framework for assessing success of enduring People strategy.
- Set executive team, people team, wellness & care team, and village services team with new reporting structures in place.
- Held first village manager forum since Covid, bringing together and sharing strategies across senior members of the group.
- Completed Mental Wellbeing by Design workshops across group.
- Commissioned new premium care suite centre in Christchurch.
- Supported teams and residents through stresses of operating in Covid environment.

## FY24 Focus

- Invest in people management systems and designing our employment brand.
- Rethink employee reward and recognition offerings.
- Move organisational design.
- Improve workforce planning to align with culture and capture efficiencies.
- Review care packages and village fees to meet targeted services levels.
- Extend breadth of recruitment drive to overseas locations.
- Design Mental Wellbeing ongoing training solution.
- Commission Lauriston Park care suite centre.

## Outlook

- Workforce constraints and government policy exacerbating tight labour market and wage pressures.
- Sector funding model set to continue to disincentivise equitable (in terms of access for all) outcomes.

## Long-term Goals

- An employer of choice that offers a safe workplace with a culture that supports team members to strive for better.
- Excellence in the delivery of quality aged care.

## How We Measure

- Senior leader & employee engagement, learning and retention.
- Diversity and inclusion.
- Notified injuries and clinical standards.

## KEY PERFORMANCE INDICATORS

7.5

Staff engagement

70%

Staff retention

45,000

Training modules completed

1

Notified H&S injury incident investigated

76%

Of workforce female

0.5%

Gender pay gap

# LIVING WELL

## FY23 Highlights

- Maintained effective Company-wide pandemic response
- Rolled-out new marketing and communication platform across communities
- Launched highly successful brand campaign
- Refreshed policies and procedures to meet new Ngā Paerewa standards
- Completed review of IT current state to inform future roadmap

## FY24 Focus

- Lift care occupancy to 95%
- Plan for normalisation of Covid with reduced transmission and infection risk in wider community
- Relaunch the Attitude of Living Well training and leadership programmes for our communities
- Establish key advisory / steering groups to continue to enhance clinical governance structure
- Embed Ngā Paerewa standards in culture and practice
- Set and resource up IT roadmap
- Nurture residents (and community) affected by 2023 extreme weather events
- Revisit Good Friends offering and strategy in new Te Whatu Ora individualised funding climate

## Outlook

- Ngā Paerewa health standards introducing additional governance oversight and compliance requirements
- Ready access to quality aged care in the public sector to remain critically stressed
- Role and strategy of Te Whatu Ora continues to evolve

## Long-term Goals

- The Attitude of Living Well expressed in our retirement communities
- An authentic brand and trusted market position

## How We Measure

- Care centre occupancy
- Net Promoter Score
- Outwardly facing community engagement
- Brand engagement

## KEY PERFORMANCE INDICATORS



NPS village residents



NPS care residents



Care occupancy



Good Friends community



# NURTURING WELL

## FY23 Highlights

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- Progressed calculation of Scope 3 additional emissions sources
- Emissions reduction plan developed with key initiatives scoped and evaluated
- Company-wide focus on waste reduction
- Advocacy and involvement in key sector sustainability initiatives
- Increase in ESG rating & progress scores across agencies

## FY24 Focus

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- Further development of scenario analysis to meet TCFD / XRB reporting requirements
- Emissions reduction plan initiatives implemented
- Waste reduction target
- Prudent capital management in the current uncertain economic environment
- Investor relations programme addressing balance sheet resilience concerns in reasonable worst case scenario

## Outlook

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- Developing domestic sustainability capability brings additional cost to initiatives
- Group-wide focus on elevating sustainability initiatives and progressing identified priorities

## Long-term Goals

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- A leader in environmental and social guardianship working towards introducing a science-based carbon emission target
- Underlying profit exceeding \$200m with a core profitable New Zealand business
- Clear growth potential in other markets

## How We Measure

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- Formation of emissions initiatives and management plans to facilitate our long-term approach
- Data integrity; governance practice
- Cash flow and capital management; financial performance

## KEY PERFORMANCE INDICATORS

**\$88.0M**

Underlying profit

**B**

Carbon emission measured, audited and reported; CDP rating B

**20%**

Emissions reduction target on intensity basis by 2025

**20%**

Waste reduction target



# GROWING WELL

## FY23 Highlights

- 215 new units delivered in a challenging construction market and weather-affected summer
- Completion of premium care suite centre at Lauriston Park in Cambridge
- Addition of future greenfield development site north of Auckland
- An almost 60% increase in resale gains, and 41% increase in total gains – and 16% lift in total sales (new and resales) to \$376 million

## FY24 Focus

- Moderate development programme to capital capacity resilience
- Nurture supplier and contractor relationships
- Look to the future in what and how we build
- Initiate sales programmes for Lauriston Park care suites and Aria Bay apartments
- Maintain sales momentum to convert new sales inventory
- Resident relationship management and settlement function enhancements

## Outlook

- Domestic economic environment impact on construction and residential housing markets uncertain but with further near term downside bias continuing
- High inflationary and interest environment remaining

## Long-term Goals

- 50 retirement communities of scale offering a continuum of care
- Track record of building retirement communities with significant IP in designing care centres that deliver resident-led outcomes

## How We Measure

- Portfolio size and needs-based composition
- Number of units able to be delivered sustainably over the long term
- Number and margin on units sold in a year

## KEY PERFORMANCE INDICATORS

**215**

New units delivered

**197**

New units sold

**18%**

Development margin

**5670**

Existing units in portfolio with 43% needs-based

**2229**

Additional units in the development pipeline

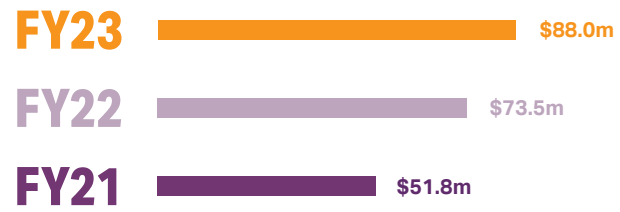
# OUR KPI'S

Key

- 1** Engaging Well
- 2** Living Well
- 3** Nurturing Well
- 4** Growing Well
- R** Linked to senior management remuneration

**Underlying Profit**  
\$million

**R 3**



Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. Please refer to page 29 for a reconciliation to Reported Profit under IFRS.

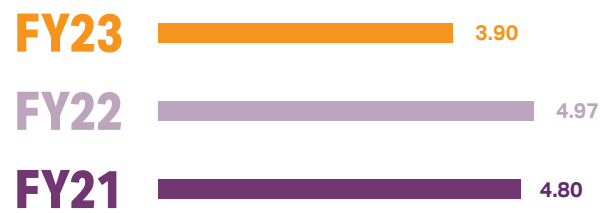
**New Unit Deliveries**  
Number of units

**R 4**



**Health & Safety**  
(TRIFR)

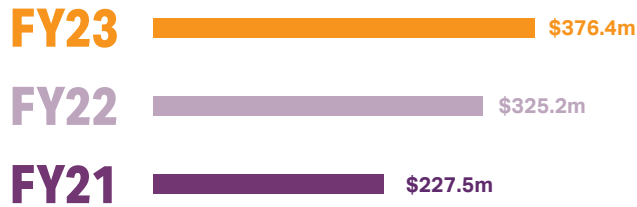
**R 1**



Total Recordable Injury Frequency  
Rate per 100,000 hours worked.

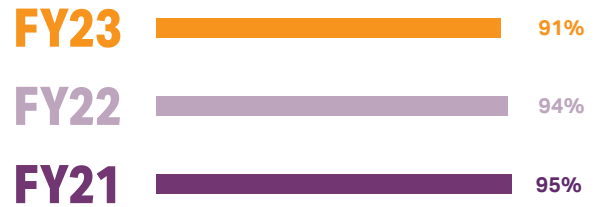


**Total Value of Occupation Right Sales** 4  
\$million



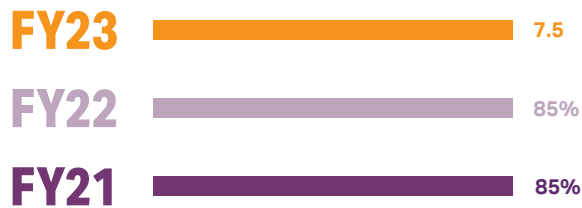
Gross value of resales and new sales of occupation rights settled.

**Care Occupancy** 2  
%



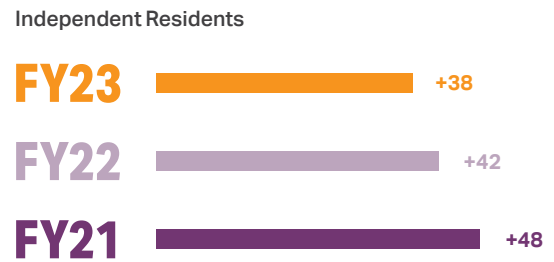
Measured as an average for each financial year.

**Staff engagement** R 1  
0 to 10



Measured 3 times annually using the Peakon survey application. Peakon was adopted in FY23. Accordingly comparison with prior periods is not possible.

**Resident Satisfaction** R 2  
Net Promoted Score; -100 to +100



**Care Residents**



Measured annually by an independent agency using an anonymous survey.

**Emissions** 3  
(tCO2e per \$million revenue)





Welcome to Arvida's  
annual report for the year  
to 31 March 2023

# A YEAR OF CHALLENGE AND OPPORTUNITY



**Anthony Beverley**  
Chair of the Board



## Business Environment

General market and operating conditions were already challenged as we entered FY23 with New Zealand attempting to normalise following a period of Covid and supply chain disruption. Inflation had been abruptly recorded at 6.9% in March 2022, up from 1.9% a year earlier. An aggressive tightening of monetary policy by our Reserve Bank followed, that saw the official cash rate spike steeply from 1.0% at the start of the year to 5.5% now.

This meant that operating conditions remained tough throughout the year. Cost inflation, coupled with ongoing sector staff shortages, placed considerable pressure on the Company's operating activities and profitability. Residential property markets across the country experienced further price declines and an increase in average days to sell. Investment and capital market sentiment to the sector retracted.

In this setting we are pleased to report a resilient set of financial results. IFRS net profit of \$82.5 million and underlying profit of \$88.0 million were recorded for the 2023 financial year.

^ 20% Increase in underlying profit

Although residential property market conditions remained fragile, the demand and pricing for our homes remained high. The team delivered a record year for sales of occupation rights, with resale prices on average 8% higher than prices assumed in the March 2022 village valuations. This is a strong indicator of the embedded value sitting in the portfolio that now represents an estimated \$1.1 billion of future cash flow.

## Growth

An uncertain outlook for the residential property market, which continues to soften and has the indicators of becoming an extended property cycle, requires an exceptionally prudent approach to development activities.

The future demand for retirement living and aged care, underpinned by compelling demographics, remains clear. However, elevated risk levels to construction costs and sales prices have meant a cautious approach is being taken to the type and volume of construction projects we are undertaking currently.

Development capital expenditure has accordingly been tapered, with our annual build rate now expected to be closer to 200 units.

Projects able to deliver early cash flows are prioritised. Our more intensive projects are phased to ensure we are not overextending our funding capacity with a buffer preserved should conditions deteriorate further. Noting this caution, the revitalisation and expansion of our portfolio remains a key focus and we are pleased with progress in this area of the business.

The Board and senior executive team have placed considerable focus confirming a robust framework applies to capital commitments. Development projects are structured and managed to match the operating and investment requirements of the business within capacity limits.

## Board Succession

Arvida's governance framework includes an ongoing focus on Board composition and capability. This is managed under a succession plan aimed at matching the skills and experience of individual directors and the Board as a whole, and the requirements of the business over time.

The succession plan recognises the slightly unusual situation of the majority of directors having similar board tenure as a result of having been appointed at or shortly after Company incorporation and listing in 2014. Given this, the succession plan has a reasonably tight focus on director rotation. It aims to balance the appointment of new directors with the need to ensure the board comprises directors with an appropriate mix of background skills, experience and diversity, with an overlaying imperative to preserve board stability and performance through the transition.

An update on director rotation and appointment will be provided at the annual shareholder meeting in Christchurch on 21 July 2023.

## ESG

The Board is committed to investing in our sustainability journey, ensuring the highest standards of operational performance and corporate governance.

To achieve our aims we need to maintain the support of our residents, teams, partners and suppliers, the communities in which we operate, and our equity and debt investors. Collectively our stakeholders have numerous and changing demands on the way the business conducts itself. We endeavour to maintain the right balance as these demands continue to evolve, and to treat everyone in line with our values.

Our first climate-related disclosures report was included in last year's annual reporting. I would like to note the excellent work carried out by the team in moving our business forward and implementing a range of initiatives to meet our objectives. This is a priority area and I refer you to the section titled 'Climate Related Disclosures' for additional disclosures on progress to date.

During the year, monetary and non-monetary assistance was again provided to team members on the front line of our response to Covid. We also focused on our overall employee value proposition and supporting those team members on lower pay bands, with people skill shortages across the healthcare sector continuing. Beginning 1 April 2023, we expanded the remit of the Remuneration Committee to encompass a broader consideration of people issues. The committee was renamed the People and Remuneration Committee and the charter updated to reflect the expanded remit.

## Our Strategy

### Dividend

A final dividend of 2.35 cents per share (cps) has been declared by the Board, making a full pay-out for the 2023 year of 4.85 cps (2022: 5.5 cps). Payment will be made on 22 June 2023. Shareholders will be able to participate in a dividend reinvestment option for this dividend payment at the volume weighted market share price.

The 2023 distribution of \$35.1 million represents 40% of underlying profit (\$88.0 million), which is at the low end of the 40% to 60% policy range. Going forward the Board has adopted a distribution range of 30% to 50% of full year underlying profit.

There has been heightened investor concern on the level and funding of sector dividends. We recognise we have a large number of retail shareholders on our share register who appreciate regular dividend payments. Our challenge, as we grow, has been to set a sustainable dividend policy where regular dividend payments to our shareholders are funded from the cash flows derived from operations.

Market events over the past couple of years have resulted in cash flow volatility. Through this period, we have maintained a dividend stream for shareholders. However, until Arvida's cash flow profile matures and taking into consideration market sentiment, the Board expects dividend payments are likely to be at the bottom end of the revised payout range. This will ensure a better matching of stable free cash flows to distributions.

### Looking Ahead

We have previously noted that the provision of quality aged care at scale in New Zealand is becoming progressively difficult, primarily as a result of chronic staff shortages and government funding of aged care falling short of the cost of providing care. This has led to an ongoing decline in the profitability and commercial viability of standalone traditional care businesses.

Our transition from traditional care beds to our care suite model is designed to preserve the profitability of our care business. This approach is proving to be the right one for the business and will form a continuing part of our strategy.

While the market and conditions are expected to remain challenging for operators in the retirement and aged care sector for some time, the Company is well placed in terms of its underlying business model and strategy to progress and grow. We are focused on balancing the need to ensure the business is tightly managed while investing appropriately in our people, systems and portfolio to ensure we are well placed going forward. As a long-term investor in retirement living and aged care assets, the investment decisions made today impact on our future value creation.

I would like to acknowledge and thank our broader team for another great effort and performance during the year.

**Anthony Beverley**  
Chair of the Board

INVESTING

IN OUR

PEOPLE










A photograph of Jeremy Nicoll, Chief Executive of Arvida, smiling and looking off to the side. He is wearing a dark blue blazer over a light blue button-down shirt. The background is a blurred outdoor setting with green foliage.

**ARVIDA IS  
POSITIONED  
TO CONTINUE  
TO GROW**

A handwritten signature in black ink that reads "J. Nicoll".

*J. Nicoll*

**Jeremy Nicoll**  
Chief Executive

## We have continued to make strategic, operational, and financial progress against a challenging backdrop in the 2023 financial year.

Despite the demanding environment, the team delivered a solid financial result and continued to work hard to position the business well for the years ahead. Moreover, the value of prudent capital management was highlighted this year.

### Sector Focus

Early May 2023 the Commerce Commission announced it would be investigating complaints about the retirement village sector by Consumer NZ and the Retirement Village Residents' Association under the Fair Trading Act 1986.

Sector body, the Retirement Villages Association (RVA), has been engaged with both parties discussing concerns raised and taking steps to advise members on recommended changes. The RVA will be responding to the Commission's investigation on behalf of members where appropriate.

Additionally, the Ministry of Housing and Urban Development announced late 2022 that it would be undertaking a review of the Retirement Villages Act 2003 to ensure the Act remains fit for purpose. The scope of that review considers aspects of consumer protections, resident and operator rights and responsibilities, disclosure and contractual inclusions, and the complaints process. A discussion document is to be released for consultation prior to the 2023 general election.

Both reviews highlight a level of concern amongst some residents and resident advocates about some of the sector's practices.

We undertake resident satisfaction surveys every year to understand the sentiment of our resident community base, but also receive feedback on areas of concern. These surveys are conducted by an independent third party with every resident encouraged to participate on an anonymous basis.

Results from these surveys are shared with the Board, senior executive and management teams and village managers. They are considered and explored to identify an action plan to address responses. The aggregated feedback and action plan are then shared with village teams and residents to ensure accountability.

Through this process we look to actively address areas needing improvement. We also put a high degree of rigour into ensuring the process around moving in and living with Arvida is fair and transparent.

The greatest advocates for retirement living are residents. The results from our resident surveys, covering both those living independently in our retirement communities and those living in our care centres, indicate a highly satisfied constituency – and exceptionally high when compared across the service sector. The net promoter score for our village residents was +38 and +59 for residents living in care.

### Government Policy

Commentary on the poor state of New Zealand's healthcare system has headlined regularly in the media throughout the year; and will likely form a campaign issue for the upcoming general election. A pathway that shifts to a more outcomes-focused, equity-based healthcare offering will require government policy transformation.

In the current context, policy most affecting aged care primarily relates to workforce, pay disparity and the profitability of the sector. Poor policy has worsened access to an already stressed labour pool and resulted in supply-side challenges for the sector.

The government has responded to sector advocacy with a process to reduce nurse pay disparity as well as including nurses on the green list pathway for residency. Neither have had a discernible impact on resolving sector workforce issues yet. Further work is required on the overall policy framework to deliver a permanent increase in nurse numbers in New Zealand, together with equality in nurse remuneration between the public and private sectors.

Across our business, 5% of our asset value is represented in traditional aged care facilities. As a for-profit operator, generating an acceptable return for the capital invested, that also allows for reinvestment in the business, is critical. Without this, we are likely to see continual closures of aged care facilities across the sector and an increase in the disparity of those that can gain access to quality aged care.

### People Strategy

To better position our business and improve workforce retention, we have invested in defining our employee proposition. Substantial focus was placed on understanding our current state before developing strategy. The discovery phase engaged leaders across the business, which was an important part of the journey.

The work undertaken has enabled focus areas to be identified and prioritised in our pursuit of establishing a clear and compelling employment brand. The strategy developed focuses on creating a considered, consistent people experience delivered by our leaders, and supported by a compelling employee proposition with fit-for-purpose tools and personal development support.

A 2-3 year timeframe is involved in progressively rolling out the strategy. Already we have recorded improved engagement and some positive momentum across the business from work completed.



## Our Strategy

### Financial Performance

Underlying profit performance up 20% to \$88.0 million, primarily reflected record resale and new sale performance. New benchmarks were set for new and resale gains. And in March 2023, we reported our best month on record for sales performance. Resale pricing for occupation rights across the year was up an average 8% on the pricing included in valuations performed at balance date last financial year.

In a difficult residential market, this level of performance reflects positively on the relative appeal of our product and the underlying business culture. It also highlights that often the motivation behind the purchase decision includes other factors such as the desire for safety, security and support.

In contrast, operating performance declined. This mainly reflected the operational leverage in the care part of the business. For the first part of the financial year, we reported poor returns from care driven by lower occupancy through New Zealand's Omicron outbreak, labour shortages and ongoing pressure from government underfunding. However, over the second half operating performance started to improve, primarily driven by a recovery in care occupancy with less Covid in the community and a stabilising workforce. Occupancy sat at 94% year end relieving some of the pressure on profitability from this component of the business. This was still behind historical levels but a marked improvement on the lows experienced earlier in the year.

The provision of care remains core to our offering, and a critical component to residents being able to access a continuum as they age. Funding has not kept pace with the cost of care, which means our strategy has continued to evolve to ensure adequate returns can be generated from the investment made and risks assumed in providing care services.

The current funding level and operating conditions mean care will continue to form a reducing portion of our business. In our new greenfield communities we will be targeting a lower portion of needs-based accommodation with our new care suite product. Our experience with care suites to date has demonstrated that there is a market need for this product with improved returns possible. We will also be looking to accelerate the conversion of our traditional care beds and serviced apartments to care suites where it makes sense.

### Development Activities

It is perhaps fitting then that the Lauriston Park care centre – the newest care suite centre in our portfolio – was delivered at the end of the financial year demonstrating this strategy through action. It comprises 63 care suites including 15 dementia suites, and completes the development of this community. Enquiry has already exceeded expectations with 21 applications received. Opening of the centre is scheduled for 8 June 2023 as commissioning and certification completes.

A total of 164 new homes were added in the second half of this financial year, bringing total deliveries to 215 for the year. This was a miss to our target of 250+ for the year as a result of the Aria Bay development being delayed.

The construction of new village units and associated care facilities remains key to the growth of the business. While we entered the year facing a shortage in the supply of some building products and significantly higher construction costs in most regions, we observed some stabilisation in construction costs and an increase in product availability over the period. We remain cautious on the year ahead prioritising projects where we are able to better manage cash flows and still progress our more intensive developments well within funding limits.

As highlighted in the case studies on pages 34-35, the returns from our development activities have been significant to date. We have development in progress across 10 sites currently and further development planned. Maintaining fiscally robust oversight of development through the current property cycle will allow progress to continue.

It will also allow opportunistic deployment of capital into acquisitions such as the recently announced purchase of a development site in Warkworth. This is a superb site that presents exceptionally well for a future Arvida retirement community.

### Continued Momentum

The business has demonstrated a resilience through a very tough couple of years and momentum remains positive. However we do not yet know the full impact of the cost of living crisis, a period of higher inflation and interest rates, and the disruption to the residential property market.

Our aim is simple – to chart a path to sustainable growth that delivers growth in cash flows and total returns for shareholders over the long term through consistent execution to strategy. We have a clear set of strategic priorities in front of us:

- Resilience for the future
- Mature our business in critical areas, and
- Focus on cash management

I would like to acknowledge and thank our tireless team for the significant contributions made over this 2023 year. Your efforts are reflected in our residents living well.

**Jeremy Nicoll**  
Chief Executive



**RESILIENCE**

**FOR THE**

**FUTURE**





# FINANCIAL COMMENTARY

A net profit after tax of \$82.5 million was reported for the year ended 31 March 2023, down 59%, and an Underlying Profit of \$88.0 million, up 20% on the prior period.

Part year contributions from communities acquired or sold in FY22 are included in prior period comparisons. In the prior period six retirement communities were added and four were divested. No business acquisition or divestments were completed during FY23.

## Recent Weather Events

This summer has been overshadowed by two severe weather events.

In the first, our Parklane retirement community in Auckland experienced surface flooding to part of the community grounds. As a result, 39 of the 99 villas were flood damaged, as well as the serviced apartment building and community centre. A total of 49 Parklane residents were displaced from their homes as a result. All were very quickly resettled by the team to other local Arvida communities, with their family or in short-term rental accommodation.

The team rallied around these residents (and the wider Parklane community) to help out wherever was needed. Planning is underway to remediate the impacted villas, apartments and communal areas as soon as possible.

Our other Auckland communities experienced no significant damage from this event.

Further down the North Island, Mary Doyle in Havelock North experienced a power, internet and phone outage lasting several hours in the second weather event, cyclone Gabrielle. Otherwise there was no material physical damage to the property despite the Hawke's Bay region being badly impacted. None of our other communities in coastal locations experienced any significant cyclone-related damage.

## Parklane Insurance

The Company has comprehensive insurance cover in place for events such as those that affected Parklane. It covers loss from both material damage and business interruption.

An initial assessment has been undertaken to quantify the extent of loss incurred. Reports currently estimate the material damage component at \$14.1 million. During FY23, insurance proceeds of \$6.3 million were received, comprising a mix of material damage and business interruption. A remediation provision of \$12.7 million is included in the financial statements.

The fair value of Parklane was impaired by \$22.0 million to reflect the material damage of the floods.

Assessment of the damage continues as new information comes available. It is possible that the actual financial impacts will differ from those included in the financial statements.

## 1. Financial Performance IFRS Net Profit After Tax

The Company reported net profit after tax of \$82.5 million for the FY23 financial year, down from \$198.9 million in FY22. This decrease was largely due to the large fair value recognised in FY22. Fair value movement of \$80.4 million (2022: \$159.0 million) reflects the addition of new retirement units in the financial year, the increase in existing unit pricing, the decrease in Parklane's fair value and change in valuers' assumptions.

In broad terms, the valuers have maintained comparable assumptions to the prior year but lowered the near term property growth rates. Discount rates at some retirement communities have been lowered to reflect a maturing of business, addition of amenity or, in relation to Parklane, the discount rate was increased due to the impacts from the flood damage.

## Underlying Profit

Underlying profit of \$88.0 million was reported for 2023 (2022: \$73.5 million). Relative to the prior corresponding period, underlying profit per share increased to 12.2 cents per share.

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.

Covid continued to impact on the Company's financial performance, particularly in relation to care revenues, additional care operating costs incurred and impact of government settings on normal business operations.

### Revenues

Revenue for the year grew 10% to \$222.0 million (2022: \$201.7 million), reflecting the inclusion of the Arena villages for a full period and continued financial performance across core village operations despite the impact of Covid-19, and insurance proceeds received.

Arvida generates revenue from village and care fees, and deferred management fees. An increase in the number, occupancy and value of units, reflective of the scale and growth of operations, plus an increase in daily bed funding rates and premium bed rates underpin revenue generation.

Revenue from care fees is sensitive to the level of care occupancy and daily bed rates.

Occupancy across care centres averaged 91% for the year (2022: 94%). This reflected lower occupancy in the first half where admissions were restricted through New Zealand's Omicron outbreak. Occupancy steadily tracked higher over the second half and was sitting at 94% at balance date, which is above the industry average at 88.9%. Intermittent restrictions on admissions due to

Covid and staffing shortages have continued to hamper a return to full occupancy across all care centres.

While strategies are in place to return care centres with lower occupancy levels to historical levels we expect this will occur over the next six months. Covid is still present in New Zealand even though publicly reported statistics show infection rates moderating. Restricting admissions is a control mechanism in our infection prevention and control plans, which does impact care revenues due to the effect on occupancy.

Daily bed rates are set annually by Te Whatu Ora, with an additional accommodation premium sometimes applicable depending on the room and features. Funding has not kept pace with the costs of aged care provision and has worsened in the current inflationary environment. In 2022 the increase to funding rate effective from 1 July was announced at 3.0%. This was increased to 5% with effect from 1 September 2022, which was significantly below the rate of cost inflation.

Deferred management fees on units sold under occupation right agreement were \$62.1 million (2022: \$48.6 million), up 28%. This reflected contributions for a full 12 months from the six villages acquired in the prior period, high occupancy across communities, resale of occupation rights at increased pricing and the addition of new units to the portfolio.

### Expenses

Total operating costs increased 17% to \$212.1 million (2022: \$181.0 million). Employee costs represented 55% or \$117.2 million of the increase. Inclusion of the Arena teams for a full 12 months, higher nurse pay and legislated increases to caregiver pay, a bigger workforce and leave provisions were factors that led to the increase.

**Table 2.1: Underlying Profit Reconciliation \$000**

NZ\$m	FY23	FY22	Movement
Net profit after tax	82,465	198,882	(116,417)
Change in fair values	(81,858)	(162,917)	81,059
Deferred tax	1,405	(1,139)	2,544
Impairment of goodwill	2,901	10,794	(7,893)
Gain on acquisition of villages	0	(43,900)	43,900
One-off costs <sup>4</sup>	(13,853)	3,162	(17,015)
Gain on resale	69,081	43,411	25,670
Development margin on new units	27,817	25,217	2,600
<b>Underlying profit</b>	<b>87,958</b>	<b>73,510</b>	<b>14,448</b>

<sup>4</sup> Non-operating one-off items that relate to insurance activities and transactional activity.



## Our Strategy

Margin pressures in our care centres continued to decline due to the operating leverage. As a proxy for all our care operations, EBITDA per bed for our three standalone care centres was \$4,100. This compares to \$17,400 EBITDA per bed reported in FY19 (pre-Covid). The lift in care occupancy over the second half has helped to improve profitability albeit still substantially below historical experience.

Additional staff costs of approximately \$4.2 million relating to Covid were incurred.

### Cash Flows

The Company's operating cash flow at \$152.6 million (2022: \$151.8 million) was broadly in line with the prior year.

While the contribution from care was lower, cash flows generated from care continue to represent a core source of recurring operational cash flow. Resale settlements of \$186.2 million (2022: \$158.7 million) less \$106.7 million of repayments (2022: \$98.7 million) are a net positive contributor to operating cash flows.

Gross receipts from new occupation right agreement sales were \$125.2 million (2022: \$129.2 million). Proceeds from new sales are reinvested back into development activities to finance future growth.

In 2023, \$287.2 million (2022: \$207.5 million) was spent on investing activities of which \$169.0 million (2022: \$166.8 million) related to development capital expenditure (including capitalised interest). An additional \$24.2 million (2022: \$18.9 million) was invested in land acquisitions.

## 2. Sales Activity

The weather events over the peak sales months and a generally subdued residential property market had an impact on sales activity. Despite this, enquiry levels for independent living units and care suites remained high.

The volume of resales and new sale occupation right settlements was down slightly on the prior year at 568 settlements (2022: 580) in total. This reflected new sales volumes being 19% lower, with resales volumes up 10%.

The gross sales value of all settlements for 2023 was \$376.4 million, up \$51.2 million on the prior year.

**Table 2.2: Sales Activity**

	FY23	FY22
Number of ORA resales	371	337
Value of ORA resales	\$220m	\$170m
Resale margin	32%	26%
Number of new ORA sales	197	243
Value of new ORA sales	\$157m	\$155m
Development margin	18%	17%

Resale gains increased to \$69.1 million (2022: \$43.4 million), with average gross proceeds per settlement of \$593,000 up 17% from 2022. A change in sales mix by unit type and region, and increasing unit pricing across the portfolio contributed to the improved resales result. On average, resale prices were 8% above valuer estimates assumed at 31 March 2022. The resale margin achieved on resales was significantly higher at 32%.

Uncontracted resale inventory represented 1.2% of the total portfolio at year end.

We settled 197 new sales for a gross sales value of \$156.5 million (2022: \$155.0 million). Sales continued track well at our larger development sites of Bethlehem Shores, Queenstown Country Club, Te Puna Waiora and Waimea Plains. The completion of the Rhodes on Cashmere care suites saw good sales progress in the sell down of both care suites and apartments.

At year end, new unit inventory available for sale represented 4.4% of total portfolio. This included 63 care suites delivered at Lauriston Park, that will open in June upon receiving certification. Excluding care suite inventory, uncontracted new unit inventory was 2.2%.

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.

## 3. Financial Position

Total interest bearing debt including the bond issue (ARV101) was \$622.8 million (2022: \$452.9 million) at year end, representing 17% of total assets (2022: 13%). During the year the bank facility limit was increased by \$150 million to a total facility limit of \$800 million and ASB was introduced to the syndicated banking facility, alongside existing syndicate members ANZ and BNZ.

The Company also has residents' loans of \$1.5 billion (2022: \$1.4 billion) in the form of licences paid by residents under occupation right agreements. A resident loan is repayable when a resident vacates a unit and the associated occupation right is resold.

Total assets grew to \$3.8 billion, up from \$3.4 billion at the start of the financial year. Key movements were attributable to development activity, and an increase in the value of investment property. Property, plant and equipment valued at \$202.3 million (2022: \$208.8 million) includes traditional care facilities (these are operated to provide services and are not included as investment property). Net tangible asset value per share increased to \$1.90 per share (2022: \$1.84 per share).

The annual revaluations of our investment property undertaken by CBRE Limited and Jones Lang LaSalle Limited delivered a revaluation movement of \$80.4 million (2022: \$158.9 million).

Embedded value in the portfolio, which calculates future cash that can be generated when a unit is resold, increased to \$1.1 billion (2022: \$977.2 million).

During the year considerable focus was placed on confirming a framework for capital commitments. This work defined the sources of capital and its uses, particularly in relation to matching specific types of capital to defined activities.

The capital management review included:

- Better defining sources of cash flow from the business
- Considering a revised dividend policy and sources of funding
- Considering capital for growth and sources of funding
- Considering a medium term growth profile

Broadly cash flow use within the business can be categorised into operating activity or development activity cash flows. The latter includes development capital expenditure, land purchases, capitalised interest and development team costs. We fund these activities through new sale receipts and debt. The Board considers an appropriate level of gearing to be within a range of 25% to 35%. With the market and conditions

expected to remain challenging, maintaining gearing at the mid point of the range is the near term target.

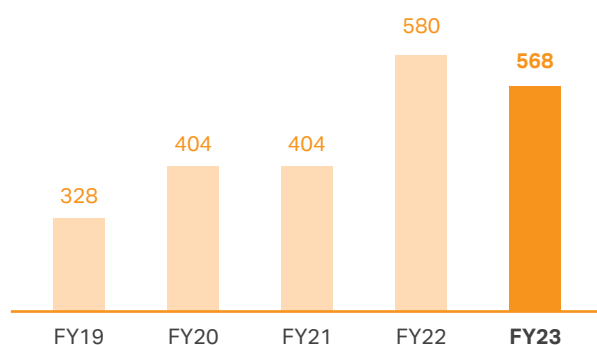
All other cash flows are broadly categorised as being derived from operating activities. Distributions are paid from this pool of cash flows, which may be partially funded through a dividend reinvestment entitlement. Over the medium-long term, we expect the funding requirement for operating activities to not increase as the business matures and the volatility in cash flows reduce.

#### FY23 dividends

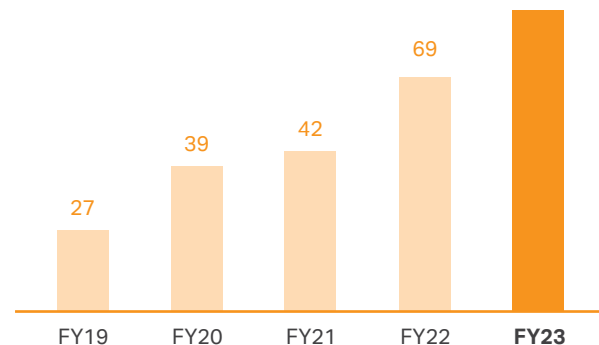
A final dividend of 2.35 cents per share (cps) will be paid on 22 June 2023, making a full pay-out for the 2023 year of 4.85 cps (2022: 5.5 cps).

Moving forward the dividend policy has been amended to reduce the payout range to 30–50% of each year's underlying profit. The FY23 distribution of \$35.1 million represents 40% of underlying profit (\$88.0 million). Shareholders will have a dividend reinvestment option with this dividend payment.

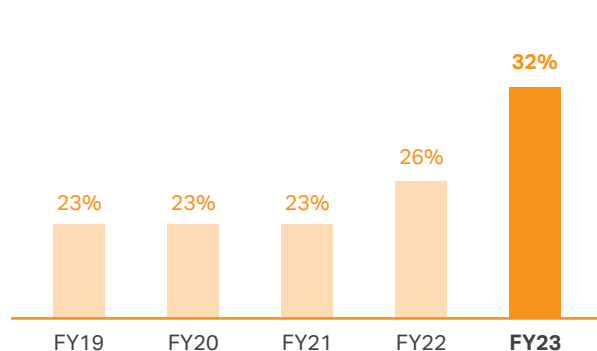
#### Total ORA Sales (Units)



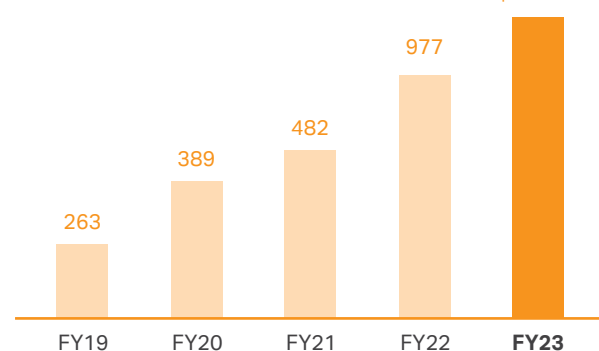
#### Total Gains on ORA Sales (\$m)



#### Resale Margins (%)



#### Embedded Value (\$m)









# STRATEGY IN ACTION

A total of 20 retirement communities and six greenfield sites have been acquired since IPO, along with the divestment of five communities.

Our acquisition strategy has demonstrated significant value creation through both acquisition of existing communities with brownfield development opportunities and greenfield development opportunities. Acquisitions have also offered access to advanced cash flow profiles, talent and scale benefits.

## Strategic framework

Our strategic plan sets out the direction for Arvida over the next five years, particularly the key priorities and activities that will deliver our strategy and create value over time. It tells us where we are going and outlines how we will get there.

Each year the Board and senior management review the strategic objectives. This ensures the plan is dynamic and retains a five-year view.

Because it's regularly reviewed, the strategic plan is both a valuable tool and an extremely important management benchmark to gauge progress.

The strategy review this year coincided with our share price trading near its historical lows. While our share

price decline can be attributed to a variety of contributing factors, a large capital raising from a sector peer to address balance sheet gearing heightened investor concern and focus on cash flow generation and balance sheet capacity. This led to the review becoming an opportunity to rethink our resilience and growth profile.

We have grown rapidly since listing to become a leading participant in the New Zealand retirement and aged care sector.

The future landscape will be shaped by ongoing changes specific to us, like our acquisition of additional greenfield sites for future development, and the broader environment, such as the residential property market and decisions around aged care funding.





CASE STUDY: WAIMEA PLAINS

**\$104M**

Invested capital <sup>5</sup>

**\$97M**

Sales from new units <sup>6</sup>

**\$7M**

Net investment

**\$52M**

Valuation<sup>7</sup>  
(including work in progress)

# UNLOCKING VALUE THROUGH GREENFIELD DEVELOPMENT

## Vision

Create a vibrant retirement community where meaningful social connections and friendships can be made.

A place where age is not a limiting factor for the experience and opportunities on offer; and connections with the local community are celebrated.

Not a traditional gated retirement community, Waimea Plains is an open one. Friends and family are always welcome to visit and enjoy the pathways, park areas and clubhouse.

Recognised at the 2022 RVA conference as winning the RVA resident led sustainability award.

## Key Statistics

The 8 hectare site located in Richmond (Nelson bays) was acquired in August 2018 as bare land for future development. Development commenced in 2019.

- 151 villas & townhouses
- Resident clubhouse and amenity (bowling green, workshop, brewhouse)

## To be built:

- 35 villas & townhouses
- Care centre (59 care suites)
- Living Well centre (pool, gym, café, activity space)

**“Our residents continue to pioneer new ways to embrace the attitude of Living Well – which will continue to be the driving force behind village activities and experiences. Waimea Plains will be the village of choice for active retirees who are looking to live a life that challenges the norms of retirement and aging.”**

Jason Edkins  
Village Manager Waimea Plains





### CASE STUDY: COPPER CREST

**\$85M**

Invested capital <sup>5</sup>

**\$74M**

Sales from new units <sup>6</sup>

**\$11M**

Net investment

**\$94M**

Valuation

# UNLOCKING VALUE THROUGH BROWNFIELD DEVELOPMENT

## Vision

Unlock the value in the undeveloped land to create a retirement community offering a continuum of care for residents.

Deliver amenity positioned for the future and complementary to Arvida's other communities in the Tauranga region.

Retain a high specification and excellent presentation.

## Key Statistics

The retirement community was first occupied in 2007 and progressively developed in stages. Arvida acquired Copper Crest in October 2016 partially developed comprising 111 villas, a clubhouse and 3.8 hectares of consented development land.

- 158 villas
- 29 apartments
- 55 care suites
- Resident clubhouse and amenity (bowling green, cinema, café, gym, etc)

Completion of the care suite and apartment building in March 2021 represented an end of development on site. The care centre, comprising 55 care suites, was Arvida's first purpose-built facility of its kind. Designed on the household model where each cluster of rooms has dedicated common areas and caregivers. Rooms range in size up to a large 53 sqm premium suite. Eleven dementia suites were included on the ground floor.

Sell down of the care suites was achieved within a 12 month period, significantly ahead of expectations.

Copper Crest now includes living options from fully independent through to hospital and dementia-level aged care. Occupancy across all types of living options remains consistently full.

<sup>5</sup> Includes development capital expenditure, capitalised interest and acquisition price.

<sup>6</sup> Gross value of proceeds from first sale of completed units and unsold stock.

<sup>7</sup> Includes operators interest and development land.

# THE OPERATING ENVIRONMENT

## 1. Economic Conditions

### Global

The pace of global economic activity continues to moderate with growth projected to fall from 3.4% in 2022 to 2.9%.<sup>8</sup>

The risks to the outlook remain tilted to the downside with inflation remaining high globally amid continued labour-market tightness and growing wage pressures, requiring tighter monetary policies from central banks and a resulting sharper slowdown in activity likely.

Combined with this, is a high level of geopolitical tension with an escalation of war in Ukraine a threat to global stability. Recent bank collapses in the United States also highlighted financial conditions could tighten rapidly.

### Domestic

While the domestic economy remained broadly buoyant through 2022, a 0.6% fall in Gross Domestic Product was recorded in the December 2022 quarter. Expectations are that the New Zealand economy will continue to contract through 2023 as a tightening monetary policy takes effect.

The Reserve Bank of New Zealand has been raising the official cash rate over the last two years, from a low of 0.25% in April 2021 to the current 5.5%. However the Bank's latest policy statement forecasts no further increases in 2023.

Annual CPI inflation was 6.7% in the March 2023 quarter, down from 7.2% in the December 2022 quarter. However, a broad range of indicators highlight ongoing domestic capacity constraints and inflationary pressures.

Employment remains above its maximum sustainable level with the unemployment rate at 3.4%. Labour shortages have meant wage growth has remained elevated.

Residential building sector activity levels and consent issuance remain near record highs albeit with some recent signs of slowing. Cyclone Gabrielle and other recent severe

weather events have occurred at a time when labour and other resources in the economy are already scarce. Existing capacity constraints may mean these storms are more inflationary than previous natural disasters and it may take longer for recovery work to take place.

A general election scheduled for October 2023 may also bring some additional fiscal stimulus.

Principal Risk: Market Demand

Strategy: 🏠❤️

### Residential Property Market

Data released in March 2023 indicated a continued easing in residential property prices and slowing in sales activity. At a national level, the REINZ house price index is down 16.8% from the November 2021 peak.

A range of New Zealand economic and financial commentators anticipate further contraction in New Zealand's residential property market and a decline in house prices over the next 12 months. The rapid rise in mortgage interest rates, amongst other factors, has acted to reduce mortgage demand/housing credit and house prices.

A key focus for the retirement living sector is the liquidity in the residential property market.

Approximately 57% of Arvida's portfolio is independent living, with the balance of 43% needs-based where residents are accessing some level of care assistance.

Principal Risk: Market Demand

Strategy: 🏠❤️

## 2. Operating Environment

### An Ageing Population

It is estimated that approximately 840,000 people in New Zealand are aged over 65 years. New Zealand's population is experiencing both structural ageing (approximately

a quarter of the population will be aged over 65 years by the 2040s) and numerical ageing (more than 1.3 million over 65 years by the 2040s)<sup>9</sup>. This is equivalent to an annual growth rate of 2.5% or an increase of more than 50%.

The number of people aged over 85 years is also increasing, with about 93,000 people currently in this age group or about 1 in 50 people. This is projected to increase to about 1 in 30 during the 2030s, and to about 1 in 20 in the 2040s.

Principal Risk: Market Demand

Strategy: 🏠❤️

### Access to Care

The current supply of aged residential care beds in New Zealand is approximately 41,000. As a whole, the sector cares for over 35,000 residents – 57% of whom are at one of the higher care levels (hospital, dementia, or psychogeriatric) and require highly specialised care by registered nurses and caregivers/healthcare assistants.

Occupancy across all bed types at 31 March 2023 was 88.9%<sup>10</sup>.

Demand for aged residential care is forecast to increase by an estimated 15,000 beds by 2030<sup>11</sup>. In 2022 more than 1,000 aged care beds closed in New Zealand.

Principal Risk: Market Demand

Strategy: 🏠❤️

### Covid

The World Health Organization (WHO) has declared that Covid no longer represents a “global health emergency” recommending the virus be managed along with other infectious diseases.

Domestically reported transmission rates of the coronavirus continue to decline.

As highlighted in previous reporting, a pandemic response team was formed at the start of the pandemic in February 2020 to monitor and implement infection prevention and control settings, and set strategy for the group.

Our board and executive team have been focused on mitigating the impact of Covid-19 from the outset with a range of measures implemented to safeguard residents’ and teams’ wellbeing.

The expert advice of an independent virologist to the pandemic response team was critical in understanding the potential areas of risk and in formulating appropriate responses.

We have had three priorities: ensuring our teams are fully prepared and safe; safeguarding the health and wellbeing of our residents; and protecting our business.

Our pandemic plan continues to be operative, and has evolved with the changing health risks and associated changing government settings.

<sup>9</sup> International Monetary Fund | January 2023

<sup>9</sup> National population projections: 2022(base)–2073 | Stats NZ

<sup>10</sup> NZACA analysis of TAS Aged Residential Care Quarterly Reporting Survey.

No adjustment for beds temporarily closed due to registered nurse shortage.

<sup>11</sup> The Industry Profile 2021-22 for the aged residential care ARC sector is provided by NZACA and BERL.

Dynamic risk assessment continues to underpin our infection prevention and control settings.

Principal Risk: Pandemic

Strategy: ❤️🗨️

## 3. Government Policy

### Labour Market

A portion of New Zealand’s aged care workforce has historically come from offshore. The government’s Covid-19 border restrictions effectively paused immigration and contributed to a shortage of registered nurses and care givers.

New Zealand’s borders progressively reopened during 2022 and, from 15 December 2022, registered nurses moved to the residence green list pathway. The industry has actively commenced overseas recruitment processes to attract care workers.

Principal Risk: Personnel Retention

Strategy: 🏠❤️

### Aged Care Funding

Government funding provided to the aged care sector under contract continues to lag behind the actual cost for services. This lag has been exacerbated by a government-implemented pay structure that has created a clear disparity between public health and aged care pay rates, which is particularly acute for nurse pay.

The government has announced up to \$200 million will be allocated across the sector annually from 2023/24 to fund a reduction in the pay gap. Priority has been given to services at greatest risk of service failure and equity challenges including aged care.

The New Zealand Aged Care Association (NZACA), on behalf of industry participants, leads the negotiations with Te Whatu Ora to set funding rates. Changes to funding rates are implemented annually, with the effective date typically being 1 July each year.

Principal Risk: Personnel Retention

Strategy: ❤️🗨️

### Ageing in Place

The Healthy Ageing Strategy set out the strategic direction for New Zealand’s health to 2026 and the delivery of aged care services. The vision for the government’s strategy is that: older people live well, age well and have a respectful end of life in age-friendly communities. The policy favours funding care at home over alternatives.

Principal Risk: Government Policy Reforms

Strategy: 🏠



## Strategy in Action

### 4. Regulation

#### Commerce Commission Review

On Wednesday 10 May 2023, the Commerce Commission announced that it would be investigating two complaints made about the retirement village sector under the Fair Trading Act. The two complaints were made by Consumer NZ and the Retirement Village Residents' Association.

Principal Risk: Government Policy Reforms

Strategy: 🏠❤️

#### Health and Disability System Review

On 1 July 2022 New Zealand moved to a new national health system with the 20 District Health Boards disestablished and their functions merged into Te Whatu Ora – Health New Zealand.

Te Whatu Ora now manages all New Zealand's health services, including hospital and specialist services, and primary and community care.

Te Whatu Ora and Te Aka Whai Ora have jointly published Te Pae Tata Interim New Zealand Health Plan 2022, an initial plan while a full process is undertaken to develop a New Zealand Health Plan.

Principal Risk: Government Policy Reforms

Strategy: 🏠❤️

#### The Retirement Villages Act

In 2023 the Ministry of Housing and Urban Development will begin scoping a review of the Retirement Villages Act 2003.

At a high level, the review is set to consider whether the current Act remains fit for purpose to ensure:

- adequate consumer protections for residents and intending residents of retirement villages,
- an effective balance between the rights and responsibilities of residents and operators of retirement villages, the on-going viability of the retirement village sector and its ability to provide a range of retirement housing options and consumer choice, and
- appropriately defined rights and responsibilities of residents and operators, including where they may differ for different occupancy rights.

The review will also consider specific aspects related to the main phases of retirement village experience, such as moving in, living in and moving on, and some wider issues.

Principal Risk: Government Policy Reforms

Strategy: 🏠❤️

#### Environment and Climate Related Disclosures

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill was passed in October 2021. The legislation gives the External Reporting Board (XRB) a mandate to develop a climate-related disclosures framework for New Zealand. Climate-related disclosures will be mandatory for a number of entities including listed companies with a market capitalisation of more than \$60 million for FY24 year-end reporting.

This year we have again published our climate related disclosures report in this Annual Report.

Principal Risk: Legislative & Regulatory Compliance

Strategy: 📄

#### Climate Change

Two severe weather events occurred in New Zealand during January and February 2023 that resulted in widespread infrastructure and property damage.

The Extreme Weather Event Risk Attribution Machine research project, which received funding from the Ministry for Business, Innovation and Employment's Endeavour Fund, studied the effects of climate change on severe weather events in New Zealand. In 2021, it found that extreme rainfall events causing flooding in Canterbury were 10-15% more intense as a result of climate change.

A recent study also found that \$140 million of the total \$470 million in damages from the 12 worst flood events in New Zealand over the period 2007-2017 were directly attributable to climate change. The Insurance Council of New Zealand said extreme weather-related claims for five events in July and August 2022 led to claims valued at \$124 million.

Economic losses from Cyclone Gabrielle are currently expected to exceed \$4 billion<sup>12</sup>.

There is a growing body of local evidence and research that climate change is having an impact on weather in New Zealand. This can include both increasing the frequency of extreme weather, and making them more severe.

Principal Risk: Climate, environmental management & water, Insurance

Strategy: 🏠📄

<sup>12</sup>Economic division at the Ministry of Foreign Affairs and Trade.









# ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholders include our residents and teams, investors, communities, suppliers, regulators and funding providers.

Effective engagement with stakeholders is an important part of setting the Company's strategy. We seek to deliver value for all our stakeholders. In determining strategy, the Company seeks to understand the needs and expectations of each stakeholder group.



## RESIDENTS

We create thriving retirement communities where over 6,750 residents live, and in some cases, receive care services as they age.

### Key Expectations

- Access to higher levels of care/ assistance when needed
- Community engagement / activities and amenity
- Quality food and living experience
- Fixed cost
- Privacy and data protection
- Well maintained & presented community

### How we Engage

- Regular meetings and social events with residents
- Regular communications, newsletters, and event calendars
- Sales team & CRM engagement
- Marketing campaigns
- Annual resident meetings
- Annual resident satisfaction survey to receive feedback across a range of topics

## TEAMS

We have over 2,900 team members across our retirement communities, care centres, support offices and construction sites who are fundamental to achieving our strategic goals.

### Key Expectations

- Inclusive workplace culture
- Safe workplace
- Career development and training
- Competitive remuneration and benefits
- Fair and reasonable working hours

### How we Engage

- Weekly and monthly team meetings
- Health & safety meetings
- Board, senior executive, and management team meetings
- Skills development and training workshops
- Health and wellness help desks
- Regular email communications, sustainability and general newsletters, noticeboards, CEO updates
- Employee surveys
- Internal intranet and social media platform

## INVESTORS

We have over 8,000 institutional and private shareholders and bondholders that provide capital funding.

### Key Expectations

- Continued growth and financial returns
- Access to timely, clear and relevant information
- Understanding our model, strategic direction and profit drivers
- Good corporate governance
- Socially and environmentally responsible corporate citizen

### How we Engage

- Actively engage with analysts and investors throughout the year and undertake regular communications, one-on-one meetings, and investor roadshows to ensure a current understanding of business performance and outlook
- Key investor publications include the annual and half year reports with accompanying investor presentation and release, investor newsletters, sustainability report and the information available on the Company's website
- The annual shareholder meeting provides the opportunity for the Board and senior management to engage with investors

## COMMUNITIES

Our retirement communities are located in 36 locations spread across New Zealand. We continually strive to engage with and make a positive difference to the communities in which we operate.

### Key Expectations

- Improving accessibility to aged care services
- Thoughtful and well designed quality housing
- Career and training opportunities
- Funding community relief and projects

### How we Engage

- Sponsorship and donations
- On-going community engagement programmes

## SUPPLIERS

We spend over \$300 million annually with a wide range of suppliers.

### Key Expectations

- Fair and transparent negotiations
- Effective and efficient administration
- Duration of relationships / partnerships

### How we Engage

- Supplier presentations and meetings
- Tender briefings
- Workshops
- Surveys

## REGULATORS & FUNDERS

We maintain a broad range of sector relationships with regulators and funders.

### Key Expectations

- High levels of compliance
- Employee, resident and contractor safety

### How we Engage

- Formal correspondence and meetings (as required)
- Care centre visits (as required)
- Audits and inspections by Te Whatu Ora, Worksafe, auditors, government agencies



# UNDERSTANDING OUR MATERIAL MATTERS

Monitoring our material matters ensures we are aware of what is happening in our environments, where we have impact and how we can add focus to our efforts.

We do this continuously through engagement and dialogue with our key stakeholders, by monitoring our business and industry peers and by keeping abreast of relevant trends and market drivers.

Two separate pieces of stakeholder engagement work, focused on internal stakeholders, were completed. These pieces of work formed the basis for an updated materiality assessment and matrix for this Annual Report.

## Materiality matrix

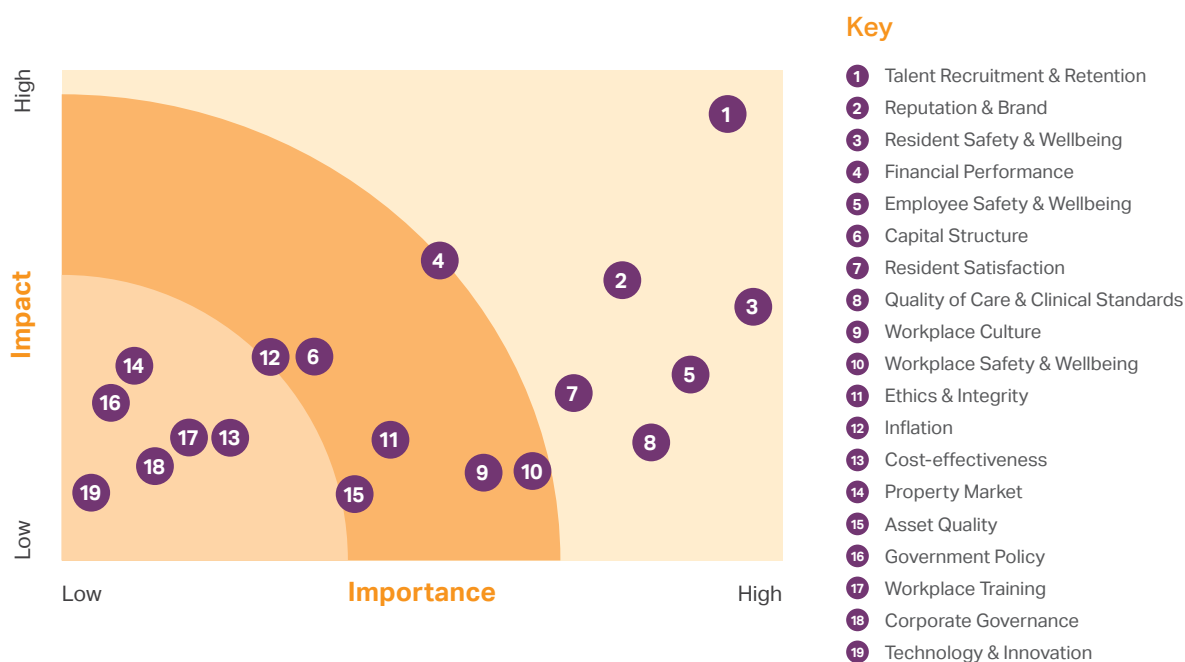
Arvida's materiality matrix follows a common format in which the significant majority of topics are assigned high scores on both axes. This is typical and underscores the fact that while some topics are more important than others, ultimately all topics on a materiality matrix have an inherent level of significance.

Additionally, Arvida's materiality matrix illustrates a trendline from the bottom left of the matrix through to the top right. This indicates an overall positive correlation between stakeholder importance and business impact for the identified topics.

This is encouraging as it suggests that the topics important to stakeholders may have a proportionate impact on the business and vice versa.

In this sense the materiality matrix considers those topics where the Company has an opportunity to shift the dial rather than basing all future decisions on the placement of the topic on the matrix.





**Step 1: Identification**

Our material matters are reviewed annually.

To identify relevant topics, we start with our internal risk register. We then create a shortlist of additional relevant topics – taking into consideration the domestic and global business environment, and output from the executive team and Board – to cover areas of strategic importance to future value creation.

Relevant topics are those with which the Company has or can have an impact, inside the business or the wider community. Issues identified as relevant during a stakeholder dialog, or after a media scan, have also been taken into account.

This year the list included 32 relevant topics including those materials matters from FY22.

Validating the shortlist resulted in adjusting some topics to improve comprehension and did not lead to changes in the topic’s substance.

**Step 2: Survey**

The second step aims to assess the relativity of the topics and develop the materiality matrix below. The outcome is used both as input and validation of strategic priorities.

The determining of the materiality involves the following process:

- Feedback was invited from a range of internal stakeholders on the relative importance of the topics to the business in the year ahead. Topics were ranked on a scale of less important to critical. Stakeholders then identified those topics that would have the most impact on the business success in the year ahead.

- Senior management were then asked to categorise topics as to the degree of control possible over the topic.

In total 48 internal stakeholders were involved in the survey representing a range of team members including senior management, village managers, support personnel, development team members, and village and care teams.

Completion of the survey was undertaken anonymously online.

**What We Learned**

The top focus areas highlighted as mattering most to stakeholders were:

- Talent recruitment & retention
- Financial performance
- Resident safety and wellbeing
- Team safety and wellbeing
- Reputation & brand

This was a change from last year, where resident safety and wellbeing featured. However, in an environment where labour shortages across the healthcare sector persist, the feedback is consistent with ranking talent recruitment and retention high. It is also consistent with strategy where ensuring we are able to attract and reward a skilled workforce is currently a strategic priority.

The executive team also identified capital structure and the property market as important topics that could have greater impact on the Company’s success in the year ahead. Both form critical strategic initiatives for the Company.



# ENGAGING WELL

**“WE WANT TO ATTRACT  
AND RETAIN TALENTED,  
PASSIONATE PEOPLE  
WHO IDENTIFY WITH OUR  
CORE VALUES AND ARE  
DETERMINED TO ACHIEVE  
THE BEST OUTCOMES  
FOR OUR RESIDENTS.**

**IN RETURN, WE OFFER  
OUR TEAMS AN ENVIRONMENT  
WHERE THEY ARE VALUED FOR  
THEIR INPUT AND SUPPORTED  
TO BE THEIR BEST.”**

## **The Attitude of Living Well™**

Findings from our staff surveys have consistently highlighted that culture is an important reason for choosing to work at Arvida. Part of this is embodied in what we call the Attitude of Living Well, a model we have developed over time that seeks to place the resident at the centre of our strategy.

The resident-led focus enabled through our culture contrasts to the conventional institutional approach representative in the healthcare system. Our approach has assisted to advance improved health and wellbeing outcomes for both our teams and residents. Operationally, it can lead to greater efficiencies, improved clinical and wellbeing outcomes, and purposeful design specifications.

Our Wellness and Care team are firm believers that positive culture is critical to delivering a truly resident-led service offering. “We 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.”



## People Strategy

Our People strategy focuses on creating a well thought out, consistent people experience that is delivered by our local leaders, and supported by a compelling employee proposition with fit-for-purpose tools and personal development support.

The work undertaken to understand the current state has enabled focus areas to be identified and prioritised in our pursuit of establishing a clear and compelling employment brand. The discovery phase engaged leaders across the Company, which was an important part of the journey.

Our people strategy has been refined with a roadmap that sets out how we will authentically deliver our plan through all employee touch points. It also outlines how core people operations are to be streamlined and automated to improve efficiencies, consistency and the gathering of key people metrics for decision making.

Implementation of our people strategy has commenced and will progressively roll out over the next 2-3 years. Our ambition is to establish a culture that makes Arvida the workplace of choice in the sector. The ability to attract, retain and engage talent in a challenging labour market is critical to achieving business goals.

## Engagement

Engagement and retention are important indicators to track in measuring the progress of our People strategy. Both contribute to delivering a differentiated resident experience, as well as driving key business metrics such as retention, reputation, and profitability.

During the year we started using the Workday Peakon platform to conduct staff surveys. The platform allows more regular engagement across the business, with the opportunity to obtain feedback and track progress against the global healthcare industry benchmark.

The survey asks a wide-ranging set of questions shown to influence engagement. Participation is completely confidential and anonymous, providing a safe place for our team to give feedback.

Our engagement score has moved from 7.2 to 7.5 during the three surveys conducted. The recent score of 7.5 indicates engagement in the middle distribution for the global healthcare industry.

Highlights from the latest survey include:

- Meaningful work and goal setting rank highest
- Workload and recognition rank lowest
- 33,500 comments received over the three surveys
- Engagement across all team members is 7.5, and continues to track well to a global benchmark of peers at 7.8
- Engagement in our leader group is 8.3
- Participation was 67%.

## Training and People Improvement

Training completions continued to track at over 45,000 courses. Courses are accessed via Altura, our remote learning platform. Ongoing education and training are a core component to maintaining high standards of clinical care.

A new training and development role was established to support our care teams, and assist in the development of a specific NZQA training programme for wellness partners. The course sees our care teams having the opportunity to gain a qualification recognised as an NZQA standard, designed with the Attitude of Living Well at its core. Training principles underpinning the course reflect our goal of taking a lead role in the industry in the area of diversity and inclusion.

The Wellness and Care team actively support commissioning of new care centres in the recruitment, orientation and training of teams.

## Employment Practices

As a responsible employer, our approach to corporate governance, alongside our values, code of ethics, and whistleblowing procedures assist us to mitigate the risks of 'modern slavery' in our operations.

We employ people with a broad range of skills, ranging from construction trades to caregivers and nurses to professional services. As at 31 March 2023, Arvida directly employed over 2,900 people split between caregivers (1,508), nurses (238) and other village, casual and support teams. All of the Company's operations and people are located in New Zealand.

Arvida meets the requirements of New Zealand employment law for our direct workforce. Our policy ensures that 'right to work' checks are undertaken, and work cannot commence without valid documentation.

## Whistleblowing

Through our induction and training efforts, employees are encouraged to report incident breaches to their manager or, in certain circumstances, the Chief Executive or Chair.

At any time a person can register their concern using our whistleblowing system – the 'Speak Up Hotline' – where reports can be made confidentially, either by phone or online.

## Pay Equity

Two measures are utilised to assess gender pay equivalence, the pay equity gap and gender pay gap.

The pay equity gap is intended to measure whether males and females are paid the same for performing work of equal value (differs from the concept of equal pay for equal work). In order to perform this calculation, staff were classified into 31 roles. Four roles had only one gender, for example builders are male only roles. These four roles were excluded from our analysis.

## Strategy in Action

We then determined the average base pay for each of the remaining roles by gender, and then weighted the result for the proportion of our total workforce. In total, 97% of our staff were included in our pay equity gap analysis.

- In 2023, our pay equity gap was recorded at 0.8% which indicates that pay is broadly equal between genders for the same role.
- The gender pay gap measures the median pay (base pay only) between men and women regardless of the nature of work.
- For Arvida, the gender pay gap is 0.5%. That is, women earn \$0.995 for every \$1 that men earn. The median pay is \$60,318.

This gender pay gap is not due to any inequity in pay per role. It is mainly driven by a greater proportion of men in development, construction and executive roles and a larger number of women who work in caregiver and finance administration roles.

Our remuneration framework and practices ensures that all employees are paid rates above the minimum wage.

## Certification

Arvida currently operates 24 care centres, one more than 2022 with the opening of Rhodes on Cashmere in Christchurch. This will increase with the opening of the new care centre in Cambridge at Lauriston Park scheduled to occur in June 2023.

Our care centres provide a range of services: hospital (geriatric medical), rest home, dementia, and residential disability.

All care centres are independently audited to Health and Disability Service Standards.

Of our 24 care centres: one has a provisional certification due to recently opening; fifteen have fully achieved the gold standard of four-year Ministry of Health certification; eight 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 it has been reported that 39% of aged care centres nationally held four-year certification<sup>13</sup>. We understand this ratio has declined under the new Ngā Paerewa standard and matrix now applied.

Care Centre Composition	2023	2022	2021	2020	2019
Rest Home	0	0	2	2	3
Rest Home and Hospital (geriatric, medical)	13	14	13	13	13
Dementia	0	0	1	1	1
Rest Home, Dementia and Hospital (geriatric, medical)	11	9	10	9	9
<b>Total Care Centres</b>	<b>24</b>	<b>23</b>	<b>26</b>	<b>25</b>	<b>26</b>

Ministry of Health Certification	2023	2022	2021	2020	2019
Proportion of Care Centres with 4 years	65%	73%	83%	80%	65%
Certification period (Group average, years)	3.7	3.7	3.8	3.8	3.7
Average Continuous Improvements per site <sup>14</sup>	1.2	1.4	1.4	1.5	1.5
Average PAs <sup>15</sup> (Negligible or low risk) per site	0.9	0.8	0.7	0.8	0.9
Average PAs <sup>15</sup> (Moderate risk or above) per site	0.0	0.0	0.0	0.0	0.2

<sup>13</sup> Reported by BSI Group NZ, February 2020.

<sup>14</sup> Continuous Improvements are awarded for achievement beyond the full attainment. Measurement shows results from certification audits only.

<sup>15</sup> 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.



The Attitude of Living Well model of care is now well embedded across the Group. As part of care centre audits, our care practice regularly receives positive commendation:

"[Care centre] is committed to provide a de-institutionalised environment that aligns with Arvida Attitude of Living Well through the wellness/household model. A central component to the model is person-centred care and resident choice in daily life. The 'living a life with soul' philosophy means a life within Arvida that embraces a holistic view of physical, mental and spiritual health" (Continuous Improvement – good practice).

Tools to support our village teams to embed the Attitude of Living Well are being reviewed.

This year has also seen the successful roll out of Safe Food Pro in our care centres, a system designed to provide oversight and ensure high food safety and compliance. The focus on food and dining has also seen a strategic approach to food and equipment procurement. A new approach to menus and recipes looks to achieve a consistent high-quality food offering.

Dementia Care Maps (DCM), which focus on improving the experience of those living with dementia, were completed by our dementia wellbeing coach at a number of care centres. Key learnings to date have started the formulation of an Arvida-specific DCM, merging the traditional approach with the Attitude of Living Well.

### Ngā Paerewa

The updated Health & Disability standard Ngā Paerewa came into effect on the 28 February 2022 with a staged approach taken by the Ministry of Health to implementation and criteria attainment.

The standard introduces a variety of new requirements that focus on addressing equity, particularly for New Zealand's Māori and Pacific Island communities. A large component relates to governance, which incorporates Pae Ora, among other government strategies.

Arvida has embraced the positive changes within the implementation of the Nga Paerewa standard at both an organisation-wide level and per care centre, including a developed and implemented Māori Health Plan and Ola Manuia (Pasifika Plan).

We are proud to have an engaged Māori advisory group and health equity group who advise on major organisational changes, policies, new developments, and clinical care. Our unique and resident led approach to foodservice ensures all preferences, cultures and ethnicities are highlighted within recipes and menus, with support from our foodservice teams to ensure optimal nutrition.

Three new roles have been incorporated into the Wellness and Care team this year – Head of Clinical Governance, Head of Clinical Quality & Head of Wellness Learning & Development. These positions place Arvida in a strong position to embrace the opportunities from Ngā Paewera, including stronger clinical governance,

excellent health outcomes and a passionate workforce whilst also strengthening our resident-led culture for all.

### Health & Safety

A programme of 'Mental Wellbeing by Design' workshops was facilitated by Leading Safety across our communities. These have provided an understanding of the psychological risks that could affect wellbeing. In addition, these workshops have identified areas where we contribute to and protect our team's mental health and wellbeing. Access to Employee Assistance services continue to support mental wellbeing.

Monthly health and safety committee meetings are held at each site and a company-wide meeting is held each month with key village team members in attendance to provide an update on identified hazards, H&S initiatives, safety alerts, current statistics, learnings and any relevant changes to any health and safety requirements.

Employee training and education has included a moving and handling training programme being rolled out across care centres with a focus on having champions available on site to mentor and train teams to reduce the risk of sprain/strain injuries.

The Company has been part of the ACC's Accredited Employers Programme since July 2021 and this has continued to reinforce our commitment to continuous improvement in injury management. This has also helped us to decrease our rolling total recordable frequency rate below four for 100,000 hours worked.

There were six incidents or accidents that were required to be notified to WorkSafe New Zealand by contractors that were working for and engaged by Arvida. All of these were closed out and no further action was taken by WorkSafe NZ. WorkSafe NZ completed one visit to one of our sites and did not identify any issues that required a response from them for improvement.

Arvida has around 70 workers in its construction team across design, project/site management, trade and procurement. Our policies and practices cover contractor's employees and subcontractors working on sites.

As a result of the floods in Auckland and cyclone Gabrielle, we have been collecting feedback from the teams involved in the response at affected communities to look at areas where the response was either great or required improvement. This is to be reviewed by the senior management team to feed into the Critical Incident Management procedure and to look at areas where improvement can be implemented. Early learnings from these weather events were put to the test by the crisis management team in the May Civil Defence emergency.



# LIVING WELL

**"WE WANT EVERY RESIDENT TO BE ACTIVELY INVOLVED WITH DESIGNING THEIR OWN LIFE AND SHAPING THEIR COMMUNITY. WE HOPE TO HEAR THEM TELL FRIENDS AND FAMILY HOW MUCH THEY LOVE LIVING WITH ARVIDA."**





### NZ's Ageing Population

The average age of the New Zealand population continues to increase, and demand for retirement living continues to rise. By 2037, the number of New Zealanders aged over 75 years will grow to be more than 600,000.

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. Even though the number of people living in retirement villages has increased, so has the number who choose not to.

In a modern post Covid world, creation and maintenance of social relationships has become more complicated. The health risks of loneliness and social isolation, which are well-documented as a 'serious public health concern', have been accentuated during the coronavirus pandemic.

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

### Our COVID Response

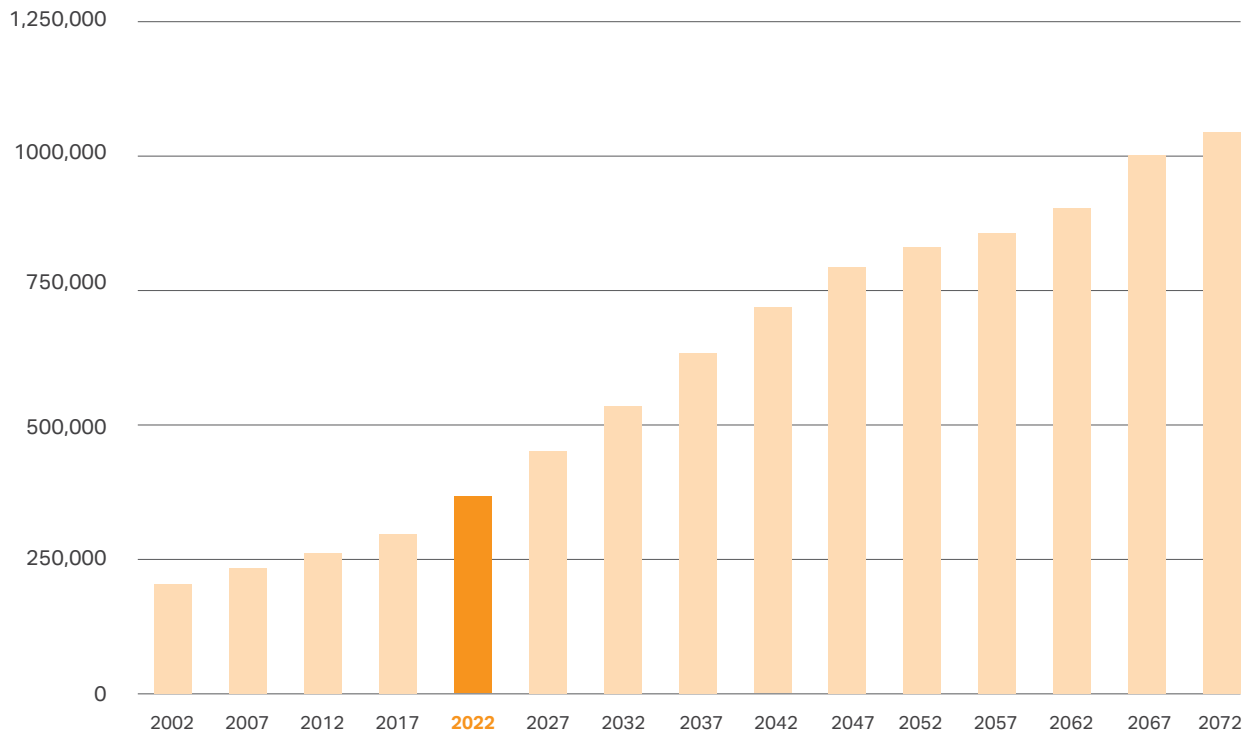
In early May 2023, more than three years after its original declaration, the World Health Organisation (WHO) declared an end to the global emergency status for Covid.

The coronavirus pandemic has had a significant health impact across a broad range of populations, communities and households globally.

For our residents, the arrival of the Omicron variant in New Zealand in early 2022 made it another challenging start to the year. Again residents were restricted in their activities from time-to-time where community transmission and infection rates were high or detected. The need to lock down parts of our retirement communities or care centres and cancel activities through these periods was demanding on both residents and our care and village teams.

We were prepared, having replenished our stocks of personal protective equipment (such as N95 masks, gloves, and gowns) and invested in rapid antigen tests, and infection control barriers.

### NZ's Ageing Population<sup>16</sup>



<sup>16</sup> Population 75+ years projections (median) | Statistics NZ.

## Strategy in Action

A campaign by the Ministry of Health to encourage vaccination rates also meant our resident population and workforce was better protected.

All our teams have worked tirelessly to support our residents throughout the pandemic, helping them stay well and connected to their families. Family, friends and the wider community were incredibly supportive through periods where restrictions were applied. We sincerely thank them.

While reported transmission rates continue to moderate, Covid is still present in the wider community.

Residents in aged care are particularly vulnerable to the serious health affects of infection. Our infection prevention and control plans remain active for Covid. They have evolved, with the benefit of three years of experience, to better balance and manage the risks.

Communication and education over the period have played an important mitigation role, and continue. We have also again arranged influenza immunisation for residents and team members who value the access to added protection.

### Community Connection

Good Friends was envisioned as our solution to the challenge. As a unique bundle of services, it offers a choice to those who want to keep living independently in the homes they know and love, whether residing in one of our retirement communities or not.

The business model gives meaning to Arvida's mission to transform the ageing experience for all older New Zealanders, regardless of where they choose to live.

The service offering was launched with a range of subscription memberships for any combination of:

- Social connection, exercise and activities at the Living Well Centre at Park Lane, our first community centre of its kind
- Private home help and in-home care services with intelligent remote care monitoring
- On-demand rideshare transport within a specific geographic area

Service was underpinned by market-leading technology that enables capacity to be released for human connection and support.

However, the strategy for Good Friends has had to adapt with in-home contract funding proving to be inaccessible at this time. In the current economic environment, we have paused the home help and care offering and focused the transport service to cater more for residents.

Individualised funding (IF) is currently being piloted by Te Whatu Ora on a modest scale regionally.

In our view IF is a step in the right direction to mobilising more person-centred care. Good Friends is directly aligned with this type of funding and the national health sector reform goals of localisation,

increased management of healthcare in the home, and digitally enabled services and reporting.

Opportunities may arise to partner with other providers on a limited basis through the pilot phase.

### Choose To Live Well

The Living Well Centre at Park Lane officially opened on 15 April 2021 and has been hugely successful, both in delivering a new and innovation proposition to the sector but also in achieving community engagement objectives.

Facilities include a 15-metre swimming pool, spa therapy pool, specialist 50+ years gym, large spaces for activities and events, as well as a licensed café. On the Go Physio is also on-site offering complementary specialist support for people living with chronic illness, neurological and muscular physiotherapy, speech therapy, dietary advice, podiatry, counselling and oedema massage.

The Living Well Centre at Park Lane has become a very busy hub for residents and the community to mix. More than 550 members regularly access wellbeing and social connection services. Pool use remains high and the café is well frequented by members, residents and locals.

The centre is an example of the outwardly focused approach we are designing into some of our new developments.

### Living Well Communities

Auckland, Nelson and the Bay of Plenty are areas of interest, where ageing populations and our existing presence offer the opportunity to engage further with communities.

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 steering groups to identify opportunities to further improve clinical outcomes for residents.

### Waimea Plains Recognised

Waimea Plains came out on top in the 'Resident-led Sustainability Initiative' category at the Retirement Villages Association Awards.

Waimea Plains won the award by demonstrating how they have incorporated the 'Attitude of Living Well' and sustainability practices into their community. Their initiatives focus on the five Living Well pillars - moving well, eating well, resting well, thinking well and engaging well.



A range of activities were embedded into each pillar, based on feedback from residents. They range from a resident buddy system and social gatherings through to a cycling group, glamping, woodwork, gardening and baking.

In the words of village manager Jason Edkins: "To us sustainability is not just related to the environment. Being sustainable embraces the view that a community is one where people want to live and where their diverse needs, wishes, independence and unique skills are embraced and promoted."

### Resident Survey

Excellent results were again recorded in our resident survey. The survey was conducted by independent research house Perceptive across all our retirement communities at the end of 2022.

For our independent residents, a Net Promoter Scores (NPS) of +38 (down from +42) was recorded, with a significantly higher NPS of +59 (up from +45) recorded by our residents living in care. Key themes for both audiences were relatively aligned. However, care residents spoke more about their satisfaction with staff and care, while independent residents had a bigger emphasis on security.

A higher participation rate was achieved in this year's survey, possibly explained by the impact of Covid in the prior period. We are looking at ways to improve accessibility and further increase participation.

Survey results have been shared with communities and their residents, and action plans developed to address improvements.

### Arvida rated #1 with Canstar Blue

In August 2022, Arvida received recognition from Canstar Blue winning the Most Satisfied Customers award in the Retirement Village category. This was the first time Arvida had been recognised for this award.

- Arvida was the only retirement village provider to earn Canstar Blue's top 5-Star rating and award for Overall Satisfaction
- Out of the six consumer satisfaction award categories, Arvida achieved five top 5-Star scores

### Building Brand

Arvida's first national brand campaign, 'Live the Age You Feel' was launched in February 2022. It marked the start of a new marketing approach to lift brand awareness and consideration of what it's like to live in our communities. Previously the marketing approach had been focused at individual community level, with each community marketing locally under its own brand.

The shift in approach reflects a change in footprint and the increased focus on greenfield development. Lifting brand awareness and lead generation is an important step to

supporting our development ambitions as we continue to build new retirement communities around New Zealand.

Independent research indicates that the campaign has achieved high recognition, and our audiences are now more familiar with who Arvida is and our retirement living proposition.

The campaign has helped to set positive perceptions around our residents' well-being and their social connection within an Arvida retirement living setting. Our audiences are also telling us that our television advertisement is getting people talking, is unique and stands out. They also think it is entertaining, meaning they want to keep seeing it.

### Information Systems

Covid has highlighted the importance and benefit of communications to a wide range of stakeholder groups. A new marketing platform rolled out across communities allows improved communications to be supported for residents, teams and general communications such as event calendars and daily menus. The platform is a simple web-based system that allows central control of security, information and brand assets while enabling content to be developed or tailored at each community.

Our information technology platform brings together a range of applications to support functional areas of the business.

KPMG was engaged during the year to conduct an internal review of cyber security risk. With more information technology systems planned for our communities, the review was timely. The objectives of the cyber security assessment were to:

- Assess whether key controls were appropriately designed to mitigate key business risks in relation to cyber security.
- Provide recommendations for improvement where opportunities exist.
- Provide recommendations for deep dives and/or further testing for operating effectiveness.

A number of findings and recommendations were made by KPMG. Broadly, they concluded that the technical security controls implemented by the team were working to reduce the risk but provided some areas of focus to address potential risk.

In conjunction with this review, Theta was engaged to develop an information technology strategy and roadmap. Their review included undertaking an extensive discovery phase to map the current state, an assessment of the external strategic landscape, and a review of the operational and systems challenges. From this, a 3 year roadmap was developed to address areas of opportunity and resourcing requirements.



# NURTURING WELL

**“WE WANT TO REDUCE THE  
IMPACT OF CLIMATE CHANGE  
AND ENHANCE SOCIAL EQUITY.  
WE DO THIS BY MAKING  
RESPONSIBLE DECISIONS  
ABOUT RESOURCE USE,  
HUMAN RIGHTS AND  
FINANCIAL MANAGEMENT.”**

Our sustainability framework and policy are available on our website.

Since the adoption of the Company's Sustainability Policy in 2020, we have worked collaboratively with our partners to progress our sustainability objectives.

## 1. Waste

### Waste Reduction

Waste reduction remains an important part of our sustainability strategy.

A consultant was engaged at the beginning of the year to conduct waste audits at two of our communities: an independent community and a care community. This allowed us to better identify the sources of our waste.

The results indicate organic / food waste constitutes our biggest opportunity to divert waste from landfill. An opportunity was also identified to educate and encourage our residents and teams to recycle.

Based on the audit findings, the next steps included:

- Retendering waste services to find providers that met our waste diversion requirements.
- Providing more information to our residents and teams around recycling.
- Focusing on reducing our food waste.
- Considering alternative opportunities for sanitary waste.



### Waste Education

In conjunction with local partners, waste education sessions were delivered at 21 of our communities.

Overall, the sessions were well received and well attended, with more than 300 residents and team members attending. Waste reduction strategies continue to regularly feature in internal communications and newsletters.

### Food Waste

Several of our communities now have access to a commercial food waste collection service following the commencement of a new waste contract. This collection service is expected to reduce our waste to landfill.

With the success of the general waste audits, we partnered with the Food Waste Innovation theme at University of Otago to perform specific food waste audits at three of our communities. The audits were conducted over a series of days and included breakfast, morning tea, lunch, afternoon tea and dinner waste. Waste was separated into preparation, plate and buffet waste.

The audits found there was a low amount of breakfast waste with most waste originating from either lunch or dinner. It also showed that preparation waste was generally minimal with most waste derived from residents' plates or from the buffet. Communities demonstrating high implementation of the Attitude of Living Well framework were found to have lower food waste. Ensuring residents are involved in the food choice process and have opportunities to provide feedback on meals proves beneficial in minimising food waste.

We are working with the communities involved in this project to develop initiatives to reduce their food waste. Follow up audits will be conducted in the coming months.

### Sanitary Waste

The results of our general waste audits found sanitary waste represented a significant proportion of our waste going to landfill.

To understand more about this waste stream we have been collaborating with University of Otago's Sustainability Office and the Pūhau ana te rā initiative, along with several other sector participants, on a project to research and scope potential diversion opportunities. This project is progressing, with a couple of options being considered.

### FY23 Waste Target<sup>17</sup>

At the end of last year we set an ambitious target of reducing the amount of our waste going to landfill by 20%.

Total waste to landfill increased from 2,743 tonnes to 2,879 tonnes in FY23, or from 0.503 to 0.507 tonnes per unit when measured on an intensity basis (per retirement unit).

The increase can be attributed to the following key factors:

- Flood and cyclone-related waste at sites affected by the severe weather events earlier this year amounted to around 205 tonnes.
- FY23 represented a full 12 months of ownership of the six Arena communities acquired in December 2021 (whereas FY22 included only 5 months of the Arena communities). The purchase of the Arena communities added 1,046 units increasing the size of our portfolio by approximately 25%.

Our community managers have waste reduction targets as part of their KPIs and are provided a quarterly update on their progress. We note that 18 communities reduced their waste, and 6 communities reduced their waste by more than 20% when compared to FY22.

We continue to focus on rolling out waste reduction initiatives across the group.



<sup>17</sup> Excludes Arvida's 50% joint venture interest in Village at the Park.

## Strategy in Action

### 2. Emissions

#### Our Carbon Footprint & Emissions

The timetable for reporting our greenhouse gas emissions has now been aligned with our financial reporting timetable. Accordingly, this Annual Report contains both FY22 and FY23 emissions reporting.

New emissions sources were added to our reporting including those associated with purchased goods and services, and capital goods.

For a detailed breakdown of our emissions, please refer to the Climate Related Disclosures report or the greenhouse gas inventory report provided on our website.

#### Emission Reduction Plan

An emissions reduction plan has been developed covering our Scope 1 and 2 emissions.

The reduction plan is modelled at an individual community level, and applies a series of scenarios to a 'no action' base case in order to measure the relative merits of a selected reduction initiative. By undertaking this scenario analysis we are able to better assess which initiatives are the most effective opportunities and understand the likely cost of implementing those initiatives.

Other than purchasing renewable energy, the model indicates that gas replacement and avoidance (in new communities) are our most effective emissions reduction opportunities.

The relative merits of energy efficiency and solar initiatives are expected to increase as technology improves and becomes more affordable. However, the model only includes proven and quantified emissions reduction opportunities that meet our investment criteria. Overall, they currently have a net investment cost of around \$5m.

We expect to revisit and adjust the model each year to ensure our emissions projections and reduction progress are current. The model currently projects that a 40% reduction in Scope 1 and 2 emissions could be achieved through the identified initiatives.

### 3. Electricity

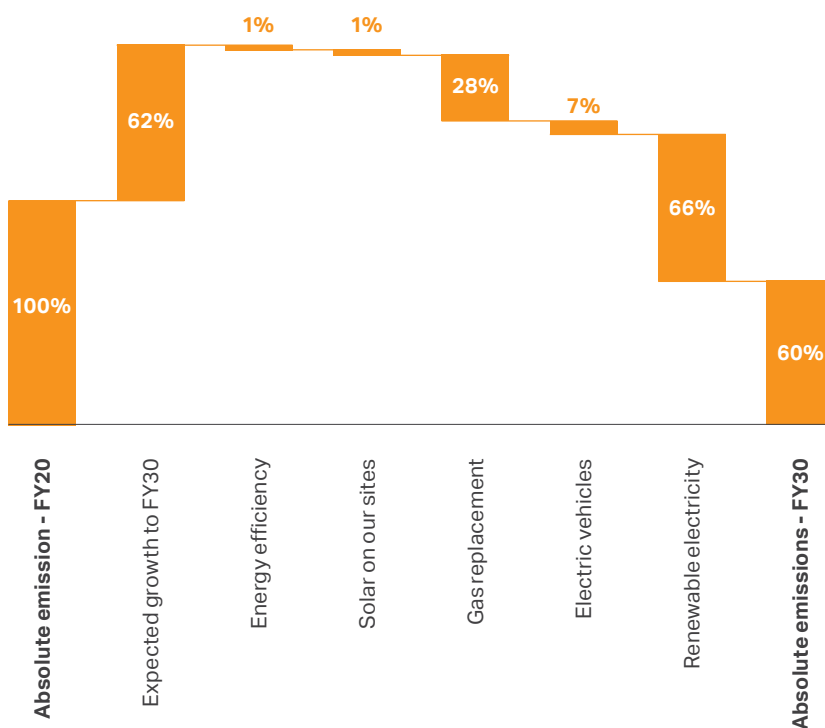
Our target is to move to 100% renewable electricity by FY25.

#### Energy Efficient Lighting

Building on our pilot LED replacement programme at Ilam in Christchurch last year, we have now completed major LED rollouts at seven of our communities installing 3,306 lights in FY23. During FY24, we intend to install around 3,100 LED lights at four communities.

Our initial findings on the energy savings resulting from LED installation are mixed, with as much as a 30% reduction being achieved at some communities while others are achieving marginal reductions.

### Emissions Reduction Pathway







**Electricity Optimisation**

We have partnered with an electricity provider to better understand energy use by equipment at our highest energy use retirement communities.

We have also been involved in a collaborative project with the Retirement Villages Association ('RVA') and the Energy Efficiency & Conservation Authority ('EECA') to understand more about energy use at retirement communities. The results of the project are intended to be shared with the sector, so a better understanding of energy use is obtained. Eventually the work will allow benchmarking of energy use across the sector.

**Solar Energy**

Solar panels at our Park Lane community in Christchurch and Aria Gardens community in Auckland continue to yield energy and emissions savings. Since installation, the panels have produced 595 MWh of electricity, and reduced emissions by almost 64 tCO2e.

**Benchmarking**

A sustainability page and ESG portal have been added to our website. They provide an overview of our sustainability framework and initiatives, as well as information on our carbon footprint. We submitted information to sustainability surveys conducted by CDP and S&P Global during the year.





Strategy in Action

# GROWING WELL

**"WE WANT TO GROW WELL  
BY BUILDING AND ACQUIRING  
QUALITY ASSETS THAT WILL  
BE RELEVANT AND ATTRACTIVE  
FOR GENERATIONS TO COME,  
BECAUSE THEY ALLOW RESIDENTS  
TO LIVE WELL AS THEY AGE."**



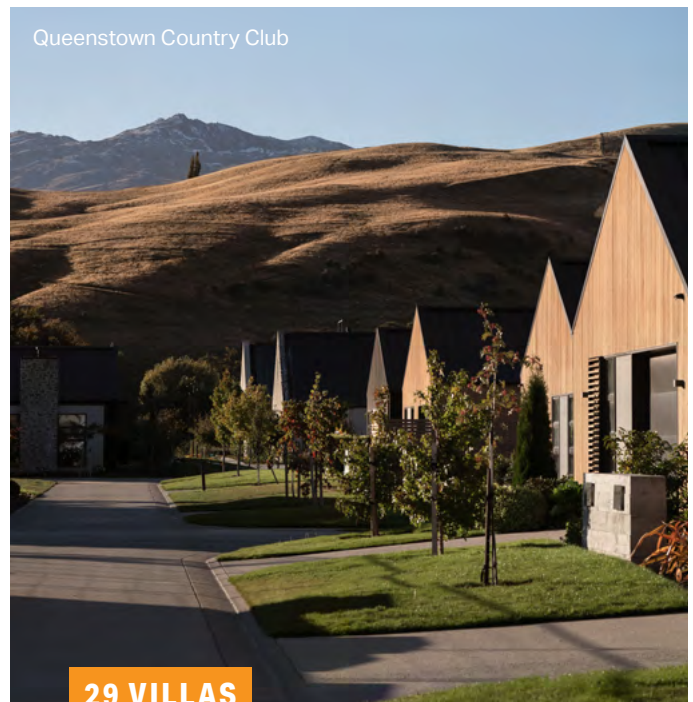
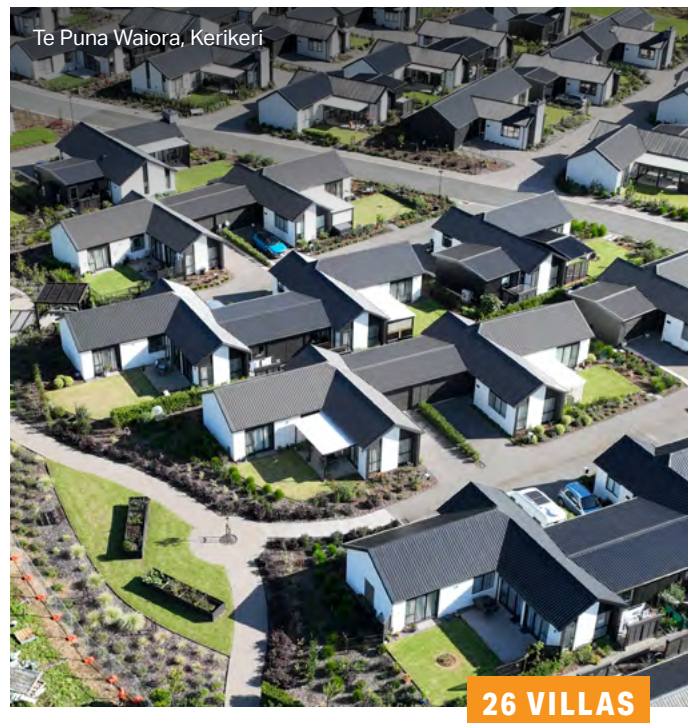
## FY23 Development

A total of 215 new units were added over the financial year across 10 sites, with 164 of these new units delivered in the second half of the 2023 financial year.

Severe weather events that impacted northern New Zealand in January and February caused some disruption to our Auckland, Tauranga and

Kerikeri development programmes. Completion of the apartment building at Aria Bay located in Auckland's Browns Bay was delayed.

The delayed delivery of the 57 apartments at Aria Bay resulted in our build target for FY23 of 250 new units not being met.





## Strategy in Action

### FY24 Programme

Given the rapid increase in construction prices, higher interest rate environment and slowing residential housing market, we have adjusted the build target for FY24 lower to deliver an equivalent number of units to FY23 of around 200 new units.

The lower delivery range reflects a considered approach to managing our cash flows and capital base in the current economic environment.

Aria Bay will be the only high-density development delivered in FY24, with the balance of units delivered comprising all villas. Villa construction is typically undertaken in stages and is more readily adjusted to meet changes in customer demand or external factors.

Further deterioration in the domestic economic outlook or residential property market could vary planned delivery numbers and timeframes.



#### ARIA BAY

##### AUCKLAND

Fit out of the apartments is nearing completion. Café and communal areas progressing well. First residents expected to move in during 2Q.

#### QUEENSTOWN COUNTRY CLUB

##### QUEENSTOWN

Installation of cross laminated timber superstructure mostly complete. Roof framing progressing and fitout commenced. Comprises 62 care suites up to hospital level care and 29 apartments. Delivery is programmed for early FY25.



#### WHAI MAURI ORA

##### TE AWAMUTU

10 villas were delivered in April/May, with construction of an additional 14 villas advancing well to a 3Q delivery. Earthworks and civils continue for future stages. Launch of the sales & marketing programme is planned mid-year, with a waitlist of prospective purchasers already forming following a soft launch.



**WAIMEA PLAINS**

**RICHMOND**

151 villas and townhouses have been delivered since receiving consents in 2019 and commencing the construction programme. Villa construction continues, with a further 24 planned this year before commencing with the care suite construction programme. The care centre is to be constructed in conjunction with the next stage of community amenities, which is expected include a Living Well Community Centre at the front of the community.



**BETHLEHEM SHORES**

**TAURANGA**

Bulk excavation and foundations for the care and apartment building complete. Superstructure commenced. Comprises 54 care suites up to hospital level care and 53 apartments. Delivery is programmed over FY26 and FY27. Villa build programme for FY24 comprises 20 villas.

**TE PUNA WAIORA**

**KERIKERI**

Construction of the Resident Clubhouse is advancing with framing near complete and roofing commenced. Scheduled completion is December this year. 65 villas delivered to date. Villa build programme to continue. 30 villas programmed for delivery in FY24.



**LANSDOWNE PARK**

**MASTERTON**

13 of the 48 villas planned for the Hansells site adjoining the existing village were completed in FY23. Work continues on villa construction, with 20 villas programmed for delivery in FY24.

## Strategy in Action

Other projects in progress include the redevelopment of 18 townhouses at Peninsula Club, the redevelopment of the apartment building and community facilities at Mayfair in Auckland, the remediation of the villas and serviced apartment building at Parklane in Auckland following the recent weather event.

### Future greenfield development

The acquisition of two sites for future development were confirmed in the reporting period:

- A 55 hectare superlot on the northern edge of Warkworth. The site is immediately adjacent to the golf course and local arterial routes including the gateway to the region's popular destinations of Matakana Village, Omaha and East Coast beaches. Master planning is being advanced currently. On completion, the community will comprise around 200 villas and 35-50 care suites with surplus land to be on sold.
- A 11 hectare site was added in Lincoln, Canterbury region. The site is subject to a vendor ongoing rezoning obligation. Construction is not expected to commence for a couple of years. On completion, it is currently anticipated the community will comprise around 200 villas and 35-50 care suites.

A further two sites for future development have been conditionally acquired. Should all conditions be satisfied, settlement of one site would occur in FY25 while settlement of the other site would occur in FY26.

We continue to see a broad range of potential greenfield development sites being presented. Our preference is to acquire sites that allow for a broad acre villa-led community to be developed, with our standard master plan targeting 200 villas, 35-60 care suites and community amenity. Location drivers include the current and future demographic profile, proximity of urban areas and health precincts, quality of infrastructure, zoning for future development locally and competitive landscape.

Evaluation of climate change risk is included in our site evaluation and impact analysis in completing due diligence.

### Acquisition strategy

With a significant development pipeline of over 2,200 units in our current land bank, the immediate focus has shifted to realising value from the identified brownfield and greenfield opportunities.

A more conservative approach will be applied to committing capital as we seek to be selective with acquisition opportunities. Any acquisition opportunities will be carefully considered within the parameters of our current funding capacity and the Board's desire to retain gearing towards the midpoint of the target range over the medium term.

### Development team

Our in-house development team is a skilled resource with proven capabilities in areas from site identification and acquisition, through to feasibility modelling,

consenting, design management, procurement and project management. They manage our development projects utilising a combination of in-house and third-party construction resource. The in-house construction management team has now completed construction of the new care facility at Lauriston Park in Cambridge and moves to Tauranga to commence the build at Bethlehem Shores. Design, consenting and procurement is advanced with early construction having commenced.

On-the-ground construction teams at Bethlehem Shores, Queenstown Country Club, Te Puna Waiora and our Whai Mauri Ora development in Te Awamutu continue to deliver quality multi-year build programmes.

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

### Construction cost

The New Zealand construction sector has experienced a period of heightened cost escalation across most construction trades as a result of material shortages, freight and supply chain issues, labour supply and Covid-related disruption.

The escalation experienced in mid-late 2021 continued into 2022. However some moderation in the rate of escalation now appears to be filtering through the construction sector.

Supply chain pressures globally are improving with shipping costs below pre-Covid levels and freight continuing to normalise in the Asia-Pacific region. Domestically, key input constraints remain elevated, particularly labour and raw materials.

Activity statistics in June 2022 indicated a 14.4% year on year increase in residential building consents (houses, apartments, retirement, townhouses, units) issued. In November 2022, this had slowed to around 3.2%. There is no statistical data available for the relationship between consents issued and works completed.

While these statistics suggest a decline in residential activity towards the end of 2022, the recent weather-related events and subsequent insurance remediation work is likely to support near term activity. However, we are seeing a freeing up of resources in some areas with main contractors reporting a decline in forward workload.

Analysis suggests overall construction cost escalation of around 9-10% per annum occurred last year, with lower escalation experienced outside of Auckland.

With activity levels expected to remain high in the near term, albeit with some improvement in supply chain and market pressures evident, a moderation of cost escalation through FY24 is expected. Procurement strategies remain critical to project planning and management in this environment.



## Sustainability

As part of our future build programme, we have reflected on how we can best align design and liveability elements with our sustainability objectives. Adopting a measurable benchmarking framework is an important consideration so we can easily communicate our approach to a range of stakeholders. The framework, therefore, needs to be relevant to New Zealand and to the sector.

The Homestar and Greenstar frameworks are two of the better understood certification and benchmarking tools used locally. Given their suitability to the domestic market, we have been exploring their application to our future projects.

The diversity of our development programme – from resident clubhouses to care, apartments and independent living villas – means the application of a single framework does not meet all of our requirements. This may change as both frameworks continue to evolve. The merits of alternative frameworks will also continue to be assessed, as our research highlighted some attributes may be better aligned with our purpose.

During FY23 we applied the Homestar and Greenstar frameworks to specific villa and clubhouse development projects, respectively, in order to fully scope the processes and procurement specifications required to meet framework requirements. This was to assist in a better understanding of the opportunities when designing against the framework's requirements.

Cost remains the barrier to achieving high ratings under both frameworks, particularly in the current environment where cost escalation has been extraordinary and the new Homestar framework (Version 5) has considerably increased requirements and associated cost.

The introduction of revised NZBC H1 standards has raised the sustainability baseline, which we are meeting or exceeding.

Our existing design specifications include many sustainability elements, from layout to building material choices. An example is our use of cross-laminated timber (CLT), which was used in 2017 when building the Park Lane apartment complex in Christchurch and is currently being used in the Queenstown Country Club care and apartment construction. CLT was also used in construction of the Lauriston Park care centre.

Our multi-unit CLT apartment and care development in Tauranga will achieve 7 Stars under Homestar V5. The care and living well centre at Waimea Plains is also targeting Homestar 7.



## Strategy in Action

### Brownfield Development

	Units	Design	Consenting	Construction	Sales
<b>Bethlehem Shores</b> Villas, Apartments & Care	127	●	●	●	●
<b>Queenstown Country Club</b> Villas, Apartments & Care	192	●	●	●	●
<b>Aria Bay</b> Apartments	57	●	●	●	●
<b>Lansdowne Park</b> Villas	35	●	●	●	●
<b>Peninsula Club</b> Villas, Apartments & Care	119	●	●	●	●
<b>Mayfair (Auckland)</b> Apartments & Care	57	●	●	●	●
<b>Aria Park</b> Care	72	●	●	●	●
<b>Parklane (Auckland)</b> Apartments & Care	58	●	●	●	●
<b>Mt Eden Gardens</b> Apartments & Care	69	●	●	●	●
<b>Cascades</b> Apartments & Care	80	●	●	●	●
<b>Waikanae Country Club</b> Apartments & Care	51	●	●	●	●
<b>Oakwoods</b> Apartments	64	●	●	●	●
<b>Total Brownfield</b>	<b>981</b>				

### Greenfield Development

	Units	Design	Consenting	Construction	Sales
<b>Waimea Plains</b> Villas & Care	94	●	●	●	●
<b>Te Puna Waiora</b> Villas & Care	211	●	●	●	●
<b>Whai Mauri Ora</b> Villas & Care	195	●	●	●	●
<b>Waikanae Beach site</b> Villas, Apartments & Care	248	●	●	●	●
<b>Lincoln site</b> Villas & Care	250	●	●	●	●
<b>Warkworth site</b> Villas & Care	250	●	●	●	●
<b>Total Greenfield</b>	<b>1,248</b>				
<b>Total Pipeline Units</b>	<b>2,229</b>				





# HISTORICAL SUMMARY

## Key Financial and Operational Statistics

### Financial

	2019	2020	2021	2022	2023
Care fees and village services (\$000)	125,580	129,480	133,606	144,728	<b>149,028</b>
Deferred management fees (\$000)	21,447	29,044	33,541	48,612	<b>62,118</b>
Total revenue (\$000)	152,437	163,653	174,452	201,655	<b>221,979</b>
Operating earnings (\$000)	22,602	24,026	21,681	20,671	<b>9,848</b>
Net profit after tax (IFRS) (\$000)	59,075	42,640	131,113	198,882	<b>82,465</b>
Underlying profit <sup>18</sup> (\$000)	38,635	51,686	51,864	73,510	<b>87,958</b>
Annuity Earnings <sup>19</sup> (\$000)	39,759	45,990	48,288	64,579	<b>83,644</b>
Net operating cash flow (\$000)	69,141	102,917	130,776	151,778	<b>152,632</b>
Total assets (\$000)	1,299,648	1,907,070	2,181,651	3,396,908	<b>3,761,957</b>
Embedded value per unit (\$000)	150	178	210	281	<b>314</b>
Underlying profit per share (cents)	9.3	10.2	9.6	12.0	<b>12.2</b>
Dividend per share (cents)	5.4	5.8	5.4	5.5	<b>4.9</b>
Net tangible assets per share (cents)	119.8	126.7	146.3	183.8	<b>190.0</b>
Share on issue (000)	413,950	541,892	542,488	720,061	<b>723,578</b>

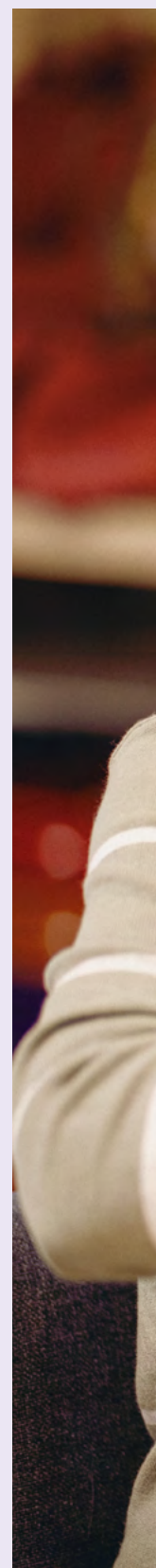
### Operational

	2019	2020	2021	2022	2023
Number of Villages	29	32	33	35	<b>36</b>
Care beds	1,722	1,688	1,672	1,544	<b>1,544</b>
Retirement living units	1,955	2,475	2,695	3,912	<b>4,126</b>
Needs-based composition	66%	57%	57%	44%	<b>43%</b>
Occupancy of care beds <sup>20</sup>	96%	95%	95%	94%	<b>91%</b>
New sales of occupation rights	70	126	137	243	<b>197</b>
Resales of occupation rights	258	278	267	337	<b>371</b>
Total sale of occupation rights	328	404	404	580	<b>568</b>
New units/beds delivered	113	210	247	221	<b>215</b>
Units/beds development pipeline	1,357	1,683	1,324	1,928	<b>2,229</b>

<sup>18</sup> Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. Please refer to Table 2.1 for a reconciliation to Reported Profit under IFRS.

<sup>19</sup> Annuity EBITDA is a non-GAAP unaudited financial measure that adds back interest and depreciation to Underlying Profit and excludes gains on sale of new occupation rights.

<sup>20</sup> Measured as an average for each financial year.





# FINANCIAL STATEMENTS



## Directors' Statement

For the year ended 31 March 2023

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2023.

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:

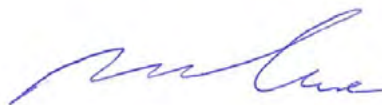
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 29 May 2023.



Anthony Beverley  
Chair  
29 May 2023



Michael Ambrose  
Director  
29 May 2023



## Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

\$000	Note	31 March 2023	31 March 2022
Care fees and village services	<u>2</u>	149,028	144,728
Deferred management fees	<u>2</u>	62,118	48,612
Other income	<u>2</u>	10,833	8,315
<b>Total revenue</b>		<b>221,979</b>	<b>201,655</b>
Gain on acquisition of villages	<u>19</u>	0	44,905
Insurance recoveries	<u>9</u>	19,013	0
Loss on divestment of villages		0	(1,005)
Change in fair value of investment property	<u>6</u>	80,377	158,919
Change in fair value of interest rate swaps		436	(2,956)
Change in fair value in property, plant and equipment		95	38
Share of profit arising from joint venture	<u>18</u>	752	7,413
<b>Total income</b>		<b>322,652</b>	<b>408,969</b>
Employee costs	<u>3</u>	135,610	118,364
Property costs	<u>3</u>	27,992	22,354
Depreciation and amortisation	<u>7, 8</u>	8,364	8,371
Impairment of intangibles	<u>8</u>	2,901	10,794
Finance costs	<u>4</u>	15,139	7,915
Transaction costs		247	3,162
Other expenses	<u>3</u>	48,529	40,266
<b>Total expenses</b>		<b>238,782</b>	<b>211,226</b>
<b>Profit before tax</b>		<b>83,870</b>	<b>197,743</b>
Income tax expense / (credit)	<u>5</u>	1,405	(1,139)
<b>Profit after tax</b>		<b>82,465</b>	<b>198,882</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net gain on revaluation of property, plant and equipment		1,192	15,573
<b>Total comprehensive income</b>		<b>83,657</b>	<b>214,455</b>
<b>Earnings per share:</b>			
Basic (cents per share)	<u>16</u>	11.41	32.38
Diluted (cents per share)	<u>16</u>	11.38	32.30

The accompanying notes on pages 71-93 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

\$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
<b>Opening Balance at 1 April 2021</b>		<b>248,614</b>	<b>25,687</b>	<b>671</b>	<b>551,382</b>	<b>826,354</b>
Profit for the period		198,882	0	0	0	198,882
Other comprehensive income		0	15,573	0	0	15,573
<b>Total comprehensive income</b>		<b>198,882</b>	<b>15,573</b>	<b>0</b>	<b>0</b>	<b>214,455</b>
Dividends paid		(26,070)	0	0	0	(26,070)
Share based payments		0	0	(225)	424	199
Share capital issued		0	0	0	330,236	330,236
Share capital issued dividend reinvestment plan		0	0	0	5,745	5,745
Transfer revaluation reserve of divestments		1,256	(1,256)	0	0	0
Transaction costs		0	0	0	(5,839)	(5,839)
<b>Balance at 31 March 2022</b>		<b>422,682</b>	<b>40,004</b>	<b>446</b>	<b>881,948</b>	<b>1,345,080</b>
<b>Opening Balance at 1 April 2022</b>		<b>422,682</b>	<b>40,004</b>	<b>446</b>	<b>881,948</b>	<b>1,345,080</b>
Profit for the period		82,465	0	0	0	82,465
Other comprehensive income		0	1,192	0	0	1,192
<b>Total comprehensive income</b>		<b>82,465</b>	<b>1,192</b>	<b>0</b>	<b>0</b>	<b>83,657</b>
Dividends paid		(39,691)	0	0	0	(39,691)
Share based payments	<u>20</u>	0	0	(128)	302	174
Share capital issued	<u>15</u>	0	0	0	0	0
Share capital issued dividend reinvestment plan	<u>15</u>	0	0	0	4,760	4,760
Transfer revaluation reserve		1,568	(1,568)	0	0	0
<b>Balance at 31 March 2023</b>		<b>467,024</b>	<b>39,628</b>	<b>318</b>	<b>887,010</b>	<b>1,393,980</b>

The accompanying notes on pages [71-93](#) form an integral part of these financial statements.



## Consolidated Balance Sheet

As at 31 March 2023

\$000	Note	31 March 2023	31 March 2022
<b>Assets</b>			
Cash and cash equivalents		9,894	8,154
Trade receivables and other assets		17,384	17,758
Insurance recoveries receivable	<u>9</u>	12,700	0
Tax receivable		1,443	1,435
Resident advances		29,727	35,060
Accrued income		5,337	5,344
Property, plant and equipment	<u>7</u>	202,307	208,758
Investment properties	<u>6</u>	3,427,005	3,061,245
Investment in joint venture	<u>18</u>	37,259	37,407
Intangible assets	<u>8</u>	18,901	21,747
<b>Total assets</b>		<b>3,761,957</b>	<b>3,396,908</b>
<b>Liabilities</b>			
Trade and other payables	<u>14</u>	43,005	40,773
Employee entitlements	<u>14</u>	15,546	14,251
Revenue in advance	<u>2</u>	125,155	110,256
Interest rate swaps	<u>12</u>	10,467	10,903
Lease liability	<u>11</u>	7,051	3,109
Interest bearing loans and borrowings	<u>12</u>	622,815	452,862
Residents' loans	<u>10</u>	1,538,282	1,415,878
Deferred tax liabilities	<u>5</u>	5,656	3,796
<b>Total liabilities</b>		<b>2,367,977</b>	<b>2,051,828</b>
<b>Net assets</b>		<b>1,393,980</b>	<b>1,345,080</b>
<b>Equity</b>			
Share capital		887,010	881,948
Reserves		39,946	40,450
Retained earnings		467,024	422,682
<b>Total equity</b>		<b>1,393,980</b>	<b>1,345,080</b>

The accompanying notes on pages [71-93](#) form an integral part of these financial statements.

## Consolidated Statement of Cash Flow

For the year ended 31 March 2023

\$000	Note	31 March 2023	31 March 2022
<b>Cash flows from operating activities</b>			
Receipts from residents for care fees and village services		160,835	143,479
Receipts of residents' loans from resales		186,245	158,687
Receipts of residents' loans from new sales		125,235	129,222
Interest received		593	83
Payments to suppliers and employees		(203,235)	(173,384)
Repayments of residents' loans		(106,719)	(98,705)
Insurance recoveries received		4,925	0
Interest paid		(15,230)	(7,915)
Income tax paid		(17)	311
<b>Net cash inflow from operating activities</b>	<u>13</u>	<b>152,632</b>	<b>151,778</b>
<b>Cash flows from investing activities</b>			
Cash acquired from subsidiaries		0	10,972
Insurance recoveries received		1,400	0
Purchase of property, plant and equipment and intangible assets		(9,546)	(10,325)
Payments for village acquisitions		0	(361,390)
Purchase of investment properties		(264,084)	(191,813)
Proceeds from sale of assets		0	19,567
Capitalised interest paid		(13,559)	(5,328)
Dividends received		900	1,200
<b>Net cash (outflow) from investing activities</b>		<b>(284,889)</b>	<b>(537,117)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		194,500	252,500
Repayment of borrowings		(24,500)	(165,000)
Proceeds of share issue		0	330,435
Transaction costs		(247)	(9,001)
Payments for lease liabilities		(825)	(1,542)
Dividends paid		(34,931)	(20,325)
<b>Net cash inflow from financing activities</b>		<b>133,997</b>	<b>387,067</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,740</b>	<b>1,728</b>
Cash and cash equivalents at the beginning of the financial period		8,154	6,426
<b>Cash and cash equivalents at the end of the financial period</b>		<b>9,894</b>	<b>8,154</b>

The accompanying notes on pages 71-93 form an integral part of these financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 1 General Information

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

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

These financial statements have been approved for issue by the Board of Directors on 29 May 2023. The financial statements presented are for Arvida Group Limited and its subsidiaries.

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

### Basis of Preparation

These financial statements have been prepared:

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

### Critical Accounting Estimates and Judgements

The preparation of the financial statements, in line with NZ IFRS, requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors, in determining the appropriate treatment, have carefully evaluated all of the available information and consider the adopted policies to be appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are found in the following notes:

**Note 2** [Revenue recognition](#)

**Note 6** [Fair value of investment property](#)

**Note 7** [Fair value of care facility](#)

**Note 8** [Impairment of goodwill](#)

### Basis of Consolidation

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

### Segment Reporting

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

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

### Other Accounting Policies

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

### New Standards and Interpretations Adopted

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

### New Standards and Interpretations not yet Adopted

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

### Comparative information

No comparatives have been restated.

## Financial Statements

### 2 Income

#### Care Fees and Village Services

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

#### Deferred Management Fees

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

#### Other Income

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

#### Revenue in Advance

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

#### Information about Major Customers

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home, dementia or hospital level care. Government aged care subsidies received from the Ministry of Health included in care fees and village services amounted to \$78.6 million (2022: \$77.4 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 6.5 to 9.2 years (2022: 6.5 to 9.2 years) for independent apartments and villas and are estimated at 2.7 to 5.1 years (2022: 2.7 to 4.9 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	2023	2022
<b>Other expenses</b>		
Directors' fees	557	589

### 4 Finance Costs

\$000	2023	2022
Interest expense	12,723	5,571
Facility costs	2,089	1,873
Financing costs	327	471
<b>Total finance costs</b>	<b>15,139</b>	<b>7,915</b>

#### 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	2023	2022
<b>Income tax expense / (credit)</b>		
Current tax	0	0
Deferred tax	1,405	(1,139)
	<b>1,405</b>	<b>(1,139)</b>
<b>\$000</b>	<b>2023</b>	<b>2022</b>
<b>Reconciliation to profit before tax</b>		
Profit before tax	83,870	197,743
<b>Tax at 28%</b>	<b>23,484</b>	<b>55,368</b>
<i>Tax effects of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Changes in fair values	(22,506)	(44,292)
Share of profit arising from joint venture (net of tax)	(211)	(2,076)
Gain on bargain purchase	0	(12,574)
Non-taxable income and non-deductible expenditure	1,061	2,968
Other	(423)	(533)
<b>Income tax expense / (credit)</b>	<b>1,405</b>	<b>(1,139)</b>

### 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% (2022: 28%).

### Imputation Credits

The imputation credit balance for the Group and Parent as at 31 March 2023 is \$0.2 million (2022: \$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	2023	2022
<b>Brought forward</b>	<b>3,796</b>	<b>5,926</b>
<i>Temporary difference in income statement</i>		
Property, plant and equipment	(46)	438
Investment property	6,681	5,324
Deferred management fees	9,209	4,874
Tax losses carried forward	(18,501)	(10,606)
Other items	4,053	(1,169)
	<b>1,396</b>	<b>(1,139)</b>
<i>Temporary differences in Other Comprehensive Income</i>		
Property, plant and equipment	464	(991)
	<b>464</b>	<b>(991)</b>
<i>Acquired on acquisition</i>		
Property, plant and equipment	0	0
Investment property	0	14,496
Deferred management fees	0	52
Tax losses carried forward	0	(14,055)
Other items	0	(493)
	<b>0</b>	<b>0</b>
<b>Balance at end of year</b>		
Property, plant and equipment	1,127	709
Investment property	50,096	43,415
Deferred management fees	3,435	(5,774)
Tax losses carried forward	(46,294)	(27,793)
Other items	(2,708)	(6,761)
<b>Deferred tax liability</b>	<b>5,656</b>	<b>3,796</b>

## Financial Statements

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

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

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



## 6 Investment Properties

\$000	2023	2022
Balance at beginning of period	3,061,245	1,872,011
Acquisition of villages	0	841,267
Additions	271,283	196,622
Disposals	0	(4,224)
Reclassification from / (to) property, plant and equipment	14,100	(3,350)
Fair value movement - unrealised	80,377	158,919
<b>Total investment property</b>	<b>3,427,005</b>	<b>3,061,245</b>
Valuation of managers' net interest	1,480,730	1,320,048
Development land	119,445	114,915
Investment property under construction	168,730	105,492
Liability for residents' loans	1,538,282	1,415,878
Net revenue in advance / (accrued income)	119,818	104,912
<b>Total investment property</b>	<b>3,427,005</b>	<b>3,061,245</b>

### 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 profit or loss.

### Classification of Serviced Apartments and Care Suites

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

### Key Judgements and Estimates

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

Development land has been valued using a sales comparison approach.

Assumption Estimate Used	Estimate Used
Land \$/ha	Between \$0.5 million and \$30.1 million (2022: \$0.5 million and \$26.9 million)
Land \$/unit	Between \$0.0 million and \$0.2 million (2022: \$0.0 million and \$0.3 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 6.5 to 9.2 years (2022: 6.5 to 9.2 years) for independent apartments and villas and 2.7 to 5.1 years for care suites and serviced apartments (2022: 2.7 to 4.9 years)
House price inflation	Between 0% and 3.5% (2022: 0.5% and 3.5%)
Discount rate	Between 12.5% and 16.0% (2022: 12.5% and 16.25%)
Average age on entry	Between 72 and 83 years (2022: 72 and 85 years) for independent apartments and villas and between 80 and 91 years (2022: 76 and 90 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 \$53.1 million (2022: \$48.7 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 \$49.2 million (2022: \$44.8 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 \$72.3 million (2022: \$65.8 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 \$78.5 million (2022: \$71.7 million) higher fair value measurement and an increase in the fair value gain recorded in the income statement. Other key components in determining the fair value of investment property are the average age on entry of residents and the stabilised departing occupancy period. A decrease (increase) in the stabilised departing occupancy period would result in higher (lower) fair value measurement and a decrease (increase) in the average age on entry of residents would result in a higher (lower) fair value measurement.

## 7 Property, Plant and Equipment

\$000	Freehold Land at Valuation	Freehold Building at Valuation	Right of use assets	Work in progress	Other	Total
<b>Year ended 31 March 2022</b>						
Opening net book value	57,298	113,528	4,490	2,278	17,935	195,529
Acquisition	425	4,975	462	0	863	6,725
Additions	0	912	3,061	1,450	6,400	11,823
Depreciation	0	(2,136)	(1,596)	0	(4,509)	(8,241)
Revaluation	16,937	(2,355)	0	0	0	14,582
Transfer from / (to) investment property	1,425	1,925	0	0	0	3,350
Disposals and transfers	(1,750)	(7,334)	(3,401)	(1,869)	(656)	(15,010)
<b>Closing net book value</b>	<b>74,335</b>	<b>109,515</b>	<b>3,016</b>	<b>1,859</b>	<b>20,033</b>	<b>208,758</b>
Cost or valuation	74,335	109,515	4,804	1,859	40,620	231,133
Accumulated depreciation	0	0	(1,788)	0	(20,587)	(22,375)
<b>Net book value at 31 March 2022</b>	<b>74,335</b>	<b>109,515</b>	<b>3,016</b>	<b>1,859</b>	<b>20,033</b>	<b>208,758</b>
<b>Year ended 31 March 2023</b>						
Opening net book value	74,335	109,515	3,016	1,859	20,033	208,758
Acquisition	0	0	0	0	0	0
Additions	0	269	6,364	1,420	9,831	17,884
Depreciation	0	(2,019)	(682)	0	(5,529)	(8,230)
Revaluation	0	1,750	0	0	0	1,750
Transfer from / (to) investment property	(5,520)	(8,580)	0	0	0	(14,100)
Disposals and transfers	0	0	(1,978)	(1,562)	(215)	(3,755)
<b>Closing net book value</b>	<b>68,815</b>	<b>100,935</b>	<b>6,720</b>	<b>1,717</b>	<b>24,120</b>	<b>202,307</b>
Cost or valuation	68,815	100,935	7,837	1,717	50,238	229,542
Accumulated depreciation	0	0	(1,117)	0	(26,118)	(27,235)
<b>Net book value at 31 March 2023</b>	<b>68,815</b>	<b>100,935</b>	<b>6,720</b>	<b>1,717</b>	<b>24,120</b>	<b>202,307</b>



## Financial Statements

### Recognition and Measurement

Land and buildings (which are not classified as investment property) are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material and direct labour, and any other costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, land and buildings for care facilities are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

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

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

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

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

At 31 March 2023, had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately \$39.3 million and \$87.3 million respectively (2022: \$44.6 million and \$97.3 million).

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

## Key Judgements and Estimates

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

The fair value of care facility land and buildings for the year ended 31 March 2023 was valued by the Directors of the Group. The Directors' valuation was based on independent advice from CBRE on the macro economic factors impacting 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 economic factors impacting 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 JLL;
- 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; and
- that the Directors were not aware of any material physical or operational 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 2022, adjusted for any additions, disposals, decommissions 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 2022 and 31 March 2023 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:

Assumptions	Estimate Used
Capitalisation rates	Rates used range from 10.9% to 14.8% (2022: 10.9% to 14.8%)
Earnings	Market value for a care bed ranging from \$77,037 to \$186,932 (2022: \$77,037 to \$186,932)

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

### 8 Intangible Assets

\$000	Goodwill	Software	Total
<b>Year ended 31 March 2022</b>			
Opening net book value	32,087	393	32,480
Additions	0	2,124	2,124
Amortisation	0	(130)	(130)
Disposals	(1,803)	(130)	(1,933)
Impairment of goodwill	(8,670)	0	(8,670)
Impairment of software	0	(2,124)	(2,124)
<b>Closing net book value</b>	<b>21,614</b>	<b>133</b>	<b>21,747</b>
<b>Year ended 31 March 2023</b>			
Opening net book value	21,614	133	21,747
Additions	0	189	189
Amortisation	0	(134)	(134)
Disposals	0	0	0
Impairment of goodwill	(2,901)	0	(2,901)
Impairment of software	0	0	0
<b>Closing net book value</b>	<b>18,713</b>	<b>188</b>	<b>18,901</b>

#### Goodwill

Goodwill as at 31 March 2023 was \$18.7 million (2022: \$21.6 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 seventeen (2022: seventeen) 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 fourteen (2022: sixteen) of the CGU's, the recoverable amount was based on fair value less costs to sell, and three (2022: one) CGU based on value in use.

In four (2022: four) of the CGU's the recoverable amount was in excess of the carrying value. As such the Directors did not identify any impairment for these CGU's. In thirteen (2022: thirteen) of the CGU's the carrying value was in excess of the recoverable amount and an impairment was recognised. Goodwill allocated to any single CGU is not material. The goodwill impairment during the year was \$2.9 million (2022: \$8.7 million).



### Key Judgements and Estimates

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

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

Assumption	Description	Estimate Used
Operating earnings	Operating earnings is a function of revenue received from government agencies and private paying residents for care and village service fees and the net cash flows from the receipt and repayment of resident loans. The key driver of these revenue items are occupancy levels, subsidy levels and growth rates. It is assumed that the government will continue to support the aged care sector and that subsidies will increase over time. If the government decides to reduce its funding, it may lead to residents and their families being required to make up the difference. Expenses are forecast to increase in line with inflation projections.	Cash flow projections from the Group's five year financial forecasts approved by the Board which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested.
Discount rates	Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have to be incorporated into the cash flow estimates.	Pre-tax discount rates for each CGU, ranging from 10.9% to 14.8% (2022: 10.9% to 14.8%). The discount rates have been taken from the most recent independent valuation of each CGU.
Growth rates	Growth rates are used to extrapolate cash flows beyond the forecast period.	Growth rates of 2.5% (2022: 2.5%) have been used after the initial financial forecast period.

A 0.5% increase or decrease in the discount rates would not result in any changes to the impairment of goodwill in the one CGU where value in use is the recoverable amount.

### 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.

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### 9 Insurance Receivable

On 27 January 2023, a weather event in Auckland resulted in serious flooding occurring in part of the Group's Parklane retirement community. The flooding caused extensive damage to 39 villas and the Community Centre and Serviced Apartments building. Initial reports estimate \$14m of damage has been incurred. The Group has comprehensive insurance cover in place for material damage and business interruption. It is expected all the material damage costs will be fully recovered. The estimated damage assessment will continue to be reviewed as new information becomes available. It is possible that the actual financial impacts will differ from those included in the financial statements.

The business interruption claim is ongoing and will be continually assessed throughout the indemnity period.

### 10 Residents' Loans

\$000	2023	2022
Opening balance	1,415,878	865,872
Amounts repaid on termination of ORAs	(146,221)	(104,568)
Amounts received on issue of new ORAs	365,645	307,324
Amounts acquired on investment property	0	408,898
Movement in DMF receivable and residents' portion of capital gains	(97,020)	(61,648)
<b>Total residents' loans</b>	<b>1,538,282</b>	<b>1,415,878</b>

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 Lessee

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

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

The weighted average incremental borrowing rates used to measure lease liabilities are 4.0% (2022: 3.1%).

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

\$000	2023	2022
Less than 1 year	925	1,567
Between 1 and 5 years	3,768	1,542
More than 5 years	2,358	0
<b>Total lease liabilities</b>	<b>7,051</b>	<b>3,109</b>

\$000	2023	2022
Interest on lease liabilities	120	122
Expenses relating to short-term and low-value assets	27	10
Depreciation on right of use assets	682	1,596
<b>Total amounts recognised in profit and loss</b>	<b>829</b>	<b>1,728</b>

#### As Lessor

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

## 12 Interest Bearing Loans and Borrowings

\$000	2023	2022
Secured bank loans	500,000	330,000
Retail Bond - ARV010	125,000	125,000
Capitalised financing costs	(2,185)	(2,138)
<b>Total interest bearing loans and borrowings</b>	<b>622,815</b>	<b>452,862</b>

#### Recognition and Measurement

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

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

#### Secured Bank Loans

On 30 September 2021, 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 1 September 2026, Facility B to 1 September 2025, Facility C to 1 September 2024 and incorporated a new Facility D of \$50.0 million with a maturity date of 1 September 2023. The key terms of the amended facilities agreement are not substantially different.

On 15 November 2021, a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited and Bank of New Zealand. The agreement established

a new Facility E of \$100.0 million with a maturity date of 15 November 2023. The key terms of the amended facilities agreement are not substantially different to the existing facilities.

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

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

#### Bonds

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

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

#### Security

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

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

#### Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin. Interest rates applicable in the year to 31 March 2023 ranged from 2.8% to 6.2% pa (2022: 1.4% to 2.8% 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.



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Interest costs of \$13.6 million (2022: \$5.3 million) were capitalised during the year. The weighted average capitalisation rate on the funds borrowed was 5% (2022: 3.1%).

### 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 2023, the Group was in

compliance with its financial covenants (2022: 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).

<b>\$000</b>	<b>2023</b>	<b>2022</b>
Opening balance	452,862	364,892
Proceeds from borrowings	194,500	252,500
Repayment of borrowings	(24,500)	(165,000)
Capitalised financing costs movement	(47)	470
<b>Closing balance</b>	<b>622,815</b>	<b>452,862</b>

<b>Funding facilities</b>	<b>2023 Limit</b>	<b>2022 Limit</b>	<b>2023 Drawn Amount</b>	<b>2022 Drawn Amount</b>
Facility A maturing 1 September 2026	\$125m	\$125m	\$50.0m	\$0.0m
Facility B maturing 1 September 2025	\$125m	\$125m	\$125.0m	\$55.0m
Facility C maturing 1 September 2024	\$125m	\$125m	\$125.0m	\$125.0m
Facility D maturing 1 September 2024	\$100m	\$50m	\$100.0m	\$50.0m
Facility E maturing 1 September 2025	\$100m	\$100m	\$100.0m	\$100.0m
Facility F maturing 1 September 2026	\$100m	\$0m	\$0.0m	\$0.0m
<b>Total Facilities</b>	<b>\$675.0m</b>	<b>\$525.0m</b>	<b>\$500.0m</b>	<b>\$330.0m</b>

### 13 Reconciliation of Profit after Tax with Cash Inflow from Operating Activities

\$000	2023	2022
<b>Profit after tax</b>	<b>82,465</b>	<b>198,882</b>
<i>Adjustments for:</i>		
Gain on acquisition of villages	0	(44,905)
Loss on divestment of villages	0	1,005
Changes in fair value of investment property	(80,377)	(158,919)
Changes in fair value of property, plant and equipment	(95)	(38)
Changes in fair value of interest rate swaps	(436)	2,956
Share of investment in joint venture	(752)	(7,413)
Depreciation and amortisation	8,364	8,371
Impairment of intangibles	2,901	10,794
Movement in deferred tax	1,405	(1,139)
Insurance recoveries included in investing activities	(1,400)	0
Transaction costs included in financing activities	247	3,162
<b>Changes in working capital relating to operating activities</b>		
Trade receivables and other assets	(6,939)	(21,446)
Trade and other payables	24,773	58,199
Refundable occupation right agreements	122,404	101,268
Other	72	1,001
<b>Net cash inflow from operating activities</b>	<b>152,632</b>	<b>151,778</b>

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	2023	2022
Trade creditors	30,703	21,842
Sundry creditors and accruals	12,302	18,931
Employee entitlements	15,546	14,251
<b>Total trade and other payables</b>	<b>58,551</b>	<b>55,024</b>

#### 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.

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### 15 Share Capital

Shares 000	2023	2022
Opening balance	720,061	542,488
Shares issued	3,517	177,573
<b>Closing balance</b>	<b>723,578</b>	<b>720,061</b>

#### 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 million of transaction costs during the year (2022: \$9.0 million), with no costs related to the issue of new shares deducted from equity (2022: \$5.8 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 19 April 2021 Arvida Group Limited issued 385,712 ordinary shares to senior executives under the terms of its long-term incentive plan.

On 5 July 2021 Arvida Group Limited issued 301,350 ordinary shares to senior executives under the terms of its long-term incentive plan.

On 8 October 2021, Arvida Group Limited issued 88,283 ordinary shares to the retiring Chief Executive Officer under the terms of its long-term incentive plan.

On 21 October 2021, Arvida Group Limited issued 79,081,633 ordinary shares in a placement to part fund the acquisition of Arena Living.

On 15 November 2021, Arvida Group Limited issued 94,722,045 ordinary shares in a rights issue to part fund the acquisition of Arena Living.

On 16 December 2021, Arvida Group Limited issued 2,994,086 ordinary shares pursuant to the Company's dividend reinvestment plan.

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

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

#### Dividends

During the year dividends of 4.85 cents per ordinary share (2022: 5.50 cents per ordinary share) were declared to shareholders. Imputation credits of 0.00 cents per ordinary share (2022: 0.00 cents per ordinary share) were attached to the dividends.

### 16 Earnings per Share

\$000	2023	2022
Profit attributable to equity holders	82,465	198,882
<i>Basic earnings per share</i>		
Weighted average number of ordinary shares on issue (thousands)	722,764	614,155
<b>Basic earnings per share (cents)</b>	<b>11.41</b>	<b>32.38</b>
<i>Diluted earnings per share</i>		
Weighted average number of ordinary shares on issue (thousands)	724,457	615,761
<b>Diluted earnings per share (cents)</b>	<b>11.38</b>	<b>32.30</b>

#### 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	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	9,894	8,154
Trade receivables and other assets	11,683	13,472
<b>Total</b>	<b>21,577</b>	<b>21,626</b>
<b>Financial liabilities</b>		
Trade and other payables	43,005	40,773
Interest rate swaps	10,467	10,903
Bank loans	500,000	330,000
Retail bonds	125,000	125,000
Residents' loans	1,538,282	1,415,878
<b>Total</b>	<b>2,216,754</b>	<b>1,922,554</b>

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 profit or loss when it is incurred.

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

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

#### Capital risk

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

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

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

The Group targets a gearing ratio of 25% to 35%. The bank loans are subject to bank covenants. The covenants require

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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
<b>2022</b>		
Trade and other payables	40,773	0
Lease liabilities	1,567	1,542
Interest rate swaps	62	10,841
Bank Loans	0	330,000
Retail bonds	0	125,000
Residents' loans	1,415,878	0
<b>2023</b>		
Trade and other payables	43,005	0
Lease liabilities	925	6,126
Interest rate swaps	435	10,032
Bank Loans	0	500,000
Retail bonds	0	125,000
Residents' loans	1,538,282	0

## 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 2023:

Aria Bay Retirement Village Limited	Molly Ryan Retirement Village (2007) Limited
Aria Bay Senior Living Limited	Mount Eden Gardens RV Limited
Aria Gardens Limited	Oakwoods Lifecare (2012) Limited
Aria Park Retirement Village Limited	Oakwoods Retirement Village (2012) Limited
Aria Park Senior Living Limited	Ocean Shores GP Limited
Arvida Limited	Ocean Shores LP Limited
Arvida AL Holdings Limited	Ocean Shores RV Limited Partnership
Arvida AL Limited	Olive Tree Apartments Limited
Arvida AL New Zealand Limited	Olive Tree Holdings Limited
Ashwood Park Lifecare (2012) Limited	Olive Tree Village (2008) Limited
Ashwood Park Retirement Village (2012) Limited	Park Lane Lifecare Limited
Bethlehem Country Club Village Limited	Park Lane Retirement Village Limited
Bethlehem Shores Retirement Village Limited	Parklane (Auckland) RV Limited
Copper Crest Living Well Limited	Peninsula Club RV Limited
Copper Crest Retirement Village Limited	Queenstown Country Club Living Well Limited
Glenbrae Resthome and Hospital Limited	Queenstown Country Club Village Limited
Glenbrae Village Limited	Rhodes on Cashmere Healthcare Limited
Good Friends (2020) Limited	Rhodes on Cashmere Lifecare Limited
Ilam Lifecare Limited	St Albans Lifecare Limited
Ilam Senior Living Limited	St Albans Retirement Village Limited
Knightsbridge GP Limited	St Allisa Rest Home (2010) Limited
Knightsbridge LP Limited	Strathallan Healthcare Limited
Knightsbridge RV Limited Partnership	Strathallan Lifecare Village Limited
Lansdowne Developments Limited	Te Puna Waiora RV Limited
Lansdowne Park Village Limited	The Cascades Retirement Resort Limited
Lauriston Park Living Well Limited <sup>1</sup>	The Wood Lifecare (2007) Limited
Lauriston Park Retirement Village Limited	The Wood Retirement Village (2007) Limited
Lincoln Land Limited <sup>2</sup>	TML(2005) Limited
Mary Doyle Healthcare Limited	TMRV(2005) Limited
Mary Doyle Trust Lifecare Complex Limited	Views Lifecare Limited
Mayfair (Auckland) RV Limited	Waikanae Beach Retirement Village Limited
Mayfair Lifecare (2008) Limited	Waikanae Country Lodge Limited
Mayfair Retirement Village (2008) Limited	Waikanae Country Lodge Village Limited
Molly Ryan Lifecare (2007) Limited	Waimea Plains Living Well Limited
	Waimea Plains Retirement Village Limited
	Warkworth RV Limited <sup>3</sup>
	Whai Mauri Ora RV Limited <sup>4</sup>

<sup>1</sup> Company incorporated on 18 October 2022.

<sup>2</sup> Company incorporated on 25 October 2022.



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<sup>3</sup> Company incorporated on 3 February 2023.

<sup>4</sup> Changed name from Te Awamutu Country Club Village Limited on 3 November 2022.

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 (2022: 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 \$0.8 million (2022: \$7.4 million) of share of profits arising from the joint venture, net of tax, was recognised. Of this, \$0.9 million (2022: \$6.9 million) related to the change in fair value of the joint venture's investment property.

## 19 Acquisition Accounting

### Acquisitions

On 15 November 2021, the Group acquired 100% of the shares of Arena Living Holdings Limited (Arena Living) for approximately \$361 million. Arena Living has a portfolio of six retirement villages located in Auckland and Tauranga.

The transaction was funded by a \$155 million fully underwritten placement, \$175 million fully underwritten 1-for-6.57 pro rata rights issue and the balance funded from banking facilities.

On 21 October 2021, Arvida Group Limited issued 79,081,633 ordinary shares in a placement to part fund the acquisition of Arena Living.

On 5 November 2021, the Group purchased 100% of the shares of Te Awamutu Country Club Limited with its substantial assets being land. This transaction does not meet the definition of being a business combination. Therefore the transaction has been treated as an asset acquisition.

On 15 November 2021, Arvida Group Limited issued 94,722,045 ordinary shares in a rights issue to part fund the acquisition of Arena Living. On 15 November 2021, the Group purchased 100% of the shares of Arena Living.

On 15 November 2021, \$16.4 million was paid to the vendors of Arena Living for the estimated development work in progress and working capital items. The businesses were acquired in line with the Company strategy of acquiring villages that are in the business of operating retirement villages for the elderly in New Zealand. Control was obtained by acquiring 100% of the assets and liabilities of the business.

On 18 February 2022, the vendors of Arena Living repaid \$0.1 million upon the completion of the final calculation of development work in progress and working capital items.

The prior period gain on acquisition of \$44.9 million was primarily due to the price being at a 12.5% discount to CBRE 30 June 2021 valuation.

Total transaction costs of \$2.8 million were incurred in the prior period for the acquisition of Arena Living.

### Recognition and Measurement

The acquisition method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured at the date of exchange as the total of the fair value of the assets acquired, the equity instruments issued and the liabilities incurred or assumed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised as income.

The businesses acquired during the prior period contributed \$12.1 million of revenue and \$26.6 million of net profit after tax for the year to 31 March 2022. If the businesses were acquired by the Group at 1 April 2021, they could have contributed \$27.7 million of revenue and \$27.3 million of net profit after tax. A \$23.4 million change in fair value of investment property is included within the net profit after tax figures.

The fair values of the identifiable assets and liabilities of the retirement villages acquired during the year to 31 March 2022 are set out in the adjacent table.



## Financial Statements

### 20 Related Party Transactions

#### Key Management Personnel Compensation

Key management personnel compensation for the year ended 31 March 2023 and the year ended 31 March 2022 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	2023	2022
Salaries and other short term benefits	3,835	2,655
Share based payments	174	199
<b>Total</b>	<b>4,009</b>	<b>2,854</b>

#### Identity of Related Parties

The Board of Directors at 31 March 2023, comprising Anthony Beverley, Michael Ambrose, Susan Paterson, Susan Peterson and Paul Ridley- Smith.

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

Joint Venture, during the year \$0.4 million (2022: \$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 \$0.9 million was received from Village at the Park Lifecare Limited (2022: \$1.2 million).

### 21 Fees Paid to Auditors

\$000	2023	2022
<b>Fees paid to group auditor - Ernst &amp; Young</b>		
Audit - Financial Statements	480	521
Assurance - Sustainability	40	0
<i>Other non-assurance</i>		
Tax compliance and advisory	0	0
<b>Total</b>	<b>520</b>	<b>521</b>

### 22 Capital Commitments

As at 31 March 2023, the Group had \$68.7 million of capital commitments in relation to construction contracts (2022: \$29.5 million).

As at 31 March 2023, the Group had \$20.0 million of commitments in relation to the purchase of land (2022: \$37.0 million).

### 23 Subsequent Events

On 4 April 2023, the Group completed the purchase of land in Warkworth for \$18.5 million.

On 29 May 2023, the directors approved a dividend of 2.35 cents per share amounting to \$17.0 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 8 June 2023 and payment is due to be made on 22 June 2023.

### 24 Employment Share Plan

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

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

The share rights scheme is an equity settled scheme and is measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate that the share will vest. A simulation-based approach was used to complete the valuation model. For the purposes of the simulation, it is assumed that share returns are normally distributed. The option cost for the year ending 31 March 2023 of \$0.2 million has been recognised in the Group's statement of comprehensive income for that period (2022: \$0.2 million).



**2023**

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

**2022**

<b>Commencement date</b>	<b>1 April 2019</b>	<b>1 April 2020</b>	<b>26 June 2021</b>
Issue price	\$ 1.26	\$ 1.15	\$ 1.89
% of shares vested	0%	0%	0%
Vesting date	13 June 2022	June 2023	June 2024
Unlisted performance share rights	532,898	600,343	472,384
Volatility assumption	22%	22%	22%

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year. The weighted average remaining contractual life for the share options outstanding as at 31 March 2023 was 1.3 years (2022: 1.2 years).

	<b>2023 Number</b>	<b>2023 WAEP</b>	<b>2022 Number</b>	<b>2022 WAEP</b>
Opening balance at 1 April	1,605,625	\$ 1.41	2,499,638	\$ 1.14
Granted during the year	685,934	\$ 1.57	472,384	\$ 1.89
Forfeited during the year	(95,837)	\$ 1.30	(182,292)	\$ 1.16
Exercised during the year	(375,608)	\$ 1.26	(775,345)	\$ 1.08
Expired during the year	(127,985)	\$ 1.26	(408,760)	\$ 1.06
<b>Closing balance at 31 March</b>	<b>1,692,129</b>	<b>\$ 1.52</b>	<b>1,605,625</b>	<b>\$ 1.41</b>
<b>Exercisable at 31 March</b>	<b>0</b>		<b>0</b>	

## 25 Contingent Liabilities

The Labour inspectorate of Ministry of Business, Innovation and Employment ("MBIE") has undertaken a programme of compliance audit of the Group in respect of the Holidays Act 2003 (the "Holidays Act").

The Group is working with MBIE to review its compliance with the Holidays Act, however the outcome is not yet certain and the financial effect cannot be practically quantified.

## **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 67 to 93, which comprise the consolidated balance sheet of the Group as at 31 March 2023, 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 67 to 93 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Ernst & Young provides other assurance related services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Company or any of its subsidiaries.

### **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 consolidated 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 Valuation

Why significant?	How our audit addressed the key audit matter
<p>The Group's investment property comprises a portfolio of retirement villages and development land in New Zealand which have an assessed fair value of \$3.4b and account for 91% of total Group assets at 31 March 2023.</p> <p>The Group engaged two third party registered valuers to determine the fair value of these properties at 31 March 2023. 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.</p> <p>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 the properties.</p> <p>For investment properties key assumptions are made in respect of:</p> <ul style="list-style-type: none"> <li>• discount rate;</li> <li>• forecast house price inflation;</li> <li>• the average entry age of residents; and</li> <li>• the occupancy periods of the units for each village.</li> </ul> <p>Disclosures relating to investment property and the associated significant judgments are included in Note 6 'Investment Property' to the consolidated financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Held discussions with management to understand:               <ul style="list-style-type: none"> <li>• sales or purchases of the Group's investment property assets;</li> <li>• changes in the condition of each property, including from weather related events; and</li> <li>• their internal review of the third party valuation reports;</li> </ul> </li> <li>• Held discussions with the third party valuers to gain an understanding of the assumptions and estimates used and the valuation methodologies applied;</li> <li>• On a sample basis we:               <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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</li> <li>• 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.</li> </ul> </li> <li>• Assessed the competence, qualifications and objectivity of the third party valuers;</li> <li>• Examined the allocation of costs from work in progress to completed village units, and other assets.</li> <li>• Considered the impact of new development work and the completeness of the assets included in the valuation;</li> <li>• Assessed adjustments made to property valuations, including those arising from weather related events, and tested the quantum of these adjustments; and</li> <li>• Considered the adequacy of the disclosures in Note 6.</li> </ul>



## Care Facilities Valuation

Why significant?	How our audit addressed the key audit matter
<p>The land and buildings associated with the Group's care facilities, classified as Property, Plant &amp; Equipment, are recorded at fair value of \$0.2b and account for 5% of total Group assets at 31 March 2023.</p> <p>The Group engaged two third party registered valuers to determine the fair value of these properties in the prior financial year.</p> <p>In assessing the fair value of care facilities at 31 March 2023, the Directors have considered whether these previous values remain appropriate or whether adjustments are required.</p> <p>As disclosed in note 7 'Property, Plant and Equipment', in forming their assessment of whether there has been a material change in fair value the Directors considered the following factors:</p> <ul style="list-style-type: none"> <li>• third party valuer information on the macro-economic factors impacting the valuation of care facilities during the year;</li> <li>• construction of care beds or related assets that occurred in the year;</li> <li>• whether key care facility metrics were in line with previous third party valuation expectations; and</li> <li>• whether there were any material physical or operational issues that would impact care facility values.</li> </ul> <p>For care facility valuations key assumptions are made in respect of:</p> <ul style="list-style-type: none"> <li>• capitalisation rates; and</li> <li>• earnings per care bed.</li> </ul> <p>Disclosures relating to care facilities and the associated significant judgments are included in Note 7 'Property, Plant and Equipment' to the consolidated financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Held discussions with management to understand: <ul style="list-style-type: none"> <li>• sales or purchases of the Group's care facility property assets;</li> <li>• changes in the condition of each property, including from weather related events; and</li> <li>• their internal review of the third party valuer information on the macro-economic factors impacting the valuation of care facilities.</li> </ul> </li> <li>• Assessed the Directors' valuation of care facility properties and its supporting documentation and analysis;</li> <li>• On a sample basis we: <ul style="list-style-type: none"> <li>• Compared occupancy data and earnings per care bed reported in the current year to those provided to the valuer for consideration in the previous year's valuation; and</li> <li>• 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</li> </ul> </li> <li>• Examined the allocation of costs from work in progress to completed care facilities and other assets;</li> <li>• Considered the impact of new development work and the completeness of the assets included in the Directors' valuation; and</li> <li>• Considered the adequacy of the disclosures in Note 7.</li> </ul>

### **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 upon 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.

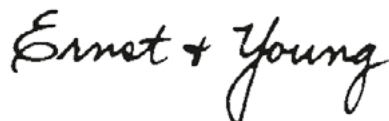
In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors 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.



Chartered Accountants  
Auckland  
29 May 2023

# CLIMATE RELATED DISCLOSURES









## Climate Related Disclosures

### Introduction

The Company's sustainability strategy is founded on the outlook for the retirement sector and the opportunities arising from the ageing of New Zealand's population. These demographic changes are expected to continue to drive demand for retirement living and aged care for the foreseeable future.

In 2020 the Company commenced measuring and monitoring its carbon emissions as part of informing its sustainability strategy. A sustainability framework was developed in 2021 to define sustainability goals and how they could be achieved. The framework also addressed the most material sustainability issues. A roadmap to deliver and report on climate strategy was implemented. Climate strategy is woven into the Company's stated sustainability goals and vision of creating thriving retirement communities where older New Zealanders can lead connected and fulfilling lives.

This year steps were taken to understand more about resilience to climate-related scenarios including:

- Developing Scope 3 emissions to include all value chain emissions recommended by the GHG Protocol
- Calculating food-related emissions under a methodology linked to quantities of food purchased rather than \$ spend
- Creating a model and emissions reduction plan to assist with achieving targets

Additional disclosures have also been included in the strategy and metrics sections of the CRD report.

This report is written in accordance with the recommendations of the Task Force for Climate-related Financial Disclosures ('TCFD') with reference to the External Reporting Board's ('XRB') recently released climate-related financial disclosures.

A table showing how the XRB's requirements are disclosed is included on page 107.

Section		FY22	FY23	FY24
<b>GOVERNANCE</b>	a. Describe the Board's oversight of climate-related risks and opportunities.	✓	✓	✓
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	✓	✓	✓
<b>STRATEGY</b>	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	✗	✓	✓
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	✗	✓	✓
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	✗	✗	✓
<b>RISK MANAGEMENT</b>	a. Describe the organisation's processes for identifying and assessing climate-related risks.	✓	✓	✓
	b. Describe the organisation's processes for managing climate-related risks.	✓	✓	✓
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	✓	✓	✓
<b>METRICS &amp; TARGETS</b>	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	✗	✓	✓
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	✗	✓	✓
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✗	✓	✓

## Governance

### TCFD recommendation:

Disclose the organisation's governance around climate-related risks and opportunities.

#### a. Describe the Board's oversight of climate-related risks and opportunities

The Board has statutory responsibility for, and approves, the strategic direction of the Company. A review of the Company's strategy and business plan is performed by the Board at least once a year. The strategy is informed by and includes consideration of the Company's climate-related risks and opportunities. The Board's responsibilities are set out in the Board Charter and includes:

- approving the Company's overall strategy, business plans and budgets
- monitoring actual results against the business plan and strategic objectives
- setting sustainability policy

Sustainability is now a standing agenda item for Board meetings. The sustainability working group, which includes members of the Board and executive team, reviews regular reporting that includes an update on sustainability and climate-related issues and progress against agreed goals and targets set within the Company's sustainability strategy. The papers from the sustainability working group meetings are provided in full to the Board. The Board has the opportunity to further refine the Company's sustainability strategy and plans.

Board skills and competencies are regularly reviewed and updated in the Annual Report (refer the skills matrix in the governance section). Climate-related expertise is one of the skills included in the assessment.

Pursuant to its charter, the Audit and Risk Committee has delegated responsibilities in relation to compliance and risk management practices. It is responsible for reviewing and assessing the Company's risks, risk management framework, and internal controls. This includes climate-related risks and controls.

New and emerging risks are considered initially by the Audit and Risk Committee, and where the residual risk is assessed as being high or extremely high, they are added to the Company's risk register and then approved by the Board.

Climate change risk was added to the risk register in 2020. In 2022 the Audit and Risk Committee reviewed this risk as part of a deep dive session where the risk, including its likelihood and impact, were scrutinised and re-evaluated. The Audit and Risk Committee and Board assessed overall climate change risk as 'high'. Climate change risk will again be reviewed in 2024 as part of the Company's deep dive sessions into risks categorised as 'high'.

#### b. Describe management's role in assessing and managing climate-related risks and opportunities.

Management identifies, assesses and manages climate-related risks and opportunities day-to-day as part of the risk management framework.

The effectiveness of controls and performance of other mitigation strategies is reported to the Audit and Risk Committee.

Overall accountability for delivery of the sustainability strategy and management of climate-related risks sits with the Chief Executive Officer. The Chief Executive Officer is also responsible for reporting progress against the overall sustainability goals and targets to the Board.

Responsibility for delivery of climate-related targets and goals sits with management. Each strategic pillar has an owner who is responsible for the delivery of that strategic objective.

The Company has a dedicated Head of Sustainability & Compliance who leads the assessment of climate-related risks and opportunities, and coordinates the Company's response as part of the overall sustainability programme.

The Company operates a sustainability working group to assist in providing recommendations around the broader sustainability programme and monitoring progress against sustainability goals. The working group met four times during the year. Membership includes three directors (of which two are the Chair and chair of the Audit and Risk Committee), the Chief Executive Officer, Chief Financial Officer, the General Manager Strategy and the Head of Sustainability & Compliance.

For further information on the Company's risk management process, please refer to the risk management section.



## Climate Related Disclosures

### Strategy

#### TCFD recommendation

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

The Company's sustainability strategy is being constantly adjusted in response to identified climate-related risks and opportunities. The following key physical and transition risks in relation to climate have been identified.

#### PHYSICAL RISKS

**Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns. (XRB)**

The Company has considered acute physical risks (an extreme weather event such as severe storms that cause flooding) and chronic physical risks (a sea level rise) as a single risk. The existing risk in relation to fire, disaster and crisis addresses the short-term impacts of acute physical risks.

This additional risk has therefore been positioned to address the medium and long-term impacts of acute and chronic physical risks.

	Description
<b>Physical Risks</b>	Acute and chronic physical risks.
<b>Description</b>	Severe storms, floods, sea level rise and extreme heat leading to stranded assets or an inability to operate the business.
<b>Likelihood</b>	<b>Likely</b>
<b>Impacts</b>	Increased costs and/or decreased revenue. Reduced ongoing investment. Reduced ability to attract investment.
<b>Timeframe</b>	<b>M L</b> Short term risk covered through fire, disaster or crisis risk.
<b>Management response</b>	Climate resilience assessments for each company site. Fit for purpose maintenance for all buildings.

#### TRANSITION RISKS

**Risks related to the transition to a lower-emissions global and domestic economy, such as policy, legal, climate-resilient technology, market and reputation changes associated with the mitigation and adaptation on requirements relating to climate change. (XRB)**

The Company has identified three main climate-related transition risks that are considered to be a significant risk to the Company and two key climate-related opportunities.

These five risks are presented in the table overleaf.

#### Timeframe

Timeframes have been selected that align with the horizons of the Company's physical assets and business activities as presented below, where the medium term represents the overall construction and building timeframe typical for retirement communities.

Horizon	Period	Description
<b>S = Short term</b>	<b>0-3 years</b>	Construction timeframe for a stage in a retirement community, from project inception, planning and resource allocation, through to completion and occupation by residents.
<b>M = Medium term</b>	<b>3-10 years</b>	Estimated duration to develop a retirement village and the average tenure of an independent resident (8-9 years) living in the Company's retirement communities.
<b>L = Long term</b>	<b>10-30 years</b>	Total useful life of a building or retirement community. However, the ability to modify and adjust several aspects as part of refurbishments and regular maintenance is a key factor in reducing the long-term timeframe.

	Transition Risks			Opportunities	
	Changing and emerging legislation.	Changing market behaviour.	Stakeholder feedback.	Energy source/ Resource efficiency.	Products and services.
<b>Description</b>	New policies, changes in rules or regulations or new legislation.	Lower demand for products and services because of changes in market behaviours.	A failure to meet climate or sustainability goals leading to negative impacts on the business.	Decreased operational costs and mitigation against rising prices.	Better design of buildings and communities may attract residents.
<b>Likelihood</b>	<b>Almost certain</b>	<b>Possible</b>	<b>Possible</b>	<b>Likely</b>	<b>Possible</b>
<b>Impacts</b>	Increased costs and/or decreased revenue. Reduced ability to attract and maintain investment.	Decreased revenue.	Decreased revenue. Reduced ability to attract and maintain investment.	Lower costs.	Increased revenue.
<b>Timeframe</b>	<b>S M</b>	<b>M</b>	<b>M L</b>	<b>S M</b>	<b>M L</b>
<b>Management response</b>	The Company participates in government consultations through the RVA and adapts to proposed changes.  The Company's risk and compliance framework also assists to mitigate risk.	Stakeholder engagement to understand changing customer behaviour and 'retirement community of the future'.	Embedding sustainability and climate risk into the Company's strategy and KPIs.  A culture of transparency and assurance around out commitments and progress.	Projects to reduce energy across the business including LED, solar and a project to identify energy optimisation.	Investigating the 'Retirement community of the future' and adopting Homestar into design criteria.

**b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.**

Two severe weather events occurred in 2023: a significant rain event in late January 2023 that caused widespread flooding in Auckland and, shortly thereafter, cyclone Gabrielle in early February 2023 that affected eastern and coastal regions in the North Island.

Whilst the Company has comprehensive insurance cover in place from material damage and business interruption losses, these severe weather events highlighted the potential financial impacts and operational disruption possible. Reports currently estimate the material damage component of the flood damage resulting from the Auckland weather event at \$14.1m. Assessment of the material damage and business interruption losses continue as new information comes available.

A project has commenced to understand more about the Company's resilience to severe weather events. Consideration of both current and future state preparedness for climate risk is required. This work is to be conducted in conjunction with further scenario analysis of climate-related risks and opportunities.

From a climate-related opportunity perspective, \$1.7m was invested in sustainability initiatives. Initiatives included green building pilot projects, investment in electric vehicle

fleets, solar installation, lighting upgrades, gas replacement assessments, waste audits and other smaller emission reduction-related projects.

**c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

An emissions reduction model was developed during the year with the intention of obtaining improved visibility on the relative merits and impacts of alternative sustainability initiatives in reducing Scope 1 and 2 emissions. The model has allowed the most effective emission reduction targets to be identified. This was performed in conjunction with assessing reduction initiatives in developing an emissions reduction plan. The model indicated an investment of around \$5.2m is currently required to achieve emissions reductions of 40%.

In 2022, the Company reported a preference to work with other sector participants developing a common set of scenarios to aid the investment community and other stakeholders in comparing scenario modelling across the sector.

Work has been progressing to achieve this goal, with the New Zealand Green Building Council leading a project to develop building and construction sector scenarios. As part of the Technical Working Group, the Company was involved in shaping the work programme, selecting pathways, and

## Climate Related Disclosures

developing narratives and quantification of the scenarios through the three workshop sessions held during the year.

Three building and construction sector scenarios have been developed; a 1.5°C scenario, a 2°C scenario and a 3°C. The scenarios were finalised on 11 May 2023 and accordingly, work to assess the potential impacts of these scenarios has not been completed.

Whilst building and construction represents a significant part of the Company's business, there is a large component of operations not related to building and construction. This has led to working with other participants in the healthcare sector to explore appetite in developing a specific set of scenarios for the healthcare sector.

Including both sets of considerations is important for any scenario analysis conducted by the Company.

### Risk Management

#### TCFD recommendation:

Disclose how the organisation identifies, assesses, and manages climate-related risks.

#### a. Describe the organisation's processes for identifying and assessing climate-related risks.

Risks, including climate-related risks are identified, assessed and managed as part of the Company's risk management framework.

Risks are identified through a variety of ways:

- Review and discussion of the latest climate-related research and information
- News and media reports
- Consideration of the latest trends and emerging issues with subsequent discussion had in executive team meetings
- Through the Audit and Risk Committee based on their knowledge and expertise as part of the risk review process

The risks identified through the above process are added to the executive team meeting agenda and discussed. They are assessed to establish whether further work is required to determine their likelihood, potential business impact and the timeframes they relate to. This may include seeking further information or external assistance depending on the internal and Board experience possessed in relation to the identified risk.

All key identified risks are reviewed as part of the annual assessment process. Risks assessed as significant and those reviewed through deep dive sessions by the Audit and Risk Committee are reviewed more regularly.

Proposed methodologies for climate change risk assessment and adaptation planning, both nationally and internationally, continue to be monitored.

#### b. Describe the organisation's processes for managing climate-related risks

After risks are identified and assessed, a formal management process begins with the assignment of a risk owner.

Initially, the inherent likelihood and consequence is discussed with key stakeholders and a collective decision is made based on available information. This discussion may highlight the need for further information and a plan for collecting that information.

The existing controls in the business are also considered. Additional proposed controls may also be identified at this stage. When controls have been identified, formal work begins around whether the control is operating. Effectiveness is assessed and an action plan developed where controls are not operating or are considered ineffective.

When the likelihood and consequence of the risk (both inherent and residual) have been determined, a comparison is made against other identified climate-related risks to determine the relative significance.

Risk appetite is also considered along with the boundaries in which the Company will mitigate, transfer, accept or control the risks identified.

#### c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The day-to-day management of climate-related risks and opportunities occurs across Development, Sustainability, Finance, Operations, and Strategy functions of the business.

Climate-related risks have been added to the Company's risk register in the same way as all other risks are identified. The process for identifying, assessing and managing climate-related risks is also consistent.



## Metrics and Targets

### TCFD recommendation:

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

#### a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

#### b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

The Company's GHG inventory has been prepared in accordance with the Greenhouse Gas Protocol and ISO14064-1:2018. External auditor Ernst & Young completed a limited assurance engagement of Scope 1, 2 and 3 emissions for the year ended 31 March 2023. Toitū Envirocare provided an assurance over prior years' emissions reporting.

The Inventory Report that can be located on the Company's website. As noted in the Inventory Report, an operational control consolidation approach was applied in calculating emissions. This means that the emissions of the joint venture interest was included in Scope 3 as an investment and not consolidated into Scope 1 and 2 emissions.

This approach is consistent with that taken in preparing the audited financial statements where the joint venture interest is accounted using the equity method.

Several new Scope 3 emissions sources were added to calculated inventory during 2023. These included purchased goods and services, capital goods, investments, employee commuting and downstream leased assets.

Sources of data, notes about the calculation methodology, quality of the data and any uncertainties are described in the Inventory Report.

Emissions factors were predominantly sourced from Ministry for the Environment (MfE, New Zealand).

- Location based emission factors applied to electricity consumption in New Zealand were calculated from Ministry for the Environment (MfE, New Zealand) data
- Emissions factors for purchased goods and services (except food) and capital goods were sourced from Motu and adjusted for inflation to 2007 when the research was conducted
- Emissions factors for food were based on published research into emissions factors for New Zealand and the quantities of food purchased in the year

No offsets were purchased in the period.

Greenhouse gases are converted to tonnes CO<sub>2</sub>e using the global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4).

The time horizon applied was 100 years.

### Emissions Summary

Metric	Purpose	FY20	FY21	FY22	FY23
Scope 1 emissions	To measure the Company's direct impact on the climate	2,339	2,411	2,722	3,228
Scope 2 emissions	To measure the Company's indirect impact on the climate	1,454	1,573	1,888	2,196
Scope 3 emissions	To measure the Company's indirect impact on the climate	1,137	838	69,394	79,931
Primary emissions <sup>1</sup>	To measure the Company's performance against the target	4,929	4,822	5,574	6,610
Benchmarking	To understand how the Company's climate performance compares to other corporations globally (CDP Score)	-	B-	B	Pending
Emissions intensity	Based on \$m of IFRS revenue	30.1	27.6	27.6	29.0
	Based on \$m of total revenue	23.9	26.4	22.0	21.7
	Based on retirement living units	1.2	1.1	1.0	1.2

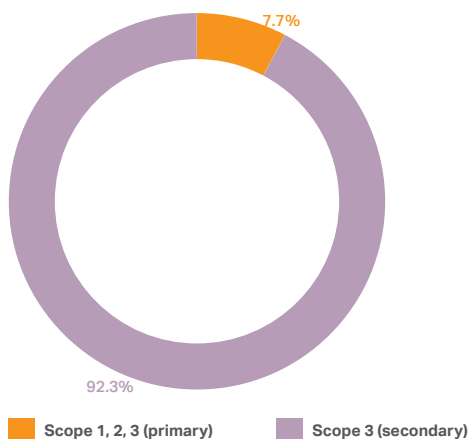
<sup>1</sup> Includes Scope 1, 2, 3 (primary).

## Climate Related Disclosures

The Company measured greenhouse gas emissions for a fourth year in 2023. The Company's emissions (primary) increased by 1,036 tonnes, or 19%, to 6,610 tCO<sub>2</sub>e on an absolute basis for the 12 months ended 31 March 2023.

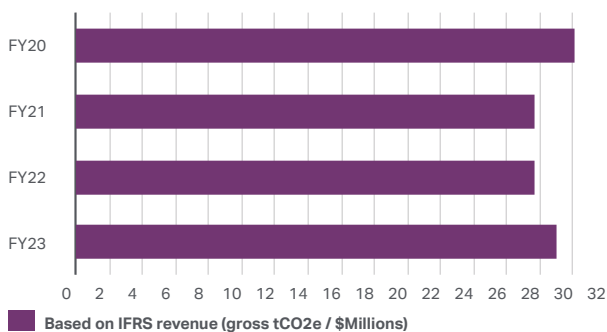
Primary emissions, being all Scope 1, 2 and selected Scope 3 sources, represented 7.7% of total emissions.

### Emissions Composition



On an intensity basis, the primary emissions measured by the Company and forming the basis of reduction targets increased 5% to 29.0 tCO<sub>2</sub>e per \$m of IFRS revenue.

### Emissions Intensity



The Company also calculates emissions intensity on the basis of total retirement units in the portfolio and total revenue including all sales revenue adjusted for deferred management revenue. As a growth company, both additional measures allow for increased scale in the business when assessing any change in emissions between years.

Scope 1 and 2 emissions increased mainly as a result of owning the Arena businesses for a full financial year. The acquisition, completed in November 2021, added 1,046 retirement units to the Company's portfolio (representing a 24% increase in the portfolio by unit number). Other

contributing factors included flood-related waste and ex-Covid resumption of business activity. Reductions were recorded in lower refrigerant loss.

Improving the calculation of the Company's food-related emissions resulted in a significant increase in food-related emissions. In the prior year the inflation adjusted \$ spend and Motu emission factors were used to calculate food-related emissions. This year, detailed product purchase information was obtained from the Company's largest food suppliers to calculate food-related emissions. This was combined with emissions factors from publicly available research published by the University of Otago. A significant increase was recorded as a result of the new methodology. Prior year emissions were recalculated using the new methodology and resulted in an increase of 23,063 tCO<sub>2</sub>e.

As a result of the XRB's reporting requirements, the Company has considered the vulnerability of business activities to transition risks, physical risks and climate-related opportunities. To a varying degree, all of the Company's activities are vulnerable to these risks and opportunities. However the risks and opportunities vary for each retirement community. As an example, some are located on or near flood plains or coastlines and those retirement communities have a higher vulnerability to physical risks.

Over the past two years around \$0.7m has been invested in LED upgrades across 8 retirement communities and solar at one retirement community.

### c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

#### OUR TARGETS

From a 2020 base year, the following reductions in the Company's primary emissions:

- 20% reduction by 2025 on a IFRS revenue intensity basis
- 50% reduction by 2030 on a IFRS revenue intensity basis

The Company's targets have not been confirmed as being in line with limiting global warming to 1.5 degrees of warming.

The emissions reduction plan highlighted gas decarbonisation to be the most effective reduction initiative. The Company believes this can only be achieved through strategic change and not through individual actions of community managers. As a result, emissions reduction targets are not included in assessing the performance of community managers. Equally, the Company believes the individual actions of community managers can contribute to waste reduction and has therefore incorporated this goal in their remuneration and performance reviews.

The CRD report is written in accordance with the TCFD recommendations but includes disclosure requirements from the XRB's standard. The table overleaf provides the relevant XRB disclosures contained in the CRD report.

Section	TCFD	XRB's standard
Governance	<p><b>a.</b> Describe the board's oversight of climate-related risks and opportunities.</p>	<p><b>a.</b> The identity of the governance body responsible for oversight of climate-related risks and opportunities;</p> <p><b>b.</b> A description of the governance body's oversight of climate-related risks and opportunities; and</p> <p><b>c.</b> A description of management's role in assessing and managing climate-related risks and opportunities</p>
	<p><b>b.</b> Describe management's role in assessing and managing climate-related risks and opportunities.</p>	
Strategy	<p><b>a.</b> Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p><b>c.</b> A description of the climate-related risks and opportunities it has identified over the short, medium, and long term</p>
	<p><b>b.</b> Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<p><b>a.</b> A description of its current climate-related impacts</p> <p><b>d.</b> A description of the anticipated impacts of climate-related risks and opportunities; and</p>
	<p><b>c.</b> Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p><b>b.</b> A description of the scenario analysis it has undertaken;</p> <p><b>e.</b> A description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state</p>
Risk Management	<p><b>a.</b> Describe the organisation's processes for identifying and assessing climate-related risks.</p>	<p><b>a.</b> A description of its processes for identifying, assessing and managing climate-related risks</p>
	<p><b>b.</b> Describe the organisation's processes for managing climate-related risks</p>	
	<p><b>c.</b> Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p><b>b.</b> A description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management process</p>
Metrics and Targets	<p><b>a.</b> Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p><b>b.</b> Industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities</p> <p><b>c.</b> Any other key performance indicators used to measure and manage climate-related risks and opportunities</p>
	<p><b>b.</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p>	<p><b>a.</b> The metrics that are relevant to all entities regardless of industry and business model</p>
	<p><b>c.</b> Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p><b>d.</b> The targets used to manage climate-related risks and opportunities, and performance against those targets</p>









# GOVERNANCE

# BOARD OF DIRECTORS

Paul  
Ridley-Smith

Susan  
Peterson

Anthony  
Beverley

Michael  
Ambrose

Susan  
Paterson





The Board currently comprises five 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](http://arvida.co.nz/investors/corporate-governance).

The information contained in the governance statement on pages 110 to 125 of this Annual Report has been prepared in accordance with NZX Listing Rule 3.8.1(a) and approved by the Board of Arvida Group Limited on 29 May 2023.

## Anthony Beverley

**Chair & Independent Director**

<b>First Appointed</b>	13 November 2014
<b>Last Elected</b>	30 June 2022
<b>Appointed</b>	Chair of the Board, July 2021
<b>Key Skills<sup>1</sup></b>	Property, governance, strategy expertise

Anthony is a professional director and business consultant with close to 35 years' experience in the property, investment and capital market arenas. He has a specialist property valuation and investment background having worked with AMP Capital Investors for 20 years, NZ's largest investment fund manager, eight of these as Head of Property.

Anthony is currently chair of Property for Industry Limited. Past directorships include Ngāi Tahu Property Limited, Summerset Holdings Limited, and Precinct Properties Limited.

Anthony was appointed Chair in July 2021.

## Michael Ambrose

**Independent Director**

<b>First Appointed</b>	17 January 2014
<b>Last Elected</b>	3 July 2020
<b>Key Skills<sup>18</sup></b>	Industry, financial, strategy expertise

Michael has over 20 years' experience in the aged care sector, advising on the operation, expansion and development of his clients' retirement villages as a director of Rodgers & Co, a chartered accountancy firm based in Christchurch. He led the aggregation of villages that formed the foundation of Arvida and was a promoter for the Arvida initial public offering.

Michael is a director of Fiordland Lobster Company Limited, Cooks Coffee Company Limited as well as being a director or advisor to the boards of several other private companies in a variety of industries.

Michael chairs the Audit & Risk Committee.

<sup>18</sup> Refer to the table on page 115 for a summary of the key skills of each director.

Key skills are considered those areas of knowledge and expertise that each director brings to the Board.

## Governance

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### Susan Paterson

#### Independent Director

**First Appointed** 7 May 2015  
**Last Elected** 2 July 2021  
**Key Skills<sup>1</sup>** Governance, strategy expertise

Susan has over 25 years' experience as a professional director having served on a number of private and public boards.

She was appointed an Officer of the New Zealand Order of Merit in 2015 for her services to corporate governance. Susan has a deep understanding of the health sector with many years spent as a clinician as well as a practice owner.

Susan chairs Steel and Tube Limited and Theta System Limited. Other board roles include the Reserve Bank of New Zealand (Governance), Les Mills Holdings Limited, EROAD Limited and Lodestone Energy Limited. Past directorships include Airways NZ (Chair), Electricity Authority, Goodman Property Trust, Transpower NZ Limited, Abano Healthcare Group Limited.

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### Susan Peterson

#### Independent Director

**First Appointed** 1 November 2020  
**Last Elected** 2 July 2021  
**Key Skills<sup>1</sup>** Legal, governance, strategy, people expertise

Susan is an experienced business leader with a particular interest in helping companies to drive growth through technology, innovation, and organisational culture.

Susan currently chairs Vista Group Limited, is a director of Xero Limited, Mercury Limited, Craigs Investment Partners and a trustee of non profit Global Women.

Susan's past directorships include Property for Industry Limited, Trustpower Limited (Manawa Energy Limited), ASB Bank, The NZ Merino Company Limited and Compac Sorting Solutions. Susan has also been a Tribunal member on the New Zealand Markets Disciplinary Tribunal, a member of the IHC board and a Ministerial Appointee to the National Advisory Council for the Employment of Women.

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### Paul Ridley-Smith

#### Independent Director

**First Appointed** 7 May 2015  
**Last Elected** 3 July 2020  
**Key Skills<sup>1</sup>** Legal, governance, strategy expertise

Paul is a senior executive at Morrison & Co and Infratil where he is involved in the governance of Infratil assets.

From 1998 to 2011, he was responsible for the group's legal affairs. From 2011 to 2014, Paul was General Counsel at Contact Energy where he led the legal, regulatory and government relations functions.

Paul is currently chair of Manawa Energy Limited. His previous directorships include King Country Energy Limited, Wellington International Airport Limited, Liquigas Limited, iSite Media Limited and Wallace Corporation Limited. Paul was also a member of the NZ Markets Disciplinary Tribunal.

Paul chairs the People and Remuneration Committee.

# SENIOR LEADERSHIP

The Arvida executive team comprises the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and seven General Managers.

<b>Jeremy Nicoll</b>	Chief Executive Officer
<b>Mark Wells</b>	Chief Financial Officer
<b>Richard Davis</b>	Chief Operating Officer
<b>Jonathan Ash</b>	General Manager Development
<b>Tristan Saunders</b>	General Manager Sales
<b>Kay Marshall</b>	General Manager Village Services
<b>Mark Jarvis</b>	General Manager Strategy
<b>Aleshia Rayner</b>	General Manager Wellness & Care
<b>Kylie Gibson</b>	General Manager Brand
<b>Anna Lyne</b>	General Manager People

Biographies are available at  
[arvida.co.nz/investors/corporate-governance](https://arvida.co.nz/investors/corporate-governance).





## Governance

### Statement of Compliance with NZX Corporate Governance Code

The Company 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 principles and recommendations set out in the NZX Corporate Governance Code (1 April 2023) (NZX Code) and the requirements set out in the NZX Listing Rules. A copy of the NZX Code can be found on the NZX's website: [www.nzx.com](http://www.nzx.com).

In the section titled 'Climate Related Disclosures' additional disclosures against the framework set out by the Financial Stability Board Taskforce on climate-related financial disclosures are included. A matrix has been included that maps these to the External Reporting Board (XRB) disclosure requirements that will become a reporting requirement in 2024.

The Board confirms that in the year to 31 March 2023, the Company's corporate governance practices and policies fully complied with the NZX Code recommendations. In terms of Recommendation 3.4, the Board has not established a Nomination Committee as director appointments are carried out by the whole board.

The information contained in the governance statement on pages 110 to 125 of this Annual Report has been prepared in accordance with NZX Listing Rule 3.8.1(a) and approved by the Board of Arvida Group Limited on 29 May 2023.

The corporate governance policies and procedures, biographies for directors and the executive team and the Company's board and committee charters are available to view at [www.arvida.co.nz/investors/corporate-governance](http://www.arvida.co.nz/investors/corporate-governance).

### Board composition

The NZX Listing Rules and the Board Charter require that a minimum of two (being one-third) Directors are Independent Directors. As at 31 March 2023, Anthony Beverley (Chair), Michael Ambrose, Susan Paterson, Susan Peterson and Paul Ridley-Smith were determined by the Board to be Independent Directors. Accordingly, the Board comprised five 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 the Company. 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 written agreements that set out the terms and conditions of their appointment.

### Separation of Board Chair and CEO

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.

### Director Particulars

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 Arvida's website: [www.arvida.co.nz/investors/corporate-governance](http://www.arvida.co.nz/investors/corporate-governance).

### Board Charter

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

### Board Responsibilities

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 executive 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 rolling Board agenda is reviewed at Board meetings, enabling effective forward management of meetings and focused discussions.

Agenda items are categorised as: Business Performance & Strategy, Matters for Approval, Matters for Discussion, or Matters for Noting. Board agendas regularly include reports from the Chief Executive Officer, the Chief Financial Officer and each Board committee. Updates are provided at each meeting from key functions including Health & Safety, Wellness & Care, People & Culture, Development, Finance, Brand & Marketing, Information Technology & Security, Sustainability and Investor Relations. The Board also regularly considers investment, divestment and/or financing proposals. The Board schedules a minimum of eight meetings each year.

Directors are encouraged to, and do visit the Company's retirement communities. This is designed to provide Directors with an insight into operations and provide opportunities to engage directly with stakeholders including teams, residents, and communities.

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 executive 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.

The Company Secretary is appointed on the recommendation of the Chief Executive Officer and must be approved by the Board. The Company Secretary is accountable to the Board, through the Chair, on all governance matters. As at the date of this Annual Report, the Company's General Counsel, Briar Malpas, is the Company Secretary.

#### Retirement and re-election of Directors

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 2023 Annual Meeting of Shareholders, Michael Ambrose and Paul Ridley-Smith will retire by rotation and stand for re-election. A profile for Mr Ambrose and Mr Ridley-Smith will be contained in the Notice of Meeting. The meeting will be held at 3.30pm on Friday 21 July 2023 at the Living Well Centre, Park Lane, 47 Whiteleigh Avenue, Christchurch.

The Board intends to provide shareholders with an update on board succession at the Annual Meeting.

#### Evaluation of Performance of Directors

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 summarised in the table below is considered appropriate for the responsibilities and requirements of governing the Company.

In accordance with the Board Charter, 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.

### Director Skills

	Anthony Beverley	Susan Paterson	Michael Ambrose	Susan Peterson	Paul Ridley-Smith
Aged Care; Property; Development	H	H	H	M	M
M&A; Capital Markets; Commercial	H	H	H	H	H
Financial; Enterprise Risk; Legal	M	M	H	H	H
Technology; Marketing; Customer	L	H	M	H	H
People; Health & Safety	M	M	M	H	M
Environment; Mātauranga Māori; Governance	M	M	M	M	M

#### Key:

**H** - High Expertise  
**M** - Medium Expertise  
**L** - Limited Expertise

## Governance

An external consultant is engaged by the Board periodically to undertake a review of Board performance. Propero Consulting Limited conducted a review of the Board in 2017 and 2019. An 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.

### Director Training

The Board seeks to ensure that new Directors are appropriately introduced to the executive team and the wider 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 executive team and industry experts or key advisers, and educational and stakeholder visits, briefings or meetings are arranged for the Board. The Board looks to have at least one dedicated training day annually. During the year, the Board received training on Mental Wellbeing and Iwi Relations.

### 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 People and Remuneration Committee. Each Committee operates under a written charter that sets out its mandate.

Attendance at Board and Committee meetings for all respective Directors during the financial year ended 31 March 2023 is set out in the Remuneration section.

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

### Audit and Risk Committee

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 and Risk Committee is to ensure the quality and independence of the external audit process.

The Audit and Risk 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 and Risk Committee and

the external auditors are given the opportunity at Audit and Risk Committee meetings to meet with Directors.

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

The Audit and Risk Committee Charter provides for the composition, responsibilities, procedures and reporting duties of the Audit and Risk Committee and governs how the members discharge their obligations. The Audit and Risk Committee Charter is reviewed annually by the Board and was last reviewed in October 2022.

The Audit and Risk Committee generally invites the Chief Executive Officer, Chief Financial Officer, Company Secretary and external auditors to attend meetings. The Audit and Risk 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.

All minutes for Audit and Risk Committee meetings are provided to the external auditor.

### People and Remuneration Committee

Beginning 1 April 2023, the remit of the People and Remuneration Committee was expanded to give broader consideration of people issues which coincided with its renaming from the Remuneration Committee. The People and Remuneration Committee charter was also updated to reflect the expanded remit (and is available on the Company's website).

The role of the People and Remuneration Committee is to assist the Board in fulfilling its human resources responsibilities relating to the Company's People strategy and plan, and establishing and reviewing remuneration policies and practices. Specific responsibilities include:

- Ensuring the People strategy supports the Company's strategy, including matters of organisation design, composition, compliance and policy.
- 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 executive team.



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

The People and Remuneration Committee Charter provides for the composition responsibilities, procedures and reporting duties of the People and Remuneration Committee and governs how the members of the People and Remuneration Committee discharge their obligations. The Board undertakes an annual review of the People and Remuneration Committee's objectives and activities in terms of its responsibilities as set out in the Charter. Management only attend People and Remuneration Committee meetings at the invitation of the People and Remuneration Committee. The People and Remuneration Committee Charter is reviewed annually by the Board and was last reviewed in April 2023.

#### Remuneration of Directors and Executives

Remuneration of Directors is reviewed by the People and Remuneration Committee. 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.

The Remuneration section of this Annual Report contains further information on Director, Chief Executive Officer and Chief Financial Officer remuneration as well as Company remuneration generally.

#### Remuneration Policy

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 above, the People and 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 executive 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. More details are provided in the Remuneration section of this Annual Report.

#### Nomination of Directors

The Board does not 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.

#### Other Committees

There were no other Board committees established during FY23.

#### Takeover Protocols

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.

### Disclosure and Reporting

#### Continuous Disclosure

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 promptly escalated to the executive 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

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 Blower Policy, Risk Management Policy and Sustainability Policy are all available on Arvida's website at [www.arvida.co.nz/investors/corporate-governance](http://www.arvida.co.nz/investors/corporate-governance).

The Company's governance documents are reviewed at least every 2 years and updated to the website.

#### Financial Reporting

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.

## Governance

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

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

This Annual Report again includes Climate Related Disclosures prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures together with a matrix that maps the External Reporting Board (XRB) disclosure requirements. Additional disclosure is intended as the Company develops its reporting in this area.

## Risk

### Risk Management

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.

A description of the factors impacting risks considered to have a high residual risk is provided in the section below 'Risk Matrix'. Risk mitigations have been summarised to include only key controls for each of these 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 executive 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](http://www.arvida.co.nz/investors/corporate-governance).

### Health and Safety

The Company is committed to maintaining a workplace that keeps its residents, teams, contractors and visitors healthy and safe.

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

- Identifying health and safety risks, and developing a Health and Safety Management Plan that details how these risks are to be managed.
- Communicating the plan and consulting on it regularly with stakeholders, including through Company-wide health and safety meetings.
- Encouraging incident reporting, recording and investigation.
- 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.
- Including within senior management, a dedicated health and safety manager.

Detailed reports are produced for Board meetings covering health and safety incidents, injury rates by severity, local site health and safety committee meetings and key initiatives undertaken.

## Risk Matrix

### A. MARKET DEMAND

**Residual risk:** High

**Link to strategy:** Nurturing Well, Growing Well

The Company' business model and financial performance could be affected by (disruptive) market trends, changing resident behaviour and market developments and its ability to successfully introduce new competitive products or services.

#### Risk Mitigations

- Maintain a diversified portfolio to mitigate the impact of market volatility
- Prepare annual strategic and financial plans that test different scenarios and their impact on the business
- Maintain a strong balance sheet to provide resilience against a weak market
- Maintain high quality amenity and service to residents; and market competitive terms and offering
- Introduce new innovative products and services to meet changing resident needs
- Continually assess the external environment – the markets and underlying economic, political, social and environmental drivers that shape them – to evaluate changes in competitive forces and business models
- Regular feedback from internal and external stakeholders through meetings, surveys and other means

#### Change in Year

Market demand was subject to a deep dive session where it was reviewed by senior management and the Board during the year. It was confirmed as being a high risk.

### B. IT SYSTEMS OR HARDWARE

**Residual risk:** High

**Link to strategy:** Engaging Well, Living Well

The Company operates several IT systems and are responsible for the personal information of residents, staff and other stakeholders. Loss or breach of these systems or data could have a significant impact on the continuity of operations.

#### Risk Mitigations

- Continued implementation of regularly updated strategic security programmes and business continuity systems
- Maintain quality asset and configuration management database that enables rapid response to attacks
- Educate and increase awareness for security and privacy across the Company's teams, and adherence to the Company's Information Technology, information security and privacy policies

#### Change in Year

Information technology and systems were subject to a deep dive session during the year where it was reviewed by senior management and the Board. The review confirmed that the risk remains high.

An internal audit review was also performed by external consultants. KPMG conducted a cyber risk assessment while Theta reviewed and recommended a systems roadmap.



### C. DEVELOPMENT & CONSTRUCTION

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**Residual risk:** High

**Link to strategy:** Growing Well

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A number of risks are associated with building retirement communities, including new legislation, building material shortages and labour shortages resulting in delays, health and safety, increased costs, or other issues.

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#### Risk Mitigations

- Board approves and monitors key financing guidelines and metrics; major investment commitments are supported by a financing plan as part of Board approval
  - Strict capital expenditure planning and appraisal process that defines the key investment criteria, the risk assessment process, key stakeholders, and appropriate delegations of authority and internal controls
  - Continuous monitoring and timely reporting of projects to key internal stakeholders
  - Development pipeline provides flexible future delivery options, such as staging, and retains flexibility and limited near term expenditure to progress to the next decision stage
  - Health and safety review forms part of project planning, with audits continually performed by independent and/or internal expert for each development site
- 

#### Change in Year

A number of medium-to-large domestic construction companies have failed during the year with the potential risk of wider sector contagion for contractors and sub-contractors. In the current market, the risk continues to be considered high.

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### D. PERSONNEL RETENTION

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**Residual risk:** High

**Link to strategy:** Engaging Well, Living Well

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The labour market is highly competitive. Attracting and retaining a skilled workforce is critical to maintaining the quality and level of care at the Company's retirement communities.

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#### Risk Mitigations

- Recent refresh and implementation of a 3 year Board approved people strategy
  - Annual business planning process includes people plans covering team structures, training, and talent management initiatives
  - Operational activities, talent and systems aligned with the delivery of future strategic objectives
  - Regular tailored engagement and communication with team members through forums, meetings, surveys and other means
  - Active participation with industry bodies
- 

#### Change in Year

People risks were more elevated in 2023 as a result of the impact of Covid-19 and government's border restrictions. However, government controls have been progressively reduced. This has allowed the migrant labour force to seek positions once again in aged care. In addition the Company has implemented a specific people strategy to address improved retention rates.

Personnel retention was subject to a deep dive session during the year where it was reviewed by senior management and the Board. The review confirmed the risk remains high.

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## E. GOVERNMENT POLICY REFORMS

**Residual risk:** High

**Link to strategy:** Nurturing Well, Growing Well

Legislative reforms or policy changes to the existing retirement village regulatory regime, or aged care regime may have a significant impact on the Company's performance and ability to operate.

### Risk Mitigations

- Specialist internal functional support and external advisors engaged to assist and provide advice on the ongoing management and assessment of legal and regulatory risk
- Continuous monitoring of industry and media and reporting to Board of new laws and regulation
- Maintain constructive relationships with industry participants and relevant public sector and regulatory authorities including proactive reputation management
- Internal systems and processes for the monitoring of compliance with legal and regulatory requirements and for the escalation of relevant items
- Prudent policy planning and Implementation of appropriate and proportionate policies and procedures designed to capture relevant regulatory and legal requirements
- Where appropriate, participation in policy consultations and in industry led dialogue with policy makers through bodies

### Change in Year

E Tūāpapa Kura Kāinga (Ministry of Housing and Urban Development) has released a scope for the review of the Retirement Villages Act 2003 (the Act). At a broad level, the review is to consider whether the Act, associated codes and regulations remain fit for purpose. The Company continues to monitor progress of the review and assess likely implications of possible changes.

More recently the Commerce Commission has announced that it is launching an investigation into potential breaches of the Fair Trading Act by retirement village sector.

Government policy reforms was subject to a deep dive session during the year where it was reviewed by senior management and the Board. The reviewed confirmed the risk remains high. This risk does not include changes to Ngā Paerewa (considered as part of clinical management).

## F. PANDEMIC

**Residual risk:** High

**Link to strategy:** Engaging Well, Living Well

Widespread pandemic in New Zealand impacts the ability of the Company to operate.

### Risk Mitigations

- Established set of pandemic policies and procedures, and robust infection prevention and outbreak management programme
- Dedicated pandemic response team comprising senior management personnel, supported by access to appropriate external expert advice where required
- Ongoing clinical education programme and Clinical Manager updates and forums
- High vaccination compliance in line with legislative mandates and policy
- Auditing of sites by independent auditors for certification and meeting of contractual requirements
- Effective and timely internal and external communications programme

### Change in Year

Reported infection rate in the general population has progressively reduced over the year. The Company's infection prevention and outbreak management programme continues to be operative, with the pandemic team meeting regularly and actively assessing risk.

## Governance

### Emerging risks

The Company has identified two key long term emerging risks that may have a business impact over a longer timeframe.

#### Artificial Intelligence (AI)

There is a risk that AI has the potential to disrupt the way the Company operates its business. This may be through job displacement, technical failures when using or operating AI, information divergence, or errors, bias or discrimination through use of AI. AI requires large amounts of data to function effectively and may also result in increased risks associated with data privacy and security.

Risk mitigations:

- Review AI use through the business
- Continued focus on data security and privacy

#### Geopolitical risk

There is a risk that countries engage in conflict or competition over strategic resources, political influence, or economic power. This may result in market instability through economic sanctions and regulatory changes that affect domestic or international trade relationships.

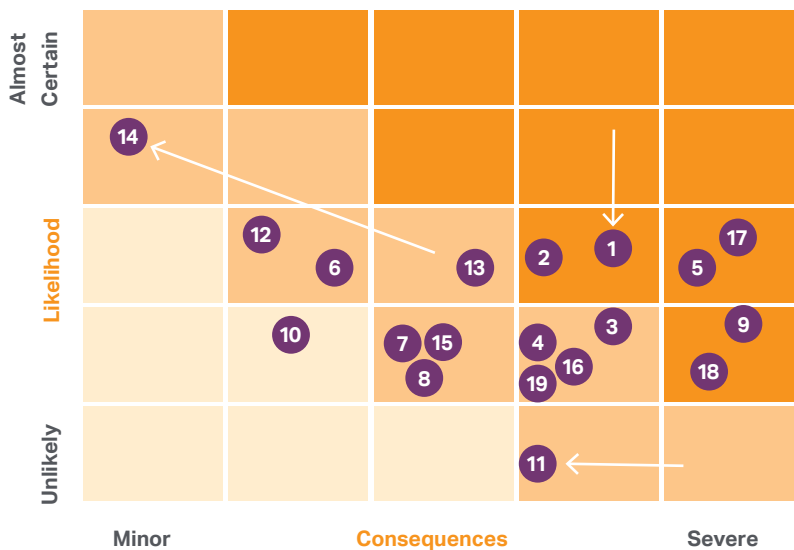
Risk mitigations:

- Review supply chain and markets that the Company is engaged with for materials, and understand the risks associated with those markets.
- Diversify supply chain.
- Monitor global political and economic developments.

The residual risk matrix presented in the table below shows the relative position of our principal risks to each other.

The impact of external factors continues to be the main concern for the Company, particularly given the heightened levels of macroeconomic uncertainty and continuing workforce shortages.

Nonetheless, the successful delivery of the Company's strategy will act to reduce the level of residual risk and ensure the longer term growth of the Company for the benefit of all stakeholders.



### Key:

#### External Risks

- 1) Government policy reform
- 2) IT systems or hardware
- 3) Fire, disaster or crisis
- 4) Climate, environmental management & water
- 5) Pandemic

#### Strategic Risks

- 6) Reputation
- 7) Acquisitions
- 8) Innovation & growth
- 9) Market demand

#### Operational Risks

- 10) Legislative & regulatory compliance
- 11) Insurance
- 12) Resident experience
- 13) Clinical management
- 14) Performance & conduct
- 15) Health & safety
- 16) Property management
- 17) Personnel retention
- 18) Development & construction
- 19) Privacy & document handling



## Audit

### Relationship with Auditor

Oversight of external audit arrangements is the responsibility of the Audit and Risk Committee and governed by the Audit and Risk Committee Charter, a copy of which is available on the Company's website. 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 Audit and Risk 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.

Ernst & Young was first appointed as external auditor of the Company for the financial year ending on 31 March 2015. The lead audit partner at Ernst & Young was rotated in 2020 in accordance with the auditor's internal governance requirements.

Ernst & Young was first appointed as external auditor of the Company's non-financial information (green house gas inventory only) for the financial year ending on 31 March 2023.

### Internal Audit Functions

The Company has a comprehensive internal audit plan that includes periodic reviews of relevant areas of operations. The internal audit plan is designed and approved by the Audit and Risk Committee.

The internal audit plan for FY23 included independent reviews of the Company's Information Technology platform and a Cyber Security Assessment. The review of both areas was conducted by external consultancy firms KPMG and Theta. The Company does not have an internal audit function.

The Board is confident the key risks of the business are being adequately managed and the internal control framework is operating effectively.

## Ethical Standards

### Code of Ethics and Related Policies

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. While trainings may not always be held every three years, the Board and executive team sets a 'tone from the top' by conducting themselves honestly with integrity and ethically-correct corporate culture in line with the Code. 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 Blower Policy.

### Financial Product Trading Policy

In accordance with the Company's Financial Products Trading Policy, the NZX Listing Rules, and the Financial Markets Conduct Act 2013, Directors and employees are subject to limitations on their ability to buy or sell Arvida shares. 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.
- If Restricted Persons hold material information, they must not buy or sell Company shares at any time regardless of any specific "blackout" periods.

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 [ww.arvida.co.nz/investors/corporate-governance](http://ww.arvida.co.nz/investors/corporate-governance).

## Governance

### Engaging with Investors

#### Information for Shareholders

A comprehensive set of relevant information regarding the Company's operations and results is maintained on the Company's website for shareholders 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 the executive team and key calendar dates are also made available on the Company's website at [www.arvida.co.nz/investors](http://www.arvida.co.nz/investors).

Annual and half-year reports are available in electronic and hard-copy format.

#### Communicating with Shareholders

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.

The Company welcomes communication and feedback from shareholders. Market releases carry contact details for the Chief Executive Officer and Chief Financial Officer. The Company responds to shareholder communications within a reasonable timeframe.

An investor relations programme is also maintained to encourage engagement with shareholders.

#### Shareholder Voting Rights

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

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 relating to matters shareholders are asked to vote on 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).

### 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 residents 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 the Company's website: [www.arvida.co.nz/investors/corporate-governance](http://www.arvida.co.nz/investors/corporate-governance).

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

The gender mix of Directors and Officers and details of the Company's diversity and inclusion objectives are set out in the table overleaf. The Company has determined that the category of Officers includes the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and the seven divisional General Managers.

As a whole, approximately 64% (2022: 60%) of Directors, Officers and Village Managers are female and approximately 76% (2022: 78%) of the workforce is female.

Through the Workday Peakon platform, the Company conducts a survey of all employees three times annually. Included in this survey are two diversity and inclusion related statements that participants are asked to consider:

- "A diverse workforce is a clear priority at Arvida"; and
- "I'm satisfied with Arvida's efforts to support diversity and inclusion".

Participation in the most recent survey conducted was 67%.

Table 6.1: Diversity Objectives

Gender				
Objective	Work towards ensuring gender balance in the Board, Officers and Village Managers			
Measurement	Compare gender proportions for employee classifications to benchmark			
Actual	Gender	2023	2022	2021
Directors	Male	3	3	4
	Female	2	2	2
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>6</b>
Officers	Male	6	6	5
	Female	4	2	3
	<b>Total</b>	<b>10</b>	<b>8</b>	<b>8</b>
Village Managers	Male	8	10	10
	Female	24	24	21
	<b>Total</b>	<b>32</b>	<b>34</b>	<b>31</b>
All staff	Male	687	593	493
	Female	2,225	2,101	2,184
	Other	5	13	-
	<b>Total</b>	<b>2,917</b>	<b>2,707</b>	<b>2,677</b>
In all role types, approximately 76% (2022: 78%) of the workforce is female.				
Objective	Ensure fair evaluation of employee performance and equitable remuneration decisions			
Measurement	Compare remuneration of workforce by role by gender			
Actual		2023	2022	2021
Pay equity gap	(Base salary only)	0.8%	(0.1%)	NA
Gender pay gap	(Base salary only)	0.5%	2.3%	NA
Objective	Ensure diversity of thought and attributes are valued and encouraged			
Measurement	Compare engagement survey of Directors and People leaders' response to the diversity question: "A diverse workforce is a clear priority at Arvida"			
Actual <sup>1</sup>		2023	2022	2021
Net promoter score	(NPS scale -100 to +100)	+26	73%	73%
Objective	Ensure our team is treated fairly and with respect			
Measurement	Compare engagement survey of employees' response to the inclusion question: "I'm satisfied with Arvida's efforts to support diversity and inclusion"			
Actual <sup>1</sup>		2023	2022	2021
Net promoter score	(NPS scale -100 to +100)	+27	73%	72%

<sup>1</sup> In 2023, staff surveys were completed using the Peakon platform. Accordingly, results with prior periods are not comparable.







# REMUNERATION REPORT

## Remuneration Report

As Chair of the People and Remuneration Committee of the Board, it is my pleasure to present our Remuneration Report for the year ended 31 March 2023.

This report outlines the Company's strategy and approach to remuneration. It sets out remuneration information for the Chief Executive Officer, executive team members and directors.

Beginning 1 April 2023, the remit of the Remuneration Committee was expanded to encompass a broader consideration of people issues. The committee was renamed the People and Remuneration Committee and the charter updated to reflect the expanded remit (and is available on the Company's website).

Remuneration of the executive team is designed to attract, motivate and retain talented employees and to align rewards to the achievement of strategies and business objectives that create sustainable value for shareholders, including through alignment with returns received by shareholders.

The role and membership of the People and Remuneration Committee is set out in the Governance section of this Annual Report.

The Board reviewed management performance against the short-term incentives (STIs) Key Performance Indicators (KPIs). The Board determined that the KPIs were partially achieved. The result is that the Company STI was awarded at 70% of the target. Details of the achievement assessment follows in this report.

In FY23 New Zealand faced some significant challenges with people skill shortages across the healthcare sector that created pressure on salaries. The Company focussed on our overall employee value proposition during the year, which required recognition in both monetary and non-monetary factors.

**Paul Ridley-Smith**  
Chair  
People and Remuneration Committee





## Remuneration Report

### Executive Remuneration

The Company's remuneration policy for executive team members provides the opportunity for them to receive, where performance merits, a total remuneration package at the median for equivalent market-matched roles. The People and 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 for the executive team is made up of three components:

- Fixed remuneration
- Short-term performance-based cash remuneration
- Long-term performance-based equity remuneration

The Company has written agreements with the Chief Executive Officer and executive team members setting out the terms of their employment. The remuneration packages for executive team members, including the Chief Executive Officer, do not include severance or exit payments, payable on termination of their appointment.

#### 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. The People and Remuneration Committee commissioned Strategic Pay to conduct an independent external benchmarking review of some roles in FY23.

#### Short-Term Incentives

Short-term incentives (STIs) are at-risk cash 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 FY23, the relevant percentages were 20% to 30%. The STI is related to achievement of annual performance metrics which aim to align executives to a shared set of KPIs based on business priorities for the next 12 months. 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.

Thresholds for payments under the STI scheme are: i) the absence of any serious injury or death incidents where the Company has been found culpable; and ii) underlying profit performance being at least 80% of the internal target. For FY23, both thresholds were satisfied, allowing STI payments to be made.

Target areas for the KPIs for FY23 are outlined in Table 7.1.

Table 71: Shared KPIs for FY23

Target	Weighting
Build rate	20%
Embedded value of the portfolio	20%
Resident satisfaction measured by an NPS survey	20%
Implementation of the people strategy framework	20%
Underlying profit	20%

#### Long-Term Incentives

Long-term incentives (LTIs) are at-risk payments through the issue of performance share rights designed to align the reward of executive team members with the enhancement of shareholder value over the three years from issue of the relevant performance share rights. A performance share right, if it vests, entitles the holder to receive one Arvida share at no cost. The recipient is liable to pay the income tax on any such benefit received.

These performance share rights are issued each year shortly after the release of the annual financial results. The opening value is set at the volume weighted average price of Arvida shares in the 10 business days from the annual financial results being released. The closing value is calculated in exactly the same way three years later. The Total Shareholder Return (TSR) is then calculated off these opening and closing values, adjusted for dividends received over the period and any capital returns, capital raises and other appropriate factors.

The LTI issued in June 2022 (and vesting in June 2025) was issued in two equal tranches. The hurdles for these two tranches are:

- **Relative Return:** the Company's TSR exceeds the TSR of more than 35% of the relevant NZ50 companies over the plan period; and
- **Absolute Return:** the Company's TSR exceeds the absolute return hurdle threshold over the plan period as determined by the Board on the recommendation of the People and Remuneration Committee.

For the Relative Return tranche, 100% of the LTI will vest if the Company's TSR is 90-100% of the NZ50 group (i.e, in the top 10%), an intermediate number on a straight line basis from 40% to 100% if the Company's TSR exceeds 35% of the NZ50 group but is less than 90%, and 40% will vest if the Company's TSR is equal to 35%. No performance share rights will vest if the Company's TSR is below 35% of the NZ50 group. The overall TSR must be positive for the LTI to vest. The NZ50 comparator group includes all companies that were a constituent member for the plan period.

For the Absolute Return tranche, the absolute hurdle is determined by the Board in each plan period. For the tranche issued in June 2022 the absolute hurdle was set at 9% per annum. Broadly, assuming the TSR is positive, 100% of the LTI will vest if the Company's TSR is 2% more than the absolute



hurdle, none will vest if the TSR is 2% less than the absolute hurdle, and on a straight line basis between 7% and 11%.

In years prior to FY22, the two tranches of LTI both had relative return thresholds; one against an NZ50 group and the other against a peer group of other listed retirement village companies. This prior method, which also has different vesting thresholds for the NZ50 group, applies to the calculations to be made in June 2023.

### Chief Executive Officer Remuneration

The remuneration of the Chief Executive Officer comprises Fixed Remuneration and Pay for Performance.

Fixed Remuneration includes a base salary only. The Chief Executive Officer is a member of KiwiSaver, however the remuneration package is based on a total cost of employment approach, so the Company does not directly contribute towards the Chief Executive Officer's KiwiSaver account.

Pay for Performance includes both STI and LTI components. These incentives were set at a target percentage level of 33.3% up to and including FY21 and at 30% of base salary from FY22.

Table 7.2 sets out the total remuneration earned by the Chief Executive Officer in the FY23 financial year:

- The STI is the amount earned in FY23 (but paid in May 2023 as quantification and payment is made after 31 March). The quantification of the FY23 STI is detailed in Table 7.4.
- The value of the LTI received refers to the LTI that vested in June 2022.

On the People and Remuneration Committee recommendation, the Board approves the Chief Executive Officer's remuneration. 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 any other matters they consider relevant in assessing whether (and to what extent) the performance hurdles should be treated as satisfied (including 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 TSR hurdles, in respect of future awards.

**Table 7.2: Total remuneration earned by the Chief Executive Officer for FY23**

	Fixed Remuneration			Pay for Performance			Total
	Salary	Other benefits	Subtotal	STI	LTI	Subtotal	
FY23	\$627,933	-	\$627,933	\$126,000	\$106,088	\$232,088	\$860,021

**Table 7.3: Chief Executive Officer Pay for Performance FY23**

Plan	Description	Performance Measures	% Achieved	\$ Earned
STI (FY23)	Set at a gross target amount of 30% of the base salary remuneration (giving a current target of \$180,000) and is achievable in each financial year, up to a maximum of 1.25 times if outperformance occurs in all Company performance measures.	100% on Company performance	70%	\$126,000
LTI (vested in June 22)	Equity based "share rights scheme" whereby the scheme grants comprise an annual grant with a target value of an amount equal to 33% 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. <sup>[1]</sup>	50% measured against the comparable peer group TSR hurdle <sup>[2]</sup>	70%	\$49,783
		50% measured against the NZ50 group TSR hurdle <sup>[3]</sup>	79%	\$56,305

<sup>[1]</sup> The LTI that vested in June 2022, was issued under the prior scheme rules as described below.

<sup>[2]</sup> The Peer Group is assessed by the Board at the commencement of the grant. 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, 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), 50% will vest if the Company is third in the Peer Group, and none will vest if the Company is fourth in the Peer Group.

<sup>[3]</sup> 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.

## Remuneration Report

Based on the table below, the Chief Executive Officer will be paid an STI of \$126,000 in respect of FY23. Accordingly, the Chief Executive Officer remuneration for FY23 (Fixed Remuneration plus STI) is \$753,933. The STI payment will be made after the release of this Annual Report.

**Table 7.4: STI Performance for FY23**

Target	% STI payable
Build rate	0%
Embedded value of the portfolio	25%
Resident satisfaction measured by an NPS survey	22%
Implementation of the people strategy framework	20%
Underlying profit	0%
Board discretion	3%
<b>Total payable</b>	<b>70%</b>

By way of comparison, the Chief Executive Officer remuneration paid in respect of FY22 (Fixed Remuneration plus STI) was \$723,540, noting that the Chief Executive

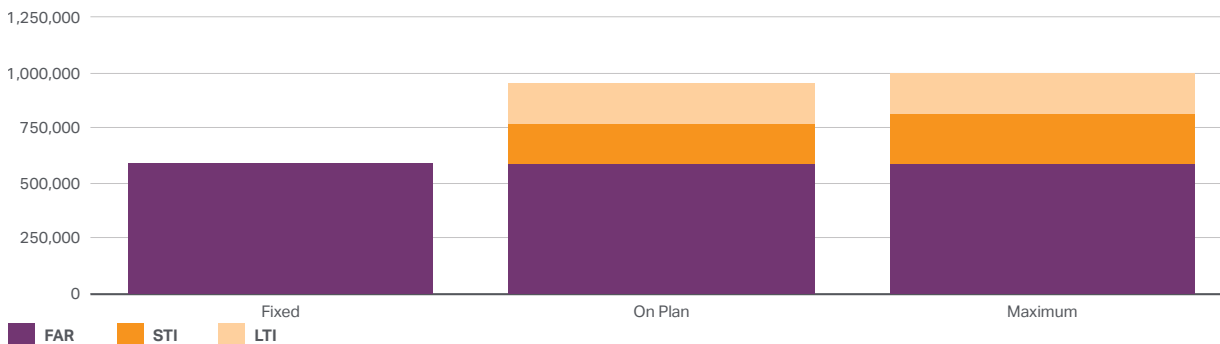
Officer commenced in the role on 1 October 2021. The components of Chief Executive Officer FY22 remuneration were a salary of \$550,540, an STI payout at 85% resulting in a payment of \$153,000 and a one-off payment of \$20,000 to reflect additional effort involved in the Arena acquisition.

The Company has bought forward the STI assessment process to occur earlier than prior years so that reporting of the STI earned in the financial year can be included in this Annual Report, even though the actual cash payment of the STI earned will be made in the subsequent financial year. The STI assessment is shown in Table 7.4. The Board reviewed the scores for the STI payable and exercised its discretion to increase the STI payout to 70%.

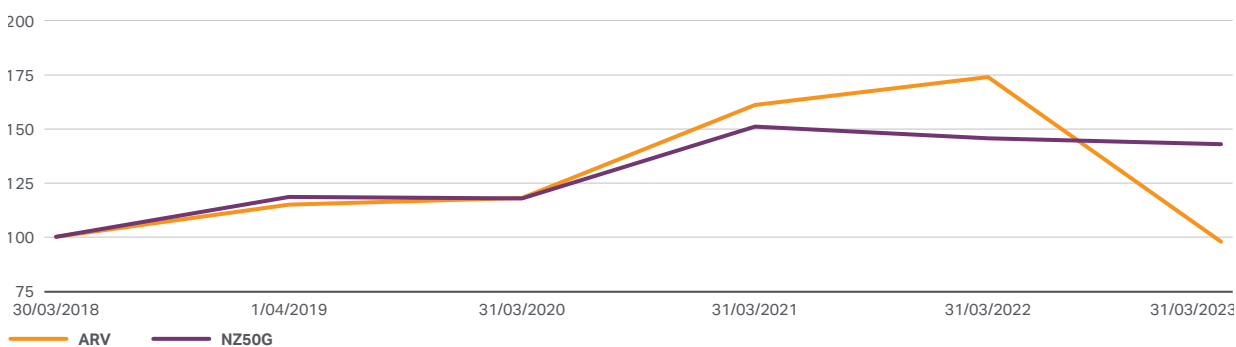
The LTI calculation however, necessarily occurs after the publication of the Annual Report as it relies on share price calculations that occur after the release of the full year financial results. This means that the reported LTI payments for FY23 are to shares that vested in June 2022.

The base salary for the Chief Executive Officer was fixed for the first 18 months following appointment. A review of the base salary, with effect from 1 April 2023, is currently underway. As any change to the base salary has not yet been agreed, the chart below is based on the current \$600,000 base salary.

**Figure 7.5: Chief Executive Officer's annualised remuneration performance pay for FY24 (forward looking as per NZSA guidance)**



**Figure 7.6: Five-year Summary - TSR Performance**



The Board's intention is to make annual rolling LTI grants. The Chief Executive Officer's LTI grants are set out in Table 7.7.

The 2019 Tranche of the plan covered the three-year period from 1 April 2019 to 13 June 2022. It had an NZ50 group tranche and a peer group tranche with the TSR calculations made as described above. In the 2019 Tranche, the Company's TSR was 2nd out of the four companies in the peer group and 12th out of 45 companies in the NZ50 group at commencement and end of the plan period.

The overall result was that 74.6% of the 2019 Tranche entitlement vested into ordinary shares. The Chief Executive Officer was issued 74,710 shares.

Table 7.8 shows the five-year summary of the total remuneration paid to the current and former Chief Executive Officer across the FY19-FY23 financial years. Note the current Chief Executive Officer was appointed on 1 October 2021 (Remuneration for FY22 includes both his time as Chief Financial Officer and his time as newly appointed Chief Executive Officer), and the former Chief Executive Officer's employment ended 30 September 2021.

**Table 7.7: Annual LTI Grants**

<b>Outstanding Annual LTI</b>			
<b>Commencement date</b>	<b>1/04/2020</b>	<b>23/06/2021</b>	<b>14/06/2022</b>
Vesting date	June 2023	June 2024	June 2025
Unvested rights	109,966	95,134	114,679

**Table 7.8: Five-year Summary**

	<b>Total Remuneration</b>	<b>%STI awarded against on-plan Performance</b>	<b>STI Performance Period</b>	<b>%LTI Vested against on-plan Performance</b>	<b>Span of LTI Performance Periods</b>
FY23	\$860,021	70%	FY23	75%	FY20 to FY23
FY22	\$1,084,646	85%	FY22	64%	FY16 to FY22
<b>Former CEO</b>					
FY22	\$1,288,442	100%	FY22	64%	FY16 to FY22
FY21	\$1,152,866	85%	FY21	69%	FY16 to FY20
FY20	\$1,148,877	80%	FY20	72%	FY16 to FY19
FY19	\$731,648	90%	FY19	69%	FY16 to FY18

### Chief Financial Officer Remuneration

For the year ended 31 March 2023, the Chief Financial Officer earned remuneration totalling \$466,789 (FY22: \$487,288). This amount included Fixed Remuneration of \$356,437 (FY22: \$325,176), a STI of \$73,500 (FY22: \$109,250) and a LTI entitlement valued at \$36,852 relating to the LTI that vested in the June 2022 (FY22: \$52,862).

### Share Ownership

The Chief Executive Officer and Chief Financial Officer's ownership of Arvida shares as at 31 March 2023 are provided in Table 7.9.

**Table 7.9: CEO & CFO Share Ownership**

<b>Executive</b>	<b>Number of shares owned (excludes any unvested performance share rights as part of the LTI scheme)</b>	<b>Change in shares owned from 31 March 2022</b>
Chief Executive Officer	1,106,294	+74,710
Chief Financial Officer	154,303	+27,632



## Remuneration Report

### 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 employees. For the purposes of determining the median paid to all 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 2023, the Chief Executive Officer's base salary of \$600,000 was 10 times (FY22: 11 times) that of the median employee at \$60,318 per annum. The Chief Executive Officer's total remuneration, including STI and LTI, of \$860,021, was 14 times (FY22: 21 times) the total remuneration of the median employee at \$60,318.

### Employee Remuneration

The number of employees of the Company 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 2023 is set out in the remuneration bands detailed in Table 7.10.

The remuneration figures shown in the "Remuneration Band" column includes all monetary payments actually paid during the course of the year ended 31 March 2023. 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 2023 that relate to the year ended 31 March 2023.

**Table 7.10: Remuneration Bands**

Remuneration Band	Number of Employees
\$100k - \$110k	24
\$110k - \$120k	28
\$120k - \$130k	26
\$130k - \$140k	11
\$140k - \$150k	8
\$150k - \$160k	10
\$160k - \$170k	4
\$170k - \$180k	8
\$180k - \$190k	5
\$190k - \$200k	4
\$200k - \$210k	4
\$210k - \$220k	1
\$220k - \$230k	2
\$240k - \$250k	2
\$250k - \$260k	2
\$260k - \$270k	1
\$300k - \$310k	1
\$330k - \$340k	1
\$370k - \$380k	1
\$410k - \$420k	1
\$430k - \$440k	1
\$460k - \$470k	1
\$500k - \$510k	1
\$510k - \$520k	1
\$900k - \$910k <sup>1</sup>	1

<sup>1</sup> The remuneration paid during the financial year differs from the remuneration in Table 7.2 as it includes the payment of FY22 STI and excludes the FY23 STI earned.

### Indemnification and Insurance

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' liability insurance.

### 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 last fixed by shareholder resolution at the 2021 Annual Meeting of Shareholders at \$640,000 per annum with effect on 1 July 2021. The Board had sought external advice from The Institute of Directors on the levels of director remuneration.

A resolution to increase the amounts paid to directors is to be put to shareholders for approval at the 2023 Annual Meeting of Shareholders.

As at 31 March 2023, the standard Director fees per annum are set out in the table below.

**Table 7.11: Director Fees**

	Position	Fees
Director	Chair	\$165,000
	Member	\$90,000
Audit and Risk Committee	Chair	\$12,000
	Member	\$3,000
People and Remuneration Committee	Chair	\$8,000
	Member	\$3,000

Total remuneration paid to Directors during the financial year ended 31 March 2023 and meeting attendance is set out in the Table 7.12. Remuneration paid excludes GST and expenses.

All Directors attended all Committee meetings. In addition to scheduled Board and Committee meetings, there were eight ad hoc meetings held during FY23.

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. No additional fees were paid to Directors in FY23.

**Table 7.12: Director Remuneration and Meeting Attendance**

Director	Board		Audit and Risk Committee		People and Remuneration Committee		Total
	Fees \$	Meetings Attended	Fees \$	Meetings Attended	Fees \$	Meetings Attended	Fees \$
Anthony Beverley	\$165,000	8	-	4	-	3	\$165,000
Michael Ambrose	\$90,000	8	\$12,000	4	-	3	\$102,000
Susan Paterson	\$90,000	8	\$3,000	4	\$3,000	3	\$96,000
Susan Peterson	\$90,000	8	-	4	\$3,000	3	\$93,000
Paul Ridley-Smith	\$90,000	8	\$3,000	4	\$8,000	3	\$101,000
<b>Total</b>	<b>\$525,000</b>		<b>\$18,000</b>		<b>\$14,000</b>		<b>\$557,000</b>

# DISCLOSURES







## Disclosures

### Directors' Interests

In accordance with section 211 (1) (e) of the Companies Act 1993, particulars of the entries in the Interests Register of the Company during the financial year to 31 March 2023 are set out in the table below, including the name of the company or entity and position held by a director:

#### Anthony Beverley

Director	Carbon Systems (NZ) Ltd
Director & Shareholder	DC One H1 Ltd
Director & Shareholder	DC One H2 Ltd
Director & Shareholder	Dryland Carbon Ltd
Director & Shareholder	Dryland Manuka Ltd
Director	Dryland Native Ltd
Director & Shareholder	Glazebrook Capital Ltd
Director	Property for Industry Ltd
Director	PFI Property No.1 Ltd

#### Susan Paterson

Director	eRoad Ltd
Director & Shareholder	Les Mills Holdings Ltd
Director & Shareholder	Lodestone Energy Ltd
Director	Steel & Tube Holdings Ltd
Director & Shareholder	Theta Systems Ltd
Board Member	Reserve Bank of New Zealand Governance Board <sup>1</sup>
Director	Evolution Healthcare & associated companies <sup>1</sup>

#### Susan Peterson

Director	Craigs Investment Partners Ltd
Director	Vista Group International Ltd
Director	Xero Ltd
Trustee	Global Women
Director	CIP Holdings Ltd <sup>1</sup>
Director	Mercury NZ Ltd <sup>1</sup>
Director	Property for Industry Ltd <sup>2</sup>
Director	PFI Property No.1 Ltd <sup>2</sup>

<sup>1</sup> Entries added by notices given by the directors during the year ended 31 March 2023.

<sup>2</sup> Entries removed by notices given by the directors during the year ended 31 March 2023.

#### Michael Ambrose

Director	95 High Street Business Ltd
Director	95 High Street Property Ltd
Director & Shareholder	Almonte Holdings Ltd
Director & Shareholder	Ashville Consultancy Ltd
Director	Australian Lobster Company (GP) Ltd
Director	Cooks Coffee Company Ltd
Director	Deep Creek Fruits GP Ltd
Director	Deltop Holdings Ltd
Director & Shareholder	Fiordland Lobster Company Ltd
Director	FLC Trustee Ltd
Director	Lindis Coolpac GP Ltd
Director	Lobster Management GP Ltd
Director & Shareholder	Melrose Equities Ltd
Director & Shareholder	Minoce Investments Ltd
Director	Senior Move Managers Ltd
Director & Shareholder	Sirocco Trustees Ltd (various client trust companies)
Director	Australia Quota Holdings GP Ltd <sup>1</sup>
Director	Silverstream Lifestyle Retirement Village Ltd <sup>1</sup>
Director	Southern Fruits International GP Ltd <sup>1</sup>
Director	Garra International Ltd <sup>2</sup>

#### Paul Ridley-Smith

Director	Manawa Energy Ltd
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### 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 Jeremy Nicoll, Tristan Saunders nor Mark Wells received additional remuneration or benefits for acting as directors of subsidiaries during the year.

Jeremy Nicoll and Mark Wells are directors of all of the Company's wholly-owned subsidiaries as at 31 March 2023. The directors of the joint venture companies (Village at the Park Care Limited and Village at the Park Lifecare Limited) are Jeremy Nicoll, Mark Wells, Tristan Saunders, Euan Playle, Anaru Smiler and Mahara Okeroa.

During the financial year ending 31 March 2023, the following wholly-owned subsidiary companies were newly incorporated:

- Lauriston Park Living Well Limited
- Lincoln Land Limited
- Warkworth RV Limited

### 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 2023.

### Securities Dealings of Directors

Below are dealings by Directors in relevant interests of Arvida ordinary shares during the year ending 31 March 2023 as entered in the Interests Register:

Director	Nature of Relevant Interest	No. of Shares	Acquisition / Disposal	Consideration per Share	Date of Transaction
Anthony Beverley	Registered holder and beneficial owner	5,781	Acquisition	\$1.52	22-6-2022
Susan Peterson	Registered holder and beneficial owner	280	Acquisition	\$1.52	22-6-2022
Paul Ridley-Smith	Registered holder and beneficial owner	3,536	Acquisition	\$1.52	22-6-2022
Michael Ambrose	Registered holder and non-beneficial owner	8,000	Acquisition	\$1.10	24-11-2022
Paul Ridley-Smith	Registered holder and non-beneficial owner	36,000	Acquisition	\$1.16	23-12-2022
Paul Ridley-Smith	Registered holder and beneficial owner	100,000	Acquisition	\$1.16	23-12-2022



## Disclosures

### Directors' Security Holdings

Shares and bonds in which each Director had a relevant interest at 31 March 2023 are set out in the table below.

Director	Beneficial/Non-beneficial Interest	No. of shares held	No. of bonds held
Michael Ambrose	Beneficial	1,714,017	-
	Non-beneficial	260,440	-
Anthony Beverley	Beneficial	441,604	-
Paul Ridley-Smith	Beneficial	370,092	-
	Non-beneficial	36,000	20,000
Susan Paterson	Beneficial	238,537	-
Susan Peterson	Beneficial	21,432	-

### 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.

Director	Date first appointed	Date last re-appointed
Anthony Beverley	13-Nov-14	30-Jun-22
Michael Ambrose	17-Jan-14	3-Jul-20
Susan Paterson	7-May-15	2-Jul-21
Susan Peterson	1-Nov-20	2-Jul-21
Paul Ridley-Smith	7-May-15	3-Jul-20

### Top 20 Shareholders as at 31 March 2023

Shareholder	No. of Shares	% of Shares
1 Forsyth Barr Custodians Limited	123,585,188	17.08%
2 National Nominees Limited*	46,661,428	6.45%
3 Generate Kiwisaver Public Trust Nominees Limited*	42,156,382	5.83%
4 Accident Compensation Corporation*	38,718,357	5.35%
5 BNP Paribas Nominees (NZ) Limited*	29,446,465	4.07%
6 HSBC Nominees (New Zealand) Limited*	21,386,687	2.96%
7 New Zealand Depository Nominee Limited	17,484,752	2.42%
8 Forsyth Barr Custodians Limited	14,039,604	1.94%
9 Ian Archibald Hurst & Gloria Faye Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	13,109,015	1.81%
10 Citibank Nominees (New Zealand) Limited*	13,075,166	1.81%
11 Donna Maree Hurst & Douglas Culmer Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	9,288,917	1.28%
12 Leveraged Equities Finance Limited	8,091,573	1.12%
13 Tea Custodians Limited Client Property Trust Account*	7,518,472	1.04%
14 FNZ Custodians Limited	7,054,073	0.97%
15 Waikanae Trustees Limited	6,963,633	0.96%
16 Simplicity Nominees Limited*	6,360,500	0.88%
17 Custodial Services Limited	5,662,284	0.78%
18 JPMorgan Chase Bank Na NZ Branch-Segregated Clients Acct*	5,390,933	0.75%
19 MFL Mutual Fund Limited*	4,843,172	0.67%
20 Suzanne Elizabeth Marshall & Trevor Ross Marshall & AH Trustees (T & S Marshall) Limited	4,615,517	0.64%
<b>Total</b>	<b>425,452,118</b>	<b>58.80%</b>

\* Shares held through the New Zealand Central Securities Depository Limited.

### Spread of Shareholders as at 31 March 2023

Size of Holdings	Number of Shareholders	% Shareholders	Number of Shares Held	% Shares Held
Under 1,999	1,089	14.79%	996,593	0.14%
2,000 to 4,999	1,377	18.70%	4,563,828	0.63%
5,000 to 9,999	1,438	19.53%	10,021,864	1.39%
10,000 to 99,999	2,995	40.67%	83,211,183	11.50%
100,000 to 499,999	353	4.79%	70,648,458	9.76%
Over 500,000	112	1.52%	554,135,606	76.58%
<b>Total</b>	<b>7,364</b>	<b>100.00%</b>	<b>723,577,532</b>	<b>100.00%</b>

## Disclosures

### Top 20 Bondholders as at 31 March 2023

#### ARV101

Bondholder	No. of Bonds	% of Bonds
1 Forsyth Barr Custodians Limited	31,614,000	25.29%
2 Custodial Services Limited	21,859,000	17.49%
3 Tea Custodians Limited Client Property Trust Account*	11,430,000	9.14%
4 FNZ Custodians Limited	10,812,000	8.65%
5 ANZ Fixed Interest Fund*	9,928,000	7.94%
6 Generate Kiwisaver Public Trust Nominees Limited*	5,150,000	4.12%
7 ANZ Bank New Zealand Limited*	3,839,000	3.07%
8 Hobson Wealth Custodian Limited	3,047,000	2.44%
9 Adminis Custodial Nominees Limited	2,920,000	2.34%
10 Forsyth Barr Custodians Limited	2,470,000	1.98%
11 ANZ Wholesale NZ Fixed Interest Fund*	1,832,000	1.47%
12 NZPT Custodians (Grosvenor) Limited*	1,350,000	1.08%
13 JBWere (NZ) Nominees Limited	1,077,000	0.86%
14 Pin Twenty Limited	770,000	0.62%
15 Investment Custodial Services Limited	697,000	0.56%
16 FNZ Custodians Limited	555,000	0.44%
17 JPMorgan Chase Bank Na NZ Branch-Segregated Clients Acct*	500,000	0.40%
18 FNZ Custodians Limited	367,000	0.29%
19 Gabriele Landvogt	364,000	0.29%
20 Marianne Mathilde Marie Stoessel	364,000	0.29%
<b>Total</b>	<b>110,945,000</b>	<b>88.76%</b>

\* Bonds held through the New Zealand Central Securities Depository Limited.

### Spread of Bondholders as at 31 March 2023

#### ARV101

Size of Holdings	Number of Bondholders	% Bondholders	Number of Bonds Held	% Bonds Held
5,000 to 9,999	47	10.17%	267,000	0.21%
10,000 to 99,999	379	82.03%	9,793,000	7.83%
100,000 to 499,999	25	5.41%	4,615,000	3.69%
Over 500,000	11	2.38%	110,325,000	88.26%
<b>Total</b>	<b>462</b>	<b>100.00%</b>	<b>125,000,000</b>	<b>100.00%</b>



### Substantial Product Holder Notices as at 31 March 2023

Shareholder	Relevant Interest	% held at date of notice	Date of Notice
Forsyth Barr Investment Management Limited	89,634,638	12.39%	1-Mar-23
Milford Asset Management Limited	39,220,361	6.30%	20-Oct-21
Generate Investment Management Limited	20,900,123	5.10%	14-Feb-18
Accident Compensation Corporation	36,340,817	5.02%	22-Feb-23

The total number of listed ordinary shares (being the only voting products) was 723,577,532 at 31 March 2023.

### Waivers from NZX Listing Rules

No waivers from NZX Listing rules were sought in the year ending 31 March 2023.

### Auditor's 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 2023 was \$480,000. Ernst & Young did not undertake any non-assurance work during the financial year ended 31 March 2023.

### Credit Rating

The Company has no credit rating.

### Donations

In accordance with section 211(1)(h) of the Companies Act, the Company records that \$54,216 was donated by Arvida or its subsidiaries in the year ended 31 March 2023. No donations were made to political parties.



# Company Information

Waimea Plains  
Resident Clubhouse





<b>Registered office of Arvida</b>	<p>Arvida Group Limited Aon Centre, Level 15 29 Customs Street West Auckland 1010</p> <p>PO Box 90217 Victoria Street West Auckland 1142</p> <p>Phone: +64 9 972 1180 Email: <a href="mailto:info@arvida.co.nz">info@arvida.co.nz</a> Website: <a href="http://www.arvida.co.nz">www.arvida.co.nz</a></p>
<b>Directors</b>	<p><b>Anthony Beverley</b>, Independent Director and Chair</p> <p><b>Michael Ambrose</b>, Independent Director</p> <p><b>Susan Paterson</b>, Independent Director</p> <p><b>Susan Peterson</b>, Independent Director</p> <p><b>Paul Ridley-Smith</b>, Independent Director</p>
<b>Group Auditor</b>	Ernst & Young
<b>Valuer</b>	<p>CBRE Limited</p> <p>Jones Lang LaSalle Limited</p>
<b>Legal Advisors</b>	<p>Chapman Tripp</p> <p>Anthony Harper</p>
<b>Bankers</b>	<p>ANZ Bank New Zealand Limited</p> <p>Bank of New Zealand</p> <p>ASB Bank Limited</p>
<b>Statutory Supervisor</b>	Covenant Trustee Services Limited
<b>Bond Supervisor</b>	The New Zealand Guardian Trust Company Limited
<b>Share Registrar</b>	<p>Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622</p> <p>Phone: +64 9 488 8777</p> <p>Email: <a href="mailto:enquiry@computershare.co.nz">enquiry@computershare.co.nz</a></p>



# DIRECTORY

## Kerikeri

### Te Puna Waiora

59 Hall Road  
Kerikeri 0230  
Phone 0800 20 24 20

## Auckland

### Aria Bay

3-7 Woodlands Crescent  
Browns Bay, Auckland 0630  
Phone 09 479 1871

### Aria Gardens

11 Bass Road  
Auckland 0632  
Phone 09 415 7035

### Aria Park

1-3 Claude Road Epsom,  
Auckland 1023 Phone 09  
630 8430

### Knightsbridge

21 Graham Collins Drive  
Windsor Park  
Auckland 0632  
Phone 09 477 2100

### Mayfair Auckland

14 Oteha Valley Road  
Northcross, Auckland 0632  
Phone 09 478 4000

### Mt Eden Gardens

467 Mt Eden Road  
Cnr Fairview Road  
Mt Eden, Auckland 1024  
Phone 09 630 6303

### Parklane Auckland

106 Becroft Drive Forrest  
Hill  
Auckland 0620  
Phone 09 410 9615

### Peninsula Club

441 Whangaparāoa  
Stanmore Bay  
Whangaparāoa  
Phone 09 410 9615

## Waikato

### Cascades

55 Pembroke Street  
Hamilton Lake  
Hamilton 3204  
Phone 07 839 2348

### Lauriston Park

91 Coleridge Street  
Cambridge 3432  
Phone 07 827 0793

### Whai Mauri Ora

10 Frontier Road  
Te Awamutu 3876  
Phone 0800 278 432

## Tauranga

### Bethlehem Country Club

111 Carmichael Road  
Bethlehem, Tauranga 3110  
Phone 07 579 2035

### Bethlehem Shores

141 Bethlehem Road  
Bethlehem, Tauranga 3110  
Phone 07 579 2035

### Bethlehem Views

186 Cambridge Road  
Bethlehem, Tauranga 3112

### Copper Crest

52 Condor Drive  
Pyes Pa, Tauranga 3112  
Phone 07 578 6245

### Ocean Shores

80 Maranui Street  
Mt Maunganui 3116  
Phone 07 547 4240

## Rotorua

### Glenbrae

22 Hilda Street  
Fenton Park, Rotorua 3010  
Phone 07 349 0014

## New Plymouth

### Molly Ryan

269 Mangorei Road  
Merrilands  
New Plymouth 4312  
Phone 06 757 8773

## Havelock North

### Mary Doyle

3 Karanema Drive  
Havelock North 4130  
Phone 06 873 8400

## Palmerston North

### Olive Tree

11-13 Dalwood Grove  
Palmerston North 4412  
Phone 06 350 3000

## Masterton

### Lansdowne Park

100 Titoki Street  
Lansdowne, Masterton 5810  
Phone 06 377 0123

## Waikanae

### Waikanae Lodge

394 Te Moana Road  
Waikanae, Kapiti Coast 5036  
Phone 04 902 6800

## Wellington

### Village at the Park

130 Rintoul St, Berhampore  
Wellington 6023  
Phone 04 380 1361





## Nelson

### **Oakwoods**

357 Lower Queen Street,  
Richmond, Nelson 7020  
Phone 03 543 9700

### **The Wood**

156 Milton Street, Nelson 7010  
Phone 03 545 6059

### **Waimea Plains**

455 Lower Queens Street  
Richmond 7020  
Phone 03 922 9823

## Blenheim

### **Ashwood Park**

118-130 Middle Renwick Road  
Springlands, Blenheim 7241  
Phone 03 577 9990

## Christchurch

### **Ilam**

28 Ilam Road  
Upper Riccarton  
Christchurch 8041  
Phone 03 348 5305

### **Mayfair**

104 Wharenui Road  
Upper Riccarton  
Christchurch 8041  
Phone 03 348 2445

### **Park Lane**

35 Whiteleigh Avenue  
Tower Junction  
Christchurch 8024  
Phone 03 338 4495

### **Rhodes on Cashmere**

5 Overdale Drive, Cashmere  
Christchurch 8022  
Phone 03 332 3240

### **St Albans**

41 Caledonian Road  
St Albans, Christchurch 8014  
Phone 03 366 1824

### **St Allisa**

46 Main South Road  
Upper Riccarton  
Christchurch 8042  
Phone 03 343 3388

## Timaru

### **Strathallan**

31 Konini Street  
Gleniti, Timaru 7910  
Phone 03 686 1996

## Queenstown

### **Queenstown Country Club**

420 Frankton-Ladies Mile  
Hwy, Cnr Howards Drive  
Queenstown 9371  
Phone 0800 111 410

