

INVESTOR NEWS

ISSUE 17, OCTOBER 2023

UPDATE FROM THE CEO

Recently I presented New Zealand perspectives on integrated retirement living and community engagement models at the Leaders Summit in Sydney. These are two areas where Arvida is progressively innovating, particularly in bringing the care suite product to market and developing our outward-facing community centre concept.

Australia is a highly competitive and fast-evolving market with a wide selection of retirement-related products. It is addressing many of the same challenges as New Zealand, particularly around delivering accommodation and care options to a rapidly ageing population.

The success we are having with our care suite product was a hot topic at the conference. Attendees were keen to know what the product looks like, how it impacts economics, and the benefits to residents and teams from living and working within this innovative environment. Similarly, I was able to demonstrate the value of community engagement using the example of our Living Well concept at Park Lane in Christchurch. This is quite a different proposition to the traditional gated community, which is still being built in many parts of Australia. Interest was high in how this outreach into the community translates into sales and increased levels of occupation, as well as better health and wellbeing outcomes for residents.

Innovation is essential for ensuring New Zealand meets the future demands of an ageing population. As Jones Lang LaSalle reports, demand for retirement and aged care living options continues to be strong.

During the past six months, we have continued to see high levels of demand for our product. Enquiry and application levels remain strong and care occupancy



rates are improving. Reports of a 'bottoming' or 'green shoots' situation in the housing market is encouraging for an uplift in sales activity over the second half. We continue to make steady progress across our development sites and expect to deliver around 200 units this financial year. However, the operating environment still presents challenges for a return to historical financial performance with broadly higher operating and funding costs continuing.

A highlight for the team was the opening of our fourth purpose-built care suite centre at Lauriston Park in Cambridge. Almost half of the 63 care suites have now sold, since opening in June. We also recently welcomed the first residents into new apartments at Aria Bay in Auckland. This is an impressive development that will be in high demand for years to come.

While the upcoming general election and Rugby World Cup are capturing the nation's attention, I believe everyone's looking forward to a more settled summer. Certainly, our communities are preparing for warmer weather; I can hear the happy banter of e-cyclists as I write. Fingers crossed El Niño treats us all kindly!

I look forward to updating you on progress at our half year results in late November.

Jeremy Nicoll - CEO

arvida.co.nz



NEW CARE SUITES LAUNCHED IN CAMBRIDGE

The Waipā region, south of Hamilton, now has a premium care option – the new care suite centre at Arvida Lauriston Park in Cambridge.

The care centre enhances the existing Lauriston Park community of 198 villas. It includes 63 care suites that provide rest home, hospital and dementia levels of care. All care suites have an ensuite bathroom, built-in (but hidden) medical fittings and emergency call system; some also have a kitchenette.

Arvida Chief Executive Jeremy Nicoll says, "When it comes to care as we age, we want to be surrounded by people we know and trust in a spacious and private environment. Care suites deliver that experience. Our centre arranges care suites in smaller household groups that each feature spacious shared lounges and kitchens for social gatherings."

Sales momentum has been excellent, with occupation rights for 30 care suites already sold.

Arvida has previously launched care suites at Auckland's Aria Bay, Christchurch's Rhodes on Cashmere and Tauranga's Copper Crest. The next Arvida care suite centre due to open is at Queenstown Country Club.

**"WHEN IT COMES TO CARE AS WE AGE,
WE WANT TO BE SURROUNDED BY
PEOPLE WE KNOW AND TRUST"**

SALES UPDATE

Sales volume tracking to last year

For the six months ended September 2023, a total of 285 sales of occupation rights (new and resale) had settled. This was 6% up on last year's volume for the corresponding six months, reflecting a good second quarter of resales.

Resale gains of \$27 million were recorded from 183 resales of occupation rights in the period. The average resale price at \$549,000 was lower than the prior financial year-end with a change in mix that included more care suite resales and units with lower margin. The resale margin for the period was 28%. On average, unit pricing on

settled resales was 4% above pricing assumed by our independent valuers in the March 2023 valuations.

Applications for occupation rights over the last three months have tracked well above historical rolling average levels. With improving stock levels and summer approaching - a period that typically has seasonally higher sales, we are well positioned for the second six months.

New sales activity was affected by lower levels of available new sale stock in the first quarter. A record month of settlements in March meant the financial year had started with lower opening stock levels and lean waitlists. We also had more sales of care suites and

apartments in this period than last year with sales at both Lauriston Park and Aria Bay commencing. Gross new sales of \$71 million were down 5% on the corresponding period last year on 102 sales, resulting in gains of around \$11 million.

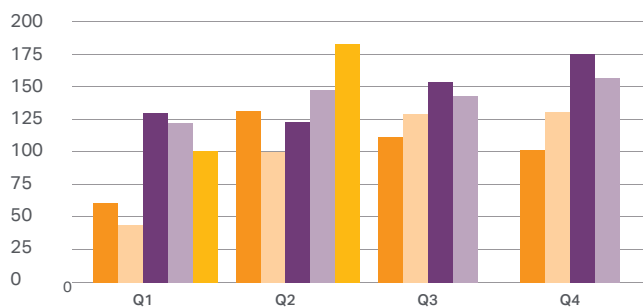
The macro environment for the 2024 financial year looks like it's going to be one of distinct halves, with the general election and outlook for the domestic economy remaining influential factors.

The housing market is starting to show signs of recovery and market commentators are pointing to leading indicators becoming more positive, i.e., house prices stabilising (or even rising), listings increasing and days to sell falling. In its recent Monetary Policy Statement, the Reserve Bank also revised its forecasts for house prices increasing. It now expects house prices to rise by 3.2% over the next 12 months, plus a further rise of 9.5% in the two years to the end of 2025. Its previous forecast for the three-year period was 0.4%.

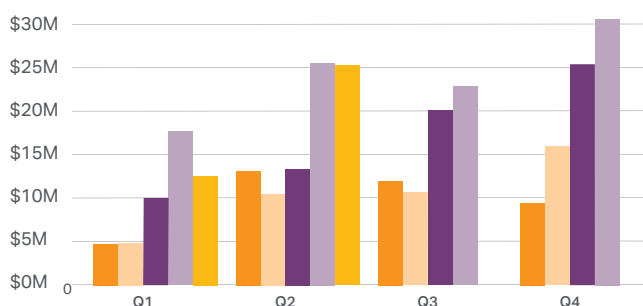
Extended settlement timeframes are still a factor relative to prior years, with the team's focus remaining on assisting residents to move in with payment of a deposit while they sell their property. Indicators suggest housing market liquidity will take some time to improve materially.



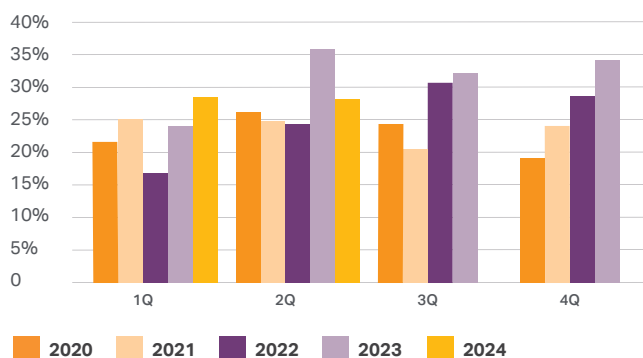
Total Number of Sales¹ (Unit)



Total Gains on Sales¹ (\$ millions)



Resale Margins (%)



¹ Aggregated for new and resale units. Subject to preparation of financial statements.

MIKE HOSKING BREAKFAST

NEWSTALK ZB SPONSORSHIP

Arvida has become one of three major sponsors of the Mike Hosking Breakfast show on Newstalk ZB.

Close to half a million listeners tune into the show and it ranks as the number one breakfast show in New Zealand.

The sponsorship is part of a brand strategy to lift the profile of Arvida. Not only will listeners hear Arvida brand sweepers and live adlibs from Mike Hosking himself, but they'll also see a number of digital assets on the Newstalk ZB website as part of the sponsorship.





DEVELOPMENT UPDATE

A careful approach to building through the cycle

This year's development programme targets delivery of around 200 new homes. In the first six months of the financial year, we delivered 94 units across six sites, made up of 57 apartments and 37 villas. In the second half, all deliveries will be villas or townhouses.

In developing our broadacre communities, villas are built in stages. This approach allows us to respond to a change in demand – both up and down. We also employ different project management models in our development approach, which provides additional flexibility in our delivery programme.

With construction costs remaining high, a considered approach is still being taken across all development work in progress. We are prioritising developments with good financial metrics that have forward sales momentum or are part of a multi-stage villa programme.

In other development activity:

- Work continues at Queenstown Country Club on the care suite and apartment complex, which is on track for delivery in FY25.
- Master planning continues at Warkworth for a broadacre villa-led retirement community. We expect to lodge Private Plan Change and Resource Consent applications this FY24.
- The Lincoln site received approval for an application to rezone the land from industrial to residential. An application for resource consent will be made later this financial year.

Aria Bay redevelopment complete

Opening of the 57 new apartments at Aria Bay in Browns Bay, Auckland is planned for mid-October. This milestone marks an end to the site's complete redevelopment over the last five years.

With a flat walk to the beach, shopping nearby, public transport just outside the gate and the future-proofing offered by the new care centre, the apartments will be in demand. Currently 35 units are sold, including a number of sales to Mayfair residents who are relocating due to planned redevelopment of the Mayfair community in the new year.



SOME SECTOR STATISTICS

Jones Lang LaSalle (JLL) released its annual whitepaper on the New Zealand retirement village and aged care sector. Some highlights from the report include:

1. The number of retirement village units in NZ increased by 1,581 to ~39,000 in the year ended December 2022. This is an acceleration in units delivered compared to 2021 (1,144), but below the 5-year and 10-year averages.
2. JLL report there are ~40,000 aged care beds across 689 facilities, of which 27% are in the Auckland region. They estimate 65% of retirement villages contain an aged care facility.
3. The 'big six' (four listed operators plus Metlifecare and Bupa) continue to grow market share and at 2022 collectively owned 48% of villages and 65% of units.
4. With demographic tailwinds, JLL sees demand of ~22,000 units through to 2033, which is ~2,000 per year. This assumes flat penetration and cohabitation ratios. Considering only villages that have commenced construction, JLL estimate a shortfall of ~11,600 units by 2033 and ~28,580 units by 2048.

The full report can be accessed from www.jll.nz.

KEY DEVELOPMENT PROJECTS & FY24 TARGET

TE PUNA WAIORA, KERIKERI 28 VILLAS

9 villas delivered to date. On track to deliver the remaining 19 villas and residents' clubhouse in FY24.

PENINSULA CLUB, WHANGAPARĀOA 8 TOWNHOUSES

Demolition is complete, framing advancing and cladding commenced on the 8 townhouses being re-constructed.

ARIA BAY, AUCKLAND 57 APARTMENTS

57 apartments delivered. Resident occupation has commenced. This completes the re-development of Aria Bay with residual land to be sold.

BETHLEHEM SHORES, TAURANGA 20 VILLAS

2 villas delivered. On track to complete the remaining 18 villas in FY24. This will complete the Riverside villa stage.

WHAI MAURI ORA, TE AWAMUTU 32 VILLAS

16 villas delivered. The remaining 16 villas are on-track for completion in FY24.

LANSDOWNE PARK, MASTERTON 18 VILLAS

6 villas delivered. The remaining 12 villas in the stage are on-track for completion in FY24.

WAIMEA PLAINS, RICHMOND 24 VILLAS

Construction is tracking one month ahead, with the first stage of 24 villas due for completion in December 2023 and the remainder on track for completion in Q4 of FY24.

QUEENSTOWN COUNTRY CLUB 17 VILLAS

4 villas of the 17 to be completed in FY24 have been delivered. The remainder are on track for completion in Q4 of FY24.

TOTAL 204

Parklane flood restoration

The Auckland weather event that occurred over Anniversary weekend earlier this year caused some surface flooding at our Parklane community. It resulted in flood damage to the serviced apartment building, community centre and 39 villas.

The Parklane team has worked hard to support the residents affected, by providing accommodation alternatives and repairing damage as quickly as possible. Restoration of the villas is progressing well and fit-out of the community centre is also nearing completion.

The material damage component of the insurance claim was settled with a payment of \$15 million. Discussion with our insurers on the business interruption claim continues.



GM VILLAGE SERVICES CREATES LASTING LEGACY

Over the past eight and a half years, Kay Marshall has led the village services team.

This has involved establishing Arvida's facilities and asset management platform; creating a refurbishment model, which now sees some 400 villas and apartments refurbished across 36 sites each year; and developing the procurement systems across all our care sites.



Recently Kay has been heavily involved in leading the restoration of our Auckland community Parklane following damage suffered in the Auckland floods. Residents have highly commended the team for their support and compassion through the last 9 months while repairs have been made to their villas, apartments and community's common areas.

Kay says she's proud of how the Village Services team has evolved and adapted as the business has grown.

"I've worked with some very dedicated and passionate people at Arvida. Together we have strived to position the business well for the future, ensuring our residents are able to enjoy high quality retirement communities for years to come."

Kay leaves Arvida in October.

INTERGENERATIONAL TECHNOLOGY LEARNING

Rangitoto College students have been sharing their technology knowledge with the residents of Arvida Knightsbridge community in Auckland.

The group of 8 - 10 students and their teachers regularly visit the residents with a technology presentation, followed by a troubleshooting session where the residents can bring their own device issues for advice.

Arvida Knightsbridge resident, Michael Gifford says the feedback from residents has been positive noting that "it has brought young people and older people together so they can share knowledge and experiences."



Mary Doyle reduces hospital occupancy

The closure of 22 hospital beds at Mary Doyle in Havelock North was in the news last month.

The team had worked with Te Whatu Ora to find an alternative solution to partial closure. However, the ongoing challenges in recruiting registered nurses in the Hawke's Bay region meant there was no short term solution. Over 100 aged care beds will continue to operate at Mary Doyle. Impacted residents were relocated, including to alternative facilities.

The experience at Mary Doyle more reflects factors specific to Hawke's Bay, rather than New Zealand more widely. While shortages in the healthcare workforce are not as acute as 12 months ago, availability of experienced registered nurses is still critical in some regions.

In March, NZACA estimated over 1,200 beds nationally were not operational due to registered nurse shortages and funding shortfalls.

Care occupancy

Occupancy across the Arvida group stabilised at around 93% over the last six months. This compares to an occupancy rate of 89% nationally, reported by the NZACA for the June quarter. NZACA highlights that the increase in residents continues to outstrip the increase in beds.

Improved access to workforce, a focus on employee rewards and lower Covid transmission rates have been key factors contributing to our improved care occupancy.

Funding outcome

The gazetted increase in care funding rates for FY24 has been announced at 8.6% for rest home, 9.5% for dementia and 11.3% for hospital-level care. The new rates were effective from 1 July 2023.

Including care suites, Arvida has around 615 rest home beds, 290 dementia beds and 850 hospital beds.

SUSTAINABILITY

Food waste research funding for Aotearoa's retirement sector

In collaboration with the University of Otago's Food Waste Innovation research team, the Retirement Villages Association and Bupa, Arvida has secured funding from the government for New Zealand's first sector-wide food waste reduction project. The \$230,000 allocated aims to reduce food waste in the sector by 10%.

The grant followed a food waste pilot study of three Arvida communities earlier this year.

The funding will go towards sector engagement, including food waste audits and interviews, and developing and testing different approaches to reducing food waste. The most effective interventions will be implemented throughout the sector.

Arvida Chief Executive Jeremy Nicoll commented, "A programme of this size helps us all to understand the amount of food waste our kitchens produce and to find ways to reduce it. We set ourselves a goal to reduce our overall waste by 20% per community. Programmes like this support our objective."

"WE SET OURSELVES A GOAL TO REDUCE OUR OVERALL WASTE BY 20% PER COMMUNITY."





WELLNESS PARTNER CELEBRATES 30 COLOURFUL YEARS

Janice Boulton is known for her love of wearing the colour purple, as well as her deep passion for caring for others. At 68 years old, she celebrates 30 years as a wellness partner at our Glenbrae community in Rotorua.

A usual day for Janice sees her working in partnership with residents to support all aspects of living well. She says the approach to caring for older people has changed overtime.

"Now there's much more emphasis on wellbeing, with more time for interacting with residents and doing more activities. I see that as a really good thing."

Janice says her motivation for caring is as strong as ever, as she supports and respects residents the way she would her own family.

"I started caring when I looked after my own nana who had a stroke. That's when I realised I enjoy looking after older people."

The Glenbrae team celebrated Janice's 30-year work anniversary with a purple-themed lunch and gifts.

"I STARTED CARING WHEN I LOOKED AFTER MY OWN NANA WHO HAD A STROKE, THAT'S WHEN I REALISED I ENJOY LOOKING AFTER OLDER PEOPLE."



TEAM MEMBER PROFILE

BRETT BOULLE

General Manager Information Technology

As the new leader of the Arvida IT team, Brett Boulle is excited to apply his wealth of expertise to transforming the digital and technology experience of our residents and community teams.

Brett brings over 20 years' experience from various leadership positions in both New Zealand and the United Kingdom, including roles at Lexel Systems, WEX, Spark, Orange Business Services and Capgemini.

Q. Why Arvida?

I was attracted to Arvida's sense of purpose and passionate commitment to bringing positive change within the retirement and aged care sector. This resonated with my

personal belief in healthspan, a concept that revolves around developing environments and practices that promote healthier living as we age.

Q. How would you describe your role?

My role is to chart the course of Arvida's technology strategy and ensure its successful implementation. IT was one of the key areas of focus identified this year for investment, to mature capabilities and drive productivity gains.

The team's primary role is to serve as technology enablers for the business and deliver solutions that bolster Arvida's growth and scalability, enhancing the experience of our residents and the wider team.

Q. What are you looking forward to in 2023/24?

Successfully delivering Year 1 of Arvida's investment in an IT strategy. This segment of work looks to advance our governance and resource requirements, while progressing digital transformation, cybersecurity and data orchestration initiatives.

Additionally, I'm looking forward to delivering ongoing enhancements to our user experience through the proactive capture of technology needs, preferences and challenges.

INVESTOR CENTRE

INVESTOR CALENDAR

Financial year end:
31 March 2024

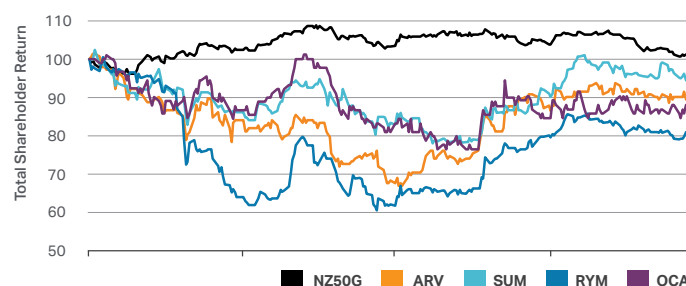
Release of half year result:
November 2023

Dividend payments: December (1H),
June (2H)

Total Shareholder Returns Relative to the NZ50 Index – Since IPO



Total Shareholder Returns (last 12 months) Relative to industry peers (rebased September 2022)



Source IRESS as at September 2023

Analyst Recommendations

Broker	Recommendation	Price
Craigs	Overweight	\$1.43
Forsyth Barr	Outperform	\$1.60
Jarden	Neutral	\$1.27
Macquarie	Outperform	\$1.83
UBS	Buy	\$1.65

AGM ROUNDUP

The annual meeting of Arvida shareholders was held on 21 July at the Park Lane Living Well Centre in Christchurch.

Around 80 shareholders attended the meeting, to receive an update on business performance from Chair Anthony Beverley and Chief Executive Jeremy Nicoll. All resolutions put to shareholders were approved by a simple majority:

- Michael Ambrose and Paul Ridley-Smith were re-elected as directors.
- The director's fee pool was reallocated, to increase the amount of remuneration payable to all directors for scheduled board and committee meetings.
- The board was authorised to fix the auditor's remuneration.

A video recording of the meeting can be accessed from our website at www.arvida.co.nz/investors/annual-meetings.

In future we will be looking to cast the meeting live, so that shareholders unable to attend the meeting in person can still participate. Next year's meeting will be held in Auckland.

At this time of year, we also hold annual meetings for all our retirement community residents. These meetings are held on site at each community. Typically, Chief Executive Jeremy Nicoll, Chief Financial Officer Mark Wells or another senior member of the Arvida team will be in attendance, along with the village manager and statutory supervisor.

With 33 retirement villages now forming the group, these meetings provide valuable feedback from residents on their experience in our communities.

Research coverage

Craigs Investment Partners has initiated research coverage on Arvida, with an overweight recommendation and price target of \$1.43.

In his summary, Craigs Senior Research Analyst Stephen Ridgewell noted a strong preference for Arvida "given its lower risk development strategy, stronger balance sheet, stronger cash generation and lower exposure to (low margin) aged care".

Craigs join Macquarie, UBS, Jarden and Forsyth Barr in providing research coverage of Arvida.

Are Your Details Correct?

To change your address, update your payment instructions and view your registered details, including transactions, please visit: www.investorcentre.com/nz

Alternatively, you can contact Computershare at +64 9 488 8777 or enquiry@computershare.co.nz

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

