MARKET RELEASE
FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2023

- Reported (IFRS) profit after tax of $90.0m, up 1% on 1H23
- Underlying profit[1] for 1H24 of $33.6m, down 14% on 1H23
- Total assets of $4.0 billion, up 10% on 1H23
- NTA $2.00, up 4% on 1H23
- Gearing ratio of 33.6%
- 285 sales of occupation rights for the half, up 6% on 1H23
- 94 new retirement units delivered
- Interim dividend of 1.20 cents per share, DRP at 2% discount

28 November 2023 – Arvida Group Limited (Arvida) today announced net profit after tax of $90.0 million and underlying profit of $33.6 million for the six months ended 30 September 2023.

Commenting on the first half result Arvida Chief Executive Jeremy Nicoll said the business had continued to perform well in tough operating conditions and a slow housing market.

"As the past few years have demonstrated, the need to remain responsive to market conditions is essential for continued business performance. Our ability to adapt as circumstances have required has enabled the business to grow while we have focused on restoring profitability."

Operations

Arvida reported revenue of $122.1 million up 12% on higher care and village revenues.

Higher costs across the business, commissioning of new care centres, and investment in people and technology teams and systems had contributed to operating costs increasing 14% to $117.9 million.

CEO Jeremy Nicoll said good progress was being made to mature the business in areas identified as strategically important. A commitment made to enhancing our employee value proposition had already seen tangible benefits in higher engagement across teams, increased staff retention and lower turnover.

"Investing in our culture is important to providing person-centred care and market leading quality of service to our residents. Our team's delivery of a quality resident experience was again confirmed in the latest annual community surveys with excellent net promoter scores recorded."

Sales momentum

In the six months to 30 September 2023, Arvida recorded 285 sales comprising 102 new sales and 183 resales. Compared to the prior corresponding six month period, the gross value of sales was up 2% to $171.4 million.

"In a challenging housing market both the volume and value of our sales exceeded the same period last year," said Mr Nicoll. "The second quarter though to September was our best ever with a solid upswing in resales activity."

Unit pricing continued to increase with resale prices up 4% on 2023 valuations. Resale and development margins of 28% and 18% respectively were recorded.

Mr Nicoll noted that the level of retirement units under application was 24% ahead of the same time last year and at record levels. High turn outs were also being experienced at recent open days as Arvida's brand and marketing campaigns successfully delivered strong lead generation.

Development activity

Development milestones in the period included Cambridge's premier care suite centre opening at Lauriston Park in June, Aria Bay apartments completing mid-September, and the first villa stages at Whai Mauri Ora in Te Awamutu successfully launching mid-November.

94 new units were delivered in the half with an average price of $900,000 for apartments and $970,000 for villas. A further 106 new units are planned for delivery in the second half of the financial year.

A total of $138.3 million was spent on development in the first six months as investment continued.

Arvida said villa stages were currently under construction at seven of its retirement communities. In addition, construction of a new care centre and apartment building at the premium Queenstown Country Club was progressing well to a targeted completion date in the next financial year. Good progress was also being made at Bethlehem Shores with the podium slab having recently being poured.

Balance sheet

Total assets increased $0.3 billion to $4.0 billion over the six months, comprising $3.7 billion of investment property. The increase reflected land and development activity and an increase in the fair value of Arvida's 36 retirement communities.

Independent valuation firms CBRE and Jones Lang LaSalle expressed confidence in an improved outlook for the housing market, reverting their near-term house price growth assumptions to be more in line with historical growth assumptions when assessing the value of investment property.

Net tangible asset value per share increased to $2.00 per share.

Arvida independent chair Anthony Beverley said that the Board and executive team had placed considerable focus on ensuring the company applied a robust framework to, and management of, capital capacity and commitments.

"Subsequent to balance date, we were pleased to announce the refinancing and restructure of our banking facilities into a revolving core and development facility. This included adjustment to the interest cover covenant ratio."

"In combination, the restructured facilities provide us with additional flexibility in the current interest rate and economic environment, and are better aligned to our medium-term growth strategy," said Mr Beverley.

With the refinancing, Arvida had over $125 million of headroom in bank facilities. Gearing at 33.6% continued to be within the Board's target range of 25%-35%.

Dividend

Mr Beverley announced the Board had declared a dividend of 1.20 cents per share (cps) to be paid on 21 December 2023.

Shareholders can further support growth by participating in Arvida's Dividend Reinvestment Plan. Shares will be offered at a discount of 2.0% to the market price, calculated in accordance with the Dividend Reinvestment Plan Offer.

Outlook

Early signs of an improving operating environment are emerging, with leading indicators pointing to the beginnings of a recovery in the housing market, less uncertainty present in the economic outlook and clearer government policy for the aged care sector and business generally. The demand for quality retirement living options and aged care remain compelling.

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About Arvida:
Arvida is one of New Zealand's largest aged care providers owning and operating 36 retirement villages located nationally with over 6,750 residents. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida provides a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

Arvida's growth strategy includes the targeted development of new villages in areas that are supported by a strong demographic and economic profile and acquisition of quality villages that meet strict acquisition criteria as well as the development of additional facilities at existing villages.

Arvida is listed on the NZX (NZX: ARV). Website: **www.arvida.co.nz**

Summary financial performance

Unaudited	30-Sep-23	30-Sep-22	30-Sep-21
Total revenue ($M)	122.1	109.0	94.0
Net profit after tax (IFRS) ($M)	90.0	89.2	75.5
Underlying profit[1] ($M)	33.6	38.9	26.6
Underlying EBITDA[2] ($M)	39.0	33.9	22.3
Net operating cash flow ($M)	45.6	77.4	69.3
Total assets ($M)	4,014.3	3,642.7	2,337.7
Underlying profit per share (cents)	4.6	5.4	4.9
Dividend per share (cents)	1.2	2.5	2.5

[1] Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board's estimate of realised components of movements in investment property value and to eliminate other unrealised, deferred tax and one-off items. A reconciliation is included within the Interim Report and accompanying Investor Presentation.
[2] Underlying EBITDA is a non-GAAP unaudited financial measure that adds back interest and depreciation to Underlying Profit and excludes gains on sale of new units.