INVESTOR NEWS

APRIL 2023

Jeremy Nicoll
CEO

UPDATE FROM THE CEO

It has been a challenging period for the business, operating in an environment of persistent inflation, rising interest rates, a pandemic with a long-tail, falling house prices and a government that continues to underfund care for older New Zealanders.

In addition, Ryman completed the third largest NZX secondary capital raise ever of $902 million. This has had a significant impact on the subsequent trading of shares across the listed retirement sector.

All of these factors have been reflected in a significant fall in our share price from $1.72 at the start of the financial year to $0.95. The share price decline and reduced liquidity also culminated in our removal from the FTSE Small Cap Index on 17 March 2023.

In this type of environment, the focus shifts to being more defensive in prioritising capital allocation decisions and cash generation, as protecting balance sheet capacity becomes a key strategic priority.

Business performing

Despite the fall in the share price our business performance continues to improve to our lead demand indicators.

Sales momentum continues to be strong, with ORA pricing firm and record levels of new and resale gains being recorded. In March 2023, we had our best month on record for new and resale gains. In a difficult residential market, this reflects the relative appeal of our product and the underlying business culture. It also highlights that often the decision to move into in a retirement community is based on the desire for safety, security and support.

Our construction programmes have continued to add new homes, delivering new villas, apartments and care suites across multiple sites in the year. The level of enquiry, deposited waitlists, pre-sale applications, and level of settled sales all remain high. This has given us confidence to continue to add to our future development opportunities albeit applying a more conservative approach to committing capital as we seek to cherry pick opportunities.

Care strategy

As you will recall, at the start of the financial year we were in the midst of the Omicron outbreak with various controls in place and restricted admissions into care.

For the first half we reported that our operational returns from care were poor largely driven by lower occupancy, labour shortages and ongoing pressure from government underfunding. However, over the second half operating performance has started to improve, primarily driven by a recovery in care occupancy, with less Covid in the community and a stabilising workforce.

Care remains a core part of our offering and strategy going forward, but labour shortages, increased costs and a government policy that underfunds the sector are expected to put ongoing pressure on care profitability.

When we first came to market in 2014, our proportion of needs-based accommodation was 79%. Today it is 43%. This directly reflects our view that sector funding is inadequate for the resources and work required to deliver quality aged care, and the risk taken. The current funding 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.

Outlook

As Covid transmission rates decline and we move to more normalised business operations, we are looking to rebalance our focus across teams, residents and investors.

The threat of the pandemic to vulnerable populations meant protecting our people from Covid was a core part of our strategy. This was the right focus for this period. But an adjustment is now timely and underway.

The New Zealand economy and businesses generally face numerous headwinds currently. The retirement living and aged care sector is exposed particularly to the slowdown in the residential housing market, increasing cost of construction and continued lag in sector funding.

Arvida is well placed to meet these challenges adjusting strategy to the market outlook with a team that has already demonstrated an ability to be nimble through the challenges of the last couple of years.

On a positive note, demand for quality retirement living and aged care remains strong with the dynamic of an ageing population and demand fundamentals remaining unchanged.

We will announce our result for the financial year ending 31 March 2023 at the end of May.

RESILIENCE SHOWN AFTER RECENT WEATHER EVENTS

This summer has been overshadowed by two extreme weather events: a significant rain event that occurred in Auckland late January that caused widespread flooding and, shortly thereafter, cyclone Gabrielle that hit New Zealand's shores early February which affected eastern and coastal regions in the North Island.

In the first weather event, our Parklane community in Auckland experienced significant surface flooding as a result of the deluge and debris from neighbouring properties slowing water flow. 39 of the 99 villas were flood damaged along with the ground floor of the serviced apartment building and the community centre.

A total of 49 Parklane residents were displaced from their homes as a result of the flooding. 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 needed. Resident feedback on the team's efforts has been very complimentary. Planning is underway to remediate the impacted villas, serviced apartments and communal areas as soon as possible.

Our other Auckland communities experienced no significant damage. Arvida has comprehensive insurance cover in place that includes business interruption cover.

Further down the North Island, Mary Doyle in Havelock North experienced a power, internet and phone outage lasting several hours as a result of 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.

"TEAMS AGAIN DEMONSTRATED THEIR DEDICATION AND RESILIENCE THROUGH THESE EVENTS"

Arvida Chief Executive Jeremy Nicoll said teams again demonstrated their dedication and resilience through these events, even when some were personally affected. They ensured the needs of our residents were continually met showing the true heart of an amazing Arvida team.

ARVIDA WELCOMES ASB AS A FUNDING PARTNER

The limit on our bank debt facility has been increased by $100 million to $675 million with the introduction of ASB to the syndicated facility alongside ANZ and BNZ. Total facilities (inclusive of $125 million of retail bonds) are now $800 million.

The additional headroom in our bank facilities provides balance sheet capacity to continue with our development programme, as well as providing a buffer should the operating environment deteriorate further. Arvida continues to have the lowest gearing of the listed retirement sector operators.

EXECUTIVE TEAM

Richard Davis has announced he is stepping away from the business mid-year. Richard has made a significant contribution since joining Arvida as Chief Operating Officer following the Arena acquisition. Ahead of his departure, two senior management appointments have been made: **Kylie Gibson** has been promoted to General Manager Brand and Marketing and **Anna Lyne** has joined Arvida as General Manager People.

TEAM MEMBER PROFILE

PEOPLE LEADER ANNA LYNE

Anna Lyne, General Manager People, is the new leader of Arvida's People team and a member of our Executive. Anna has led the creation of our refreshed People Strategy and is now implementing it across the group.

Anna has spent over 20 years working in the people space helping employees develop, grow, and flourish, and has significant leadership experience building cultures and people solutions that help organisations like ours thrive. Anna was previously General Manager People & Performance for Les Mills, further to the people work she did for Les Mills International which operates in 100+ countries around the world. Prior to that, Anna worked in roles such as Organisational Development Manager for Vodafone and as a Learning & Development consultant in London. As well as holding a BA in Psychology and Management – which she puts to use every day – Anna is a certified project manager and an ICC leadership coach.

We caught up with her recently to learn more about how she stays motivated.

Q: Why Arvida?

I love working with purpose-led businesses that are passionate about what they do and the positive impact that they can have.

Empowering our people to ensure that Arvida's mission to 'transform the ageing experience' is realised, truly inspires me every day. If our people are supported and engaged they will personally thrive, and this flows through to benefit our residents' lives.

Q. How would you describe your role?

As the leader of the People team, my role is to set the direction of Arvida's people and culture strategy and ensure it is successfully delivered. We are focused 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. As a result, our leaders can grow empowered teams and deliver on our business goals. We are laser-focused on seeing our engagement and retention results improve.

Q. What are you looking forward to in 2023?

In 2022 we laid the groundwork for our priority areas by completing an in-depth discovery phase. Over the next 12 months, we are focused in particular on improving recruitment, evolving our culture and reward proposition, and supporting our people's mental well-being.

BRAND CAMPAIGN TURNS ONE

Arvida's first national brand campaign, 'Live the Age You Feel' has been in market for one year launching in February 2022.

Independent research shows the campaign has achieved high recognition, and our audiences are now more familiar with who Arvida is and our retirement living proposition. Lifting brand awareness is an important step to supporting our development ambitions as we continue to build new retirement communities around New Zealand.

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.

Results from our resident survey completed at the end of 2022 again present a highly satisfied resident base. The Net Promoter Score (NPS) for our village residents was +38 (down from +42) with a significantly higher +59 (up from +45) recorded by our care residents. This was a fantastic result given the Covid-impacted environment through 2022.

LIVING WITH COVID

Responding to Covid over the past three years has been a priority for our care teams. But with transmission rates gradually reducing, we are now at the beginning of a phase that seeks to normalise our care operations.

The 'Living with Covid' approach applies Ministry of Health and Te Whatu Ora guidelines regarding environments and general infection control procedures, supporting teams to develop their ability to implement guidelines whilst transitioning to normal operations.

Over the Covid period teams have become better at collaboration, with the environment helping to build closer relationships. We have seen a greater sharing of knowledge and resource across the organisation as a result. Teams have also become more accustomed to flexing infection prevention and control protocols to changes in risk.

Across our communities, occupancy in our care centres has steadily tracked higher and is currently sitting above 94%. However intermittent restrictions on admissions due to Covid and staffing shortages have in combination continued to hamper a return to full occupancy at some care centres.

While strategies are in place to return care centres with low occupancy levels to historical levels we expect this will occur over the next six months.

SALES MOMENTUM

At the end of March 2023, a total of 298 sales of occupation rights (new and resale) had settled in the six month period since reporting our interim results. The gross value of sales in this period was $208 million bringing total sales to $375 million for the financial year, up 16% on last year subject to completion of year end audit processes.

Resales activity continued to be a strength with record gains of $69 million from 371 resales settled in the year. This was a 59% lift in resale gains on the corresponding twelve months. For the financial year, the average resale price has increased 17% to $593,000 from the previous financial year end.

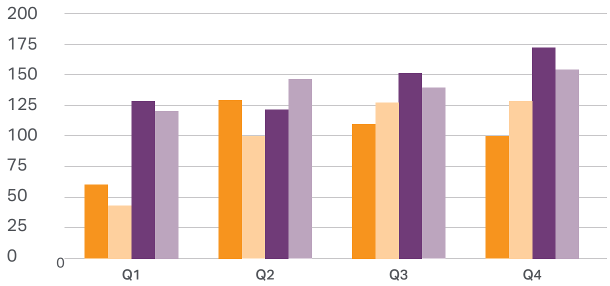
According to REINZ data, the New Zealand median house price was $762,000 in February 2023, down 14% year-on-year. Auckland's median residential property price was $1,009,000 – down 15% on a year prior, but down 22% from the peak of $1,300,000 recorded in November 2021. Economic commentators have broadly pointed to forward housing market indicators continuing to soften over the next six months.

Despite this backdrop, March represented our best month on record for new and resale gains.

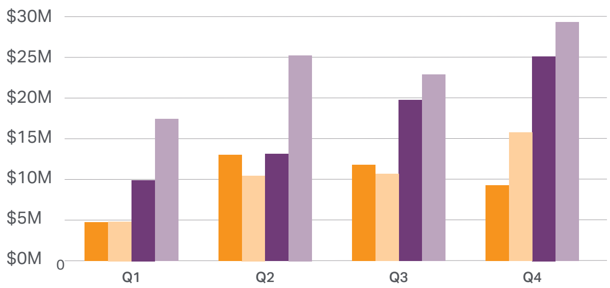
Resales have continued to settle above the prices assumed in the independent valuations prepared for our March 2022 financial year end. Resales activity has also remained at the record levels experienced in the prior corresponding six month period despite some settlement deferrals, due to a slowing residential housing market, and the weather-related events occurring in January and February, the peak summer sales period. The continued momentum in resales activity illustrates that the purchase decision is often needs-based or driven by the attraction to the retirement living experience.

New sale settlements of $156 million for the year versus $155 million for the 2022 financial year have been impacted by the back ending of new unit deliveries to March. Generally, new unit pricing has been firmer as development continues into the later stages with demand for units remaining high across communities. The majority of stock delivered in March remains to be sold down in the new financial year.

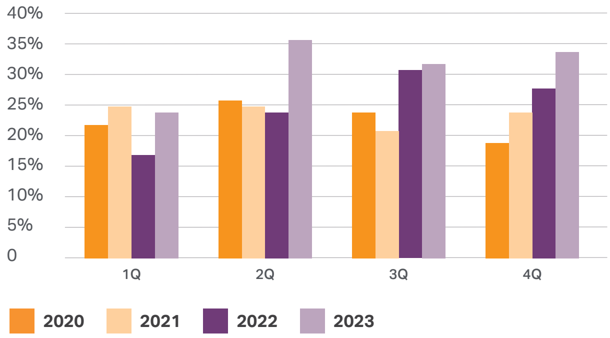
Total Number of Sales[1] (Unit)



Total Gains on Sales[1] ($ millions)



Resale Margins (%)



[1] *Aggregate for new and resale units. Includes resale gains of $1.6m (50% of resale gains) from 18 resales at Village at the Park in 2023. 4Q 2023 sales are subject to finalisation of year end audit processes and therefore could change.*

Villa development continues at Bethlehem Shores, Tauranga

DEVELOPMENT

Developments have progressed across 14 sites during the period. Activity has largely kept to development timetables, albeit with a very wet summer causing some disruption to our Auckland, Tauranga and Kerikeri programmes.

A total of 164 new units have been added in the second half of this financial year. Combined with deliveries reported for the first half, a total of 215 new units were added over the financial year. This is below our build target of 250 new units for FY23 and primarily reflects a delay experienced at the Aria Bay development located in Auckland's Browns Bay. The 57 apartments at Aria Bay are now scheduled for delivery in June 2023. Weather events have played a large part in not meeting programme. Apartment fitout is progressing well along with the completion of connecting resident amenity and café areas.

Given the 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. Aria Bay will be the only large development delivered in FY24, with the balance of units delivered comprising all villas.

Villa development continues at Te Puna Waiora, Kerikeri

Other major development activity in progress includes:

- Whai Mauri Ora, Te Awamutu: Earthworks across the site are largely complete. Construction of 10 Stage 1a villas is well advanced and construction of Stage 1b villas has commenced. A total of 35 villas are to be delivered in FY24.
- Bethlehem Shores, Tauranga: Site excavation for the new care and apartment building is complete allowing civils and construction of the substructure to progress. Delivery of the 54 apartments and 53 care suites is programmed for FY26.
- Waikanae Beach, Waikanae: Civils and earthworks have begun with a view to commencing work on a first stage of villas in FY24.

KEY DEVELOPMENT PROJECTS & 2H23 DELIVERIES

TE PUNA WAIORA, KERIKERI
17 VILLAS

17 villas completed in 2H23. Enabling earthworks for the 35 stage four villas to be delivered FY24/25 has commenced. Construction of the resident clubhouse is also progressing well for FY24 delivery.

PENINSULA CLUB, AUCKLAND
12 APARTMENTS

The apartment redevelopment underway at the time of Arena purchase is now complete, including the pavilion common areas on the ground floor that lead out on to the bowling green.

BETHLEHEM SHORES, TAURANGA
8 VILLAS

8 villlas completed in 2H23. Work on final stage of villas has commenced.

LAURISTON PARK, CAMBRIDGE
63 CARE SUITES

The new care suite building, which includes 13 dementia suites and 50 care suites, is complete with soft fitout progressing well. Final commissioning and receipt of audit certification is expected in June.

LANSDOWNE PARK, MASTERTON
13 VILLAS

The first stage of 13 villas is complete with a further 8 villas to hand over early FY24. This stage will be sold down before commencing stage two.

VILLAGE AT THE PARK, WELLINGTON
8 VILLAS

8 villas completed in 2H23. Villa development at the village is now complete.

WAIMEA PLAINS, RICHMOND
26 VILLAS

26 villlas completed in 2H23. Work is underway on the final stage of villas before commencing construction of the planned care suite building and adjacent community centre.

QUEENSTOWN COUNTRY CLUB, QUEENSTOWN
17 VILLAS

Construction of villas is progressing to demand with 17 villlas completed in 2H23. Addition of the resident clubhouse has been very well received and helped to lift the marketing appeal. Construction continues on the new care suite and apartment building, with two levels of cross-laminated timber panels and flooring installed.

LAND ACQUISITION

Acquisition of 55 hectares of land on the northern edge of Warkworth has been completed. 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 30-50 care suites with surplus land to be on sold.

SUSTAINABILITY – A FOCUS ON WASTE

Work has continued on reducing the volume of group's waste going to landfill.

In May 2022, we conducted a detailed waste audit at two communities to understand more about the types of waste produced. We found that between 30-50% of waste to landfill is food waste, between 12-37% is sanitary waste, and that there were significant opportunities to recycle more and encourage our team and residents to divert items that can be recycled.

With these findings in mind, we began three projects.

- For food waste, we have been working with the University of Otago's Food Waste Innovation Research team to conduct specific food waste audits at three of our communities. Recommendations from this research are currently being implemented.
- For sanitary waste, we have been working with the University of Otago's Pūhau ana te rā team and several other sector participants on identifying possible diversion solutions. A number of opportunities are currently being considered in this area.
- Finally, to reduce waste going to landfill more broadly, we launched an education campaign in association with local partners. This engaged residents and our team on the topic of waste reduction informing them about items that can and cannot be recycled in each region. So far 21 sessions have been held, with more on the way. Attendance has been fantastic with over 300 people coming along to the sessions.

OUR AIM IS TO REDUCE THE AMOUNT OF OUR WASTE GOING TO LANDFILL BY 20% THIS YEAR.

CDP DISCLOSURE INSIGHT ACTION

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

INVESTOR CENTRE

INVESTOR CALENDAR

Financial Year End
31 March 2023

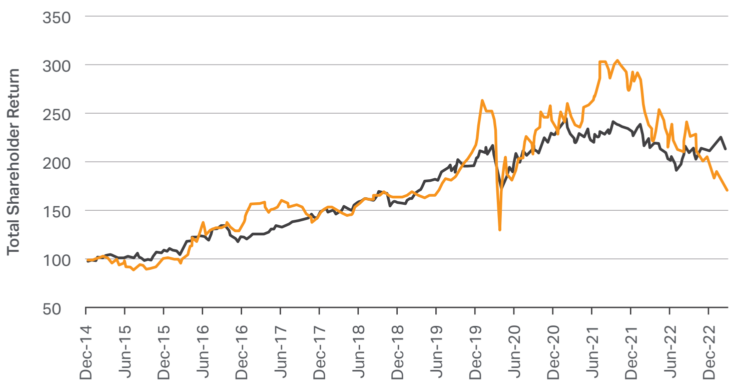
Release of Full Year Result
End of May 2023

Dividend Payments
16 June 2023 (2H FY22)
21 December 2023 (1H FY23)

Annual meeting
21 July 2023

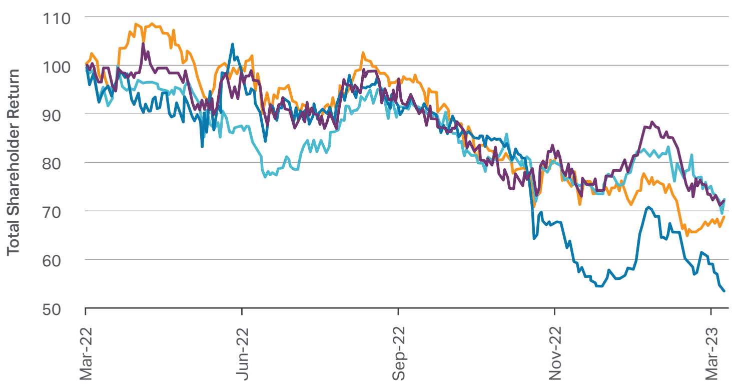
Total Shareholder Returns

Relative to NZ50 Index – Since IPO



Total Shareholder Returns

Relative to Industry Peers
(Rebased at March 2022)



Source: IRESS as at March 2023

Annual meeting

This year the annual shareholder meeting is scheduled to be held in Christchurch on 21 July 2023. The venue for the meeting will again be the Living Well Centre at our Park Lane community. Further details will be provided in the notice of meeting sent to shareholders closer to the meeting date.

Go Electronic

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

If you'd like to change the way you receive communications from us or receive other communications by email, please go to www.investorcentre.com/nz

If you're new to this website, you will need to create a login. Once you have registered and obtained your user ID, you will be able to log on and select 'My Profile', then click 'Update' from the 'Communications preferences' tile.

You will need your CSN/Shareholder number and FIN to use this online service. Once setup, you will have ongoing access with your own User ID and password.

Are Your Details Correct?

To change your address, update your dividend payment or reinvestment 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.

Arvida