

# A MORE FULFILLING LIFE



# ABOUT THIS REPORT

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

The report covers the period 1 April 2023 to 31 March 2024 and is supplemented by an additional presentation and disclosures:

- 2024 Annual Results Presentation
- 2024 Greenhouse Gas Inventory Report
- 2024 Climate Related Disclosures report

Both are 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)).

## Target Audience and Application

This Annual Report has been primarily prepared for shareholders to outline how we are delivering on our strategy. The report is also relevant for prospective shareholders 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). Ernst & Young also separately conducted a limited assurance of our greenhouse gas emissions inventory (including Scope 1, Scope 2 and Scope 3 emissions), which is included in our climate related disclosures reporting.

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. Because of this uncertainty, all forward-looking statements have not been reviewed or reported on by our auditor.

If you have any comments about this report, including things we could do better, please email Investor Relations at [info@arvida.co.nz](mailto:info@arvida.co.nz).



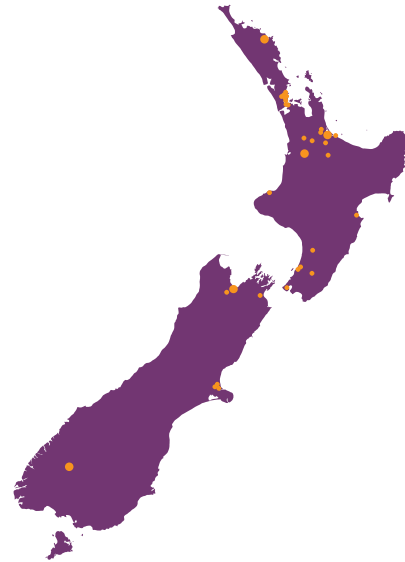


# CONTENTS

<b>02</b>	<b>ABOUT ARVIDA</b>
<b>14</b>	<b>CHAIR AND CEO REPORT</b>
<b>22</b>	<b>STRATEGY IN ACTION</b>
<b>53</b>	<b>FINANCIAL STATEMENTS</b>
<b>84</b>	<b>CLIMATE RELATED DISCLOSURES</b>
<b>100</b>	<b>GOVERNANCE</b>
<b>118</b>	<b>REMUNERATION</b>
<b>128</b>	<b>DISCLOSURES</b>
<b>137</b>	<b>DIRECTORY</b>



# ARVIDA AT A GLANCE



We own, operate and build retirement living communities in New Zealand.

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 one of New Zealand's largest retirement living and aged care groups operating in 36 locations<sup>1</sup> across the country.

**\$139.4m**

IFRS Net profit

FY23 \$82.5m

**\$85.4m**

Underlying profit<sup>2</sup>

FY23 \$88.0m

**\$95.2m**

Operating EBITDA<sup>3</sup>

FY23 \$83.6m

**\$144.4m**

Operating cash flow

FY23 \$148.3m

**\$4.2b**

Total assets

FY23 \$3.8b

**33.9%**

Gearing<sup>4</sup>

FY23 30.5%

**632**

Sales of occupation rights

FY23 568

**\$427m**

Gross value of sales

FY23 \$376m

**\$1.3b**

Embedded value

FY23 \$1.1b



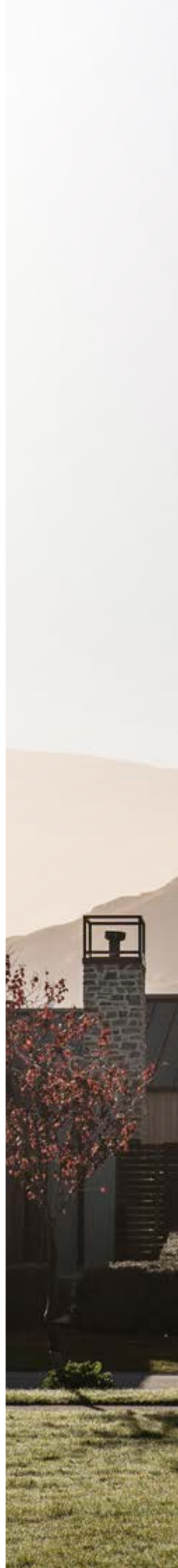
<sup>1</sup> Subsequent to balance date, one community has been divested.

<sup>2</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>3</sup> Operating 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>4</sup> Calculated as a ratio of net interest-bearing debt to net interest-bearing debt plus the book value of total equity.

<sup>5</sup> Calculated as a ratio of care beds, care suites and serviced apartments to total portfolio units.





**6750+**  
RESIDENTS

---

**5789**  
UNITS AND CARE BEDS

---

**2900+**  
TEAM MEMBERS

---

**1877**  
UNITS IN DEVELOPMENT PIPELINE

---

**36**  
COMMUNITIES

**42%**  
NEEDS-BASED UNITS<sup>5</sup>





About Arvida

# CREATING COMMUNITIES WITH FREEDOM TO THRIVE

---





## Our Business

Our business model has been refocused to build a best-in-class integrated retirement living platform, that is positioned to deliver real cash profitability and growth for our investors. We aim 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 platform over the longer term by recycling capital into higher value opportunities to optimise our growth potential.

Most of our retirement communities offer residents the opportunity to age with us by moving from independent living options to assisted living options and higher acuity care as their needs change. We have plans to include a continuum of care in almost all our retirement communities. Only three of our 36 communities are focused solely on higher acuity care services.

Independent living options include villas, townhouses and apartments. Assistance and care services can be accessed by residents in serviced apartments and care suites. Our aged care offering includes resthome, hospital and dementia care.

Diversity in our portfolio has come about with implementation of an acquisition growth strategy.

Also, we have made portfolio refinements by divesting a number of our smaller and care-only communities.

Our growth strategy has evolved as our portfolio has matured. Now we are more focused on building broad-acre villa-led retirement communities set in urban-fringe locations. Providing a continuum of care continues to remain central to our strategy.

With an existing landbank that comprises over 1,800 homes, we are set to grow and continue to build beautiful retirement communities with superb amenities that will allow our residents the freedom to thrive as they age.

*Arvida Community Queenstown Country Club* ▼





# HOW WE CREATE VALUE

## Our Values



## Our Inputs

### ESTABLISHED

Existing group of retirement living communities.

### OPPORTUNITIES

Substantial pipeline of brownfield and broad-acre greenfield development opportunities.

### CARE

Exceptional care that supports our residents' changing needs.

### EXPERTISE

Vertically integrated expertise in aged care, retirement village management and development activities.

### UNDERSTANDING

Deep understanding of our residents' needs as they age.

### RELATIONSHIPS

Relationships with our communities, suppliers and funding partners.

### PROVIDERS

Access to a broad range of capital providers.

## Business Activities

## Value We Create



### ENGAGING WELL

Empowering our people to give their best every day.



### LIVING WELL

Inspiring our residents to live their best lives.



### NURTURING WELL

Being a sustainable organisation.



### GROWING WELL

Enhancing our portfolio of retirement communities.

### RESIDENTS

We create high-quality environments that meet the changing needs of our residents as they age. Each resident can be actively involved with designing their own life and shaping their community.

### TEAMS

We provide the opportunity to do meaningful work and create an environment where our people can thrive.

### INVESTORS

We aim to grow value and generate attractive returns for our investors through the optimisation of growth opportunities and generation of real cash profitability.

### 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.



# ENGAGING WELL

## FY24 Highlights

---

- Strengthened recruitment processes, tools and support network.
- Selected new information system to aid application and monitoring of human resources framework.
- Recorded an increase in employee retention and decrease in turnover rates.
- Evolved the employee reward and recognition proposition.
- Refreshed our 'values & purpose' through company-wide workshops and engagement.
- Continued our values-led listening culture using Peakon with almost 2,000 responding to the latest survey.
- Completed mental wellbeing workshops and conducted an assessment of our mental wellbeing risk.
- Implemented phase 1 of the workforce initiative to realign settings post Covid.

## FY25 Focus

---

- Core human resource and recruitment system, ensuring teams are fully enabled.
- Meaningful performance frameworks that create a shared understanding of what is to be achieved.
- Streamline organisational design in critical areas and where efficiencies are attractive.
- Regional operational structure performing.
- Leader capability with the creation of frameworks, tools, coaching and targeted training.
- Onboarding programme that ensures our team are set up for success and can deliver value as quickly as possible.

## Outlook

---

- Nurse pay gap and a shortage of experienced nurses in some regions remain key challenges for the sector.
- Implementation of workforce planning initiative across Arvida care communities.
- Worsening macroeconomic conditions to impact households and team wellbeing.

## Long-term Goals

---

- An employer of choice that offers a safe workplace with a culture that supports team members to strive for better.

## How We Measure

---

- Senior leader and employee engagement, learning and retention (and turnover).
- Diversity and inclusion.
- Rostered hours.



# LIVING WELL

## FY24 Highlights

---

- Recorded excellent Net Promoter Scores across our independent and care residents again.
- Embedded Ngā Paerewa standards in culture and practice.
- Key Māori Advisory and Health Equity groups established.
- Shifted our clinical direction following Covid to re-engage with the Attitude of Living Well model.
- Continued to lift occupancy across our care centres.
- Completed review of IT current state, set IT roadmap and delivered year 1 strategic goals.
- Grew prompted brand awareness, preference and consideration, as well as digital engagement.

## FY25 Focus

---

- Care occupancy back to historical levels.
- Attitude of Living Well operational resources and key metrics.
- Clinical governance framework, dashboards and reporting systems.
- Lead generation in priority communities.
- Digital enablement of customer management system.
- Network, data and cybersecurity strategy.
- New brand campaign launched.

## Outlook

---

- Ngā Paerewa health standards introducing additional governance oversight and compliance requirements.
- Public health sector to remain critically stressed and funding limited, with the sector funding model set to continue to disincentivise equitable (in terms of access for all) outcomes.

## Long-term Goals

---

- The Attitude of Living Well expressed in our retirement communities.
- Excellence in the delivery of quality aged care.
- An authentic brand and trusted market position.

## How We Measure

---

- Net Promoter Score of independent and care residents.
- Care occupancy, clinical standards (4-year Ministry of Health certification) and notified injuries.
- Outwardly-facing community engagement.
- Brand engagement.





## NURTURING WELL

### FY24 Highlights

---

- Company-wide focus on food waste reduction.
- Emissions reduction plan initiatives implemented.
- Continued progress across ESG reporting and expanding our Climate Related Disclosures.
- Involvement in developing construction and health sector climate scenarios.
- Homestar 5 (version 6) pilot at Whai Mauri Ora completed and Homestar 6 pilot at Bethlehem Shores underway.
- Prudent capital deployment with gearing maintained within target 25%-35% band.
- Debt facility refinanced and restructured into core and development components, to better align funding plan to development profile.
- Increased care packages and village fees to meet targeted services levels.
- Maintained momentum in resales pricing.

### FY25 Focus

---

- Waste reduction initiatives.
- Commitment to 100% renewable energy.
- Implementing initiatives to reduce the level of core debt.
- Operating performance improvement through identified revenue and cost-out initiatives to improve operating margins.
- Improving cash flow from the existing business.

### Outlook

---

- Increasing external stakeholder focus on sustainability track record and progress towards meeting stated climate objectives.
- Continued volatility in the operating environment with a slow recovery in the domestic economy and property market.

### Long-term Goals

---

- A leader in environmental and social responsibility working towards introducing a science-based carbon emissions target.
- A profitable core New Zealand business with clear growth potential in other markets.

### How We Measure

---

- Emissions initiatives and management plans to facilitate our long-term approach.
- Operating free cash flow and financial performance.
- Capital management, \$200m of core debt reduction initiatives.



## GROWING WELL

### FY24 Highlights

---

- Development programme moderated to 201 new units to align with preserving capital capacity.
- Prioritised unit deliveries to villas (FY24: 1H 39% villas; 2H 100% villas).
- Intensive construction projects phased with a preference for higher value sites (Queenstown Country Club FY25, Bethlehem Shores FY26, Mayfair FY27).
- Lift in new sales momentum: volumes up 11%; gross value of sales up 13%.
- Launch of premium care suite centre at Lauriston Park in Cambridge.
- Delivery of Aria Bay apartments in Auckland, completing redevelopment of the site.
- Plans for two care suite conversion opportunities complete.

### FY25 Focus

---

- Development programme balanced to new sales momentum.
- Greenfield development planning at Lincoln, Warkworth and Waikanae Beach.
- Sales programme for Queenstown Country Club apartments and care suites.
- Construction waste at Mayfair Auckland redevelopment.
- Improving development/cash flow margin on completion of developments.

### Outlook

---

- Domestic economic environment impact on construction and residential housing markets uncertain, but with further near-term downside bias continuing.
- High interest rate environment remains.

### Long-term Goals

---

- 50 retirement communities of scale offering a continuum of care.
- Track record of building retirement communities and significant knowhow in designing care centres that deliver resident-led outcomes.
- Sustainable development capital programme that matches project revenue with project costs.

### How We Measure

---

- Portfolio size and needs-based composition.
- Number of units delivered sustainably over the long-term.
- Gross proceeds from new sales greater than development capex (ex. cap interest).

# PROGRESS TO OUR FY24 STRATEGIC PRIORITIES

Three core strategic priorities were identified to optimise our capital for growth and drive improved operational efficiency.

Strategic priorities	Focus areas	
<b>Capital discipline</b>	● Near term development programme prioritised to villas	🏠
	● Intensive / brownfield builds phased, preference for higher value sites	🏠
	● Prudent on capital deployment	🍃
	● Funding plan alignment to development profile	🍃
	● Restructure of debt facilities into core/development facilities	🍃 🏠
<b>Critical areas matured</b>	● People strategy to lift employment brand proposition	💬
	● Workforce planning post-Covid	💬
	● IT roadmap	❤️
	● Organisational design improvements	❤️
<b>Focus on cash</b>	● Core profitability improved <ul style="list-style-type: none"> <li>• Care occupancy</li> <li>• Fees and service packages</li> </ul>	🍃
	● Sales momentum	🍃 🏠
	● Conversion of care beds/ serviced apartments to care suites	🏠

- Key**
- Achieved
  - Partly achieved
  - Not achieved

## OUR KPIs

### Underlying Profit \$million

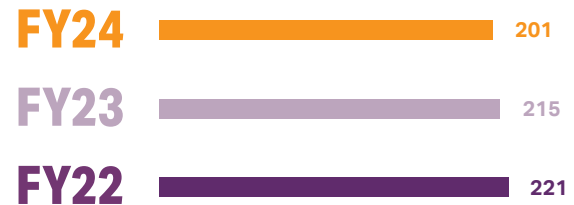
R



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.

### New Unit Deliveries Number of units

R



### Health & Safety (TRIFR)

R



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

**Key**

- R Linked to senior management remuneration

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



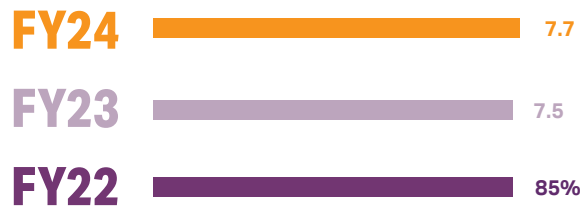
Gross value of resales and new sales of occupation rights settled.

**Care Occupancy**  
%



Measured as an average for each financial year.

**Staff engagement**  
0 to 10



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

**Resident Satisfaction**

Net Promoter Score; -100 to +100



**Independent Residents**



**Care Residents**



Measured annually by an independent agency using an anonymous survey.

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



Specific KPIs for FY24 also included (the remuneration scorecard is set out on page 121):

- Implementation of a robust capital management framework and generation of underlying cash flows.
- Implementation of new strategic framework for technology, including the team restructure and cyber security improvements.
- Maintaining the embedded value of the portfolio.



# BUILDING A PATHWAY TO VALUE RECOGNITION

Welcome to Arvida's annual report  
for the year to 31 March 2024



**Jeremy Nicoll**  
Chief Executive

**Anthony Beverley**  
Chair of the Board

## Value Recognition Programme

While recognising that the recovery in the property market remains subdued, and that the listed retirement living sector continues to face difficult operating and cash flow conditions, the Board believes that Arvida's current share trading price range continues to stay materially below the intrinsic value of the Company.

The Board is focused on growing a strong and sustainable business. Accordingly, it has embarked on a programme to assess, and where viable, to capture options that have the potential to accelerate recognition of the true value of the Company for shareholders. The Board has appointed financial advisors to assist with this programme.

A range of strategic options are being considered, which include engaging with other market participants on various capital partnerships, restructuring options and strategic alternatives for the Company.

Alongside this exercise, the team is carrying out a detailed internal exploration of areas where the existing business, capital structure, operating costs and overall performance can be improved to increase the profitability and resilience of the Company. This work has identified initial annualised operating efficiency savings of \$10 million, together with core debt reduction initiatives of \$200 million.

The programme also includes an assessment of options potentially available to improve the financial performance of the development projects and construction activities carried out by the Company.

The broader team has been underway with this exercise for some time and care is being taken to ensure the interests of our shareholders, residents and team members are all recognised and properly balanced.

## Board's Approach to NBIO

Late last year, Arvida advised the market that it had been approached confidentially by an offshore party in September with an unsolicited, non-binding and highly conditional proposal for the acquisition of all Arvida's shares at an indicative price of \$1.70 per share. The bidder wished to implement the purchase through a negotiated scheme of arrangement.

After consideration, including receiving independent legal and financial advice, the Board determined that the proposal was not in the best interests of shareholders at that time.

## Dividends

Capital structure, debt level and cash flow management are key aspects of the valuation recognition programme. A likely outcome from this exercise will be the reduction of the amount of core (non-growth) debt held by the Company.

Given this, the Board has paused the payment of dividends during the exercise and declared that no dividend will be paid for the second half of the 2024 financial year.

While the dividend is paused, the Board will consider a revised dividend policy, including an alternative approach and metrics going forward. The approach will better identify funds properly available for the payment of dividends and alignment with operating free cash flows.

## Governance

Arvida's governance framework includes a detailed board succession plan, driven partly by the unique situation where most directors joined the Board around Arvida's formation in 2014.

The plan aims to match the skills and experience of individual directors and the Board as a whole with the requirements of Arvida over time, including the increasing role and requirements of Arvida's various governance committees.

The director rotation plan would have seen the appointment of a new director in the second half of 2023. However, the appointment process was interrupted by the approach of the bidder in September and the engagement that followed that. Consequently, the Board intends appointing a replacement director this year.

An update on director rotation and appointment will be provided at the annual shareholder meeting in August 2024.

The year has been a busy one for our committees. We acknowledge the Audit & Risk and the People & Remuneration Committees for their work and results; and the Sustainability Working Group for its contribution.

## Business Prospects

The Covid pandemic, care funding not keeping pace with cost inflation, and the general downturn in the residential property market since then have had significant impact on the retirement living sector and its operating performance. This is reflected by a material fall in share prices and total shareholder returns over this period.

Alongside this, the capital and cash flow challenges faced by some operators over this period have heightened the market's general concern about the sector's traditional capital model and cash flow sustainability. This concern has been further exacerbated by unease about historic accounting and reporting practices that have recently emerged. In the financial commentary section of this report, we have included a summary of our approach to some of these areas of concern.

With inflation and interest rates remaining high, the recovery of the property market is proving to be slower than some commentators predicted. The investment market continues to seek confirmation and confidence as to the sustainability of the sector in terms of capital structure and capacity, and general operating profitability.

## Chair and CEO Report

### Optimising Development

The ongoing value recognition programme emphasises the importance of our existing village and care business being profitable and generating sustainable cash flow. This is essential for ensuring that the growth side of our business is self-funded over time.

Additionally, it aims for our development and construction projects to achieve positive cash margins and full capital recycling upon completion of a project. The programme also seeks to identify external strategic options that could help close the gap between the company's share price and its intrinsic value.

We have more than 7 years of development in our current landbank. The majority of this is in greenfield development where we are designing and building market leading communities for the future.

Our development team has made significant inroads over the last couple of years refining their masterplans for new sites. They have identified a core set of product and designs for our future communities. This will deliver significant gains in time, resource and ultimately financial returns. It allows us to now target full recovery of capital from development projects.

The completion of 57 apartments at Aria Bay was a milestone for the team, with the community now providing our residents fabulous modern amenity, and accommodation options for higher levels of care.

We have development activity in progress across eight sites currently. In the year ahead, we are looking to build 140 to 150 new homes. Delivery of the new care suite and premium apartment building at Queenstown Country Club will be the only significant delivery in FY25 as we look to optimise growth and cash profitability.

### Sustainability

Over the past year, we continued to increase our focus and work in the broader sustainability area. We are committing significant effort and resource to ensuring our business and operations are performing to the highest possible environmental and corporate governance standards.

Demand for superior environmental performance is steadily increasing across our stakeholder groups, including the broader investor market; the regulatory and compliance market; and, critically, our residents, team and shareholders.

Arvida takes sustainability responsibilities seriously and we are committed to a steady programme of evaluation

and improvement in this area. Our team played a leadership role in the development of climate change scenarios for the health and construction sectors.

We recently published our third greenhouse gas inventory report, recording reductions in both scope 1 and scope 2 emissions across the business.

Our general waste reduction programme is producing steady results notwithstanding the growth of the portfolio and operations. Construction is an area of the business that has the potential to generate significant emissions and waste, so our construction teams have identified and are pursuing a range of initiatives designed to reduce and minimise waste and emissions from this area of activity.

Improving environmental performance is, at times, difficult and challenging. The team is investing great effort in this area of the business and has achieved solid results over the year.

### Outlook

Arvida has a high-quality portfolio with a good balance of retirement living units and care beds across its 36 locations around the country. Our resident wellbeing and welfare offering is market-leading and demand is strong for our retirement communities and care capability.

We have invested significantly in our team, systems and workforce planning. This is now paying dividends in terms of greater engagement and team cohesion, and lower staff turnover.

While the market recovery takes its time to gain real momentum, we are putting our energy into the strategic and operational enhancement opportunities that will flow from the value recognition exercise that is underway. We believe Arvida is very well placed to capture and benefit from general economic and market improvements as they evolve.



**Anthony Beverley**  
Chair of the Board



**Jeremy Nicoll**  
Chief Executive









# FINANCIAL COMMENTARY

A net profit after tax of \$139.4 million was reported for the year ended 31 March 2024, up 69%, with an underlying profit<sup>1</sup> of \$85.4 million, down 3% on the prior period.

## 1. Financial Performance

### IFRS Net Profit After Tax

The Company reported net profit after tax of \$139.4 million for the FY24 financial year, up from \$82.5 million in FY23. Results included the impact of unrealised movements in the fair value of investment property of \$165.0 million (2023: \$80.4 million).

The fair value movement reflected a combination of new units delivered and changes to valuer assumptions. In broad terms, the valuers maintained comparable assumptions to the prior year, but increased near term property price growth rates and the value of units to reflect recent resale activity. Discount rates at Te Puna Waioara and Parklane were lowered, reflecting the addition of the resident clubhouse in Kerikeri and remediation of flood damage in Auckland respectively.

### Underlying Profit

Underlying profit of \$85.4 million was reported for 2024 (2023: \$88.0 million), down 3% due to higher interest and operating costs.

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. It also adds back the realised gains associated with our resales and the development margin associated with our new sales.

Business performance in the later part of the financial year started to recover, following a period of challenging property and macroeconomic conditions. This improvement was reflected in the 14% or \$11.6 million increase in operating EBITDA<sup>2</sup> to \$95.2 million (2023: \$83.6 million).

However, high inflation, high interest rates and a slow residential property market impacted overall profitability and cash flow generation from operations.

### Revenues

Revenue for the year grew 11% to \$247.2 million (2023: \$222.0 million). Arvida generates revenue mainly from village and care fees, and deferred management fees. Underpinning revenue generation is an increase in the number, occupancy and value of units, reflective of the scale and growth of operations, plus an increase in government funded daily bed rates and premium bed rates.

A recovery in care occupancy, from a Covid-impacted 91% in the prior year to 93% in FY24, helped improve the contribution from care operations. However, care profitability remains below levels required to deliver an acceptable return.

We have three standalone care sites with a total of 350 beds. These sites generated \$4.4 million of operating EBITDA, equivalent to \$12,700 EBITDA per bed, which was considerably up from \$4,100 in the prior year. There are 1,541 care beds across our villages and an additional 212 care suites.

The low level of profitability reflects government-funded bed rates not adequately covering the costs of delivering care. We have implemented a strategy to build care capacity under the care suite model, as a response to the government's strategy of consistently underfunding the sector. We have also commenced converting some of our traditional care beds into care suites.

Government initiatives are underway to explore funding alternatives for the sector, including the recently announced Select Committee inquiry into the provision of aged care services. However, the private pay model of care suites, where an entry payment is required, currently represents the only feasible alternative for delivering new high quality care to older New Zealanders.

<sup>1</sup> Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. A reconciliation is provided in the table titled 'Underlying Profit Reconciliation'.

<sup>2</sup> Operating EBITDA is a non-GAAP unaudited financial measure that adds back interest and depreciation to Underlying Profit and excludes gains on new sales.

We have focused on improving revenue from sources other than government funding and the sale of retirement village units. A review of weekly fees, service packages and premium care charges resulted in improved revenues.

Deferred management fees on units sold under occupation right agreements were \$68.2 million (2023: \$62.1 million), up 9%. The increase reflected 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 14% to \$241.2 million (2023: \$212.1 million). Employee costs represented 65% of operating costs and the majority of the increase.

Commissioning of our new 63 suite care centre at Lauriston Park, higher nurse pay and legislated increases to caregiver pay, a bigger workforce and leave provisions were all factors that led to the increase.

The team has been underway with a strategy to reduce rostered care hours to improve the productivity of our teams, while maintaining a high quality care experience for residents. This is part of a concerted effort to reduce our operating costs.

Operating efficiency initiatives identified an initial \$10 million of annualised cost out benefits to be delivered in the coming financial year.

#### Cash Flows

At \$144.4 million, the Company's operating cash flow was down on the prior year (\$148.3 million). Continued cash flow volatility reflects the impact of the unprecedented operating environment and the following factors:

- Operating cost inflation not being fully offset by revenue increases
- Continued deferred sales receipts and transfers in slow property market
- Proceeds from our business interruption insurance claim remaining outstanding
- Higher interest costs on higher core debt.

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

NZ\$m	FY24	FY23	Movement
Net profit after tax	139.4	82.5	56.9
Change in fair values	(166.7)	(81.9)	(84.8)
Deferred tax	6.5	1.4	5.1
Impairment of goodwill	2.1	2.9	(0.8)
One-off cost <sup>3</sup>	2.4	(13.9)	16.2
Gain on resale	73.8	69.1	4.8
Gain on new sale	27.9	27.8	0.1
<b>Underlying profit</b>	<b>85.4</b>	<b>88.0</b>	<b>(2.6)</b>
Interest	28.7	15.1	13.5
Depreciation	9.1	8.4	0.8
Development gains	(27.9)	(27.8)	(0.1)
<b>Operating EBITDA</b>	<b>95.2</b>	<b>83.6</b>	<b>11.6</b>

<sup>3</sup> Non-operating one-off items relating to an MBIE provision, insurance activity and transactional activity.

## Chair and CEO Report

We expect operating cash flows to increase as the portfolio continues to mature and grow, and the property market improves.

The development programme was repositioned to reduce cash outflow, while also meeting a build target of delivering 201 new homes in the 2024 financial year. This resulted in the year's development programme being reprioritised to villas. All deliveries in the second half were villas. Our intensive development projects were also phased to ensure that only one major project will be delivered in each of the next three years.

As a result, development capital expenditure (excluding capitalised interest) was down from \$127.2 million in the first half of the year to \$89.5 million in the second half. At \$216.7 million (2023: \$216.0 million), overall development capital expenditure (excluding capitalised interest) was flat on the prior year.

As of 31 March 2024, \$26.6 million has been invested in 55 hectares of development land at Warkworth. Surplus land at this site will be divested at a later date.

### 2. Sales Activity

In spite of the subdued property market, we delivered a record sales performance. We reported a 13% lift in the gross value of occupation right (ORA) sales to \$427.0 million and a 11% increase in the number of units settled to 632 (2023: 568). We continue to experience high levels of applications, underscoring the strong underlying demand that drives the sector's continued growth.

Unit prices on settled resales over the year were on average 4.7% higher than last year's independent valuations. The capture and creation of embedded value is a key indicator of expected future cash flows. Over the year the embedded value increased to \$1.3 billion, up 11%.

**Table 2.2: Sales Activity**

	FY24	FY23
Number of ORA resales	414	371
Value of ORA resales	\$249.1m	\$219.9m
Resale margin	31%	32%
Number of new ORA sales	218	197
Value of new ORA sales	\$178.0m	\$156.5m
Development margin	16%	18%

Resale gains increased to \$73.8 million (2023: \$69.1 million), with average gross proceeds per settlement of \$602,000 (2023: \$593,000).

Uncontracted resale inventory represented 2% of the total portfolio at year end.

We settled 218 new sales for a gross sales value of \$178.0 million (2023: \$156.5 million). Sales continued to track well at our larger development sites of Bethlehem Shores, Queenstown Country Club and Waimea Plains. We also saw good sales progress in the sell down of the Lauriston Park care suites that were opened in June.

At year end, new unit inventory available for sale under an ORA represented 3% of the total portfolio.

### 3. Financial Position

The Board and management placed considerable focus on ensuring a robust framework continued to be applied to capital commitments and the preservation of headroom in Arvida's capital structure.

Key priorities, identified at the beginning of the year, highlighted the critical importance of ensuring development commitments were managed to funding capacity limits and that cash returns from development activities were cash positive going forward.

Despite total interest bearing debt increasing to \$780.3 million (2023: \$622.8 million), gearing at 34% remained within the Board's target range and represented the lowest gearing of our listed retirement sector peers.

Proceeds from the sale of Strathallan retirement village in Timaru, which settled subsequent to year end, were applied to debt repayment. At \$30 million, the sale was completed at a 3% discount to the 31 March 2024 valuation.

During the year a dedicated development debt facility was implemented, allowing for growth to be debt funded within a framework while focusing on reducing core debt. To increase capital structure headroom, core debt reduction initiatives totalling \$200 million have been identified in isolation.

Initiatives include the sale of surplus development land from existing greenfield sites, reduction of stock held for sale, suspension of dividends and pursuing the insurance claim for losses sustained from the Auckland floods. Lower core debt will position Arvida to deliver a sustainable level of growth and dividends going forward.

Total assets grew to \$4.2 billion, up from \$3.8 billion at the start of the financial year. The increase can largely be attributed to development activity and an increase in the value of investment property. Net tangible asset value per share increased to \$2.05 per share (2023: \$1.90 per share).

The annual revaluations of our investment property, undertaken by CBRE Limited and Jones Lang LaSalle Limited, delivered a revaluation movement of \$165.0 million (2023: \$80.4 million). Valuations for our care centres were flat on valuations completed in 2022.

### FY24 dividend

While the valuation recognition programme is underway, the Board has paused the dividend policy. Accordingly, no final dividend was declared for the second half of the 2024 financial year.

A revised dividend policy will be considered by the Board, including alternative metrics for the determination of future dividends payouts.

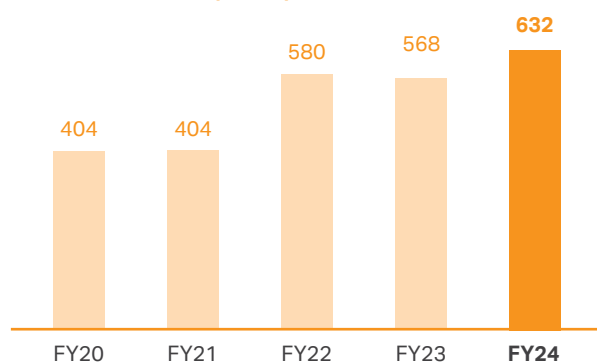
### 4. Accounting Treatments

Financial disclosure has improved across the sector, but there are differences in accounting treatments between operators.

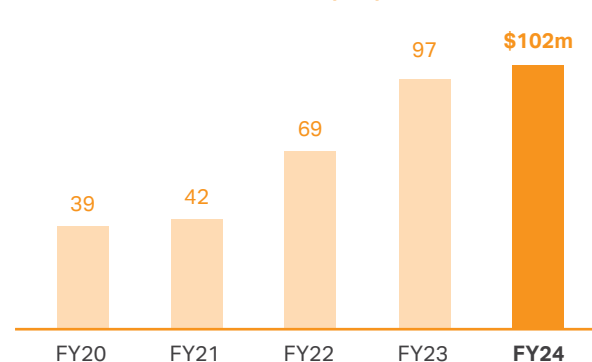
The below table summarises approaches we take with key accounting treatments:

Topic	Approach
Recognition of deliveries / completed units	Recognition of build rate is on a completed basis.
Recognition of sales (settlements)	Recognition of the sale on the day that the ORA contract commences.
Valuation of investment property	Investment property is held at independent valuation or at a lower value where a provision has been made for works. The valuation assumes that the contract terms for future residents are the same as our current standard ORAs.
Valuation of unsold new stock	Completed unsold RV units are held at fair-value, as determined by the independent valuer, within investment property. This incorporates a discount to reflect holding costs, and a profit and risk factor.
Capitalisation of costs	Only interest and the direct employment costs of development and construction staff are capitalised. No head office recharges, village start-up costs or other costs are capitalised.

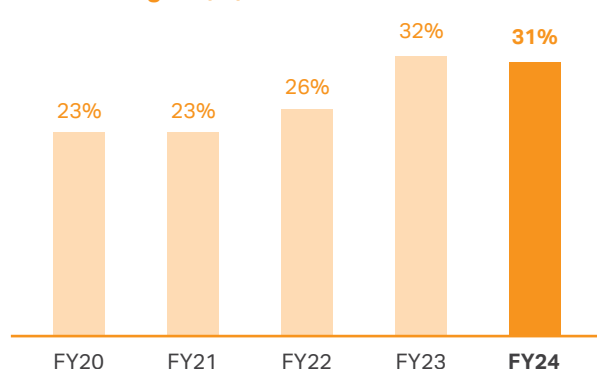
### Total ORA Sales (Units)



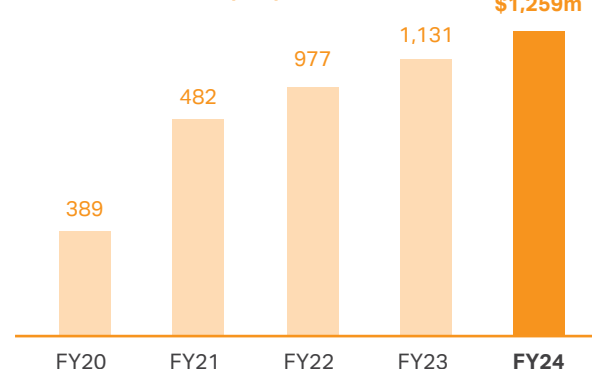
### Total Gains on ORA Sales (\$m)



### Resale Margins (%)



### Embedded Value (\$m)









# THE OPERATING ENVIRONMENT

## 1. Economic Conditions

### Global

Global headline and core inflation have continued to decline over recent months, although headline inflation remains above central bank inflation targets in most advanced economies. In response, major central banks have kept their policy rates unchanged.

Overall, financial markets are expecting central banks to move monetary policy more gradually than previously anticipated.

### Domestic

The New Zealand labour market has continued to ease with the unemployment rate increasing to 4.3% in the March 2024 quarter. This trend is expected to continue over 2024, as economic growth remains below potential. Net immigration has declined from historically high levels.

The Reserve Bank of New Zealand (RBNZ) expects annual headline CPI inflation to continue to decline to within the 1% to 3% target band by the end of 2024, reaching the 2% target midpoint by the June 2026 quarter.

In the May Monetary Policy Statement, the RBNZ noted that a substantial decline in residential investment is underway and is expected to continue until the beginning of 2025. High interest rates and subdued house price growth are causing a decline in residential construction activity, consistent with the decline in dwelling consents since mid-2022.

Gross domestic product (GDP) declined by 0.1% in the December 2023 quarter. Economic growth has now been negative for four of the past five quarters and is projected to remain subdued for the coming year.

The RBNZ projects that per-capita consumption growth will start to recover in 2025 with an easing of interest rates. This should support a recovery in house prices and building activity.

Principal Risk: Market Demand  
Strategy: 🏠❤️

### Residential Property Market

Data released in June 2024 indicated a subdued domestic residential property market. House prices have increased only modestly over the past year, after declining roughly 15% from their November 2021 peak.

A key focus for the retirement living sector is the liquidity in the residential property market. Approximately 58% of Arvida's portfolio is independent living. The balance of 42% is needs-based, where residents are accessing some level of care assistance.

A number of regulatory changes have been made recently, including the end of Kāinga Ora First Home Grants, the near-term easing of loan-to-value rules and the introduction of debt-to-income caps.

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>1</sup>

<sup>1</sup> National population projections: 2022(base)–2073 | Stats NZ.

## Strategy in Action

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.

The key target population for retirement villages is people 75+ years old. According to Statistics New Zealand, there were around 308,000 people in this age bracket in 2018. Over the five years to 2023, this increased by 25% and is forecast to almost double over the next 20 years to 760,000.

Principal Risk: Market Demand

Strategy: 🏠❤️

### Access to Care

The current supply of aged residential care beds in New Zealand is approximately 41,000.

Over the last five years the number of care suites has increased 52% and the number of standard beds has decreased 1%. Occupancy across all bed types at 31 December 2023 was 89%<sup>2</sup>.

Demand for aged residential care is forecast to increase by an estimated 16,000 beds by 2030<sup>3</sup>.

Principal Risk: Market Demand

Strategy: 🏠❤️

### Covid

Although Covid continues to circulate globally, the number of new coronavirus cases and reported deaths has decreased greatly since 2023.

Our pandemic plan has evolved with the changing health risks and associated changing government settings. Dynamic risk assessment continues to underpin our infection prevention and control settings.

Principal Risk: Pandemic

Strategy: 🗣️❤️

## 3. Government Policy

### Policy

The coalition agreement of the new government included commitments to:

- Investigate the funding formula for new residential care beds.
- Undertake a Select Committee inquiry into aged care provision to include supporting people with early onset conditions and what asset thresholds are appropriate in 2023/24.
- Work on establishing bipartisan agreement to fund the care and dementia beds that New Zealand needs now, with a focus on the long term needs by 2040.

Principal Risk: Government Policy Reforms

Strategy: 🏠❤️📝

### Aged Care Funding

Funding for aged residential care is a mix of means-tested user-pays and government subsidy. This is called the bed-day rate.

Aged residential care providers are contracted and funded by Te Whatu Ora to provide care services at a set rate. Providers are not permitted to charge any more than this rate for care services, but can create additional revenue by way of accommodation supplements for premium rooms.

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 set annually, with the effective date typically being 1 July each year.

Te Whatu Ora is undertaking a review of aged care services and funding models, including home and community-based care as well as residential aged care. Aged care has been underfunded by successive governments.

Principal Risk: Market Demand

Strategy: 🗣️❤️📝

<sup>2</sup> NZACA analysis of TAS Aged Residential Care Quarterly Reporting Survey. No adjustment for beds temporarily closed due to registered nurse shortage.

<sup>3</sup> Ministry of Health briefing paper to incoming minister, November 2023.

## 4. Regulation



### Health and Disability System Review

Te Whatu Ora was established under the Pae Ora (Healthy Futures) Act 2022 (Pae Ora Act). This resulted in the amalgamation of 28 government-owned healthcare entities (20 District Health Boards and 8 shared service entities) and transferring functions into a single national organisation. Included in this amalgamation were 12 Public Health Units, now integrated into one National Public Health Service.

Te Whatu Ora manages all New Zealand's health services, including hospital and specialist services, and primary and community care. It has been operational for almost 12 months.

The structural changes to the health system are intended to achieve a more effective distribution of functions and responsibilities across the system. They also address the significant variation, regional delivery inequity and financial deficits experienced under the previous model.

Principal Risk: Government Policy Reforms

Strategy:  

### The Retirement Villages Act

The Ministry of Housing and Urban Development has been consulting on a review of the Retirement Villages Act 2003, and its associated regulations and codes.

On 2 August 2023 a discussion paper was published – 'Review of the Retirement Villages Act 2003: options for change'. The discussion paper sets out proposals relating to the three main stages of retirement village living: moving in, living in and moving out. It also seeks feedback on other topics, such as the definition of retirement village, insurance, the operation of the Retirement Villages Register and the Code of Practice.

Submissions on the discussion paper closed in November 2023. The discussion paper and consultation will likely result in a draft bill to amend the Retirement Villages Act being introduced to Parliament. If the bill passes and changes are adopted, a transition period will most likely apply, allowing the sector time to adjust.

It is unclear where this sits within the new government's priority list.

Principal Risk: Government Policy Reforms

Strategy:  

### Environment and Climate Related Disclosures

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 was passed in October 2021. Climate-related disclosures are 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 again published our Climate-related Disclosures Report in our Annual Report. We also produced a Greenhouse Gas Inventory Report that was assured by Ernst & Young.

Principal Risk: Legislative & Regulatory Compliance

Strategy: 

### Climate Change

There is a growing body of local evidence and research that proves climate change is impacting weather patterns in New Zealand. These findings indicate both an increase in the frequency of extreme weather events and a rise in their severity.

The two severe weather events that occurred in New Zealand during January and February 2023 resulted in widespread infrastructure and property damage. Losses to New Zealand's economy from Cyclone Gabrielle are estimated to have exceeded \$10 billion.<sup>4</sup>

Retirement village operators are required to have comprehensive insurance policies to cover loss, damage or destruction of retirement villages by fire, accident or natural disaster. Policies must provide 'full replacement cover', unless this type of policy is not available.

Principal Risk: Climate, environmental management & water, Insurance

Strategy: 

<sup>4</sup> Economic division at the Ministry of Foreign Affairs and Trade.





# ENGAGING WITH OUR STAKEHOLDERS

Te Puna Waiora Clubhouse 

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 / Material Issues

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

### How we Engage

- Regular meetings and social events with residents
- Regular communications, newsletters and event calendars
- Sales team and 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 / Material Issues

- 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 and safety meetings
- Board, senior executive and management team meetings
- Skill development and training workshops
- Health and wellness help desks
- Regular email communications, sustainability and general newsletters, noticeboards, CEO update calls
- Regular employee surveys via Peakon to receive and monitor feedback
- Internal intranet news and Viva Engage

## INVESTORS

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

### Key Expectations / Material Issues

- 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, including regular communications, one-on-one meetings and investor roadshows, to ensure a current understanding of business performance and outlook is maintained
- Key investor publications include the annual and half year reports with accompanying investor presentation and release, investor newsletters, emissions inventory report, climate related disclosure 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 a range of investors

## COMMUNITIES

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

### Key Expectations / Material Issues

- 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 / Material Issues

- 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 / Material Issues

- 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 TOPICS

## Materiality

Stakeholder satisfaction is a critical focus across all areas of Arvida.

Monitoring our material topics ensures we are aware of what is happening in our environments, where we have impact, what can have impacts on us 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.

## Engagement

Two separate pieces of stakeholder engagement work, covering both external and internal stakeholder groups, were completed. These pieces of work formed the basis for an updated materiality assessment and matrix for this annual report.

The first part of the engagement involved a series of individual meetings and workshops with a number of external stakeholders. Consultants Proxima supported the engagement by running the meetings and workshops that allowed open and anonymous discussion.

Selection of external stakeholders was based on the following criteria:

- Informed and knowledgeable about the relevant impacts within the context of the retirement and aged care sector
- Objective and independent view
- Provides an authentic and credible perspective for a larger stakeholder group.

Those involved represented investors, banks, architects, health industry, construction and resident groups.

The second part of the engagement involved internal stakeholders. In total, 64 internal stakeholders were involved in the survey, representing a range of team members that included senior management, village managers, support personnel, development team members, and community and care teams. This was completed anonymously by way of an electronic survey.



Material Topics 2023	Material Topics 2024
Reputation & Brand	Reputation
Cost-Effectiveness	Financial Returns
Financial Performance	
Capital Structure	Capital Structure
Workplace Culture	Thriving Workforce
Workplace Safety & Wellbeing	
Workplace Training	
Talent Recruitment & Retention	
Diversity & Inclusion	
Resident Satisfaction	Resident Wellbeing
Quality of Care & Clinical Standards	
Resident Safety & Wellbeing	
Community Engagement	
Asset Quality	Asset Quality
Corporate Governance	Governance
Ethics & Integrity	
Data Protection & Cyber Security	
Human Rights	
Regulatory Compliance	
Technology & Innovation	Technology
Waste Management	Sustainability
Climate Change	
Energy Conservation	
Insurance	
Inflation	Macro Factors
Government Policy	
Affordable Access to Aged Care	
Pandemic Preparedness	Strategy
Future Development & Growth	

### Topics

Topics are those that we can impact, inside the business or the wider community.

Proxima used the material topics from 2023 and applied the GRI 3: Material Topics 2021 process to create an initial material impacts overview across our four strategic pillars.

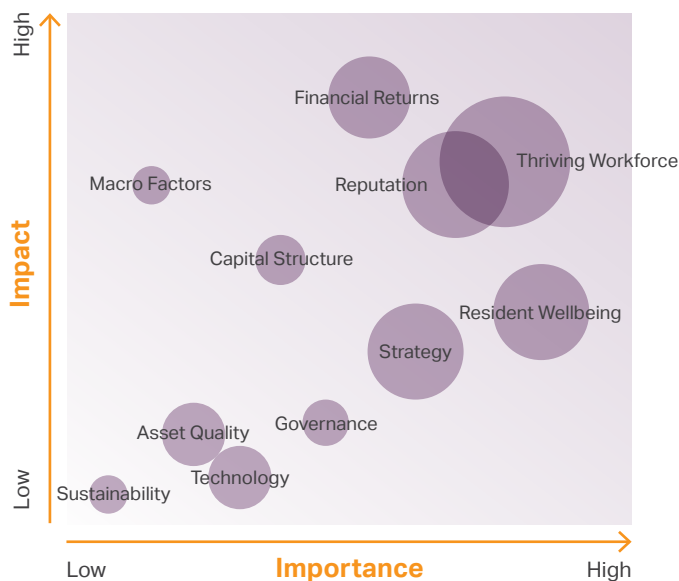
The external engagement process identified the following material impact themes:

- Trust and reputation
- Sustainable financial returns
- Investment in sustainable solutions
- Team culture.

These themes formed the basis of topics for the internal survey participants to consider and rank. The executive team also identified sustainability and technology as important topics that could have a greater impact on achieving the Company's strategy in the years ahead.

Based on our stakeholder feedback, we have made some changes to our material topics and combined a number of impacts to remove duplication. These changes do not alter the substance of the topics.

The Board and senior management review the material topics.



### Matrix

Arvida's materiality matrix ranks each topic to show the impact of the topic on Arvida (vertical axis), the general importance of the topic to Arvida (horizontal axis) and Arvida's ability to positively impact the topic (bubble size).

### Learnings

The top focus areas highlighted were:

- Thriving workforce
- Financial returns
- Reputation
- Resident wellbeing
- Strategy.

The results were largely consistent with last year, indicating these topics remain the areas of strategic focus. The topics also correlated highly with topics that stakeholders thought we could impact the most.



# STRATEGY IN ACTION

Since IPO, 20 retirement communities and 6 greenfield sites have been acquired and 6 have been divested.

This year we divested our Timaru community Strathallan. The sale price, \$30 million, represented a 3% discount to book value (valuation completed by JLL at 31 March 2024). We purchased Strathallan in 2017 for \$21 million, as part of a portfolio of three villages. Over the period, net positive operating cash flows of \$19 million have been generated.

Through both acquisition of existing communities with brownfield development opportunities and greenfield development opportunities, our strategy has looked to create value.

## Strategic framework

Our strategic plan sets out the direction for Arvida over the next five years, focusing on the key priorities and activities that will create value.

Each year the Board and senior management review the strategic objectives. This ensures the plan is dynamic and retains an appropriate time horizon. Because it's regularly reviewed, the strategic plan is both a valuable tool and a highly important management benchmark to gauge progress.

With our share price continuing to be at a level significantly below net asset backing, the Board announced that it is underway with a programme to assess a range of options to unlock the intrinsic value of the business.

Our strategy is shaped by ongoing changes specific to us, like our acquisition of additional greenfield sites for future development; and the broader environment, such as the property market and decisions around aged care funding.





## Strategy in Action



## CASE STUDY: QUEENSTOWN COUNTRY CLUB

### Vision

To create a premium retirement community that becomes a world-class destination for the active retiree.

A key part of the overall strategy includes the provision of a care offering with construction of a high quality care suite centre. This would uniquely position Queenstown Country Club as the exclusive provider of quality aged care services in the wider district.

### Key Statistics

- The 21 hectare site located in Queenstown was acquired in 2019, as a partially complete development opportunity. At the time of acquisition, the village comprised only 32 completed units.

### Current village

- 134 villas
- Resident clubhouse and amenity (pool, gym, café, activity space)

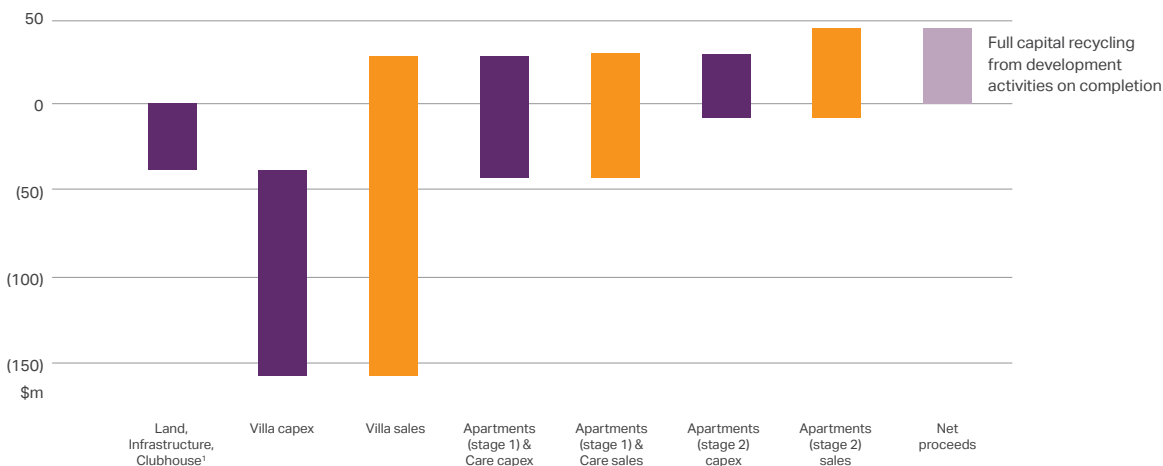
### Development in progress

- 7 villas
- 29 apartments
- 62 suite care centre

### Future stages<sup>1</sup>

- 23 villas / townhouses
- 33 apartments

### Projected Capital Recycling from Development



<sup>1</sup> Subject to board approval.

**\$172.6M**  
Total

**\$70.1M**  
Operators interest

**\$13.8M**  
Development land (at valuation)

**\$64.3M**  
Work in progress (at cost)

**\$24.4M**  
New stock (at sales value)



**CASE STUDY: BETHLEHEM SHORES**

**\$205.8M**  
Total

**\$156.3M**  
Operators interest

**\$7.0M**  
Development land (at valuation)

**\$36.6M**  
Work in progress (at cost)

**\$5.9M**  
New stock (at sales value)

**Vision**

To unlock the value in the undeveloped land, creating a premium retirement community that provides a premium care offering.

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

**Key Statistics**

This 24.8 hectare site located in Tauranga was acquired in 2019, as a partially complete development opportunity. At the time of acquisition, 146 units had been completed and stage 1 of the resident clubhouse was open.

**Current village**

- 228 villas
- Resident clubhouse and amenity (pool, gym, café, activity space)

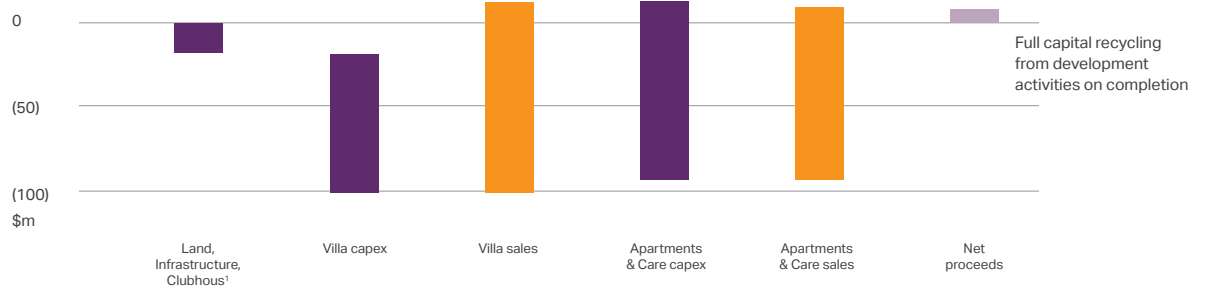
**Development in progress**

- 53 apartments
- 54 suite care centre

**Future stages**

- 4 villas

**Projected Capital Recycling from Development**



<sup>1</sup> Excludes value attributed to the operators interest of existing units at time of acquisition.





# ENGAGING WELL

**"WE WANT TO ATTRACT AND RETAIN TALENTED, PASSIONATE PEOPLE WHO IDENTIFY WITH OUR 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. Our internal culture is embodied in what we call the Attitude of Living Well, a model developed over time that places the individual – their needs, preferences and overall wellbeing – at the centre of our strategy.

The resident-led focus enabled by our culture contrasts with the conventional institutional approach found in the healthcare system. Residents are actively involved with designing their own life and shaping their community. Residents also have a personal choice, incorporating natural daily rhythms and meaningful activities into their daily lives.

Our teams are respectful of the resident's preferences, expectations and choices, recognising that the resident and their family must be at the heart of decision making. All teams in every community are expected to be active in implementing the Attitude of Living Well and participating in the quality programme that supports a resident-led environment.

This approach has 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. General Manager Wellness & Care Aleshia Wansbrough explains:

*"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

We are part-way through our strategy of developing a consistent people experience that is delivered by our local team leaders.

In FY23, Arvida placed a significant focus on understanding the current state of the people and culture area, to prioritise improvements and become an employer of choice. The ability to attract, retain and engage talent was identified as critical to achieving business goals.

An in-depth discovery phase was completed to inform plans and ensure key leaders were taken on the journey. From there, a three-year People Strategy was designed, including Arvida's future people and culture philosophy and a prioritised plan.





Year 1 of the People Strategy (FY24) focused on establishing the most critical foundations across culture, people systems, organisational design and employee proposition. This was alongside providing HR-related expertise to the business and managing the national people cycles.

Year 2 of the People Strategy (FY25) is focused on staying the course. This means delivering on the next set of priority areas that were identified as either impacting significantly on our people experience or being critical foundations for sustainable business success.

**By the end of our three-year strategy, our goals are:**

- To have reached a sustainable mid-point position for engagement and turnover
- To have a sustainable workforce design in critical areas.

Leaders will be able to grow empowered teams and deliver their business goals when supported by a compelling employee proposition, fit-for-purpose tools and outstanding people support.

Implementation of a new human resources information system has commenced and will greatly assist in decision making and improving productivity.

## Culture

Our values and purpose statement was developed at the time of the initial public offering. Arvida has grown considerably in the intervening nine years and much of the team has changed.

This year we revisited our original values and purpose statement, to ensure it remains fitting and aligned with strategy. It was an opportunity to engage the whole organisation in looking back at Arvida's journey, while also reimagining our unique purpose.

The outcome was a more focused purpose statement and refined set of values.

Since October 2023, we have been activating our new purpose and values statement. We have established a group of leaders and employees across the organisation who are supporting their teams to bring it to life.

We have also started to roll out regular conversations across the business, aimed at aligning and strengthening culture. Our first organisational conversation was about recognition and appreciation; the second was about goal setting.

## Engagement

Our strategies to create an engaging people experience focus on these three initiatives:

- Prioritising the areas that matter most to our people
- Co-designing solutions with our people
- Staying agile, allowing for local teams to tailor solutions.

Two key metrics are closely tracked to measure progress with our People Strategy: turnover rates across the workforce; and team engagement levels.

Both metrics have improved steadily and there are increasing signs that leaders now have the capacity to refocus on their business goals and grow effective teams. This indicates the strategy is taking effect; we expect productivity gains to follow.

The Workday Peakon platform allows our progress to be monitored through regular staff surveys. Currently, we conduct these surveys twice a year.

The platform allows engagement across the entire business, with the opportunity to obtain feedback and track progress against the global healthcare industry benchmark. It also allows us to better identify areas to target as we implement strategy.

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

Our engagement score has moved from 7.5 to 7.7 during the surveys conducted this year. The recent score indicates engagement in the middle distribution for the global healthcare industry.

Highlights from the latest survey include:

- Meaningful work and goal setting continue to rank highest
- Freedom of opinion and growth are furthest from benchmark
- Over 50,500 comments received
- Engagement across all team members is 7.7 and continues to track well to a global benchmark of peers at 7.8
- Engagement in our leader group is 8.0
- Participation was 70%.

## Strategy in Action

### Workforce Planning

This year, we will complete the rollout of workforce planning across our care communities. Workforce planning is about having the right number and mix of staff on our rosters.

Our staff ratios are higher than most providers, to ensure our teams can deliver the Attitude of Living Well and that their workloads are sustainable. They were also increased over the Covid period to allow for team member sickness, workforce shortages and coronavirus outbreaks. A buffer was needed to ensure high quality care was maintained for our residents.

We also know that right-sized teams are higher-performing and happier, because they are more focused and productive. We have identified substantial savings through implementing this strategy, which goes to helping our operational performance.

At the completion of this project, we envisage all care communities being aligned to our care ratios, with consistent roles and expectations around the delivery of the Attitude of Living Well.

### People Improvement and 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, nurses and professional services. As at 31 March 2024, Arvida directly employed over 3,100 people, split between caregivers (1,565), nurses (316) and other village, casual and support teams. All of the Company's operations 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.

Ongoing education and training are a core component to maintaining high standards of clinical care. Courses are accessed via Altura, our remote-learning platform. Workshops and off-site team learning also form part of our team's continuous improvement and upskilling.

### 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. This hotline is independently managed to ensure that protected disclosures can be made.

### 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 (this differs from the concept of equal pay for equal work). In order to perform this calculation, employees were classified into 29 roles. Two roles had only one gender, for example builders are male-only roles. These roles were excluded from our analysis.

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, 96% of our staff were included in our pay equity gap analysis.

In 2024, our pay equity gap was recorded at 1.1%, 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 their work. For Arvida, the gender pay gap is 3.4%. That is, women earn \$0.97 for every \$1 that men earn. The median pay is \$61,690.

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, IT and executive roles, and a larger number of women working in caregiver and finance administration roles.

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

### Certification

Arvida operated 25 care centres at year-end, one more than in 2023 due to the opening of the care centre at Lauriston Park in Cambridge. Subsequent to balance date, this reduced to 24 with the divestment of Strathallan.

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 25 care centres, 10 have fully achieved four-year Ministry of Health certification and 15 hold three-year certification. This compares to the national average of 24%<sup>1</sup> of aged residential care centres having four-year certification. Certification audit reports for all care centres are published online by the Ministry of Health.

The Attitude of Living Well model of care is now well embedded across the Group and we continue to shift the clinical direction to re-engage with the model. Our Clinical Governance framework was formalised with the establishment of a committee. The focus of this committee is on the quality of services we provide in our care centres through a health equity lens.

The purpose of the Clinical Governance Committee is to provide strategic leadership across all care centres, to ensure that Arvida care residents receive quality services that are responsive, inclusive and sensitive to the cultural diversity of the communities we serve, in line with the expectations set out in Nga Paerewa.

## Ngā Paerewa

The updated Health & Disability standard Ngā Paerewa came into effect on 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

Health & safety is important at Arvida and our Board and senior leaders continue to place great focus on critical risk processes and building leadership capability to identify and mitigate risks at our construction sites and communities.

Board meetings start with health & safety report, and both directors and executives regularly conduct site visits.

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

Employee training and education has included the roll-out of a moving and handling training programme 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, reinforcing our commitment to continuous improvement in injury management. Our recently completed audit puts us in a good position for the upcoming changes to the Accredited Employers Programme standard in 2025.

There were seven interactions with WorkSafe NZ involving notifications of injuries or incidents to staff and contractors including site visits. All of these were closed out and no further action was taken by WorkSafe NZ.

Arvida has around 70 workers in its construction team across design, project/site management, trade and procurement. Findings from an audit of our construction sites during the year highlighted two areas for improvement: fall prevention when working at height; and management systems.

Bringing together shared emergency management plans across construction sites, contractors and aged care facilities was recommended as an area where worker and resident safety could be enhanced, particularly for hazard identification and mitigation efforts. A review and update of our emergency plans is underway to ensure that we can be as prepared for any adverse event. This includes the refinement of our crisis management procedures.

Our policies and practices cover contractors' region employees and subcontractors working on sites.

Care Centre Composition	2024	2023	2022	2021	2020
Rest Home	0	0	0	2	2
Rest Home and Hospital (geriatric, medical)	13	13	14	13	13
Dementia	0	0	0	1	1
Rest Home, Dementia and Hospital (geriatric, medical)	12	11	9	10	9
<b>Total Care Centres</b>	<b>25</b>	<b>24</b>	<b>23</b>	<b>26</b>	<b>25</b>

Ministry of Health Certification	2024	2023	2022	2021	2020
Proportion of Care Centres with 4 years	40%	65%	73%	83%	80%
Certification period (Group average, years)	3.4	3.7	3.7	3.8	3.8

<sup>1</sup> Reported by HealthCERT for the period to 30 April 2024.



# LIVING WELL

---



### Market Context

The average age of the New Zealand population continues to increase and demand for retirement living continues to rise.

According to JLL research, an estimated 14%<sup>1</sup> of New Zealanders aged over 75 years live in a retirement community. This percentage has remained fairly constant over the past couple of years. The highest regional penetration rates are in the Bay of Plenty region (19%) followed by the Auckland region (17%). JLL also estimate that around 22,000 new retirement living units will need to be built over the next 10 years if the current demand continues.

A similar supply dynamic is evident in aged care. A recent industry report estimated there could be a shortage of almost 12,000 care beds by 2032 if historic build rates continue.<sup>2</sup>

Arvida is the fourth-largest owner of retirement village units in New Zealand, with an estimated 8.4% market share; and the sixth-largest operator of aged care facilities, with a 4.2% market share.<sup>3</sup>

### Living Well Communities

Our communities are designed with the needs of our residents at the centre of everything we do. We want to create communities where residents have the freedom to thrive.

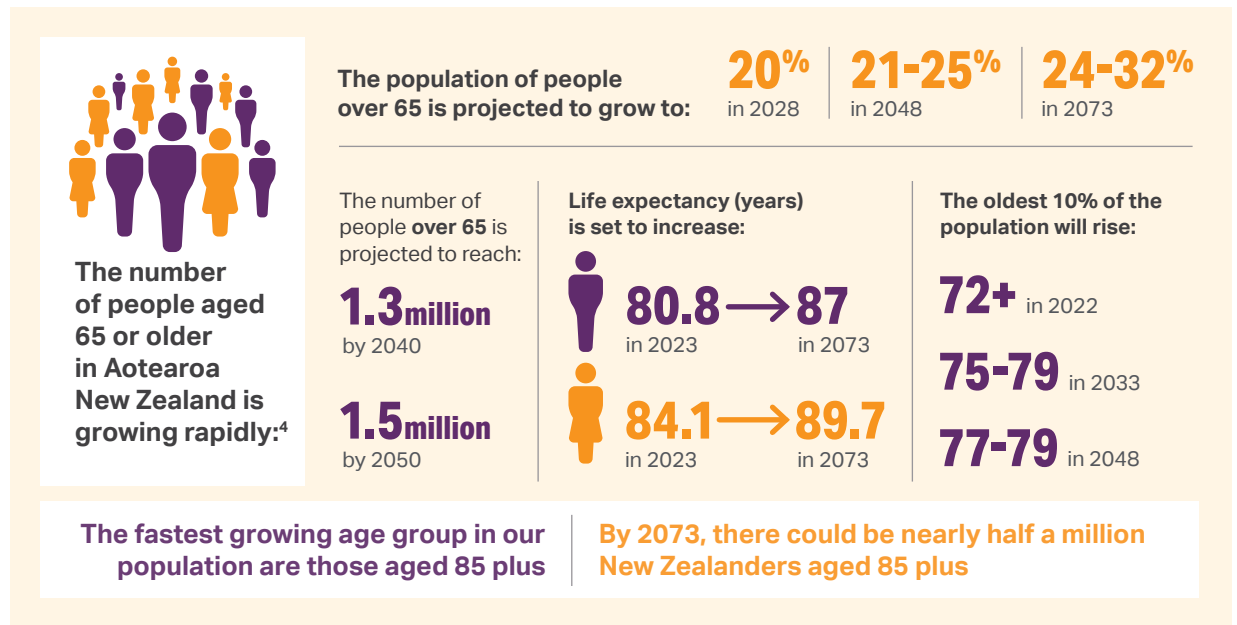
We recognise that, no matter their age or stage of life, everyone has something of value to offer the community they live and work in. The quality of our customer experience is critical to our success.

There are many examples throughout our communities where residents are actively involved in designing their lives. We regularly share resident stories on our website and social media platforms. They give meaning to our purpose of 'creating communities with freedom to thrive'.

From celebrating milestone community anniversaries to resident-led activities with sustainability and creativity in mind, communities are a hive of social activity for residents.

Pottery classes have become popular with Arvida residents, as have regular e-biking treks, community vegetable gardens and workshop projects that involve giving back

### NZ's Ageing Population



Source: Report published by the Aged Care Commissioner, March 2024

<sup>1</sup> New Zealand Retirement Villages and Aged Care | Jones Lang LaSalle (JLL), August 2023.

<sup>2</sup> A review of aged care funding and service models | Sapere, January 2024.

<sup>3</sup> CBRE, March 2024.

<sup>4</sup> <https://www.stats.govt.nz/information-releases/national-population-projections-2022base2073/#text-alt-2>.

## Strategy in Action

to the community. Resident involvement in environmental beach clean-ups and native planting initiatives are examples of resident-led sustainability initiatives. At one of our communities, a glamping experience is provided for residents and the community to enjoy.

The Wellness and Care team have multiple initiatives in place to support resident engagement. These include shared leadership training, monthly networking sessions, wellness challenges, the sharing of good news stories and steering groups to identify opportunities to further improve outcomes for residents. Our teams are empowered to deliver better experiences for our residents.

We track progress using Net Promoter Scores, the results of which continue to exceed expectations.

### Resident Survey

Our latest survey was conducted in December by independent research house Perceptive across all our retirement communities.

Excellent results were again recorded. For our independent residents, a Net Promoter Score (NPS) of +42 (up from +38) was recorded. A higher NPS of +46 (down from +59) was recorded by our residents living in care. Key themes for both audiences were relatively aligned. However, care residents spoke more about staff and care, while independent residents had a bigger emphasis on security and lifestyle.

The importance of 'your home suits your lifestyle' came through as the factor our independent residents most value about living in an Arvida community.

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

### Parklane Auckland

An NPS of +42 was recorded at our Parklane community. The team has worked hard to support residents affected by the 2023 Auckland Anniversary weekend floods, providing accommodation alternatives and repairing damage. Remediation of the flood damage is mostly complete, with master planning currently looking at options for additional amenity.

Parklane celebrated its 35th anniversary earlier this year. A few of the early residents were on hand to cut the birthday cake and replay the community's history.

### Building Brand

Our first national brand campaign, 'Live the Age You Feel' continued and has helped to set positive perceptions around our residents' wellbeing and social connection within an Arvida retirement living setting. Lifting Arvida brand awareness is also an important step to supporting our development ambitions, as we continue to build new retirement communities around New Zealand.

In a highly competitive market, we maintained a conservative brand building strategy that balanced brand awareness and lead generation, according to our business priorities.

We refreshed our marketing brand codes, allowing Arvida to 'show up' a lot more. Showcasing our resident stories also helped to underpin brand positioning.

We evolved our Arvida sponsorships and linkages to communities by adding new local sponsorships (such as golf and croquet clubs, and e-bike festivals), and maintaining existing partnerships, like Christchurch Symphony Orchestra.

## Community Connection

Engaging beyond the physical boundaries of our communities and extending delivery of health and aged-care services to the wider community has been part of our longer-term strategy.

The Living Well Centre at Park Lane in Christchurch is an example of how we are seeking to strengthen community engagement through the design of our built form.

The centre officially opened on 15 April 2021 and has been hugely successful, both in delivering a new and innovative proposition to the sector, and also in achieving community engagement objectives. It is a place where residents and the community can intermingle.

More than 550 members regularly access wellbeing and social connection services. Pool use remains high and the café is popular with members, residents and locals. On the Go Physio is also on-site, offering complementary specialist support for chronic illness, neurological and muscular physiotherapy, speech therapy, dietary advice, podiatry, counselling and oedema massage.

The concept was originally conceived with a much broader focus supported by market leading technology to deliver holistic ageing-in-place care. Individualised funding is currently being piloted by Te Whatu Ora on a modest scale regionally, which would allow delivery of broader services to communities and our residents. We are watching the outcomes from these pilots.

## Information Systems

Our information technology platform brings together a range of applications. Following work completed by Theta and KPMG last year, we have implemented a three-year roadmap to address areas of opportunity and resourcing requirements. This initially advanced our governance and resource requirements, while progressing digital transformation, cybersecurity and data orchestration initiatives.

Investment priorities include advancing digital enablement through developing our customer relationship management systems and human resource information systems. We also continue to invest in our technology core, focusing on networks, cybersecurity, data and business intelligence. Better interaction with our data will derive insights for strategic planning and competitive advantage.









# 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 Policy was adopted in 2020. We continue to work collaboratively with our partners to progress our sustainability objectives.

## **1. Waste Waste Reduction**

Waste reduction remains an important part of our sustainability strategy and continues to be a key performance indicator for our communities.

This year, 13 communities achieved their waste reduction targets. For most of our established communities, this represents a 20% decrease in operational waste compared to the FY22 base year.<sup>1</sup> Communities are expected to achieve the reduction and then maintain it for future years.

Last year, 6 communities progressed waste initiatives to achieve the target. Of these communities, 4 were able to maintain the reductions in operational waste achieved in the prior year.

Maintaining waste reductions will be a key challenge and focus area for the coming year. Waste reporting has become monthly, rather than quarterly, to assist each team with monitoring their performance. We have also increased engagement with our communities on waste reduction opportunities.

<sup>1</sup> For our growing communities, the target is based on an intensity metric by community type. New communities with independent-only residents are expected to have less waste than communities with care.

**Food Waste**

Following the successful award of \$230,000 funding from the Ministry for the Environment, the retirement sector collaborated with the University of Otago’s Food Waste Innovation research team to understand more about food waste in retirement and aged care communities. The project involves 14 different communities, including 2 Arvida communities. It will provide a snapshot of the different food service models and practices, as well as their effectiveness at reducing food waste. As a result, the sector has committed to developing interventions and solutions for reducing food waste in our settings.

We have also been conducting our own food waste interventions. At 5 of our Auckland and Tauranga communities, we have started to measure and record the different waste streams in our cafes.

The success of this trial has led to similar projects being implemented in other cafes and care communities.

**Incontinence Waste**

This waste stream still represents a significant proportion of our waste going to landfill.

A project to research with the University of Otago Sustainability Office, the Pūhau ana te rā initiative and other sector participants to scope potential diversion opportunities has been unsuccessful in securing funding. We continue to work to find ways to reduce the impact of this waste stream, both at source and at disposal.

**Waste Target<sup>2</sup>**

Our target is a 20% reduction in waste going to landfill.

Total waste to landfill increased from 2,879 tonnes to 3,043 tonnes in FY24, or from 0.507 to 0.526 tonnes per retirement unit when measured on an intensity basis. The increase was mainly from construction activities, with only a very small overall increase in operational waste.

These operational waste results are positive and demonstrate waste reduction progress while the business has grown. Improvement in construction waste is a focus for the development team in the coming year.

Waste (tonnes)	FY24	FY23
Operational	2,136	2,132
Construction	907	747
<b>Total</b>	<b>3,043</b>	<b>2,879</b>

**2. Emissions**

**Our Carbon Footprint**

A detailed breakdown of our emissions can be found in the greenhouse gas inventory report on our website.

For FY24, primary emissions and total gross emissions decreased. Key contributors to the reduction include a change in the emissions factor for electricity and a 114 tCO<sub>2</sub>e (4%) decrease in emissions associated with gas use.

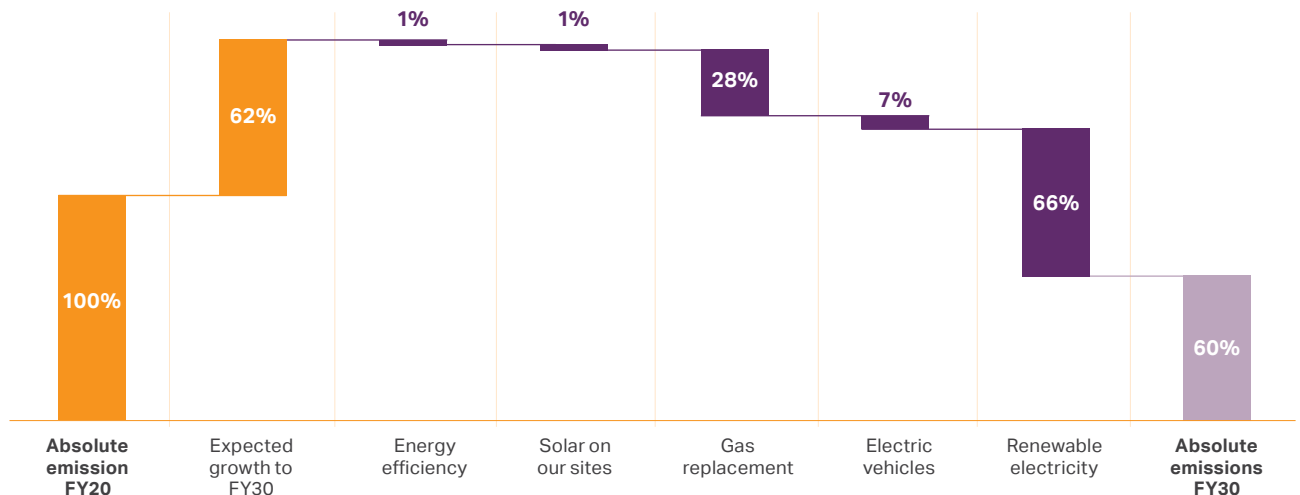
Carbon emission reductions related to gas infrastructure during the year included replacing three gas laundry dryers with electric dryers, replacing a gas pool heater with a heat pump, and partially decarbonising one community by replacing gas boilers with electric heaters. These initiatives cumulatively reduced our gas emissions by 40 tCO<sub>2</sub>e.

Other reductions were flood related, associated with reduced construction activities and adjusting heating equipment to be more efficient.

**Emission Reduction Plan**

Our emissions reduction plan covering Scope 1 and 2 emissions has been updated. We have progressed towards our target and remain committed to achieving our emissions reduction goals. Our reduction model indicates that our emissions goals can be achieved through the identified initiatives.

**Emissions Reduction Pathway**



<sup>2</sup> Excludes Arvida’s 50% joint venture interest in Village at the Park.



### 3. Electricity

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

#### Energy Efficient Lighting

Over the last few years, we have completed major LED rollouts at 10 of our communities. A total of 5,862 lights have been replaced, in addition to normal lighting replacement. This programme is coming to an end, as most of our communities now have LED lights or will replace them as part of normal upgrade at refurbishment.

The programme has been very successful, with sizeable reductions in our energy consumption at some sites. Sites with over 500 lights replaced have collectively reduced their energy consumption by 314 MWh (9%).

#### Solar Energy

We have installed a solar array at our new care centre in Queenstown. The system has 231 panels and is expected to produce 121 MWh annually. It is expected to be commissioned in FY25.

The solar panels at our Aria Gardens community in Auckland and Park Lane community in Christchurch continue to yield energy and emissions savings. Since installation, the panels have produced 797 MWh of electricity and reduced emissions by more than 80 tCO<sub>2</sub>e.

We are exploring the benefits of a long-term renewable energy contract under a Power Purchase Agreement (PPA). PPAs contribute towards the build out of lower cost renewable generation and furthering New Zealand's decarbonisation goals.

#### Benchmarking

The ESG portal and sustainability pages on our website are regularly updated. They provide an overview of our sustainability framework and initiatives, as well as information on our carbon footprint. For FY24 we once again participated in sustainability surveys conducted by CDP and S&P Global.








Strategy in Action

# GROWING WELL

Construction in progress at Queenstown Country Club 

**“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.”**

## Strategic Focus

Our aim is to generate positive net development cash flows from our future development activities.

This is a significant change in strategic focus. It means we are now targeting full recovery of capital invested in new greenfield developments from the first sale of units.

To better manage our development cash flows, we are also aiming for the gross value of new sales to be greater than development capital expenditure (excluding capitalised interest).

## FY24 Development

A total of 201 new units were added over the financial year across 8 sites, with 107 of these new units delivered in the second half of the 2024 financial year.

Key priorities identified at the beginning of FY24 highlighted the critical importance of ensuring development commitments were managed to funding capacity limits and that cash returns from development activities were cash positive going forward.

This required the repositioning of the development programme to reduce cash outflow. A greater emphasis was put on our villa delivery programme at our higher value sites. All deliveries in the second half were villas. Our more intensive developments were also phased, so that no more than one development was completed annually; Queenstown Country Club in FY25, Bethlehem Shores in FY26 and other developments paused.

As a result, development capital expenditure for the year was flat on the prior year at \$217 million (excluding capitalised interest), but down significantly in the second half.



## New Sales Inventory

Closing new sale inventory at 213 units was down from 238 units at start of FY24. A strong sell down rate was achieved, despite tough property market conditions:

- 53% of FY23 stock was settled
- 48% of FY24 deliveries was settled
- 31% of closing inventory was sold.

Since balance date we have continued to see good sales momentum, with 22 of the sold units with a value of \$16.8 million settled and 32% of the remaining stock contracted.

Closing inventory stood at \$174 million, representing 3% of the units.

## FY25 Programme

In the year ahead, the delivery of the new care suite and apartment building at Queenstown Country Club will be the only significant delivery. A total of 140 to 150 new homes are to be delivered in FY25 as we look to optimise growth and cash profitability.

The build rate has been reduced to balance the expected gross value from new sales against the costs incurred on construction. Some care suite conversions will also be delivered as beds become progressively available at Park Lane and The Wood.

We are committed to building out our existing developments, where we continue to achieve development margins as new units are added. The immediate focus is on completing developments at our premium sites that have significant embedded value.

The lower delivery range reflects a considered approach to managing our cash flows and capital base in the current economic environment. Development capital expenditure for FY25 is expected to be in the range of \$150-160 million. This is approximately 30% lower than prior years.

Queenstown Country Club will be the only significant delivery in FY25. The balance of units delivered will be entirely 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 property market could vary planned delivery numbers and timeframes.

## Future Development Opportunity

The future development pipeline comprises 1,877 units. Of this, greenfield development comprises 1,434 units or around 7 years of activity.

We continue to look for opportunities to expand our portfolio and grow our business.

At the start of FY24, we settled the purchase of 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 region's popular destinations of Matakana Village, Omaha and East Coast beaches. Master planning is currently being advanced, with a rezoning and plan change application lodged. Approximately 40 hectares of surplus land at this site will be sold.

At our other greenfield sites we have continued to make steady progress, bringing forward planning to enable ready activation of development programmes as property market conditions improve.

- The development site in Lincoln achieved resource consent through the Fast Track process, growing our consented development pipeline.
- Master planning at Waikanae Beach is progressing, with local trades becoming more competitive and favourable to commencing the development.

Brownfield development in progress comprises 100 units, with an additional 343 units in the pipeline (requires 161 units to be decommissioned). There are currently no plans to progress these brownfield development opportunities. No further decommissioning of units is required for current brownfield development in progress.

## Acquisition Strategy

Progress with the conditional agreement to acquire a broad acre site continues. If all conditions are satisfied, settlement would occur in FY26.

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, around 40 care suites and community amenities.

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.

## Development Team

The delivery of the final stage of 57 apartments at Aria Bay was a milestone for the team and marked the complete redevelopment of the site.

Our inhouse development team is a skilled resource with proven capabilities in all 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 inhouse and thirdparty construction resource. The inhouse construction management team is currently managing the build at Bethlehem Shores.

## Strategy in Action

### TE PUNA WAIORA

#### KERIKERI

25 villas were completed in FY24, with an average sale price of \$990,000.

The resident clubhouse was also completed and opened at the end of March. Construction of 12 townhouses is due to commence, with all expected to be delivered in FY25.



### WHAI MAURI ORA

#### TE AWANUTU

Our first residents were welcomed in October 2023. In total, 32 villas were completed in FY24. The average sales price was \$985,000, with a top price of \$1.4 million.

23 villas are progressing for delivery in FY25.

### QUEENSTOWN COUNTRY CLUB

#### QUEENSTOWN

17 villas were completed in FY24, at an average sales price of \$1.4 million. With villa stages nearing an end, we are achieving \$250,000 to \$350,000 price lifts. This pricing is flowing through to existing villas.

Completion of 29 apartments and 62 care suites in the second half of FY25 is on schedule. A presales programme has commenced, with the care suite building largely complete and ready to begin the commissioning process. Pricing ranges from \$800,000 to \$3 million for apartments and \$330,000 to \$750,000 for care suites. Lake Wakatipu care residents will be the first residents in the care centre.

In addition, 7 villas are scheduled for delivery in FY25.





**BETHLEHEM SHORES**

**TAURANGA**

The final 20 villas of the large Stage 5 were completed in March 2024. A \$200,000 price lift was achieved on this final stage, with average pricing of \$1.4 million.

Construction of the 53 apartment and 54 care suite building is scheduled for delivery in FY26. Construction on the apartment wings is progressing well, with the installation of structural steel and cross-laminated timber slightly ahead of schedule. Foundations and slabs for the care wings are almost complete.

**MAYFAIR**

**AUCKLAND**

Redevelopment of the apartment building at Mayfair in Auckland commenced in April 2024. This betterment strategy is part of the Arena weather-related remediation programme, identified at the time of acquisition.

Completion is expected in FY26/FY27.



**LANSLOWNE PARK**

**MASTERTON**

31 of the 48 villas planned for the Hansells site, adjoining the existing village, have been completed. Construction on the clubhouse has commenced and is currently scheduled for completion in December 2024. This will improve the resident amenity available for these villas.



## Strategy in Action

On the ground construction teams at Queenstown Country Club, Te Puna Waioira and Whai Mauri Ora continue to deliver quality multi-year build programmes.

We regard internalised construction capabilities to be important for 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 to stay embedded in those teams.

Our greenfield master plan has been refined significantly to utilise existing standardised Arvida designs as templates. Significant planning and cost efficiencies will be realised, improving capital recycling from greenfield development activities.

### Construction Cost

The New Zealand construction sector has experienced a period of heightened cost escalation across most trades. However, many of the disruptions have now stabilised, resulting in a more moderate outlook for the rate of increase in input costs. The cost to build an average three-bedroom house in the main centres increased 0.3% in the last quarter and 1.8% annually this year. This compares to 4.9% in 2023 and 21% in 2022.

A general cool-down in project activity has helped to resolve the labour supply issues that dominated 2023. High net migration during the past year may factor into the change.

With activity levels expected to be lower over the near term, albeit with the budget signalling an increased investment in infrastructure, a moderation of cost escalation through FY25 is expected.

### Sustainability

Our multi-unit cross-laminated timber (CLT) apartment and care development at Bethlehem Shores is on track to meet a Homestar 7 rating under Homestar V5.1.

The building is designed to have excellent natural light, good ventilation and internal humidity control – features that are aimed at providing healthy and comfortable living environments for our residents. It also includes features that reduce water use and energy consumption.

We are also considering how sustainable principals can be applied to large refurbishment projects. Mayfair in Auckland is an example of where we have reused parts of the existing structure, rather than demolish and rebuild the building in its entirety.

The approach at Mayfair will reduce waste and associated emissions from the redevelopment. An estimated 1,000 m<sup>3</sup> of concrete and 120 tonnes of steel will be reused through the project, with emission savings of just over 1,000 tCO<sub>2</sub>e.

Criteria for the selection of the demolition partner included their ability to achieve significant diversion of waste away from landfill. We expect to achieve at least a 75% diversion as a result. A combination of measures will be used, including separating out various waste streams for recycling, donating items (like carpets and curtains) to charities and organisations, offering items to our residents, storing items for future reuse and repurposing wherever possible.

Results will be published on completion of the redevelopment.



**Greenfield Development<sup>1</sup>**

	Peak Capital	Units	Design	Consenting	Construction	Sales	Completion
<b>Bethlehem Shores</b> Apartments & Care Suites	High	111	●	●	●	●	FY26
<b>Queenstown Country Club</b> Villas, Apartments & Care Suites	Mid	154	●	●	●	●	FY27
<b>Te Puna Waiora</b> Villas & Care Suites	Low	211	●	●	●	●	Ongoing
<b>Whai Mauri Ora</b> Villas & Care Suites	Low	184	●	●	●	●	Ongoing
<b>Waimea Plains</b> Villas & Care Suites	Low	51	●	●	●	●	FY28
<b>Lincoln site</b> Villas & Care Suites	Low	230	●	●	●	●	
<b>Waikanae Beach site</b> Villas, Apartments & Care Suites	Low	263	●	●	●	●	
<b>Warkworth site</b> Villas & Care Suites	Low	230	●	●	●	●	
<b>Total Greenfield</b>		<b>1,434</b>					

**Brownfield Development<sup>1</sup>**

	Peak Capital	Units	Design	Consenting	Construction	Sales	Completion
<b>Lansdowne Park</b> Villas	Low	17	●	●	●	●	FY26
<b>Peninsula Club</b> Villas	Low	26	●	●	●	●	FY26
<b>Mayfair (Auckland)</b> Apartments	Mid	57	●	●	●	●	FY27
<b>Brownfield Development</b> <i>Currently in progress</i>		<b>100</b>					
<b>Other sites</b> Apartments & Care Suites	Mid	343	●	●	●	●	
<b>Total Brownfield</b>		<b>443</b>					

**Total Pipeline Units** **1,877**

<sup>1</sup> Development units are subject to master planning and final board approvals, and accordingly are subject to change.

# HISTORICAL SUMMARY

## Key Financial and Operational Statistics

### Financial

	2020	2021	2022	2023	2024
Care fees and village services (\$000)	129,480	133,606	144,728	149,028	<b>168,798</b>
Deferred management fees (\$000)	29,044	33,541	48,612	62,118	<b>68,222</b>
Total revenue (\$000)	163,653	174,452	201,655	221,979	<b>247,160</b>
Operating earnings (\$000)	24,026	21,681	20,671	9,848	<b>5,937</b>
Net profit after tax (IFRS) (\$000)	42,640	131,113	198,882	82,465	<b>139,363</b>
Underlying profit <sup>1</sup> (\$000)	51,686	51,864	73,510	87,958	<b>85,352</b>
Operating EBITDA <sup>2</sup> (\$000)	45,990	48,288	64,579	83,644	<b>95,225</b>
Net operating cash flow (\$000)	102,917	130,776	151,778	148,282	<b>144,424</b>
Total assets (\$000)	1,907,070	2,181,651	3,396,908	3,761,957	<b>4,204,825</b>
Embedded value per unit (\$000)	178	210	281	314	<b>337</b>
Underlying profit per share (cents)	10.2	9.6	12.0	12.2	<b>11.7</b>
Dividend per share (cents)	5.8	5.4	5.5	4.9	<b>1.2</b>
Net tangible assets per share (cents)	126.7	146.3	183.8	190.0	<b>204.8</b>
Share on issue (000)	541,892	542,488	720,061	723,578	<b>730,985</b>

### Operational

	2020	2021	2022	2023	2024
Number of Villages	32	33	35	36	<b>36</b>
Care beds	1,688	1,672	1,544	1,544	<b>1,541</b>
Retirement living units	2,475	2,695	3,912	4,126	<b>4,248</b>
Needs-based composition	57%	57%	44%	43%	<b>42%</b>
Occupancy of care beds <sup>3</sup>	95%	95%	94%	91%	<b>93%</b>
New sales of occupation rights	126	137	243	197	<b>218</b>
Resales of occupation rights	278	267	337	371	<b>414</b>
Total sale of occupation rights	404	404	580	568	<b>632</b>
New units/beds delivered	210	247	221	215	<b>201</b>
Units/beds development pipeline	1,683	1,324	1,928	2,229	<b>1,877</b>

<sup>1</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>2</sup> Operating 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>3</sup> Measured as an average for each financial year.





# FINANCIAL STATEMENTS



## Directors' Statement

For the year ended 31 March 2024

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2024.

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 27 May 2024.



Anthony Beverley

**Chair**

27 May 2024



Michael Ambrose

**Director**

27 May 2024

## Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

\$000	Note	31 March 2024	31 March 2023
Care fees and village services	<u>2</u>	168,798	149,028
Deferred management fees	<u>2</u>	68,222	62,118
Other income	<u>2</u>	10,140	10,833
<b>Total revenue</b>		<b>247,160</b>	<b>221,979</b>
Insurance recoveries	<u>9</u>	13,804	19,013
Change in fair value of investment property	<u>6</u>	164,955	80,377
Change in fair value of interest rate swaps		(488)	436
Change in fair value in property, plant and equipment		93	95
Share of profit arising from joint venture	<u>19</u>	1,878	752
<b>Total income</b>		<b>427,402</b>	<b>322,652</b>
Employee costs	<u>3</u>	156,048	135,610
Property costs	<u>3</u>	32,994	27,992
Depreciation and amortisation	<u>7, 8</u>	9,125	8,364
Impairment of intangibles	<u>8</u>	2,059	2,901
Finance costs	<u>4</u>	28,655	15,139
Transaction costs		362	247
Other expenses	<u>3</u>	52,181	48,529
<b>Total expenses</b>		<b>281,424</b>	<b>238,782</b>
<b>Profit before tax</b>		<b>145,978</b>	<b>83,870</b>
Income tax expense / (credit)	<u>5</u>	6,615	1,405
<b>Profit after tax</b>		<b>139,363</b>	<b>82,465</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net gain / (loss) on revaluation of property, plant and equipment		(1,724)	1,192
<b>Total comprehensive income</b>		<b>137,639</b>	<b>83,657</b>
<b>Earnings per share:</b>			
Basic (cents per share)	<u>17</u>	19.15	11.41
Diluted (cents per share)	<u>17</u>	19.09	11.38

The accompanying notes on pages 59-80 form an integral part of these financial statements.



## Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

\$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
<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 dividend reinvestment plan	<u>16</u>	0	0	0	4,760	4,760
Transfer revaluation reserve of divestments		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>
<b>Opening Balance at 1 April 2023</b>		<b>467,024</b>	<b>39,628</b>	<b>318</b>	<b>887,010</b>	<b>1,393,980</b>
Profit for the period		139,363	0	0	0	139,363
Other comprehensive income		0	(1,724)	0	0	(1,724)
<b>Total comprehensive income</b>		<b>139,363</b>	<b>(1,724)</b>	<b>0</b>	<b>0</b>	<b>137,639</b>
Dividends paid		(25,740)	0	0	0	(25,740)
Share based payments	<u>20</u>	0	0	142	0	142
Share capital issued dividend reinvestment plan	<u>16</u>	0	0	0	7,986	7,986
<b>Balance at 31 March 2024</b>		<b>580,647</b>	<b>37,904</b>	<b>460</b>	<b>894,996</b>	<b>1,514,007</b>

The accompanying notes on pages 59-80 form an integral part of these financial statements.

## Consolidated Balance Sheet

As at 31 March 2024

\$000	Note	31 March 2024	31 March 2023
<b>Assets</b>			
Cash and cash equivalents		4,679	9,894
Trade receivables and other assets		11,592	17,384
Held for sale	<u>10</u>	63,252	0
Insurance recoveries receivable	<u>9</u>	13,273	12,700
Tax receivable		1,594	1,443
Resident advances		38,575	29,727
Accrued income		5,517	5,337
Property, plant and equipment	<u>7</u>	189,893	202,307
Investment properties	<u>6</u>	3,821,765	3,427,005
Investment in joint venture	<u>19</u>	37,937	37,259
Intangible assets	<u>8</u>	16,748	18,901
<b>Total assets</b>		<b>4,204,825</b>	<b>3,761,957</b>
<b>Liabilities</b>			
Trade and other payables	<u>15</u>	37,478	43,005
Held for sale	<u>10</u>	33,101	0
Employee entitlements	<u>15</u>	19,518	15,546
Revenue in advance	<u>2</u>	136,286	125,155
Interest rate swaps	<u>13</u>	10,956	10,467
Lease liability	<u>12</u>	5,849	7,051
Interest bearing loans and borrowings	<u>13</u>	780,288	622,815
Residents' loans	<u>11</u>	1,653,696	1,538,282
Deferred tax liabilities	<u>5</u>	13,646	5,656
<b>Total liabilities</b>		<b>2,690,818</b>	<b>2,367,977</b>
<b>Net assets</b>		<b>1,514,007</b>	<b>1,393,980</b>
<b>Equity</b>			
Share capital		894,996	887,010
Reserves		38,364	39,946
Retained earnings		580,647	467,024
<b>Total equity</b>		<b>1,514,007</b>	<b>1,393,980</b>

The accompanying notes on pages 59-80 form an integral part of these financial statements.

## Consolidated Statement of Cash Flow

For the year ended 31 March 2024

\$000	Note	31 March 2024	31 March 2023
<b>Cash flows from operating activities</b>			
Receipts from residents for care fees and village services		183,208	160,835
Receipts of residents' loans from resales		199,103	186,245
Receipts of residents' loans from new sales		127,939	125,235
Interest received		757	593
Payments to suppliers and employees		(235,454)	(203,235)
Repayments of residents' loans		(109,554)	(106,719)
Insurance recoveries received		4,081	575
Interest paid		(25,505)	(15,230)
Income tax paid		(151)	(17)
<b>Net cash inflow from operating activities</b>	<u>14</u>	<b>144,424</b>	<b>148,282</b>
<b>Cash flows from investing activities</b>			
Insurance recoveries received		9,150	5,750
Purchase of property, plant and equipment and intangible assets		(5,015)	(9,546)
Purchase of investment properties		(274,534)	(264,084)
Proceeds from sale of assets		5,579	0
Capitalised interest paid		(24,211)	(13,559)
Dividends received		1,200	900
<b>Net cash (outflow) from investing activities</b>		<b>(287,831)</b>	<b>(280,539)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		184,431	194,500
Repayment of borrowings		(27,000)	(24,500)
Transaction costs		(362)	(247)
Payments for lease liabilities		(1,123)	(825)
Dividends paid		(17,754)	(34,931)
<b>Net cash inflow from financing activities</b>		<b>138,192</b>	<b>133,997</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,215)</b>	<b>1,740</b>
Cash and cash equivalents at the beginning of the financial period		9,894	8,154
<b>Cash and cash equivalents at the end of the financial period</b>		<b>4,679</b>	<b>9,894</b>

The accompanying notes on pages 59-80 form an integral part of these financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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 27 May 2024. 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.

## 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

The Statement of Cash Flows presentation has been amended following the settlement of the Parklane material damage insurance claim. The amendment has been applied retrospectively and the impact on the comparative period is shown below:

\$000	2023		2023
	Reported	Reclas.	Revised
<b>Statement of Cash Flows</b>			
Cash flows from operating activities	4,925	(4,350)	575
Insurance recoveries received			
Cash flows from investing activities	1,400	4,350	5,750
Insurance recoveries received			

## 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 ("DMF") 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 Occupation Right Agreement ("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 Te Whatu Ora included in care fees and village services amounted to \$85.2 million (2023: \$78.6 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 6.7 to 9.3 years (2023: 6.5 to 9.2 years) for independent apartments and villas and are estimated at 2.7 to 5.2 years (2023: 2.7 to 5.1 years) for care suites and serviced apartments.

### 3 Expenses

#### Operating Expenses

Employment expenses relate to wages and salaries of employees which includes holiday pay, KiwiSaver 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	2024	2023
<b>Other expenses</b>		
Directors' fees	579	557

#### 4 Finance Costs

\$000	2024	2023
Interest expense	24,832	12,723
Facility costs	3,071	2,089
Financing costs	752	327
<b>Total finance costs</b>	<b>28,655</b>	<b>15,139</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	2024	2023
<b>Income tax expense / (credit)</b>		
Current tax	0	0
Deferred tax	6,615	1,405
	<b>6,615</b>	<b>1,405</b>

\$000	2024	2023
<b>Reconciliation to profit before tax</b>		
Profit before tax	145,978	83,870
<b>Tax at 28%</b>	<b>40,874</b>	<b>23,484</b>
<i>Tax effects of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Changes in fair values	(46,187)	(22,506)
Share of profit arising from joint venture (net of tax)	(526)	(211)
Non-taxable income and non-deductible expenditure	1,020	1,061
Other	11,434	(423)
<b>Income tax expense / (credit)</b>	<b>6,615</b>	<b>1,405</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% (2023: 28%).

#### Imputation Credits

The imputation credit balance for the Group and Parent as at 31 March 2024 is \$0.4 million (2023: \$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.



## Financial Statements

### Income Tax Legislation Amendments

On 28 March 2024, the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act 2024 received royal assent. This Act removed tax depreciation deductions for non-residential buildings. This has resulted in a \$26.6 million recognition of deferred tax expense in the statement of profit and loss and corresponding increase of deferred tax liability related to care facility buildings.

\$000	2024	2023
<b>Brought forward</b>	<b>5,656</b>	<b>3,796</b>
<i>Temporary difference in income statement</i>		
Property, plant and equipment	26,613	(46)
Investment property	7,951	6,681
Deferred management fees	12,597	9,209
Tax losses carried forward	(39,094)	(18,501)
Other items	(1,452)	4,053
	<b>6,615</b>	<b>1,396</b>
<i>Temporary differences in Other Comprehensive Income</i>		
Property, plant and equipment	1,375	464
	<b>1,375</b>	<b>464</b>
<b>Balance at end of year</b>		
Property, plant and equipment	29,115	1,127
Investment property	58,047	50,096
Deferred management fees	16,032	3,435
Tax losses carried forward	(85,388)	(46,294)
Other items	(4,160)	(2,708)
<b>Deferred tax liability</b>	<b>13,646</b>	<b>5,656</b>

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	2024	2023
Balance at beginning of period	3,427,005	3,061,245
Additions	287,308	271,283
Assets held for sale	(54,716)	0
Disposals	(4,079)	0
Reclassification from / (to) property, plant and equipment	1,292	14,100
Fair value movement - unrealised	164,955	80,377
<b>Total investment property</b>	<b>3,821,765</b>	<b>3,427,005</b>
Valuation of managers' net interest	1,698,515	1,480,730
Development land	151,925	119,445
Investment property under construction	186,784	168,730
Liability for residents' loans	1,653,772	1,538,282
Net revenue in advance / (accrued income)	130,769	119,818
<b>Total investment property</b>	<b>3,821,765</b>	<b>3,427,005</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 properties under construction are measured at cost. 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 \$22.5 million (2023: \$0.5 million and \$30.1 million)
Land \$/unit	Between \$0.1 million and \$0.3 million (2023: \$0.0 million and \$0.2 million)

The valuation of investment property includes within its forecast cash flows and 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 6.7 to 9.3 years (2023: 6.5 to 9.2 years) for independent apartments and villas and 2.7 to 5.2 years for care suites and serviced apartments (2023: 2.7 to 5.1 years)
House price inflation	Between 0% and 3.5% (2023: 0% and 3.5%)
Discount rate	Between 12.75% and 16.5% (2023: 12.5% and 16.0%)
Average age on entry	Between 72 and 83 years (2023: 72 and 83 years) for independent apartments and villas and between 81 and 87 years (2023: 80 and 91 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 \$60.3 million (2023: \$53.1 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 \$55.9 million (2023: \$49.2 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 \$83.9 million (2023: \$72.3 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 \$89.6 million (2023: \$78.5 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 an increase (decrease) 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 2023</b>						
Opening net book value	74,335	109,515	3,016	1,859	20,033	208,758
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>
<b>Year ended 31 March 2024</b>						
Opening net book value	68,815	100,935	6,720	1,717	24,120	202,307
Additions	0	136	196	485	6,387	7,204
Depreciation	0	(2,080)	(862)	0	(6,089)	(9,031)
Revaluation	(5,260)	5,004	0	0	0	(256)
Assets held for sale	(1,350)	(6,150)	0	0	(560)	(8,060)
Transfer from / (to) investment property	0	0	0	(1,292)	0	(1,292)
Disposals and transfers	0	0	(688)	(158)	(133)	(979)
<b>Closing net book value</b>	<b>62,205</b>	<b>97,845</b>	<b>5,366</b>	<b>752</b>	<b>23,725</b>	<b>189,893</b>
Cost or valuation	62,205	97,845	7,133	752	55,931	223,866
Accumulated depreciation	0	0	(1,767)	0	(32,206)	(33,973)
<b>Net book value at 31 March 2024</b>	<b>62,205</b>	<b>97,845</b>	<b>5,366</b>	<b>752</b>	<b>23,725</b>	<b>189,893</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 2024, 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 \$85.4 million respectively (2023: \$39.3 million and \$87.3 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 value of the care facility land and buildings for the year ended 31 March 2024 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 11.8% to 14.8% (2023: 10.9% to 14.8%)
Earnings	Market value for a care bed ranging from \$80,932 to \$181,818 (2023: \$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 2023</b>			
Opening net book value	21,614	133	21,747
Additions	0	189	189
Amortisation	0	(134)	(134)
Impairment of goodwill	(2,901)	0	(2,901)
<b>Closing net book value</b>	<b>18,713</b>	<b>188</b>	<b>18,901</b>
<b>Year ended 31 March 2024</b>			
Opening net book value	18,713	188	18,901
Amortisation	0	(94)	(94)
Impairment of goodwill	(2,059)	0	(2,059)
<b>Closing net book value</b>	<b>16,654</b>	<b>94</b>	<b>16,748</b>

### Goodwill

Goodwill as at 31 March 2024 was \$16.7 million (2023: \$18.7 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 fifteen (2023: seventeen) of the cash generating units ("CGU's") that continue to carry goodwill. 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 twelve (2023: fourteen) of the CGU's, the recoverable amount was based on fair value less costs to sell, and three (2023: three) CGU based on value in use.

In five (2023: 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 ten (2023: 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 \$2.1 million (2023: \$2.9 million).



### Key Judgements and Estimates

The fair value assumptions are based on the valuers assumptions in note Z, 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 12.2% to 16.2% (2023: 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% (2023: 2.5%) have been used after the initial financial forecast period.

### Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised at 50% on a diminishing-value basis.

## 9 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. The Group has comprehensive insurance cover in place for material damage and business interruption. It is possible that the actual financial impacts will differ from those included in the financial statements.

On 2 August 2023, the Group settled the material damage claim with insurers for the flooding event at Parklane for \$14.9m.

As at 31 March 2024, the Group has \$13.0m of business interruption insurance recoveries receivable for the impacts of the flooding event at Parklane. The business interruption claim is ongoing and will be continually assessed throughout the indemnity period.

## 10 Held for sale

The Group classifies assets held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Costs to sell are the costs directly attributable to the disposal of an asset, except for the portion that relates to investment property which is carried at fair value.

The criteria for held for sale classification is met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Assets and liabilities classified as held for sale are presented in the balance sheet.

As at 31 March 2024, Strathallan (assets and liabilities of Strathallan Healthcare Limited and Strathallan Lifecare Village Limited) was classified as held for sale. On 30 April 2024, the Group completed the sale of Strathallan for \$30.0 million. The Strathallan assets and liabilities represented as held for sale are:

\$000	2024	2023
<b>Assets</b>		
Other assets	472	0
Property, plant and equipment	8,063	0
Investment property	54,717	0
	<b>63,252</b>	<b>0</b>
<b>Liabilities</b>		
Other liabilities	(1,247)	0
Revenue in advance	(1,765)	0
Residents' loans (ORA's)	(30,089)	0
	<b>(33,101)</b>	<b>0</b>
<b>Held for sale</b>	<b>30,151</b>	<b>0</b>

## Financial Statements

### 11 Residents' Loans

\$000	2024	2023
Opening balance	1,538,282	1,415,878
Amounts repaid on termination of ORAs	(151,217)	(146,221)
Amounts received on issue of new ORAs	408,738	365,645
Amount relating to assets held for sale	(30,089)	0
Movement in DMF receivable and residents' portion of capital gains	(112,018)	(97,020)
<b>Total residents' loans</b>	<b>1,653,696</b>	<b>1,538,282</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 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.

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

### 12 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 balance sheet.

The weighted average incremental borrowing rates used to measure lease liabilities are 6.5% (2023: 4.0%).

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

\$000	2024	2023
Less than 1 year	749	925
Between 1 and 5 years	3,623	3,768
More than 5 years	1,477	2,358
<b>Total lease liabilities</b>	<b>5,849</b>	<b>7,051</b>

\$000	2024	2023
Interest on lease liabilities	414	120
Expenses relating to short-term and low-value assets	64	27
Depreciation on right of use assets	862	682
<b>Total amounts recognised in profit and loss</b>	<b>1,340</b>	<b>829</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.

### 13 Interest Bearing Loans and Borrowings

\$000	2024	2023
Secured bank loans	657,431	500,000
Retail Bond - ARV010	125,000	125,000
Capitalised financing costs	(2,143)	(2,185)
<b>Total interest bearing loans and borrowings</b>	<b>780,288</b>	<b>622,815</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 accredited to the carrying amount of the loan under the effective interest method.

#### Secured Bank Loans

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.

On 30 October 2023, a Deed of Amendment and Restatement was executed with ANZ Bank New Zealand Limited, Bank of New Zealand and ASB Bank Limited to refinance and restructure its bank debt facilities into a revolving core and development facility. The deed increased the total limit of bank facilities by \$100.0 million to \$775.0 million. The split between bank facility limits is \$325.0 million of core facilities and \$450.0 million of development facilities. The interest cover covenant has been amended to exclude interest costs on the development facility. Other key terms of the amended bank facilities are not substantially different.

#### 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 2024 ranged from 6.1% to 7.1% pa (2023: 2.8% to 6.2% pa). A separate line fee is charged over the facility limit.

#### Interest Capitalisation

Interest costs are capitalised if they directly relate to development work in progress. Capitalisation commences when the activities to prepare the development works commence and continue until the asset is substantially ready for its intended use.

Interest costs of \$24.2 million (2023: \$13.6 million) were capitalised during the year. The weighted average capitalisation rate on the funds borrowed was 6.9% (2023: 5.0%).

#### Financial Covenants

The financial covenants that the Group must comply with include Interest Cover Ratio and Loan to Valuation Ratio. During the year ended 31 March 2024, the Group was in compliance with its financial covenants (2023: 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).



## Financial Statements

<b>\$000</b>	<b>2024</b>	<b>2023</b>
Opening balance	622,815	452,862
Proceeds from borrowings	184,431	194,500
Repayment of borrowings	(27,000)	(24,500)
Capitalised financing costs movement	42	(47)
<b>Closing balance</b>	<b>780,288</b>	<b>622,815</b>

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

<b>Funding facilities</b>	<b>2024 Limit</b>	<b>2024 Drawn Amount</b>
Core Facility A maturing 1 September 2026	\$135.0m	\$135.0m
Core Facility B maturing 1 September 2027	\$90.0m	\$67.4m
Core Facility C maturing 1 September 2025	\$100.0m	\$95.0m
Development Facility A maturing 1 September 2026	\$270.0m	\$270.0m
Development Facility B maturing 1 September 2027	\$180.0m	\$90.0m
<b>Total Facilities</b>	<b>\$775.0m</b>	<b>\$657.4m</b>

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

\$000	2024	2023
<b>Profit after tax</b>	<b>139,363</b>	<b>82,465</b>
<i>Adjustments for:</i>		
Changes in fair value of investment property	(164,955)	(80,377)
Changes in fair value of property, plant and equipment	(93)	(95)
Changes in fair value of interest rate swaps	488	(436)
Share of investment in joint venture	(1,878)	(752)
Depreciation and amortisation	9,125	8,364
Impairment of intangibles	2,059	2,901
Movement in deferred tax	6,615	1,405
Insurance recoveries included in investing activities	(9,150)	(5,750)
Transaction costs included in financing activities	362	247
<b>Changes in working capital relating to operating activities</b>		
Trade receivables and other assets	(4,323)	(6,939)
Trade and other payables	21,307	24,773
Refundable occupation right agreements	145,503	122,404
Other	1	72
<b>Net cash inflow from operating activities</b>	<b>144,424</b>	<b>148,282</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.

## 15 Trade and Other Payables

\$000	2024	2023
Trade creditors	20,086	30,703
Sundry creditors and accruals	17,392	12,302
Employee entitlements	19,518	15,546
<b>Total trade and other payables</b>	<b>56,996</b>	<b>58,551</b>

Trade and other payables are carried at amortised cost. Due to the short term nature they are not discounted.

### 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.

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"). A provision of \$2.8 million as the current estimate has been recognised during the year within Employee Entitlements.

## Financial Statements

### 16 Share Capital

Shares 000	2024	2023
Opening balance	723,578	720,061
Shares issued	7,407	3,517
<b>Closing balance</b>	<b>730,985</b>	<b>723,578</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 \$0.0 million of transaction costs during the year (2023: \$0.0 million), with no costs related to the issue of new shares deducted from equity (2023: \$0.0 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 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.

On 22 June 2023, Arvida Group Limited issued 4,398,137 ordinary shares pursuant to the Company's dividend reinvestment plan.

On 21 December 2023, Arvida Group Limited issued 3,009,435 ordinary shares pursuant to the Company's dividend reinvestment plan.

#### Dividends

During the year dividends of 1.2 cents per ordinary share (2023: 4.85 cents per ordinary share) were declared to shareholders. Imputation credits of 0.00 cents per ordinary share (2023: 0.00 cents per ordinary share) were attached to the dividends.

### 17 Earnings per Share

\$000	2024	2023
Profit attributable to equity holders	139,363	82,465
<i>Basic earnings per share</i>		
Weighted average number of ordinary shares on issue (thousands)	727,809	722,764
<b>Basic earnings per share (cents)</b>	<b>19.15</b>	<b>11.41</b>

<i>Diluted earnings per share</i>		
Weighted average number of ordinary shares on issue (thousands)	729,880	724,457
<b>Diluted earnings per share (cents)</b>	<b>19.09</b>	<b>11.38</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.

### 18 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	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents	4,679	9,894
Trade receivables and other assets	5,891	11,683
<b>Total</b>	<b>10,570</b>	<b>21,577</b>
<b>Financial liabilities</b>		
Trade and other payables	37,478	43,005
Interest rate swaps	10,956	10,467
Bank loans	657,431	500,000
Retail bonds	125,000	125,000
Residents' loans	1,653,696	1,538,282
<b>Total</b>	<b>2,484,561</b>	<b>2,216,754</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 and other 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



## Financial Statements

the Group to maintain agreed interest cover and loan to valuation ratios, as detailed in note 13.

### 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 13.

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>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
<b>2024</b>		
Trade and other payables	37,478	0
Lease liabilities	749	5,100
Interest rate swaps	(2,269)	13,225
Bank Loans	0	657,431
Retail bonds	0	125,000
Residents' loans	1,653,696	0

## 19 Subsidiary Companies

### Wholly Owned Subsidiaries

The following entities are wholly owned subsidiaries of the ultimate parent company, Arvida Group Limited, as at 31 March 2024:

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	The Wood Lifecare (2007) Limited
Lauriston Park Retirement Village Limited	The Wood Retirement Village (2007) Limited
Lincoln Land Limited	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
	Whai Mauri Ora RV Limited

## Financial Statements

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 (2023: 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 \$1.9 million (2023: \$0.8 million) of share of profits arising from the joint venture, net of tax, was recognised. Of this, \$2.3 million (2023: \$0.9 million) related to the change in fair value of the joint venture's investment property.

## 20 Related Party Transactions

### Key Management Personnel Compensation

Key management personnel compensation for the year ended 31 March 2024 and the year ended 31 March 2023 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	2024	2023
Salaries and other short term benefits	4,351	3,835
Share based payments	142	174
<b>Total</b>	<b>4,493</b>	<b>4,009</b>

### Identity of Related Parties

The Board of Directors at 31 March 2024, 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 (2023: \$0.4 million) was received as management and director fees from the joint venture companies, Village at the Park Care Limited and Village at the Park Lifecare Limited. A dividend of \$1.2 million was received from Village at the Park Lifecare Limited (2023: \$0.9 million).

## 21 Fees Paid to Auditors

\$000	2024	2023
<b>Fees paid to group auditor - Ernst &amp; Young</b>		
Audit - Financial Statements	516	480
Assurance - Sustainability	48	40
<i>Other non-assurance</i>		
Tax compliance and advisory	0	0
<b>Total</b>	<b>564</b>	<b>520</b>

## 22 Capital Commitments

As at 31 March 2024, the Group had \$29.5 million of capital commitments in relation to construction contracts (2023: \$68.7 million).

As at 31 March 2024, the Group had \$1.3 million of commitments in relation to the purchase of land (2023: \$20.0 million).

## 23 Subsequent Events

On 30 April 2024, the Group completed the sale of Strathallan for \$30.0 million.

## 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 2024 of \$0.1 million has been recognised in the Group's statement of comprehensive income for that period (2023: \$0.2 million).



## Financial Statements

### 2024

Commencement date	23 June 2021	14 June 2022	15 June 2023
Issue price	\$ 1.89	\$ 1.57	\$ 1.20
% of shares vested	0%	0%	0%
Vesting date	June 2024	June 2025	June 2026
Unlisted performance share rights	395,341	612,893	1,062,929
Volatility assumption	22%	22%	27%

### 2023

Commencement date	1 April 2020	23 June 2021	14 June 2022
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%

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 2024 was 1.5 years (2023: 1.3 years).

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Opening balance at 1 April	1,692,129	\$ 1.52	1,605,625	\$ 1.41
Granted during the year	1,062,929	\$ 1.20	685,934	\$ 1.57
Forfeited during the year	(123,854)	\$ 1.70	(95,837)	\$ 1.30
Exercised during the year	0	\$ 0.00	(375,608)	\$ 1.26
Expired during the year	(560,041)	\$ 1.15	(127,985)	\$ 1.26
<b>Closing balance at 31 March</b>	<b>2,071,163</b>	<b>\$ 1.44</b>	<b>1,692,129</b>	<b>\$ 1.52</b>
<b>Exercisable at 31 March</b>	<b>0</b>		<b>0</b>	

## 25 Contingent Liabilities

At balance date there are no known 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"). A provision of \$2.8 million as the current estimate has been recognised during the year within Employee Entitlements.



Chartered Accountants

## 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 (together the "Group") on pages 55 to 80, which comprise the consolidated balance sheet of the Group as at 31 March 2024, 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 the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 55 to 80, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 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 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 Group.

### Key audit matters

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



**Property Valuation**

Why significant	How our audit addressed the key audit matter
<p>The Group’s retirement village assets and care facility assets have an assessed fair value of \$3.983b and account for 95.5% of total Group assets at 31 March 2024.</p> <p>The Group engaged two third party registered valuers to determine the fair value of these assets at 31 March 2024. The fair values of retirement village assets 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 variation in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of the properties.</p> <p>For retirement village property assets, which are accounted for as investment properties, the 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>For care facility property assets, which are accounted for as property, plant and equipment, the 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>Retirement village assets under development whose fair value cannot be reliably determined, generally those which are not substantially progressed, are carried at cost less any impairment.</p> <p>Disclosures relating to retirement village assets and care facility property assets and the associated significant valuation judgments are included in Note 6 ‘Investment Properties’ and 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 retirement village and care facility property assets;</li> <li>• changes in the condition of each property; 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, sales of Occupational Rights Agreement (“ORA”), occupancy data and earnings per care bed, 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 and considering 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, care facilities and other assets;</li> <li>• Considered the impact of new development work and the completeness of assets included in the valuations;</li> <li>• Assessed adjustments made between the third party valuations and amounts recorded in the balance sheet and tested the quantum of these adjustments; and</li> <li>• Considered the adequacy of the disclosures in Note 6 and Note 7.</li> </ul>



Chartered Accountants

**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 auditor's report which is expected to be made available to us after the date of this 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 during the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

**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 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 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 responsibilities for the audit of the financial statements is located at the 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.

A stylized, handwritten signature of 'Ernst &amp; Young' in a dark blue or black ink.

Chartered Accountants  
Auckland  
27 May 2024



# CLIMATE RELATED DISCLOSURES









## Climate Related Disclosures

### Introduction

#### About these climate statements

This is Arvida's first set of climate-related disclosures, reported in accordance with the Aotearoa New Zealand Climate Standards. Previously, Arvida has released two voluntary climate-related reports using the Task Force for Climate-Related Disclosures ('TCFD') framework.

#### Reporting standards

These climate statements have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2, and NZ CS 3), published by the External Reporting Board ('XRB') in December 2022. In this report, Arvida has elected to apply Adoption Provision 2: Anticipated financial impacts and Adoption Provision 3: Transition planning.

### Disclaimer

While there are forward-looking statements made in these climate statements, the information and metrics contained here should not be considered any sort of prediction or forecast of performance outcomes, financial or otherwise.

The Company is subject to both known and unknown risks, uncertainties and other factors, many of which lie outside its control. Arvida has sought to provide accurate information in this report. It is based on assumptions about the current business and future strategies of the Company, as well as the environment our business operates in, both now and in the future. However, the identified climate-related risks and opportunities may not eventuate; if they do, the impacts may differ materially from what is provided in this report.

The report is dated 27 June 2024.



**THIS IS ARVIDA'S FIRST SET OF CLIMATE-RELATED DISCLOSURES, REPORTED IN ACCORDANCE WITH THE AOTEAROA NEW ZEALAND CLIMATE STANDARDS.**

While this is Arvida's first report in accordance with the Aotearoa New Zealand Climate Standards, it is actually our third climate-related disclosures report. We embrace the new reporting landscape and remain dedicated to understanding and addressing climate-related challenges.

Our aim is to contribute to a more sustainable future for our communities, residents, staff and the planet, and ensure our disclosures are fulsome and transparent.

Arvida began its sustainability journey in 2020, adding sustainability or 'nurturing well' as a strategic pillar, and initiating the measuring and monitoring of our carbon emissions. We developed a sustainability framework and defined the focus areas, measures, objectives and targets. Since then, we have been progressing toward achieving our objectives, and striving for best practice in our emissions measurement and climate reporting.

This year, a focus for us was jointly leading the health sector to develop sector-level climate scenarios to assist the entire sector in understanding the potential impacts of climate change (both physical and transition) on population health and health service delivery.

We are immensely proud of the work our team has done to bring a group of leading health experts together to support delivery of this essential work.

For our reporting this year, we have applied both the health sector and the property & construction sector scenarios to develop our own scenarios, which enabled us to carefully reconsider our climate-related risks and opportunities.



Anthony Beverley  
Chair



Michael Ambrose  
Audit & Risk Committee Chair



## Climate Related Disclosures

### Governance

#### Oversight

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 include:

- Approving the Company's overall strategy, business plans and budgets
- Monitoring actual results against the business plan and strategic objectives
- Setting sustainability policy.

The Board is informed about climate risks and opportunities through regular board meetings, where sustainability is now a standing agenda item; through the sustainability working group, on a quarterly basis; and through annual reviews of the company's risk register. 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. Using these various sources of information on climate-related risks and opportunities, 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 to 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. 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, was scrutinised and re-evaluated. The Audit and Risk Committee and Board assessed overall climate change risk as 'high'.

### Management's role

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 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 of Board and the 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.

## Strategy

### Current climate-related impacts

The Company has elected to apply Adoption Provision 2: Anticipated financial impacts (NZ CS 2). The Company is still establishing the criteria for quantitative anticipated financial impacts that are relevant and fact-based.

During 2023, two severe weather events occurred: a significant rain event in late January 2023 that caused widespread flooding in Auckland; and, shortly thereafter, cyclone Gabrielle that affected eastern and coastal regions in the North Island. During this financial year, the Company is still feeling the effects of those events.

While the Company has concluded and settled its material damages claim in relation to the flooding of one of its Auckland villages, court proceedings have been filed against its insurers – QBE and IAG – in relation to resolving the business interruption claim.

Pleasingly, however, the impacted community has now been largely restored. By December 2023 all displaced residents had been welcomed back into their homes. The final settlement for the material damage component of the insurance claim was \$14.9 million with \$9.2 million received in FY24.

In FY23 cyclone Gabrielle significantly impacted northern regions of New Zealand, including the Hawke's Bay region. Mary Doyle, our community in the region, did not experience any material damage related to the cyclone. However, the widespread damage to the region from the cyclone has resulted in shortages of qualified nursing staff. This has resulted in the Company closing a number of beds in the care facility and a reduction in revenue of \$1.6m, reduced profitability and a reduction to care asset valuation of \$0.9m. The Company believes the bed closure is an indirect result of the cyclone.

The Company was also impacted by the Port Hills wildfires in February 2024. While our community (Rhodes on Cashmere) was some distance from the fire, and there was no material damage, a number of residents were evacuated as a precaution. The incident tested the Company's emergency and crisis management plans, which were demonstrated to be robust. The local team was able to mobilise – working with the local Te Whatu Ora contact, Fire and Emergency Services and our other Christchurch communities – to ensure all residents had an appropriate evacuation location. This incident served as a reminder of the disruption that can be caused by climate-related events.

Overall, the current financial impacts associated with the Company's transition to a low carbon economy were \$2.2m. This includes amounts invested in sustainability initiatives, such as solar, EV vehicles, lighting upgrades and replacing gas infrastructure. It also includes the additional cost associated with compliance with the new H1 building standards. The Company believes this legislation is climate-related and assists us with achieving emissions reductions goals, so we have included these costs as transition impacts.

## Climate Related Disclosures

### Scenarios

As indicated in last year's report, the Company was interested in exploring appetite for developing a specific set of scenarios for the healthcare sector. During the year, the Company jointly led a project, with Te Whatu Ora and around 30 other health sector participants, to develop a set of sector scenarios with consultants Tonkin + Taylor. The Company's Head of Sustainability & Compliance was the Chair of the Technical Working Group and the Company's GM Strategy was part of the leadership group. Through a series of workshops, the group developed three sector scenarios. A 1.5°C, a 2.7°C and a 3.6°C scenario.

In developing the Company's own scenarios, information from both the health sector work and the construction and property sector scenarios, lead by the New Zealand Green Building Council last year, was used as these two sectors reflect the Company's business.

Workshops were held with the executive team, where the Company's combined scenarios were considered and discussed. The key outcome from these workshops was an indication of the key risks and opportunities for the Company over the short, medium and long-term (as described below) under each scenario. This was reviewed by the Sustainability Working Group and then the Board.

### Timeframes

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 development and building timeframe for retirement communities.

Horizon	Period	Description
S = Short term	0-3 years	Construction timeframe for a stage in a retirement community, from project inception, planning and resource allocation, through to completion and occupation by residents.
M = Medium term	3-10 years	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.
L = Long-term	10-30 years	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.

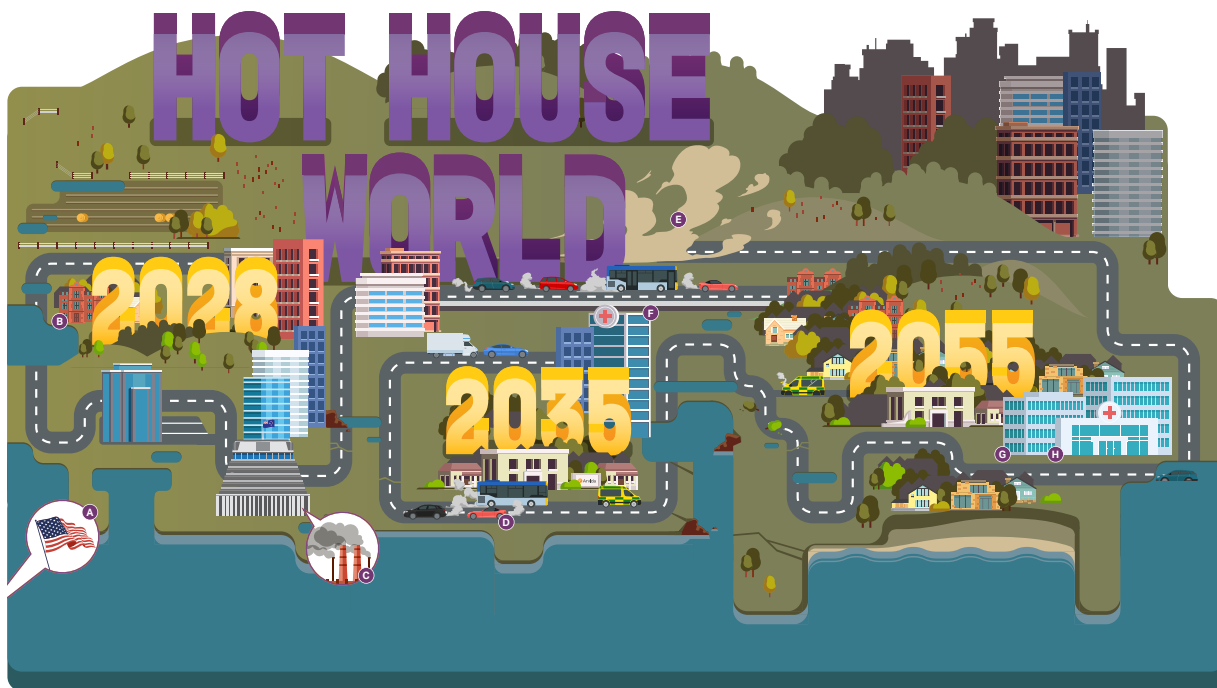
### Arvida's Climate Scenarios

	Hot House World (<3°C)	Delayed and Disorderly	Ambitious and Orderly (>1.5°C)
Reference scenarios	SSP3-7	SSP2-4.5	SSP1-1.9
Temperature in 2100	3.6	2.7	1.4
Impacts on GDP	Severe	Major	Moderate
Public funding	Extreme decrease	Major decrease	No change
Public reaction	Current policies	Delayed	Immediate and smooth
Technological change	Slow change	Slow – fast change	Fast change
Physical risk	Extreme	Moderate	Moderate
Transition risk	Low	Major	Low – moderate
Health impacts	Extreme	Major	Moderate

### Hot House World

This is a high-warming scenario where 3.6°C is reached by 2100. It is characterised by a lack of effective climate action in NZ. Globally, there is extreme nationalism and geopolitical tension, insufficient efforts to reduce emissions, severe and irreversible physical impacts, hindered economic development and increased poverty, and widespread and severe health impacts. In Aotearoa, there is increased nationalism, reduced public services and trust, growing health inequities and socio-economic disparities, and increased exposure to extreme heat, weather and infectious diseases. There are severe and frequent weather events, sea level rise and heat stress, which damage assets and infrastructure, disrupt supply

chains and increased costs and insurance premiums. The health sector and population health outcomes are negatively affected by the decline in public health funding and access, the increase in poverty and socio-economic inequities, the erosion of determinants of health, the increase in mental health issues and chronic diseases, the disruption of health facilities and services, and the increase in health security challenges. Key events and impacts include the collapse of the international climate frameworks in 2036, the closure of Thames hospital in 2051, the severe heatwave in 2041 and the rise of gated communities for the wealthy



**A** In 2025, the United States withdraw from the Paris Agreement.

**B** In 2030, the average value of properties in flood-prone areas reduces by 36%.

**C** In 2036, the global climate negotiations collapse. NZ Carbon Zero Act is repealed.

**D** In 2036, the NZ government fails to meet its international emissions reduction target.

**E** In 2041, a severe heatwave goes across NZ.

**F** In 2051, Thames hospital closes following repeated fluvial and coastal flooding events.

**G** In 2045, the government significantly reduces subsidies to fund aged care beds other than for older people with the most severe disease.

**H** In 2060, the average wait time for being seen in emergency departments is more than six hours for 75% of patients across NZ.



## Delayed and Disorderly

This scenario is a moderate-warming scenario, where the world reaches 2.7°C by 2100 and progress with a slow and uneven transition to a low-emissions economy. Globally, there is a little climate action until 2028-2035, when there is a ramping up of decarbonisation efforts. This situation, however, still leads to significant physical risks and widespread impacts from climate hazards. In Aotearoa, there is a slow and costly transition, with significant social costs and inadequate public funding to support those most affected. Emissions are rapidly reduced between 2035-2050, with significant consequences on the agricultural and transport sectors. A lack of investment in low carbon materials, products and technologies leads to a spike in demand and costs in the 2030s, as well as limited innovation and circularity. A slow and uneven shift in market

preferences and consumer awareness towards low carbon buildings creates uncertainty and reputational risks for entities that fail to set and meet ambitious science-based emission reduction targets. The government fails to manage trade-offs between adaptation and mitigation action. The health sector and population health outcomes are affected by a combination of physical and transition risks, which result in a high population health burden. There is a growth in economic and social inequities, which contribute to an increase in chronic health conditions. Key events and impacts include a deadly heatwave and catastrophic ex-tropical cyclone in 2030, a ban on internal combustion engine vehicle sales and imports by 2040, the closure of multiple regional health facilities by 2050 and the ex-tropical cyclone Victoria in 2042.



**A In 2025,** global climate action is upended by geopolitical instability and US election.

**B In 2030,** a deadly heatwave and catastrophic ex-tropical cyclone occur.

**C In 2033,** a patchwork of bilateral and regional agreements to reduce emissions emerge in the 2030s, including a ban on internal combustion engines sales and imports. The US commits to international climate action in 2034.

**D In 2035,** the second 15-year Emissions Reduction Plan is developed, which outlines a set of onerous policy actions requiring urgent implementation.

**E In 2042,** ex-tropical cyclone Victoria makes landfall in March 2042.

**F In 2055,** the closure of multiple regional health facilities over the time results in the national average waiting times to see a GP to increase to 13 days.

**G In 2060,** the government gradually reduces funding to aged care.

### Ambitious and Orderly

This scenario aligns to a Paris Agreement-aligned transition scenario of 1.4°C by 2100, which implies a coordinated and immediate transition to a low-emissions economy in NZ. Globally, there is a shift towards a more sustainable and socially inclusive path, which respects environmental boundaries and emphasises human health and wellbeing. Emissions decline globally from 2025-2050, through the implementation of ambitious and coordinated climate action across countries. There is a decline in global poverty and reduced gaps in per capita income across countries. Treatments for disease improve, global health risks decline and life expectancy increases throughout the century. In NZ, the transition is immediate and effective, with decarbonisation taking place across all sectors of society. There is a significant growth in the construction sector, as carbon-supporting infrastructure is replaced with greener, low carbon infrastructure. There is high demand for low carbon building products, materials and technologies, as

well as circular economy business models. We see a shift in market preferences and consumer awareness towards energy efficient, low carbon buildings, and existing building re-use and adaptive re-use. There is a rapid densification of urban areas, driven by GHG emissions reduction and spatial planning, which puts pressure on legacy horizontal infrastructure and necessitates significant upgrades. The health system shifts rapidly to deliver low-emissions care and the sector is seen as a sustainability leader within NZ. There is a move to community-oriented healthcare, with a strong focus on addressing the risk factors that lead to disease, which leads to a decline in preventable hospital admissions. Key events and impacts under this scenario include the emergence of major corporate polluters cutting emissions from 2025, the ban on internal combustion engine vehicle sales and imports by 2030, the increase in life expectancy and reduction in health inequities by 2050, and the achievement of net zero emissions by 2050



- A** In 2025, the NZ Supreme Court issues a judgement requiring corporate entities in NZ to reduce emissions in line with the Paris Agreement.
- B** In 2028, the government implements a sugar tax.
- C** In 2035, the share of battery electric vehicles (BEV) has increased to 20% of the vehicles fleet in 2031, resulting in reduced mortality from air pollution.
- D** In 2040, health costs for preventable diseases start to decline and this trend continues across the century.
- E** In 2045, over 75% of Auckland's population commutes by electric trains and buses and actively travels for work and education journeys.
- F** In 2050, over 65 year olds are estimated to account for 50% of health service use.
- G** In 2050, the population increases to 6.13 million, with 23% over 65 years old and 5% over 85 years old.
- H** In 2055, there is an increase in the frequency and severity of heatwaves, but decline towards the end of the century.
- I** In 2055, the superannuation age slowly increases to by 70 years old near the end of the century.

## Climate Related Disclosures

### Climate Risks

Arvida's material climate-related risks have not changed significantly since our initial voluntary TCFD disclosure in 2022.

Type	Risk	Time horizon	Anticipated impacts	Management response
Physical	Extreme weather events, including storms, floods and wildfires.	Short, Medium & Long	Extreme weather events may result in increased capital costs associated with material damage to Arvida's assets and/or additional mitigation or adaptation measures.	The Company continues to monitor and manage physical impacts through its maintenance programmes.
		Scenario Ambitious and Orderly, Delayed and Disorderly, & Hot House World	Also, there are increased operational costs associated with repairs and/or increased insurance premiums and/or disruption to supply chains.	Climate risk assessments are performed as part of due diligence for new acquisitions.
	Sea level rise	Long	Sea level rise may result in managed retreat from coastal locations and may result in assets that become stranded.	Further work has been done to assess the risk of sea level rise at our communities and indicates there are no communities at risk under the Hot House World scenario under Arvida's short-, medium-, or long-term time horizons to 2055.
		Hot House World	It may result in increased capital costs associated with managing fluvial floods.	
	Rising temperatures	Medium & Long	Extreme temperatures may result in increased operational costs, as a result of demand for air conditioning systems and/or increased illness in our residents.	New communities are designed to withstand the extreme climate scenarios of RCP 8.5.  Older communities are monitored and reviewed as part of our ongoing maintenance programmes.  Increasing electricity costs are mitigated through the Company's fixed price and longterm contracting.
		Delayed and Disorderly, & Hot House World	Also, there are increased capital costs associated with air conditioning systems in our communities.	
Transition	Changing and emerging legislation	Short, Medium & Long	New policies, changes in rules or regulations, or new legislation may result in increased operational and compliance costs.	The Company closely monitors proposed changes in legislation and, where appropriate, participates in government consultations through industry associations.  The Company's risk and compliance framework also assists to mitigate risk.
		Ambitious and Orderly, Delayed and Disorderly, & Hot House World	These changes may also result in increased capital costs if associated with Arvida's assets.	
	Changing market behaviour	Medium & Long	This may result in lower demand for the Company's products and services, because of changes in market behaviours.	The Company conducts regular stakeholder engagement to understand changing customer behaviour.  The Company's model ensures flexibility in its offering for potential residents.  The Company has a robust sustainability framework and appropriate governance structures in place to ensure the goals and objectives are met.
		Ambitious and Orderly, Delayed and Disorderly	Also, there are increased capital or operational costs to keep up with market demand for sustainable products and services.  It may result in difficulties in securing investor and bank funding.	

## Climate Opportunities

Type	Opportunity	Time horizon	Anticipated impacts	Management response
Physical	Build our communities to be resilient	Medium, Long	<p>With increasing storm and weather events, there is an opportunity to build communities in way that shields the Company from these events and allows it to continue operating without incurring large one-off costs.</p> <p>This could allow the Company to avoid increasing insurance premiums.</p>	The Company has begun to consider climate risks more seriously, as part of our master planning process. The Company will continue to explore this further and consider a RCP 8.5 scenario.
		Scenario		
Transition	Products and services	Medium, Long	<p>There is an opportunity for the Company to improve our products and services, and provide healthier homes to residents. This may attract more residents to reside with us and more investment.</p> <p>There is also an opportunity to reduce the emissions associated with our products and services.</p>	The Company has explored several frameworks, such as Homestar, Lifemark and Living Building Challenge. The Company continues to explore the different aspects of each of these design standards and how they could improve its designs.
		Ambitious and Orderly, Delayed and Disorderly, & Hot House World		
Transition	Resource efficiency	Short, Medium	Changes in energy sources and increasing resource efficiency may result in lower operating costs.	The Company continues to seek ways to improve energy efficiency at its sites. The Company has already begun this work and further information on its progress can be found on page 44 of the annual report.
		Ambitious and Orderly, Delayed and Disorderly, & Hot House World		



## Climate Related Disclosures

### Transition Plan

The Company has elected to apply Adoption Provision 3: Transition planning (NZ CS 2). The Company will provide a more comprehensive disclosure in the next financial year.

The Company recognises that a fundamental transformation of business and finance is needed to successfully transition to a low-emissions, climate-resilient economy. Every New Zealand company will need to think carefully about what the transition means for them. They will have to think strategically about how they can protect and enhance long-term value by responding and contributing to a whole-of-economy transition. The Company has considered its current business model and strategy, as set out on pages 31 to 51 of the annual report, and how it needs to adapt and change in response to climate change through the sustainability framework we have developed. The framework shows that sustainability and climate-related risks and opportunities are being embedded into the business model and strategy. Each strategic pillar has focus areas, measures and objectives.

To help understand how to mitigate the Company's emissions, a detailed emissions reduction model has been developed and updated for the current year. The output from the model shown on page 43 demonstrates 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 while developing an emissions reduction plan. The model indicated that an investment of around \$5.2m is currently required to achieve emissions reductions of 40%.

### Risk Management

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 on an ongoing basis:

- 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 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 methods above are added to the weekly 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 that exists in relation to the identified risk. No parts of the value chain are excluded.

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

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 is developed if 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.

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

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 2024.

The Inventory Report is located on the Company's website. As noted in the Inventory Report, an operational control consolidation approach was applied in calculating emissions. The Company has deemed it does not have operational control over one retirement community where a 50% joint venture interest is held.

Practically, this means that this community is not consolidated into our Scope 1 and 2 emissions. Instead all the emissions from this community are included within Arvida's Scope 3 emissions under category 15, Investments.

Sources of data, notes about the calculation methodology, quality of the data and any uncertainties are described in detail 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 calculations from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

The time horizon applied was 100 years.

The Company measured its greenhouse gas emissions again in 2024. Positively, the Company's Primary emissions associated with our target decreased by 772 tonnes, or 12%, to 5,838 tCO<sub>2</sub>e on an absolute basis for the 12 months ended 31 March 2024.

Scope 1 emissions have primarily reduced as a result of several changes in infrastructure, such as gas laundries and gas boilers replaced by either heat pumps or electric equipment. Please refer to the Nurturing Well section of this report for further details.

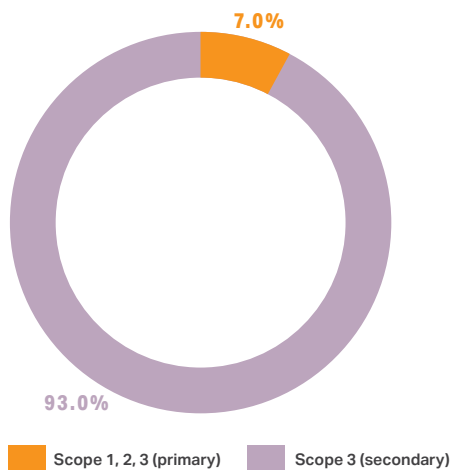
Scope 2 emissions have decreased as a result of the change in location-based emission factors calculated by Ministry for the Environment. Consumption of electricity increased by 3% year-on-year, as a result of our growth and replacement of gas infrastructure. Scope 3 emissions decreased mainly as a result of reduced business travel, as the Company focused on cost reduction during the year.

Primary emissions, being all Scope 1, 2 and selected Scope 3 sources (business travel, waste generated from operations and transmissions and distribution losses), represented 7% of total emissions.<sup>1</sup>

Metric	Purpose	FY20	FY21	FY22	FY23	FY24
<b>Scope 1 emissions</b>	To measure the Company's direct impact on the climate	2,339	2,411	2,722	3,228	3,130
<b>Scope 2 emissions</b>	To measure the Company's indirect impact on the climate	1,454	1,573	1,888	2,196	1,521
<b>Scope 3 emissions</b>	To measure the Company's indirect impact on the climate	1,137	838	69,394	79,931	78,961
<b>Primary emissions<sup>1</sup></b>	To measure the Company's performance against the target	4,929	4,822	5,574	6,610	5,838
<b>Benchmarking</b>	To understand how the Company's climate performance compares to other corporations globally (CDP Score)	-	B-	B	B	B
<b>Emissions intensity</b>	Based on \$m of IFRS revenue	30.1	27.6	27.6	29.0	23.6
	Based on \$m of total revenue	23.9	26.4	22.0	21.7	17.3
	Based on retirement living units	1.2	1.1	1.0	1.2	1.0

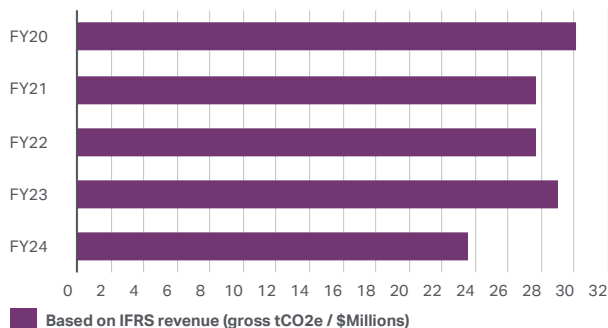
## Climate Related Disclosures

### Emissions Composition



On an intensity basis, the primary emissions measured by the Company and forming the basis of reduction targets decreased 18.6% to 23.6 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. All measures of intensity have reduced predominantly as a result of the decrease in the electricity emissions factor.

The Company does not use an internal emissions price.

### Remuneration

The Company's waste reduction target is a business key performance indicator. All community managers are measured and remunerated based on their achievement of business performance indicators. Community managers are expected to achieve and maintain a 20% reduction in waste-to-landfill against the base year. For growing communities, an intensity measure is used to assess this performance.

### 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.

The emissions reduction plan highlighted gas decarbonisation as 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 into business key performance indicators.

### Vulnerability to physical risks, transition risks and climate-related opportunities

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, so those retirement communities have a higher vulnerability to physical risks.

### Other metrics

Metric	FY24	Commentary
% of properties by market value that may be at risk of coastal flooding due to sea level rise	0%	According to NIWA's extreme sea level flood maps <sup>1</sup> (up to 2m of sea level rise), the company has no properties that are at risk of coastal flooding due to sea level rise under our highest temperature scenario, Hot House World (SSP3-7) over Arvida's short-, medium- and long-term time horizons out to 2055.
% increase in insurance premiums relating to material damage and business interruption insurance	23.7%	The Company experienced an increase of insurance premiums of 24% on a like for like basis year on year. This most reflects the increase in insurance premiums attributable to climate and climate events as it is specific to the Company's property portfolio and its risk. Overall, insurance costs increased by 37% which includes the impact of increases in levies, additional cover relating to newly built properties and the rising replacement values in line with construction inflation.

<sup>1</sup> There is no data for the Bay of Plenty region within the NIWA sea level flood maps and therefore Arvida has not assessed the risk of sea level rise for the properties in this region.







# 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](https://arvida.co.nz/investors/corporate-governance).

The information contained in the governance statement, on pages 100 to 117 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 27 June 2024.

## 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 for 20 years with AMP Capital Investors, NZ's largest investment fund manager; eight of these were as Head of Property.

Anthony is currently a director 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>	21 July 2023
<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 and Cooks Coffee Company Limited. He is also a director or advisor to the boards of several other private companies in a variety of industries.

Michael chairs the Audit & Risk Committee.

<sup>1</sup> Refer to the table on page 107 for a summary of the key skills of each director.

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



## Governance

---

### 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 has a deep understanding of the health sector, with many years spent as a clinician as well as a practice owner.

In 2015, Susan was appointed an Officer of the New Zealand Order of Merit for her services to corporate governance.

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

---

### Susan Peterson

#### Independent Director

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

As an experienced business leader, Susan has a particular interest in helping companies to drive growth through technology, innovation and organisational culture. She currently chairs Vista Group Limited and is a director of Xero Limited, Mercury Limited and Craigs Investment Partners.

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.

---

### Paul Ridley-Smith

#### Independent Director

**First Appointed** 7 May 2015  
**Last Elected** 21 July 2023  
**Key Skills<sup>1</sup>** Legal, governance, strategy expertise

Paul was a senior executive at Morrison & Co and Infratil, where he was involved in the governance of Infratil assets. From 1998 to 2011, he was responsible for the group's legal affairs. Then, from 2011 to 2014, he was General Counsel at Contact Energy, where he led the legal, regulatory and government relations functions.

Previously chair of Manawa Energy Limited, Paul's historic directorships include King Country Energy Limited, Wellington International Airport Limited, Liquigas Limited, iSite Media Limited and Wallace Corporation Limited. He 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.



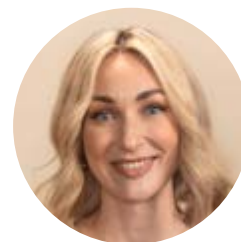
**Jeremy Nicoll**  
Chief Executive Officer



**Mark Wells**  
Chief Financial Officer



**Richard Davis**  
Chief Operating Officer



**Aleshia Rayner**  
General Manager  
Wellness & Care



**Anna Lyne**  
General Manager People



**Brett Boule**  
General Manager IT



**Ian Passau**  
General Manager  
Development



**Kylie Gibson**  
General Manager  
Brand & Marketing



**Mark Jarvis**  
General Manager Strategy



**Tristan Saunders**  
General Manager Sales

## 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' disclosures against the mandatory External Reporting Board (XRB) disclosure requirements have been provided.

The Board confirms that in the year to 31 March 2024, 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 100 to 117 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 27 June 2024.

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 2024, 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 are the appointment of the Chief Executive, setting the strategy and targets to drive enterprise value and monitoring the execution and performance against that strategy.

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 Sales, Operations, 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 2024 Annual Meeting of Shareholders, an update on director rotation and appointment will be provided. The meeting will be held 10am on Friday, 16 August 2024 at the JW Marriott, 22-26 Albert Street, Auckland.

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, its performance as a whole and the performance of its Committees on an annual basis. Periodically the Board engages an external consultant to undertake a review of Board performance.

### 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	M	M
Environment; Mātauranga Māori; Governance	M	M	M	M	M

#### Key:

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



## Governance

### 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 artificial intelligence, the regulatory landscape and health equity.

### 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 2024 is set out in the Remuneration section.

Outside of the Board and Committee meetings, the Board or a subcommittee held an additional ten 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 and assurance processes to ensure that the interests of shareholders are properly protected in relation to financial and climate reporting and internal control.
- To provide the Board with an assessment of the Company's 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 and assurance processes.

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 and climate reporting. All aspects of the external audit and assurance 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 April 2024.

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

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 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 of 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 2024.

#### 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.

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

A sub-committee of the Board was established to make recommendations to the Board on how to respond to the non-binding proposal to acquire all of its shares. There were no other Board committees established during FY24.

#### 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, Executive Remuneration 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 includes Climate Related Disclosures prepared in accordance with the External Reporting Board (XRB) mandatory 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. The annual review process of the risk register considers risk likelihood, impact and appetite.

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. Further information is also provided in the Climate Related Disclosures section of this Annual Report.

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.
- Regular director and senior management site visits.

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      **Risk appetite:** Open      **Link to strategy:** Nurturing Well, Growing Well

---

The Company's 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 remains a high risk for the Company as the challenging property market continues. The Company is taking steps to mitigate the risks as set out in the Chair's & CEO Update and Financial Commentary sections of this Annual Report.

---

### B. IT SYSTEMS OR HARDWARE

---

**Residual risk:** High      **Risk appetite:** Minimalist      **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 remains a high risk for the Company. Since the appointment of a General Manager IT during the year, there has been significant focus on our IT controls, systems and processes. Year 1 of the 3-year technology roadmap advanced our governance and resource requirements, while progressing digital transformation, cybersecurity and data orchestration initiatives.

---



### C. DEVELOPMENT & CONSTRUCTION

---

**Residual risk:** High      **Risk appetite:** Cautious      **Link to strategy:** Growing Well

---

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.

#### 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

In the current market, this risk continues to be considered high. The Company's internal audit programme covers key areas of this part of the business this year. This will provide the newly appointed General Manager Development with a detailed overview of the associated risks which will allow the design, implementation and effectiveness of existing controls to be considered.

### D. PERSONNEL RETENTION

---

**Residual risk:** High      **Risk appetite:** Flexible / Cautious<sup>1</sup>      **Link to strategy:** Engaging Well, Living Well

---

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.

#### 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

The annual risk review confirmed that this risk remains high. However, people strategy initiatives implemented during the year have started to address this risk. Key indicators such as retention and engagement have shown improvement. Please refer to the Engaging Well section of this Annual Report for further details.

---

<sup>1</sup>Flexible approach to attracting and retaining staff but a cautious approach to employment legislation and employment practices.

## E. GOVERNMENT POLICY REFORMS

**Residual risk:** High      **Risk appetite:** Cautious      **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

The Government recently announced the Health Select Committee will carry out an inquiry into the aged care looking into current and future capacity, support for early onset neurological disorders and ensuring appropriate asset thresholds for sustainable services. This is due to begin in July and will run concurrently alongside the second phase of the Ministry of Health's own review of the aged care funding and service model.

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.

Government policy reform remains a high risk. This risk does not include changes to Ngā Paerewa (considered as part of clinical management).

## F. CAPITAL MANAGEMENT

**Residual risk:** High      **Risk appetite:** Minimalist      **Link to strategy:** Growing Well, Nurturing Well

Careful management of investment capital expenditure and operating cash flows (particularly receipts from ORA sales) is required in the current economic environment and subdued property market to ensure headroom in funding capacity limits is maintained.

### Risk Mitigations

- Regular reviews of budgets, cash flows, funding covenants and sensitivities performed by management and reported to the Board
- Financial statements and processes reviewed by an external auditor each six months, and fully audited each twelve months
- Adherence to a treasury management policy, which is overseen by a subgroup comprising directors and senior executives
- Regular monthly reporting to the Chief Executive Officer and Chief Financial Officer by a development control group across all active development projects
- Expert advice sought where required, including regular advice in relation to treasury management
- Active engagement with a range of capital providers and market participants

### Change in Year

Challenging economic and property market conditions continue with high interest rates. This risk remains high.

## 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.

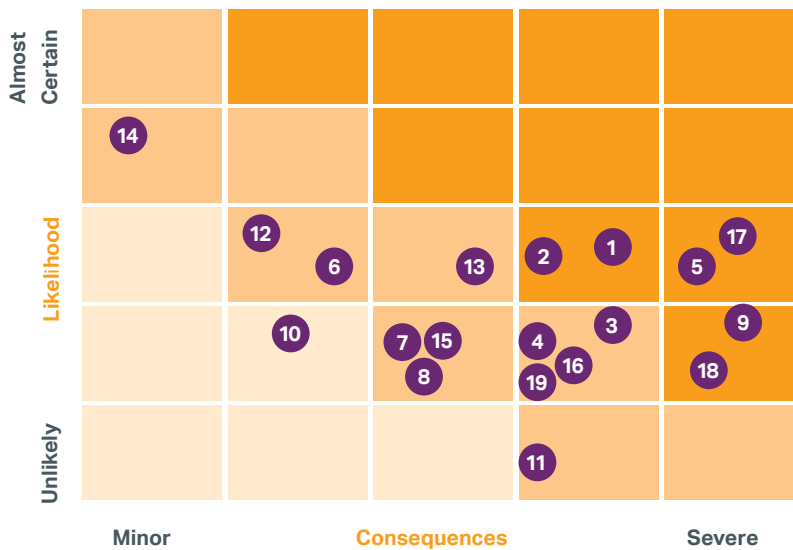
Risk mitigations:

- 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 and will rotate again for the FY25 audit process 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 FY24 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. In addition a review of the Company's health and safety practices across its major construction sites was conducted by HSE Hub. 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 forms a part of an employment handbook provided to all team members at Arvida. 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'



## Governance

shareholdings and changes to those shareholdings are included in the Disclosures section of this Annual Report.

Training on the Policy is included as part of the induction process for new Directors and included in the employee handbook distributed to employees. The Policy is available to view at [www.arvida.co.nz/investors/corporate-governance](http://www.arvida.co.nz/investors/corporate-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 following table. 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 68% (2023: 64%) of Directors, Officers and Village Managers are female and approximately 77% (2023: 76%) of the workforce is female.

Through the Workday Peakon platform, the Company conducts a survey of all employees twice 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 70%.

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	2024	2023	2022	2021
Directors	Male	3	3	3	4
	Female	2	2	2	2
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>
Officers	Male	6	6	6	5
	Female	3	4	2	3
	<b>Total</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>8</b>
Village Managers	Male	6	8	10	10
	Female	29	24	24	21
	<b>Total</b>	<b>35</b>	<b>32</b>	<b>34</b>	<b>31</b>
All staff	Male	727	687	593	493
	Female	2,388	2,225	2,101	2,184
	Other	2	5	13	-
	<b>Total</b>	<b>3,117</b>	<b>2,917</b>	<b>2,707</b>	<b>2,677</b>

In all role types, approximately 77% (2023: 76%) 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		2024	2023	2022	2021
Pay equity gap	(Base salary only)	1.1%	0.8%	(0.1%)	NA
Gender pay gap	(Base salary only)	3.4%	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>		2024	2023	2022	2021
Net promoter score	(NPS scale -100 to +100)	+26	+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>		2024	2023	2022	2021
Net promoter score	(NPS scale -100 to +100)	+34	+27	73%	72%

1 From 2023, staff surveys were completed using the Peakon platform. Accordingly, results with prior periods are not comparable.



# REMUNERATION

## 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 2024.

The role and membership of the People and Remuneration Committee is set out in the Governance section of this Annual Report. The remit of the Remuneration Committee encompasses a broad consideration of people issues.

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.

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 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 85% of the target. Details of the achievement assessment follows in this report.

We have implemented a three-year strategy to develop a consistent people experience across the Company. In FY24 we focused on establishing the most critical foundations across culture, people systems, organisational design and employee proposition that will support our desire to become an employer of choice.

This Remuneration Report should be read in conjunction with the Annual Report.



**Paul Ridley-Smith**  
Chair  
People and Remuneration Committee



## Remuneration

### 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.

#### Remuneration Strategy

Arvida's purpose is to create retirement communities where older New Zealanders can lead connected and fulfilling lives with the freedom to thrive.

Remuneration principles:

- Aligned to long term sustainable shareholder value
- Reflect the individual's performance and delivery of successful outcomes
- Simplicity over complexity

External remuneration benchmarking against the New Zealand private sector is taken into account to ensure competitiveness, 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

At the Board's discretion, other fixed or variable reward elements may be introduced from time to time if a business case exists.

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 FY24.

#### 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 FY24, 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 were: 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 FY24, both thresholds were satisfied, allowing STI payments to be made.

#### 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 2023 (and vesting in June 2026) 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 2023 the absolute hurdle was set at 10.3% 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 8.3% and 12.3%.

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 also has different vesting thresholds for the NZ50 group.

#### Board Discretion

The Board has an overriding discretion in respect of both the STI and LTI awards, including in relation to assessing whether

the performance hurdles for STI and LTI have been satisfied. 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). In terms of LTI awards, the Board has discretion to vary the grant, and to adjust the quantum and the TSR hurdles, in respect of future awards.

**Table 7.1: FY24 STI Remuneration Scorecard**

Performance Area	Description of KPI	Weighting	FY24 result	Results achieved	Board-approved outcome relative to target	% STI
Resident	Resident satisfaction measured in an independent survey, with a target Net Promoter Score of +45 across a simple average of the independent and care resident surveys.	15%	<ul style="list-style-type: none"> <li>Results recorded in the annual resident survey: NPS +42 independent residents; and NPS +46 care residents</li> <li>The average NPS of +44 was below target</li> </ul>	Partially achieved	98%	15%
People & Culture	Peakon aggregated engagement score for two surveys at 7.6.	15%	<ul style="list-style-type: none"> <li>Recorded an increased employee engagement score of 7.7 in the two most recent surveys, exceeding target</li> </ul>	Achieved	101%	15%
Technology	Implementation of new strategic framework for Technology, including the team restructure and cyber security improvements	15%	<ul style="list-style-type: none"> <li>Implemented new 3-year strategic plan</li> <li>Appointed General Manager Information Technology</li> <li>Team restructure completed to improve capability</li> <li>Significant improvement in cyber security achieved</li> </ul>	Achieved	100%	15%
Financial	Implementation of a robust capital management framework and generation of underlying cash flows	20%	<ul style="list-style-type: none"> <li>Restructured bank facilities into core and development facilities</li> <li>Operated within banking covenants</li> <li>Reduced development programme and capital expenditure</li> <li>Gearing at 33.9% was maintained within 25%-35% target parameters</li> <li>Year-end debt was higher than internal target due to higher operating costs, lower proceeds from sales and additional costs due to the weather events</li> </ul>	Partially achieved	50%	10%
	Maintain the embedded value of the portfolio	15%	<ul style="list-style-type: none"> <li>Strong growth in embedded value was achieved, up 11% from \$1,131m in FY23 to \$1,259m in FY24</li> </ul>	Achieved	123%	15%
	Underlying profit of \$90.4m	20%	<ul style="list-style-type: none"> <li>Underlying profit at \$85.4m was within 15% of target</li> </ul>	Partially achieved	94%	15%
		100%	<b>Overall Board-approved Scorecard STI outcome:</b>			<b>85%</b>

## Remuneration

### 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 30% of base salary from FY22.

Table 7.2 sets out the total remuneration earned by the Chief Executive Officer in the FY24 financial year:

- The STI is the amount earned in FY24 (but paid in May 2024 as quantification and payment is made after 31 March). The quantification of the FY24 STI is detailed in Table 7.1.
- The value of the LTI received refers to the LTI that vested in June 2023.

Accordingly, the Chief Executive Officer remuneration for FY24 (Fixed Remuneration plus STI) is \$1,011,307. On the People and Remuneration Committee recommendation, the Board approves the Chief Executive Officer's remuneration.

**Table 7.2: Total remuneration earned by the Chief Executive Officer for FY24**

	Fixed Remuneration			Pay for Performance			Total
	Salary	Other benefits	Subtotal	STI	LTI	Subtotal	
FY24	\$807,307	-	\$807,307	\$204,000	\$0	\$204,000	\$1,011,307

**Table 7.3: Chief Executive Officer Pay for Performance FY24**

Plan	Description	Performance Measures	% Achieved	\$ Earned
STI (FY24)	Set at a gross target amount of 30% of the base salary remuneration (giving a current target of \$240,000) 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	85%	\$204,000
LTI (vested in June 23)	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>	0%	\$0
		50% measured against the NZ50 group TSR hurdle <sup>[3]</sup>	0%	\$0

<sup>[1]</sup> The LTI that vested in June 2023, 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), and none will vest if the Company is third or 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. None of the LTI will vest if the TSR is less than the 50th percentile.

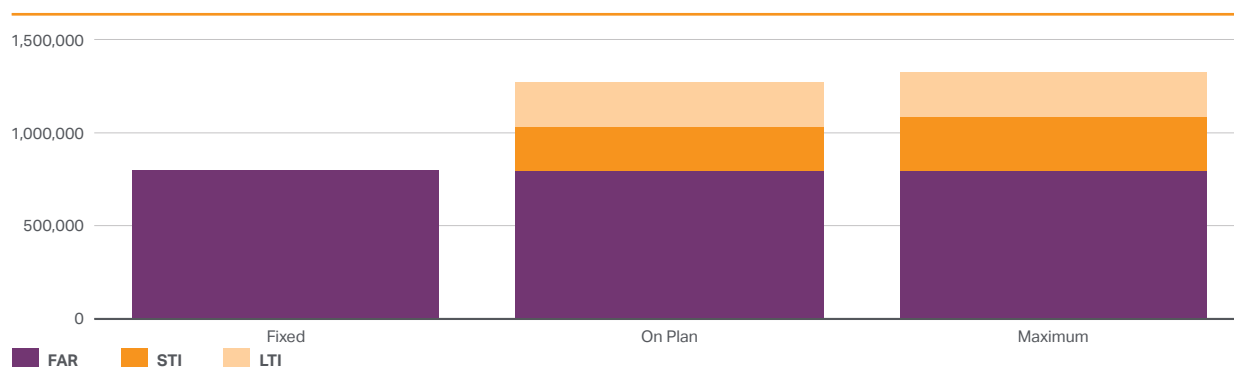
By way of comparison, the Chief Executive Officer remuneration paid in respect of FY23 (Fixed Remuneration plus STI) was \$753,933. The components of Chief Executive Officer FY23 remuneration were a salary of \$627,933, an STI payout at 70% resulting in a payment of \$126,000.

The Company brings forward the STI assessment process 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.

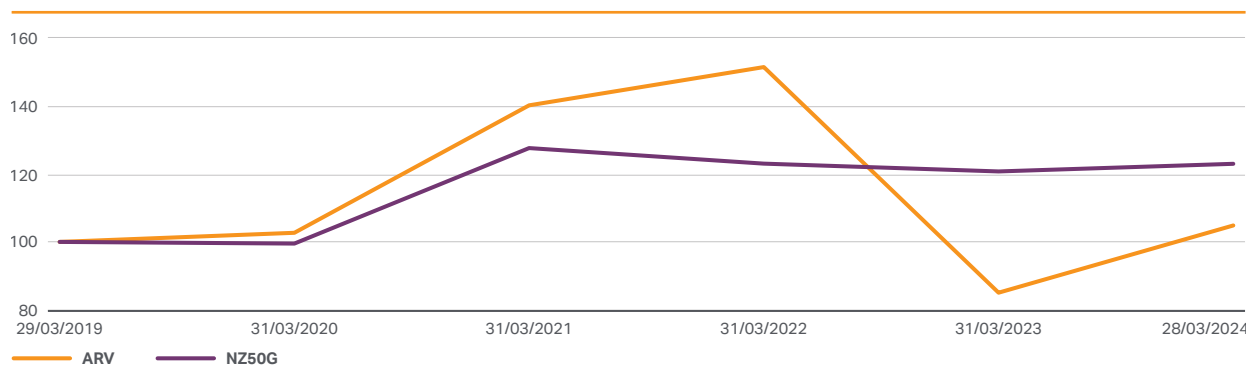
The LTI calculation usually occurs after the publication of the Annual Report as it relies on share price calculations that occur after the release of the full year financial results. This means that the reported LTI payments are to shares that vested in the financial year.

The base salary for the Chief Executive Officer was fixed for the first 18 months following appointment. An external review of the base salary was completed during the year. The new base salary was assessed at \$800,000 with effect from 1 April 2023.

**Figure 7.4: Chief Executive Officer's annualised remuneration performance pay for FY25 (forward looking as per NZSA guidance)**



**Figure 7.5: 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 7.6.

Table 7.7 shows the five-year summary of the total remuneration paid to the current and former Chief Executive Officer across the FY20-FY24 financial years.

**Table 7.6: Annual LTI Grants**

Outstanding Annual LTI			
Commencement date	23/06/2021	14/06/2022	15/06/2023
Vesting date	June 2024	June 2025	June 2026
Unvested rights	95,134	114,679	199,667



## Remuneration

**Table 7.7: Five-year Summary**

	Total Remuneration	%STI awarded against on-plan Performance	STI Performance Period	%LTI Vested against on-plan Performance	Span of LTI Performance Periods
<b>Current CEO</b>					
FY24	\$1,014,000	85%	FY24	0	FY21 to FY24
FY23	\$860,021	70%	FY23	75%	FY20 to FY23
FY22 <sup>1</sup>	\$1,084,646	85%	FY22	64%	FY16 to FY22
<b>Former CEO</b>					
FY22 <sup>1</sup>	\$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

<sup>1</sup> The current Chief Executive Officer was appointed on 1 October 2021. Remuneration for FY22 includes both remuneration paid as Chief Financial Officer and remuneration paid as the newly appointed Chief Executive Officer. The former Chief Executive Officer's employment ended 30 September 2021.

### Chief Financial Officer Remuneration

For the year ended 31 March 2024, the Chief Financial Officer earned remuneration totalling \$543,677 (FY23: \$466,789). This amount included Fixed Remuneration of \$434,027 (FY23: \$356,437), a STI of \$109,650 (FY23: \$73,500) and a LTI entitlement valued at \$0 relating to the LTI that vested in the June 2023 (FY23: \$36,852).

### Share Ownership

The Chief Executive Officer and Chief Financial Officer's ownership of Arvida shares as at 31 March 2023 are provided in Table 7.8.

**Table 7.8: CEO & CFO Share Ownership**

Executive	Number of shares owned (excludes any unvested performance share rights as part of the LTI scheme)	Change in shares owned from 31 March 2023
Chief Executive Officer	1,106,294	+0
Chief Financial Officer	157,716	+3,413

## Pay Gap

Arvida has measured and published the pay equity gap and gender pay gap since FY22. This year the pay equity gap and gender pay gap was calculated at 1.1% and 3.4% respectively (refer to 'Diversity and Inclusion' in the Governance section of this Annual Report).

A pay equity gap measures whether males and females are paid the same for performing 'equal value' work. Whereas the gender pay gap measures the median pay between males and females regardless of the nature of work across the business. For the Arvida, the gender pay gap is largely driven by higher proportion of men in development, construction and IT related roles. Conversely, a larger proportion of our clinical and caregiver roles are held by women.

In addition, we measure 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 2024, the Chief Executive Officer's base salary of \$800,000 was 13 times (FY23: 10 times) that of the median employee at \$61,690 per annum. The Chief Executive Officer's total remuneration, including STI and LTI, of \$204,000, was 16 times (FY23: 14 times) the total remuneration of the median employee at \$61,690.

## 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 2024 is set out in the remuneration bands detailed in Table 7.9.

The remuneration figures shown in the "Remuneration Band" column includes all monetary payments actually paid during the course of the year ended 31 March 2024. 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 2024 that relate to the year ended 31 March 2024.

**Table 7.9: Remuneration Bands**

Remuneration Band	Number of Employees
\$100k - \$110k	52
\$110k - \$120k	35
\$120k - \$130k	18
\$130k - \$140k	22
\$140k - \$150k	15
\$150k - \$160k	16
\$160k - \$170k	4
\$170k - \$180k	9
\$180k - \$190k	12
\$190k - \$200k	10
\$200k - \$210k	3
\$210k - \$220k	5
\$220k - \$230k	3
\$230k - \$240k	1
\$240k - \$250k	1
\$250k - \$260k	4
\$260k - \$270k	1
\$270k - \$280k	1
\$290k - \$300k	3
\$310k - \$320k	1
\$360k - \$370k	1
\$370k - \$380k	1
\$500k - \$510k	1
\$620k - \$630k	1
\$930k - \$940k <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 FY23 STI and excludes the FY24 STI earned.

## Remuneration

### 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 from the fee pool was approved by shareholders at the 2023 Annual Meeting of Shareholders. This resulted in Director fees increasing 5.8% to a total of \$589,500 per annum with effect from 1 August 2023.

As at 31 March 2024, the standard Director fees are set out in Table 7.10. No increase in the amounts paid to directors will be sought at the 2024 Annual Meeting.

**Table 7.10: Director Fees**

	Position	Annual fees (1 April - 31 July)	Annual fees (from 1 August)
Board	Chair	\$165,000	\$173,500
	Director	\$90,000	\$94,500
Audit and Risk Committee	Chair	\$12,000	\$12,500
	Member	\$3,000	\$3,250
People and Remuneration Committee	Chair	\$8,000	\$12,500
	Member	\$3,000	\$3,250

Total remuneration paid to Directors during the financial year ended 31 March 2024 and meeting attendance is set out in the Table 7.11. Remuneration paid excludes GST and expenses.

Each Director is entitled, without limit, to be paid for all reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director. In addition to scheduled Board and Committee meetings, there were ten ad hoc meetings held during FY24. No additional fees were paid to Directors in FY24.

Table 7.11: Director Remuneration and Meeting Attendance

	Board		Audit and Risk Committee		People and Remuneration Committee		Total
Number of meetings	8		4		3		
Director	Fees \$	Meetings Attended	Fees \$	Meetings Attended	Fees \$	Meetings Attended	Fees \$
Anthony Beverley	\$170,667	8	-	4 <sup>1</sup>	-	3 <sup>1</sup>	\$170,667
Michael Ambrose	\$93,000	8	\$12,333	4	-	3 <sup>1</sup>	\$105,333
Susan Paterson	\$93,000	8	\$3,167	4	\$3,167	3	\$99,333
Susan Peterson	\$93,000	7 <sup>2</sup>	-	3 <sup>1</sup>	\$3,167	3	\$96,167
Paul Ridley-Smith	\$93,000	8	\$3,167	4	\$11,000	3	\$107,167
<b>Total</b>	<b>\$542,667</b>		<b>\$18,667</b>		<b>\$17,333</b>		<b>\$578,667</b>

1 Not a committee member, but in attendance.

2 Susan Peterson provided contributions and feedback on Board papers prior to the meeting that she was not in attendance.



# 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 2024 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 Peterson

Director & Shareholder	CIP Holdings Ltd
Director & Shareholder	Craigs Investment Partners Ltd
Director & Shareholder	Mercury NZ Ltd
Director & Shareholder	Vista Group International Ltd
Director & Shareholder	Xero Ltd
Trustee	Global Women

#### Susan Paterson

Director	eRoad Ltd
Director	Evolution Healthcare Ltd & associated companies
Director & Shareholder	Les Mills Holdings Ltd
Director & Shareholder	Lodestone Energy Ltd & associated companies
Director & Shareholder	Steel & Tube Holdings Ltd
Director & Shareholder	Theta Systems Ltd
Director	Reserve Bank of New Zealand Governance Board
Director	Energy Education Trust Nominees Ltd

#### 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	Deltop Holdings Ltd
Director & Shareholder	Fiordland Lobster Company Ltd
Director	FLC Trustee Ltd
Director	Lobster Management GP Ltd
Director	Senior Move Managers Ltd
Director	Australia Quota Holdings GP Ltd
Director	Silverstream Lifestyle Retirement Village Ltd
Director	Deep Creek Fruits GP Ltd <sup>1</sup>
Director	Lindis Coolpac GP Ltd <sup>1</sup>
Director & Shareholder	Melrose Equities Ltd <sup>1</sup>
Director & Shareholder	Minoce Investments Ltd <sup>1</sup>
Director & Shareholder	Sirocco Trustees Ltd (various client trust companies) <sup>1</sup>
Director	Southern Fruits International GP Ltd <sup>1</sup>

#### Paul Ridley-Smith

Director	Manawa Energy Ltd <sup>1</sup>
----------	--------------------------------

<sup>1</sup> Entries removed by notice given by a director during the year ended 31 March 2024.

### 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 2024. 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 2024, no wholly-owned subsidiary companies were newly incorporated.

### 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 2024.

### Securities Dealings of Directors

Below are dealings by Directors in relevant interests of Arvida ordinary shares during the year ending 31 March 2024 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	3,878	Acquisition	\$0.92	21-12-2023
Susan Peterson	Registered holder and beneficial owner	189	Acquisition	\$0.92	21-12-2023
Paul Ridley-Smith	Registered holder and beneficial owner	3,251	Acquisition	\$0.92	21-12-2023
Susan Paterson	Registered holder and beneficial owner	2,095	Acquisition	\$0.92	21-12-2023
Anthony Beverley	Registered holder and non-beneficial owner	5,888	Acquisition	\$1.18	22-06-2023
Susan Peterson	Registered holder and beneficial owner	286	Acquisition	\$1.18	22-06-2023
Paul Ridley-Smith	Registered holder and beneficial owner	4,933	Acquisition	\$1.18	22-06-2023
Susan Paterson	Registered holder and beneficial owner	3,180	Acquisition	\$1.18	22-06-2023



## Disclosures

### Directors' Security Holdings

Shares and bonds in which each Director had a relevant interest at 31 March 2024 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	451,370	-
Paul Ridley-Smith	Beneficial	378,276	-
	Non-beneficial	36,000	20,000
Susan Paterson	Beneficial	243,812	-
Susan Peterson	Beneficial	21,907	-

### 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 November 2014	30 June 2022
Michael Ambrose	17 January 2014	21 July 2023
Susan Paterson	7 May 2015	2 July 2021
Paul Ridley-Smith	7 May 2015	21 July 2023
Susan Peterson	1 November 2020	2 July 2021

### Top 20 Shareholders as at 30 April 2024

Shareholder	No. of Shares	% of Shares
1 Forsyth Barr Custodians Limited	101,593,260	13.90%
2 HSBC Nominees (New Zealand) Limited*	52,193,399	7.14%
3 Accident Compensation Corporation*	52,163,426	7.14%
4 Generate Kiwisaver Public Trust Nominees Limited*	43,633,134	5.97%
5 BNP Paribas Nominees (NZ) Limited*	33,489,979	4.58%
6 New Zealand Depository Nominee Limited	18,835,392	2.58%
7 Citibank Nominees (New Zealand) Limited*	17,648,378	2.41%
8 HSBC Nominees A/C NZ Superannuation Fund Nominees Limited*	15,921,073	2.18%
9 Forsyth Barr Custodians Limited	14,946,471	2.04%
10 Ian Archibald Hurst & Gloria Faye Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	13,109,015	1.79%
11 Tea Custodians Limited Client Property Trust Account*	13,058,904	1.79%
12 Donna Maree Hurst & Douglas Culmer Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	10,288,917	1.41%
13 JPMorgan Chase Bank Na NZ Branch-Segregated Clients Acct*	9,971,105	1.36%
14 PT (Booster Investments) Nominees Limited	7,726,493	1.06%
15 Leveraged Equities Finance Limited	7,261,415	0.99%
16 Simplicity Nominees Limited*	7,206,452	0.99%
17 MFL Mutual Fund Limited*	6,824,559	0.93%
18 Custodial Services Limited	6,685,068	0.91%
19 FNZ Custodians Limited	5,845,597	0.80%
20 Waikanae Trustees Limited	5,163,633	0.71%
<b>Total</b>	<b>443,565,670</b>	<b>60.68%</b>

\* Shares held through the New Zealand Central Securities Depository Limited.

### Spread of Shareholders as at 30 April 2024

Size of Holdings	Number of Shareholders	% Shareholders	Number of Shares Held	% Shares Held
Under 1,999	1,069	15.52%	953,988	0.13%
2,000 to 4,999	1,254	18.21%	4,153,785	0.57%
5,000 to 9,999	1,337	19.42%	9,317,744	1.27%
10,000 to 99,999	2,773	40.27%	77,520,390	10.60%
100,000 to 499,999	344	5.00%	68,565,941	9.38%
Over 500,000	109	1.58%	570,473,256	78.04%
<b>Total</b>	<b>6,886</b>	<b>100.00%</b>	<b>730,985,104</b>	<b>100.00%</b>

## Disclosures

### Top 20 Bondholders as at 30 April 2024

#### ARV101

Bondholder	No. of Bonds	% of Bonds
1 Forsyth Barr Custodians Limited	39,540,000	31.63%
2 Custodial Services Limited	20,047,000	16.04%
3 Tea Custodians Limited Client Property Trust Account*	14,765,000	11.81%
4 FNZ Custodians Limited	10,717,000	8.57%
5 ANZ Fixed Interest Fund*	6,760,000	5.41%
6 Generate Kiwisaver Public Trust Nominees Limited*	4,875,000	3.90%
7 Forsyth Barr Custodians Limited	4,216,000	3.37%
8 Adminis Custodial Nominees Limited	2,980,000	2.38%
9 JBWere (NZ) Nominees Limited	1,082,000	0.87%
10 Pin Twenty Limited	770,000	0.62%
11 Investment Custodial Services Limited	674,000	0.54%
12 Forsyth Barr Custodians Limited	605,000	0.48%
13 Kevin Garry Walker & Karaka & Puriri Trustee Ltd	526,000	0.42%
14 FNZ Custodians Limited	430,000	0.34%
15 FNZ Custodians Limited	422,000	0.34%
16 JPMorgan Chase Bank Na NZ Branch-Segregated Clients Acct*	370,000	0.30%
17 Gabriele Landvogt	364,000	0.29%
18 Marianne Mathilde Marie Stoessel	364,000	0.29%
19 Custodial Services Limited	336,000	0.27%
20 Public Trust Rif Nominees Limited*	330,000	0.26%
<b>Total</b>	<b>110,173,000</b>	<b>88.14%</b>

\* Bonds held through the New Zealand Central Securities Depository Limited.

### Spread of Bondholders as at 30 April 2024

#### ARV101

Size of Holdings	Number of Bondholders	% Bondholders	Number of Bonds Held	% Bonds Held
5,000 to 9,999	46	9.68%	268,000	0.21%
10,000 to 99,999	387	81.47%	10,394,000	8.32%
100,000 to 499,999	31	6.53%	5,834,000	4.67%
Over 500,000	11	2.32%	108,504,000	86.80%
<b>Total</b>	<b>475</b>	<b>100.00%</b>	<b>125,000,000</b>	<b>100.00%</b>

### Substantial Product Holder Notices as at 31 March 2024

Shareholder	Relevant Interest	% held at date of notice	Date of Notice
Accident Compensation Corporation	52,765,704	6.19%	28 February 2024
Forsyth Barr Investment Management Limited	80,639,690	11.08%	10 November 2023
Milford Asset Management Limited	38,489,075	5.29%	5 December 2023
Generate Investment Management Limited	20,900,123	5.10%	14 February 2018

On 15 April 2024, Forsyth Barr Investment Management Limited gave notice to NZX that their relevant interest was 72,414,842 (9.91%).

The total number of listed ordinary shares (being the only voting products) was 730,985,104 at 31 March 2024.

### Waivers from NZX Listing Rules

No waivers from NZX Listing rules were sought or relied on in the year ending 31 March 2024.

### 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 2024 was \$516,000. In addition, Ernst & Young undertook assurance services in relation to Arvida's sustainability reporting during the year; the fee for this engagement was \$48,000. Ernst & Young did not undertake any non-assurance work during the financial year ended 31 March 2024.

### Credit Rating

The Company has no credit rating.

### Donations

In accordance with section 211(1)(h) of the Companies Act, the Company records that \$19,587 was donated by Arvida or its subsidiaries in the year ended 31 March 2024. No donations were made to political parties, ballots or referendums.



# COMPANY INFORMATION

## REGISTERED OFFICE OF ARVIDA

### Arvida Group Limited

Aon Centre, Level 15  
29 Customs Street West  
Auckland 1010

PO Box 90217 Victoria Street West  
Auckland 1142

**Phone:** +64 9 972 1180

**Email:** info@arvida.co.nz

**Website:** www.arvida.co.nz

## DIRECTORS

Anthony Beverley, Independent Director and Chair

Michael Ambrose, Independent Director

Susan Peterson, Independent Director

Susan Paterson, Independent Director

Paul Ridley-Smith, Independent Director

## GROUP AUDITOR

Ernst & Young

## VALUERS

CBRE Limited

Jones Lang LaSalle Limited

## LEGAL ADVISORS

Chapman Tripp

Anthony Harper

## BANKERS

ANZ Bank New Zealand Limited

Bank of New Zealand

ASB Bank Limited

## STATUTORY SUPERVISOR

Covenant Trustee Services Limited

## BOND SUPERVISOR

The New Zealand Guardian Trust Company Limited

## SHARE REGISTRAR

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna, Auckland 0622

**Phone:** +64 9 488 8777

**Email:** enquiry@computershare.co.nz



# DIRECTORY

## Auckland

### Aria Bay

3-7 Woodlands Crescent  
Browns Bay, Auckland 0630  
Phone 09 479 1871

### Aria Gardens

11 Bass Road  
Albany, 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

14 Oteha Valley Road  
Northcross, Auckland 0632  
Phone 09 478 4000

### Mt Eden Gardens

467 Mt Eden Road  
Mt Eden, Auckland 1024  
Phone 09 630 6303

### Parklane

106 Becroft Drive  
Forrest Hill  
Auckland 0620  
Phone 09 410 9615

### Peninsula Club

441 Whangaparāoa Road  
Stanmore Bay  
Whangaparāoa 0932  
Phone 09 424 8228

## Blenheim

### Ashwood Park

118-130 Middle Renwick Road  
Springlands, Blenheim 7241  
Phone 03 577 9990

## Christchurch

### Ilam

28 Ilam Road, Ilam  
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

## Havelock North

### Mary Doyle

3 Karanema Drive  
Havelock North 4130  
Phone 06 873 8400

## Kerikeri

### Te Puna Waiora

59 Hall Road  
Kerikeri 0230  
Phone 0800 20 24 20

## Masterton

### Lansdowne Park

100 Titoki Street  
Masterton 5810  
Phone 06 377 0123

## Nelson

### Oakwoods

357 Lower Queen Street,  
Richmond, 7020  
Phone 03 543 9700

### The Wood

156 Milton Street  
Nelson 7010  
Phone 03 545 6059

### Waimea Plains

455 Lower Queen Street  
Richmond 7020  
Phone 03 922 9823

## New Plymouth

### Molly Ryan

269 Mangorei Road  
New Plymouth 4312  
Phone 06 757 8773

## Palmerston North

### Olive Tree

11-13 Dalwood Grove  
Palmerston North 4412  
Phone 06 350 3000

## Queenstown

### Queenstown Country Club

420 Frankton-Ladies Mile Hwy  
Queenstown 9371  
Phone 0800 111 410

## Rotorua

### Glenbrae

22 Hilda Street  
Rotorua 3010  
Phone 07 349 0014

## Tauranga

### Bethlehem Country Club

111 Carmichael Road  
Bethlehem, Tauranga 3110  
Phone 07 579 2030

### Bethlehem Shores

141 Bethlehem Road  
Bethlehem, Tauranga 3110  
Phone 07 579 2035

### Bethlehem Views

186 Cambridge Road  
Bethlehem, Tauranga 3110  
Phone 07 578 5500

### 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

## Waikanae

### Waikanae Lodge

394 Te Moana Road  
Waikanae, 5036  
Phone 04 902 6800

## Waikato

### Cascades

55 Pembroke Street  
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

## Wellington

### Village at the Park

130 Rintoul St, Berhampore  
Wellington 6023  
Phone 04 380 1361

