



NZX RELEASE

ARVIDA REPORTS STEADY FIRST HALF PROGRESS

Highlights:

- Reported IFRS profit after tax for 1H22 of \$75.5 million, up 80% on 1H21
- Underlying profit¹ of \$26.6 million, up 30% on 1H21
- Operating cash flow of \$69.3 million, up 31% on 1H21
- Total assets of \$2.3 billion, up 15% on 1H21
- Two new greenfield development sites added
- 68 new units delivered – on target for 200+ in FY22
- 253 total sales of occupation rights, up 74% on 1H21
- \$345m Arena Living portfolio acquisition now complete
- Gearing reduced to 24% with Arena Living completion
- Bank refinance completed extending limit and funding tenure
- Interim dividend of 2.5 cents per share

23 November 2021 – NZX listed retirement village and aged care operator Arvida Group Limited has announced a reported IFRS profit of \$75.5 million for the six months ending 30 September 2021.

The IFRS profit included unrealised movements in the fair value of investment property that was up from the same period last year when the effects of Covid-19 were less certain.

Underlying profit¹ of \$26.6 million was reported for the six months, an increase of 30% on first half 2021.

Arvida Chief Executive Jeremy Nicoll said a strong first half had been delivered despite the disruption of New Zealand going into a lockdown again.

Arvida supported its front-line teams through lockdown again with additional hourly bonus payments and increased roster coverage. These additional costs, coupled with the deferral of some sale settlements, were included in underlying profit performance for the half. No relief subsidy was provided by the Government to the sector.

“We have prioritised the health and wellbeing of our people incurring additional to cost to ensure our retirement communities remain safe.”

Arvida expects higher employee costs will be a challenge for the aged care sector into the second half with a constrained labour market and growing disparity in nurse pay continuing.

CEO Jeremy Nicoll said Arvida was preparing for Covid-19 being more prevalent throughout New Zealand as a result of border controls being progressively relaxed.

“Reopening our Auckland care centres so that visits can occur again will be a significant next step. We have already seen considerable benefits through our first steps of facilitating visits for fully vaccinated family and friends in our village gardens,” said Mr Nicoll.

Arvida is fully supportive of the Government’s mandatory requirement for health care workers to be vaccinated. All of Arvida’s care team had received a first dose of the Pfizer vaccine with less than 6% waiting to get their second dose.

¹ Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board’s estimate of realised components of movements in investment property value and to eliminate other unrealised, deferred tax and one-off items. A reconciliation is included within the half-year report and accompanying investor presentation.

A recently completed survey of employee's highlighted continued positive outcomes, with engagement indexed at a high 85% across the group.

During the six months to September, Arvida delivered 68 new homes across 7 villages. Mr Nicoll said Arvida was on target to build more than 150 new homes in the second half, bringing the total number of new homes delivered in the financial year to over 200.

Construction at greenfield developments at Waimea Plains in Richmond and Te Puna Waiora in Kerikeri continue to grow to meet demand with all completed stages sold down and high levels of presales for the next stages.

Future development opportunities were announced at Waikanae Beach and Te Awamutu. At over nine hectares each, Arvida said both greenfield sites are suitable for broad-acre villa-led retirement community development. In total, future development at these sites will add over 450 units to Arvida's portfolio.

Sales of occupation rights totalling \$128.0 million were settled in the period, comprising \$58.9 million resale and \$69.1 million new sale settlements.

Despite the pause in sales activity during lockdown, 133 resale and 120 new sale settlements were recorded by Arvida in the six months to September. In total this represented 108 or 74% more settlements than the corresponding period last year that was similarly Covid-19 impacted.

Arvida reported a 52% lift in gains to \$23.3 million from the increased sales activity.

Mr Nicoll said new sales settlements of occupation rights were a highlight for the team and a key contributor to a strong sales performance for the six months. This included 43 settlements at Arvida's newly opened care suite and apartment complex at Copper Crest in Tauranga and 31 villa settlements at Waimea Plains in Richmond.

A development margin of 17% was reported, up on the 14% for the same period last year. This is in line with the company's longer-term expectations of development margins in the 15% to 20% range.

Total assets grew to \$2.3 billion, up \$312 million on the same period last year.

The Arvida Board declared an increased unimputed interim dividend of 2.5 cents per share for the first half. The record date will be 1 December 2021, with payment on 15 December 2021. Arvida's dividend reinvestment plan will be in operation for this interim dividend with a 2% discount to apply.

Subsequent to the 30 September balance date, Arvida announced a proposal to acquire 100% of the shares in Arena Living for approximately \$345 million. A \$330 million capital raising was successfully completed to part fund the acquisition. The acquisition was completed on 15 November 2021.

Arvida said total assets are now more than \$3 billion following completion.

Arena Living adds six retirement villages to Arvida's portfolio, increasing the total of number of units and beds by 24% to 5,439. In addition, the acquisition increases Arvida's Auckland and Tauranga presence and adds to its future development pipeline which now includes over 2,000 homes to build.

Gearing had reduced to 24% adjusting for completion of the acquisition which was now at the low end of the Board's target range of between 25% to 35%.

Mr Nicoll said the lower balance sheet gearing set the company to accelerate its construction programme.

– ENDS –

For more information, please contact:

Jeremy Nicoll, Chief Executive Officer, Arvida Group Limited
Tel: +64 21 403 665 or email: jeremy.nicoll@arvida.co.nz

Mark Wells, Chief Financial Officer, Arvida Group Limited
Tel: +64 21 64 21 327 054 or email: mark.wells@arvida.co.nz

About Arvida:

Arvida is one of New Zealand's largest aged care providers owning and operating 38 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida provides over 6,100 residents with a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

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

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

Appendix 1

Summary Financial Performance

	Six months to 30 Sept 2021 Unaudited	Six months to 30 Sept 2020 Unaudited	12 months to 31 March 2021 Audited
Total revenue (\$M)	94.0	86.2	174.4
Fair value movements (\$M)	69.6	36.3	121.3
Net profit after tax (IFRS) (\$M)	75.5	41.8	131.1
Underlying profit (\$M)	26.6	20.5	51.9
Net operating cash flow (\$M)	69.3	52.9	130.8
Total assets (\$M)	2,338	2,025	2,182
Underlying profit per share (cents)	4.9	3.8	9.6
Dividend per share (cents)	2.5	2.4	5.4
Net tangible assets per share (cents)	159	132	146