

## Board Notes

### ANNUAL MEETING

10AM, 21 AUGUST, THE GEORGE, CHRISTCHURCH

#### RUN SHEET

	AGENDA ITEM	PRESENTER
1	<p><b>Chairperson's Introduction</b></p> <p>Welcome to the inaugural annual meeting of shareholders for Arvida Group. Before we start the meeting I would like to make the following introductions.</p> <p>Joining me at the front table are our full Board of Directors. This includes Susan Paterson, Michael Ambrose, Anthony Beverley and Paul Ridley-Smith. Bill McDonald, our Chief Executive Officer and Jeremy Nicoll, our Chief Financial Officer are also at the front table. Our group auditors, Ernst &amp; Young, are present and are represented by Brent Penrose. Our share registrar, Computershare, is represented by Dave Mitchell.</p> <p>My letter in the Annual Report to shareholders noted the progress achieved in the period from our Initial Public Offering (IPO) to June this year.</p> <p>In particular we had met the milestones we had set for the Company and affirmed our focus on three strategic themes-</p> <ol style="list-style-type: none"> <li>1. Creating an effective corporate support structure and executing our integration plan to capture the operational efficiencies accessible as a larger group.</li> <li>2. Progressing identified development opportunities within our existing properties.</li> <li>3. Identifying acquisition opportunities in line with strategy.</li> </ol> <p>We were pleased to be able to meet and exceed our forecast performance for the period to March 2015 and to provide guidance that we were on track to meet our prospective financial performance target (PFI) for the 2015/2016 year.</p> <p>The financial results for the quarter ended June show we are trading well and remain on target. As previously announced, the Aria acquisition is expected to increase our earnings by 12% on an annual basis. With the acquisition taking effect from 1 July, we will see an increase in earnings in future quarters. As a result, the Board expects the company to exceed our PFI earnings guidance.</p> <p>I am pleased to announce that the first quarter dividend of 1.05 cents per share with imputation credits of 0.35 cents per share attached. The record date for the dividend will be 8 September and payment will be made on 18 September. The Board will continue to review the level of the dividend on a quarterly basis but it is likely to be at a similar level for the balance of the year.</p> <p>It is important for us to fulfil our stated goals as outlined in the Prospectus and to give the market confidence that we do what we say. There are matters that are within our control and some that are not. Market sentiment can be influenced by a range of influences both domestically and internationally and as we have seen in recent times, market volatility can be significant.</p> <p>The recent purchase of the Aria Villages came about earlier than we had expected. Our original intent was to have a quality Auckland based component to our portfolio, so the opportunity</p>	Peter

was one we wished to take up. We were very pleased to be able to fund the transaction with both institutional and existing shareholder support and do so with an earnings accretive outcome.

The goals of successful integration, getting the support structure in place and operating well, capturing the valuable local culture of villages and identifying areas for efficiencies and care enhancements are our primary focus and we are delighted with reported progress to date. Bill McDonald will talk more about this in his address.

We have also assessed and progressed the opportunities for development of our villages through refurbishment and “brownfields” development. We are confident the scope for development is in line with our initial assessments and we anticipate good progress in this regard from early 2016.

Thoughtful and positive care of the elderly and recognition for delivering a quality standard of care and accommodation is an absolute commitment for Arvida and our success in delivering to that commitment will be positive for shareholders.

You are being asked to support the appointment of Susan Paterson Michael Ambrose and Paul Ridley-Smith to the Arvida Board. I am delighted that both Susan and Paul joined our Board earlier this year and their contribution has already been valuable. The mix of skills and experience on the Board is well balanced in my view and I strongly urge you support the ratification of Susan and Paul’s appointment and to reappoint Michael.

I will now ask Bill McDonald to address you after which Bill and I will be pleased to answer your questions.

2

## Chief Executive Officer’s Review

Bill

Since our listing in December, Arvida has emerged as a leading provider of aged care services in New Zealand with a national footprint and clearly unique and valuable points of difference. After the IPO our focus was the development of a strong, long term team to operate and grow the business. I am pleased to report that we now have a well-functioning operational structure across the business.

Developing Arvida’s Support Centre structure has been a fundamental part of this plan and it forms the platform underpinning the future growth of our business. A lean central core allows us to remain responsive when implementing our strategies. I am pleased to say that we are in the final stages of building this structure which is proving to be a very strong, energetic and cohesive team.

We have made considerable progress on our integration plan to date across all areas of the business. Some of these initiatives include:

- Consolidating the individual villages into a cohesive operational business
- Standardisation of financial reporting and the accounting system
- Review and update of disclosure statements across the businesses
- Centralisation of settlement processes across the group
- Assessment of clinical and other risks for the business and initiation of mitigation strategies
- Developing benchmarking for key clinical indicators
- Creation of accounting hubs with the view to removing non-core activities at village level
- Updated group branding, unique village profiles including marketing collateral, advertising and a new group website
- New agreements completed or under negotiation with key suppliers across the group



Apart from these operational initiatives, the transformational creation of a positive underlying culture across the organisation is key to our longer time success. This is really about our values as a business which define the way we operate and interact with our residents. I am very pleased with the enthusiasm of the greater team in embracing what we are building. Our values revolve around:

- Individual wellbeing
- Engagement in Life
- Fairness
- Authentic, genuine and real experience for our residents

With these values locked into the organisation, we have a vision to be true leaders and innovators in the New Zealand retirement and aged care industry. In line with our values and by taking a more holistic view of residents care and wellbeing, we aim to turn our customers and their families into our greatest advocates, pro-actively selling our business into their local communities.

To this end, we are investing in individualised wellness programmes for our residents and actively seeking opportunities to engage in the local communities and with families and friends, while continually adding village based programs, creating rich and dynamic communities. We are pursuing this goal with a genuine intent to improve the lives of our residents.

With our resident wellbeing focus and several other initiatives aligned with our values, we are developing a valuable and unique selling proposition that will form the basis of our core product going forward.

I am pleased to report a net profit after tax of \$3.1 million for the year ended 31 March 2015, which was ahead of a forecast loss of \$2.3 million. Underlying Profit was in line with forecast at \$4.0 million which resulted in our first dividend payment being also in line with forecast. The balance sheet of the company remains strong, with just over \$300 million invested in land, buildings and equipment and a small debt component.

Integration of our facilities is quite rightly still our core focus, allowing us to invest in scalable and flexible business processes supported by IT systems, and in-house resources to facilitate growth via development and acquisition.

It also enables us to establish robust systems and processes to manage the business' operational risks, including those that relate to aged care compliance, health and safety and improvements in operating efficiencies.

The next stage of procurement synergies and integration of centralised support functions will include standardised certification and policy documentation, payroll, time in attendance tools and others to more effectively utilise people and resources.

We are also looking to standardise our contract terms and other customer facing documentation to align with our values and put us in a position of strength in relation to our competitors.

Creating an internal development delivery capability is central to our business. We consider capturing and preserving knowledge gained from our development activity in-house to be tremendously value accretive to the business over time. We are pleased with the progress of the team in regard to our development pipeline.

At the end of March this year we had completed the development of 5 villas at Park Lane Retirement Village in Christchurch with an additional 3 villas being completed since year end. A new master plan for Park Lane has been created with the intention of building an additional



78 independent living apartments plus some outwardly facing common and community facilities.

We have obtained resource consent to build an additional 10 independent living apartments at Glenbrae in the Bay of Plenty. Work has now commenced with delivery targeted in this financial year. Contemporaneously a refurbishment of the care facilities is being undertaken by the care facility landlord with the addition of ensuites to care rooms.

We have recently finished refurbishment of three existing apartments for re-sale at Rhodes on Cashmere with two now sold. In addition, the resource consent application for an additional 31 independent living apartments and 47 care beds at Rhodes on Cashmere is to be lodged next week.

Investment decision approval of the Park Lane and Rhodes on Cashmere developments is pending final planning, feasibility and analysis. Current assumptions anticipate actual development activity commencing in the 4th quarter of this financial year.

Also in Christchurch, we are about to commence refurbishment work at St Allisa rest home. This is progressing in conjunction with minor earthquake remediation work. Planning for insurance remediation work at St Albans and Wendover is also progressing.

Development planning of 20 new villas on vacant land at Oakwoods Village in Nelson is progressing quickly and we are also planning 23 new apartments at our Aria Bay site with lodgement of resource consent in September.

This means we have eight brownfield development opportunities at various stages of planning and construction, representing a roll out of over 200 new units or beds over the next 2-3 years. These works all build our internal development capacity, enabling us to look towards greenfield opportunities as they arise in the future.

Apart from brownfield development, growth through acquisition formed part of the strategy which we took to market, which we demonstrated through the Aria transaction in June. As our Chairman Peter said, we did not expect to transact at this early stage but great properties in excellent Auckland locations represented a very compelling need to act. The result is a significant and demonstrable earnings improvement to shareholders, a better geographic balance to the portfolio and greater economies of scale for the group. Through our now 21 village portfolio, we have 1,240 care based beds and nearly 900 apartments and villas. We are very pleased to bring the Aria teams on board.

By embracing a “yes we can” attitude and pursuing a genuine desire to create better outcomes for both our residents and our business, we will uncover new opportunities and improved ways of operating. We intend leading the market in the provision of a truly customer focused model delivering genuinely positive outcomes to our residents and closer alignment of our products and services to the oncoming baby boomer demographic. To Arvida this translates to great business outcomes through improved market reputation and high demand for our products and services.

I would like to take this opportunity to thank our village staff and greater team for their ongoing contribution to the success of the business and support for the Arvida vision.

## 2.1 Questions

Peter

Thank you Bill. I will now open the meeting for questions about the Company’s performance generally. Other issues can be addressed as General Business later in the meeting. I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.



	<p>In addressing the Chair with questions would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative.</p> <p>Do I have any questions from the floor?</p>	
<b>3</b>	<p><b>Resolutions</b></p> <p>We will now consider the formal resolutions for the Meeting.</p> <p>The resolutions for consideration today may only be voted on by Shareholders, either in person or by proxy, and proxy holders and Shareholder company representatives present.</p> <p>I have been provided with a record of the valid proxies received. Proxies have been received in respect of 89,633,626 shares.</p> <p>There are 273,245,400 shares on issue.</p> <p>Voting on all resolutions will be by poll. On a poll, each person voting at the meeting and each Shareholder who has cast a vote by proxy, has one vote for each share held. We will consider each Resolution in turn and vote on that Resolution after any discussion.</p> <p>To vote, you should tick the relevant box on your voting form in respect of the resolution being voted on. If you did not bring your voting form with you, you should have been given a voting form at the registration desk on arrival. If you are a proxy holder and the shareholder has given directions as to voting on every resolution, you will not have been issued with voting papers. If you have been overlooked, please let one of the Computershare representatives know immediately.</p> <p>On completion of the voting, your forms will be collected. When all voting forms have been collected, they will be taken to be counted by Computershare.</p> <p>If you are both a Shareholder and a proxy holder or Shareholder company representative, please complete a separate voting paper for yourself and each other Shareholder you represent. All resolutions will be voted on in the form proposed in the Notice of Meeting given to Shareholders. Each of the resolutions is taken as having been moved and no seconder is required. The resolutions will be binding on the Board and Company if passed.</p> <p>I will now read the resolutions. On the screen will be an update of the votes already received for each resolution.</p>	Peter
<b>3.1</b>	<p><b>Resolution One - Re-election of Director</b></p> <p>That Michael George Ambrose, who retires by election, and being eligible, offers himself for re-election as a director of Arvida. Please refer to explanatory note 1 within the Notice.</p> <p>I will now ask Michael to say a few words about his background.</p> <p>[Michael to speak]</p> <p>The Board unanimously supports the re-election of Michael Ambrose.</p> <p>Is there any discussion required on the resolution?</p> <p>Voting on the resolution will be by poll. Please tick the relevant box on your voting form.</p> <p>[Pause for people to complete voting papers]</p>	<p>Peter</p> <p>Michael</p> <p>Peter</p>



**3.2 Resolution Two - Election of Director** Peter

That Susan Marie Paterson, who was appointed by the board during the year, retires by rotation, and being eligible, offers herself for election as a director of Arvida. Please refer to explanatory note 2 within the Notice.

I will now ask Susan to say a few words about her background.

[Susan to speak] Susan

The Board unanimously supports the election of Susan Paterson.. Peter

Is there any discussion required on the resolution?

Voting on the resolution will be by poll. Please tick the relevant box on your voting form.

[Pause for people to complete voting papers]

**3.3 Resolution Three - Election of Director** Peter

That Paul Morton Ridley-Smith, who was appointed by the board during the year, retires by rotation, and being eligible, offers himself for election as a director of Arvida. Please refer to explanatory note 3 within the Notice.

I will now ask Paul to say a few words about his background.

[Paul to speak] Paul

The Board unanimously supports the election of Paul Ridley-Smith. Peter

Is there any discussion required on the resolution?

Voting on the resolution will be by poll. Please tick the relevant box on your voting form.

[Pause for people to complete voting papers]

**3.4 Resolution Four - Ratify shares issued pursuant to the acquisition of Aria Gardens Limited and Epsom Brown Holdings Limited** Peter

That the following share issues are ratified, confirmed and approved for the purposes of NZX Main Board Listing Rule 7.3.5(c). Please refer to explanatory note 4 within the Notice. The shares issues to be ratified are 35,714,286 shares issued on 30 June 2015 at 84 cents each to the participants in the placement; and 6,727,968 shares issued on 3 July 2015 at 89 cents each to the vendors of Aria Gardens Limited and Epsom Brown Holdings Limited under the respective sale and purchase agreements.

The Board unanimously recommends that shareholders vote in favour of the ratification of the shares. Arvida's IPO investment statement described Arvida's strategy to acquire further facilities, and potentially to fund those by share issues. The Board supports the resolution to ratify the Shares Issued as it provides Arvida flexibility over the balance of the twelve month period.

At the date of this notice, Arvida has 273,245,400 shares on issue. It could issue a further 12,206,826 shares under the "20% rule" without shareholder approval. Approval of the resolution would restore the permitted share issue to 54,649,080 shares, although there is no imminent intention to do so. If the resolution is not passed Arvida's ability to issue shares



would be limited to the 12.2 million 'headroom' it currently has or other means of raising capital – for example, with shareholder approval or as a 'rights issue'.

Is there any discussion required on this resolution?

Voting on the resolutions will be by poll. Please tick the relevant box on your voting form.

[Pause for people to complete voting papers]

**3.5 Resolution Five - Auditor's Remuneration** Peter

That the Directors be authorised to fix the fees and expenses of Ernst & Young as the auditor of Arvida. Please refer to explanatory note 5 within the Notice.

Is there any discussion required on this resolution?

Voting on the resolutions will be by poll. Please tick the relevant box on your voting form.

[Pause for people to complete voting papers]

**3.6 Voting** Peter

That completes voting on the resolutions. I will now ask for the voting papers to be collected in the boxes being circulated.

[Pause for voting papers to be collected]

Due to the number of votes to be counted, the votes collected at this meeting will be added to the proxies already received and the results will be compiled by the registrar, and scrutinised by the auditor. The results, once available, will be provided to the NZX and published on the Arvida website.

**4 General Business** Peter

I will now open the meeting to any general business from any shareholders. Again, I ask that in addressing the Chair with questions would you please state your name and advise whether you are a Shareholder, a proxy holder or a Shareholder company representative. I would like to remind you that only Shareholders, proxy holders or Shareholder company representatives have a right to speak.

[Deal with any general business from the floor]

Thank you for your attendance at the first annual meeting of Arvida Group and your continued support of the company.

I hereby declare the meeting closed. Please join us for refreshments.

