

PRESENTATION OF INTERIM RESULTS

Arvida Group Limited
Six-months ended 30 September 2015
Unaudited

26 November 2015





IMPORTANT NOTICE

Disclaimer

The information in this presentation has been prepared by Arvida Group Limited with due care and attention. However, neither the Company nor any of its directors, employees, shareholders nor any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about Arvida Group Limited.

A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the year ended 31 March 2015 or the unaudited consolidated financial statements for the six-months ending 30 September 2015, which will be made available at www.arvida.co.nz.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.



AGENDA

Result Highlights	4
Business Overview	7
Financial Results	18
Questions	24

Presented by:

Bill McDonald

Chief Executive Officer

Jeremy Nicoll

Chief Financial Officer



RESULT HIGHLIGHTS

On track to exceed forecast

Underlying profit¹ of \$7.3 million for first half is on track to exceed \$13.3m PFI target for FY16

Increasing asset values

\$3.8 million increase in retirement village asset values over the first half

Integration largely complete

Key integration tasks completed and transitioning towards business as usual

Successful acquisition

Three villages acquired in premium Auckland locations and a further \$41 million of capital raised

Development pipeline

Brownfield development pipeline confirmed, with 225 beds and units to deliver in the next three years

Insurance settlement

All Christchurch earthquake claims settled with a gross settlement of \$18.1m

¹ Underlying Profit is a non-GAAP measure and differs from NZ IFRS net profit after tax by replacing the fair value adjustment in investment property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off items. A reconciliation to Statutory Profit is provided on page 22.



RESULT HIGHLIGHTS

Well performing business is on track to exceed prospectus forecasts

Six-months ended 30 September 2015 Unaudited \$m	Actual First Half FY16 ³	PFI Full Year FY16	Actual FY15 ¹
Revenue	39.3	69.3	20.0
Fair Value Movement	3.8	1.2	1.4
Net Profit After Tax	7.4	10.6	3.1
Underlying Profit ²	7.3	13.3	4.0
Investment Property	272.9	226.2	212.2
Property Plant & Equipment	110.6	89.4	77.7
Total Debt	10.0	6.3	7.3

¹ While the financial results are for the 12 months ended 31 March 2015, acquisition of the assets occurred on 17 December 2014 and the FY2015 unaudited financial results reflect the village operations since then. Prior to 17 December 2014, the principal assets were cash at bank.

² Underlying Profit is a non-GAAP measure and differs from NZ IFRS net profit after tax by replacing the fair value adjustment in investment property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off items. A reconciliation to Statutory Profit is provided on page 22.

³ Includes a three month contribution from the Aria villages



BUSINESS OVERVIEW



BUSINESS OVERVIEW

Arvida's care weighting provide strong and defensive cash flows

\$295.7 million

Fair value of portfolio from the latest CBRE valuations

93%

Occupancy of aged care facilities

1,240

Aged care beds (612 Resthome, 503 Hospital, 125 Dementia)

83%

Care fee revenue funded from Government sources

899

Retirement units (379 independent living units, 520 serviced apartments and studios)

81.1 & 85.5 years

Average ingoing and current age of retirement village residents

Significant progress made in all three key strategies in the past six-months

1

Operations

- Business is transitioning from integration focus to “business as usual” over the next six months
- Ongoing focus on enhancing our high quality care offering

2

Brownfield Development

- Progressing identified development opportunities within our existing properties
- Additional development opportunities through acquisition of Aria villages

3

Acquisitions

- First acquisitions made in line with stated strategy
- Aria villages provide key strategic Auckland presence



Key operational strategy of developing culture and core values across the organisation

- Will lead to a distinctly differentiated position in the NZ aged care market – “the Arvida attitude to living well”

Vision

Improving the lives and wellbeing of our residents by transforming the aging experience

Our Mission

Challenge ourselves to make our residents lives better with *everything* we do

Our Promise

Feel younger for longer and actively engaged in life

Values

Common link and set of behaviours allows strong culture complementing the unique identity of individual villages

- ✓ Passionate
- ✓ Authentic
- ✓ Fair
- ✓ Can do
- ✓ Innovative
- ✓ Nimble and flexible



INTEGRATION PLAN – NEXT STEPS

1

Operations

Integration is nearing completion as the business transitions to “business as usual” with a group-wide continuous improvement process

1H FY16 - Complete

- A single group strategy and brand to establish Arvida as a recognised integrated retirement and aged care provider
- Completion of leadership team with new resources in Operations and Marketing and Sales to complement existing team
- Procurement synergies and integration of centralised support functions
- Review of current clinical policies and procedures
- Drafting of standardised Occupational Right Agreement (ORA)
- Implementation of group wide health, safety and wellbeing structure

2H FY16 – In Progress

- Roll-out of standardised ORA contracts & terms
- Roll-out of IT structure
- Roll-out of standardised employment agreement
- Roll-out of time and attendance and payroll systems
- Staff development and retention strategies
- Roll-out of standardised clinical policies
- Roll-out consistent visual identity at priority sites



Gains from driving improvements in operational efficiencies have been realised

■ Procurement synergies with selected supply categories

Insurance	Telecoms	Continance	Stationery	Medical
✓ Complete	✓ Complete	✓ Complete	✓ Complete	✓ Complete
Energy	Chemicals	Rostering	Food	Refurbishment
✓ Complete	✓ Complete	✓ Review	✓ Review	✓ Scoping

■ Integration of centralised support functions

Finance	IT	Branding/ Marketing	Human Resources	Clinical Policies & Procedures
✓ Complete	✓ Roll-out	✓ Roll-out	✓ On Track	✓ Drafting

Develop consistent visual identity whilst retaining strong local village identity and ensuring relevant product offering for market.

- Will lead to a distinctly differentiated position in the NZ aged care market

Consistent Visual Identity



Relevant Product Offering

Maintain and improve upon successful existing businesses to differentiate the Arvida offering

- ✓ Quality refurbishments
- ✓ First impressions upgraded where required
- ✓ Beautiful gardens
- ✓ Staged refresh programme





Differentiated position looks to lead the NZ market in the provision of aged care

- Investing in the well-being of our residents with specific strategies to improve and develop resident's health
- Benchmarking of key clinical indicators with a view to optimising the quality of care to residents
- Individualised wellness programmes and actively seeking out opportunities to engage our residents in their local communities and with their family and friends

- Roll-out of wellness programme across the group
- Individualised resident programmes aimed at four key areas:
 - Moving well
 - Eating well
 - Thinking well
 - Rest and Recovery
- Programme designed by a geriatrician, psychologist, exercise physiologist and dietitian
- Access to the most up to date (age specific) research, strategies and science
- All programmes pre-screened by medical / nutritional team





GROWTH WITHIN EXISTING FACILITIES

225 new units/beds planned for delivery in the next three years, with opportunities for a further 100+ units/beds on existing sites

Facility	Delivery in FY16	Delivery in FY17 & beyond ¹
Park Lane	3 ILUs (complete)	78 ILUs (resource consent lodged)
Rhodes on Cashmere	-	31 ILUs and 40 Care Beds (resource consent lodged)
Aria Bay	-	24 ILUs (resource consent lodged)
Oakwoods	-	20 ILUs (resource consent pending)
Aria Gardens	18 Hospital beds (new) 20 Dementia beds (rebuild)	-
Glenbrae	11 Serviced apartments (new) Ensuites for all care beds ²	-

- Delivery of 32 new units/beds expected in FY2016
- Resource consents lodged for 173 new units/beds
- Resource consent being drafted for 20 new units
- Future growth pipeline of 100+ units/beds within existing properties. These opportunities will be assessed over the near term

¹ Subject to final investment decision approval.

² Refurbishment of care facilities is being undertaken by care facility landlord.



Illustrative development designs



Figure 1: Park Lane – 78 new apartments, communal facilities and Wellness Centre



Figure 2: Aria Bay – 24 new Independent Living Units plus Communal Facilities



Figure 3 & 4: Rhodes on Cashmere – 31 new Independent Living Units, Communal Facilities and 40 Care Beds





Existing opportunities are progressing and three acquisitions have been made

Acquisitions

- Continue to see a range of prospects
- Focus on assets which are accretive to earnings and value
- Pursue acquisitions which are aligned with the care focused nature of Arvida that meet our criteria

Greenfield

- Focus is currently on brownfield developments
- In time, sites that exhibit attractive demographics in the 5-10km radius catchment area, including adjacent land to existing villages, will be evaluated



FINANCIAL RESULTS



INCOME STATEMENT

Six-months ending 30 September Unaudited (NZ\$m)	Actual First Half FY16	PFI Full Year FY16
Care & village service fees	34.6	61.4
Deferred management fees	3.6	6.9
Other revenue	1.0	1.0
Total revenue	39.2	69.3
Fair value movement of investment property	3.8	1.2
Total income	43.0	70.5
Operating expenses	(30.4)	(54.8)
Depreciation	(1.4)	(1.3)
Total expenses	(31.8)	(56.1)
Operating profit before financing, transaction & IPO costs	11.2	14.3
Financing costs	(0.6)	(0.2)
One-off costs	(1.4)	0.0
Profit before income tax	9.3	14.2
Income taxation	(1.9)	(3.6)
Net profit after tax	7.4	10.6

Commentary:

- 1HFY16 includes six-months of operations of the original villages and three months of the Aria villages
- Fair value movement from the CBRE desktop review of the retirement village land and buildings for the six-months
- Depreciation includes the care facility building depreciation that was forecast to be off-set by revaluation gains
- 1HFY16 One-off Costs include Aria transaction costs and earthquake remediation costs



BALANCE SHEET

As at 30 September Unaudited (NZ\$m)	Actual First Half FY16	Actual Full Year FY15
Cash and cash equivalents	1.1	1.8
Insurance receivable	0.0	18.5
Property, plant and equipment	110.6	77.7
Investment property	272.9	212.2
Goodwill	39.0	33.0
Other assets	12.2	9.8
TOTAL ASSETS	435.8	353.0
External debt	10.0	7.3
Residents' loans	134.1	106.8
Deferred tax liability	15.5	11.4
Other liabilities	23.5	17.8
TOTAL LIABILITIES	183.1	143.3
Issued capital	246.6	206.4
Revaluation reserve	1.0	0.4
Retained earnings	5.1	2.9
TOTAL EQUITY	252.7	209.7

Commentary:

- FY15 acquisition balance sheet adjusted to reflect 'virtually certain' nature of insurance settlement
- All insurance claim proceeds have been received
- PP&E and Investment Property balances increased mainly due to Aria acquisition
- Goodwill includes \$6.1m in relation to the Aria transaction
- External Debt remains well within the \$40.0m facility limit
- Revaluation Reserve includes the Directors' assessment of the care facility land & buildings valuation, which has effectively reversed the accounting depreciation
- \$41.0m of new shares issued during the period in relation to the Aria transaction



CASH FLOW

Six-months ending 30 September Unaudited (NZ\$m)	Actual First Half FY16	PFI Full Year FY16
Receipts from residents with respect to levies, care fees and other income	35.6	62.2
Residents' loans	18.0	36.6
Repayment of residents' loans	(9.1)	(18.3)
Payments to suppliers and employees	(29.3)	(54.1)
Other operating cash flows	0.1	0.9
Financing costs	(0.5)	(0.5)
Taxation	(2.5)	(3.3)
Net cash flow from operating activities	12.3	23.5
Acquisition of investment property	(4.7)	(7.6)
Purchase of property, plant and equipment	(1.4)	(7.2)
Payments for investments in subsidiaries	(29.2)	0.0
Net insurance claim proceeds	17.8	0.0
Net cash flow from investing activities	(17.5)	(14.8)
Net cash flow from financing activities	4.5	(8.7)
Net (decrease) / increase in cash	(0.7)	0.0
Opening cash balance	1.8	5.0
Closing cash balance	1.1	5.0

Commentary:

- \$8.9m of cash generated from ORA transactions
- Tax paid of \$2.5 during the period
- \$29.2m paid in cash for the Aria villages
- Net insurance claim proceeds of \$17.8m received during the period
- Included in financing activities are \$35.0m of proceeds from new shares issued in relation to the Aria transaction, net bank debt repayments of \$23.8m and dividends of \$5.3m
- Overall cash balance at \$1.1m and drawn debt balance of \$10.0m



RECONCILIATION TO UNDERLYING PROFIT¹

Six-months ending 30 September Unaudited (NZ\$m)	Actual First Half FY16	PFI Full Year FY16
Net profit after tax	7.4	10.6
Less: Change in fair value of investment property	(3.8)	(1.2)
Add: Deferred tax	(0.4)	0.3
Add: One-off costs	1.4	0.0
Underlying operating profit	4.6	9.7
Add: Gains on the resale of existing units	2.0	3.5
Add: Development margin on new units	0.7	0.1
Underlying profit	7.3	13.3

¹ Underlying Profit is a non-GAAP measure and differs from NZ IFRS net profit after tax by replacing the fair value adjustment in investment property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off items.

Commentary:

- Transaction expenses and earthquake remediation costs have been removed from the calculation of underlying profit
- Gains from 61 resales of existing units totalled \$2.0m
- Development margins on 11 sales of new units totalled \$0.7 million
- Inconsistency with the treatment of depreciation and revaluation of care facility buildings between IPO model and adopted accounting treatment
- Underlying Profit of \$7.3 million for first half is on track to exceed \$13.3m target for FY16



DIVIDEND AND FY16 GUIDANCE

Second quarter dividend declared in line with prospectus

Second Quarter FY2016 Dividend Declared

- Arvida has declared a second quarter dividend of \$2.9 million (representing 1.05 cps), in line with Q1FY16
- Record date is 10 December 2015, payment on 21 December 2015
- Partially imputed with 0.35 cps of imputation credits
- Supplementary dividend of 0.16 cps for non-resident shareholders

Dividend Policy

- Arvida intends to distribute 60% to 80% of Underlying Profit per annum
- Dividends to be paid on a quarterly basis

FY2016 Guidance

- Based on current expectations, the Board expects to exceed the FY16 profit forecasts as set in the IPO prospectus
- Focus on optimizing village performance and brownfield developments
- Arvida is well positioned to pursue growth opportunities and continues to review and evaluate value enhancing acquisition prospects that meet our criteria



QUESTIONS