

PRESENTATION OF UNAUDITED RESULTS

Arvida Group Limited
Year Ended 31 March 2015

28 May 2015





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AGENDA

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Presented by:

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Chief Executive Officer

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Chief Financial Officer



FY15 RESULT HIGHLIGHTS



FY15 MILESTONES

Arvida meets IPO forecasts and positions itself for the future

Successful IPO

Raising \$80 million & listing on NZX

National Footprint

Retirement village and aged care facilities located across NZ

IPO Forecast Achieved

Underlying profit¹ of \$4.0 million

Maiden Dividend

\$2.3 million (1.03 cps)

Support Structure

Key integration tasks completed

Growth Strategy

Brownfield developments underway

¹ Underlying Profit is a non-GAAP financial measure. A reconciliation to Statutory Profit is provided on page 23.



FY15 RESULT HIGHLIGHTS

FY15 financial performance delivered in line with IPO forecast

| Year Ended 31 March 2015 | | | | | |
|--------------------------------|-------------------|--------------|-------------|------------|---|
| Unaudited | | | | | |
| \$m | FY15 [^] | IPO Forecast | \$ Variance | % Variance | |
| Revenue | 20.0 | 19.0 | 1.0 | 5.4% | ↑ |
| Fair Value Movement | 1.4 | 0.2 | 1.2 | 538.0% | ↑ |
| EBIT | 4.6 | 3.8 | 0.9 | 23.4% | ↑ |
| Net Profit After Tax | 3.1 | (2.3) | 5.4 | 232.0% | ↑ |
| Underlying Profit ¹ | 4.0 | 4.1 | (0.1) | (1.7%) | ↓ |
| Dividend | 2.3 | 2.3 | - | - | |
| Investment Property | 219.9 | 216.5 | 3.4 | 1.6% | ↑ |
| Property Plant & Equipment | 82.2 | 83.5 | (1.3) | (1.5%) | ↓ |
| Total Debt | 7.3 | 5.9 | 1.4 | (22.9%) | ↓ |

[^] 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.

1. Underlying Profit is a non-GAAP financial measure. A reconciliation to Statutory Profit is provided on page 23.



FY15 OPERATIONAL HIGHLIGHTS

Significant progress made at an operational level

**17 Businesses
Successfully
Integrated**

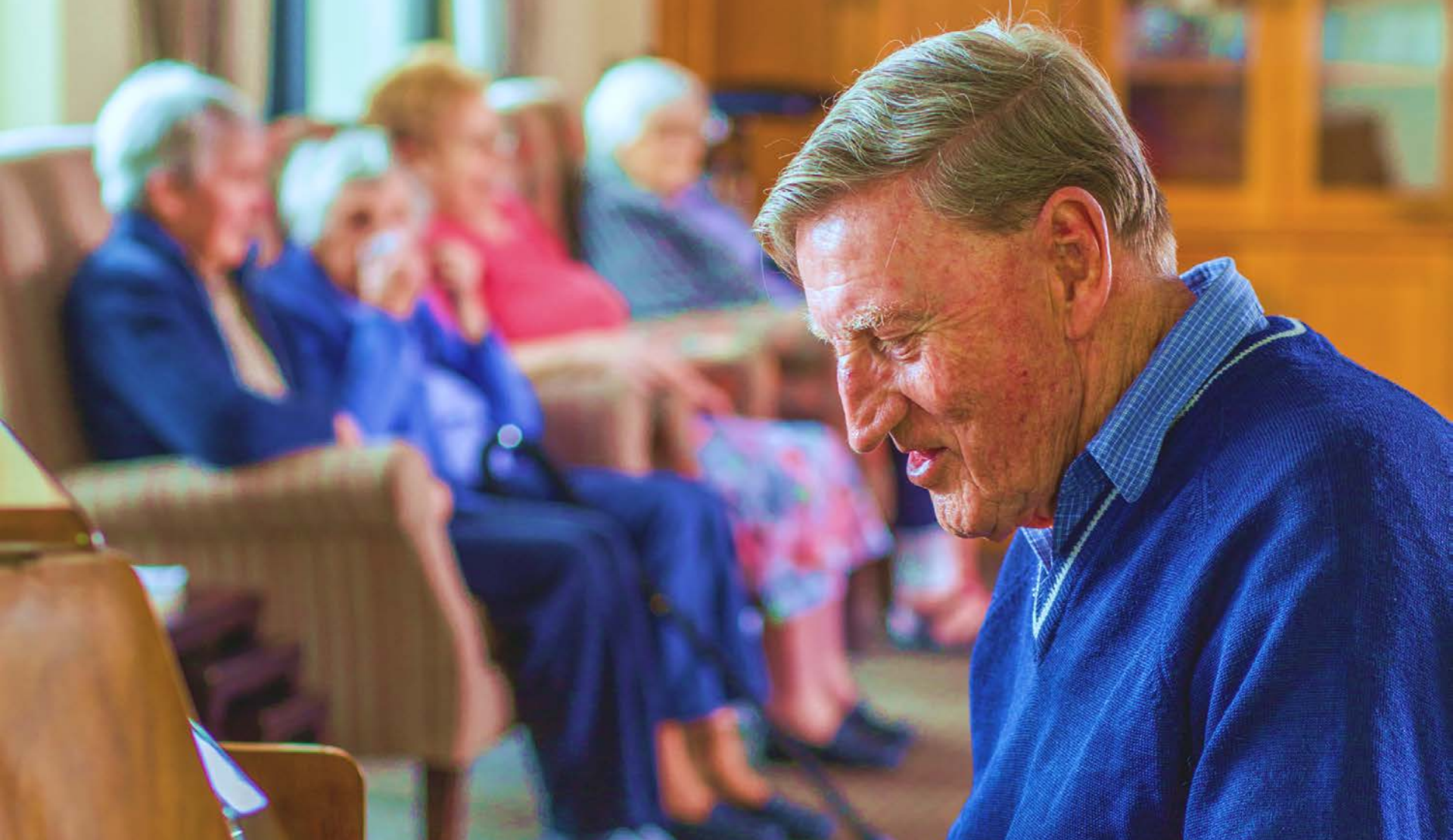
**Development of Arvida
Brand, Culture &
Values across the
Group**

**New Leadership
Team in Place**

**Commenced
Standardisation of
Compliance**

**Wellness Pilot
Commenced**





BUSINESS OVERVIEW



BUSINESS OVERVIEW

Arvida is one of the larger operators of retirement villages and aged care facilities in New Zealand

944

Aged care beds (477 Resthome, 362 Hospital, 105 Dementia)

817

Retirement units (371 Independent Living Units, 446 Serviced Apartments)

1,700+

Residents

1,100+

Staff spread across facilities

94%

Occupancy of aged care facilities

85 years

Average age of resident



BOARD OF DIRECTORS



Peter Wilson
Chairman &
Independent Director



Anthony Beverley
Independent Director



Susan Paterson
Independent Director
Appointed 7 May 2015



Paul Ridley-Smith
Independent Director
Appointed 7 May 2015



Michael Ambrose
Director

Immediate focus underpinned by three strategies

1

Integration

- Creating an effective corporate structure and executing our integration plan to capture the operational efficiencies within the group

2

Brownfield Development

- Progressing identified development opportunities within our existing properties

3

Acquisition Opportunities

- Identifying acquisition opportunities in line with strategy



Implementation of a support centre structure that unites group activities while valuing and preserving the individual character of each village

A lean central core allows flexibility in Arvida's operations

- Ensures efficiency when implementing strategy
- Effective cost structure with benefits reaped from scale economies
- Able to support scale increases without burdening core business
- Consistent with market positioning & desire to preserve the character, personality and identity of individual villages
- Improved market responsiveness; direct accountability; empowered and engaged staff; manageable business risk

Each village operates within the framework

Individual personality/
local community
focus/Group values

Better
resident
experience



Integration plan is driving improvements in operational efficiencies

- Procurement synergies with selected supply categories

| Insurance | Telecoms | Rostering | Food | Medical |
|------------|------------|------------|------------|------------|
| ✓ Complete | ✓ Complete | ✓ On Track | ✓ On Track | ✓ On Track |

- Integration of centralised support functions

| Finance | IT | Branding/ Marketing | Human Resources | Clinical Policies & Procedures |
|------------|------------|------------------------|--------------------|-----------------------------------|
| ✓ On Track | ✓ On Track | ✓ On Track | ✓ On Track | ✓ On Track |



INTEGRATION PLAN – NEXT STEPS

1

Integration

Integration will complete in 12 months before transitioning to a group-wide continuous improvement process

1H FY16

- A single group strategy and brand to establish Arvida as a recognised integrated retirement and aged care provider
- Next stage of procurement synergies and integration of centralised support functions (including standardised certification and policy documentation, payroll)
- More effective utilisation of employee resource enabling gains through rostering efficiencies and a greater staff pooling activities

2H FY16

- Standardisation of ORA contracts & terms
- Strategies that will target reduced earnings volatility, increased income diversification
- Staff development and retention strategies



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

Values

Common link and set of behaviours allows unique identity of individual villages to be maintained

- ✓ Individual Wellbeing
- ✓ Engagement in Life
- ✓ Fairness
- ✓ An Authentic, Genuine and Real Experience

Our Promise

“Keep retirees feeling younger for longer”

Strategic Pillars

1. Pursuing excellence
2. World class retirement living provider

Updated Branding





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

Wellness trial implemented in 3 villages with a view to group rollout:

- Individual programmes aim to increase resident engagement in their own health
- 3 years of programme design 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

Existing footprint holds significant brownfield development opportunities

| Facility | Delivery in FY16 | Delivery in FY17 & beyond |
|--------------------|---|---|
| Park Lane | 3 ILUs (complete) | 78 ILAs ¹ |
| Rhodes on Cashmere | | 31 ILAs ¹ 47 Care Beds ¹ |
| Waikanae | | 16 ILUs ¹ |
| Glenbrae | 11 Serviced Apartments Ensuites for all care beds ^{1,2} | |
| Wendover | | 2,367 sqm land |
| St Albans | | 703 sqm land |
| Oakwoods | | 5,785 sqm land (15 ILUs ¹) |

- Creating an internal development delivery capability central to growth strategy
- Capturing and preserving development knowledge in-house tremendously value accretive over time
- Jonathan Ash brings significant relevant expertise and leads Arvida’s development capability
- 5 ILUs delivered in FY15 at Park Lane
- Jasmx architects appointed on Park Lane & Rhodes developments
- Planning for insurance remediation works continues

1. Subject to final investment decision approval.
 2. Refurbishment of care facilities is being undertaken by care facility landlord.



Developing platform to support future growth has been a key focus

- Disciplined approach taken to accelerate growth path

Acquisitions

- Continue to see prospects with a number of villages through the IPO process refreshing their interest in joining the group
- Pursue acquisitions which are aligned with the care focused nature of Arvida

Greenfield Developments

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



FINANCIAL RESULTS



INCOME STATEMENT

FY15 Reported Profit (IFRS) exceeds IPO forecast

| Year ending 31 March Unaudited (NZ\$m) | FY15 | IPO Forecast | \$ Variance | |
|---|---------------|-----------------|--------------|---|
| Care & village service fees | 17.5 | 17.0 | 0.4 | ← Care & village fees are 2.5% up on forecast |
| Deferred management fees | 2.0 | 1.7 | 0.3 | |
| Other revenue | 0.6 | 0.3 | 0.3 | |
| Total revenue | 20.0 | 19.0 | 1.0 | |
| Gain on acquisition of subsidiaries | 1.6 | 0.0 | 1.6 | ← Gain recognised on acquisition of subsidiaries, mainly relating to development sites |
| Fair value movement of investment property | 1.4 | 0.2 | 1.2 | ← Strong revaluations generally driven by increasing land values |
| Total income | 23.1 | 19.2 | 3.8 | |
| Operating expenses | (15.4) | (15.3) | (0.1) | |
| Depreciation, amortisation and impairment losses | (0.8) | (0.4) | (0.4) | ← IPO forecast did not allow for depreciation on care facility buildings |
| Total expenses | (16.2) | (15.7) | (0.5) | |
| Operating profit before financing, transaction & IPO costs | 6.9 | 3.6 | 3.3 | |
| Financing costs | (0.3) | (0.4) | 0.1 | |
| Offer Costs | (2.8) | (4.6) | 1.8 | ← Actual costs incurred in IPO \$0.4m under forecast, and greater allocation of IPO costs to equity |
| Profit before income tax | 3.8 | (1.4) | 5.2 | |
| Income taxation | (0.7) | (0.9) | 0.2 | |
| Net profit after tax | 3.1 | (2.3) | 5.4 | |



BALANCE SHEET

| As at 31 March Unaudited (NZ\$m) | FY15 | IPO Forecast | \$ Variance | |
|--|--------------|-----------------|-------------|---|
| Cash and cash equivalents | 1.8 | 5.0 | (3.1) | |
| Property, plant and equipment | 82.2 | 83.5 | (1.3) | ← Directors' valuation assessed constant value of care facility land & buildings, with allowance for pre-acquisition insurance claims |
| Investment property | 219.9 | 216.5 | 3.4 | ← Increase due to higher final issue price and allowance for gain on acquisition of subsidiaries |
| Goodwill | 42.2 | 31.3 | 11.0 | |
| Intangible assets - operating rights | 0.0 | 9.8 | (9.8) | ← Operating rights now recognised as a combination of investment property and accrued income |
| Other assets | 12.2 | 3.6 | 8.5 | |
| TOTAL ASSETS | 358.3 | 349.6 | 8.7 | |
| Interest-bearing loans and borrowings | 7.3 | 5.9 | (1.4) | ← Well within facility limit of \$40m |
| Residents' loans | 109.3 | 112.8 | 3.5 | |
| Deferred tax liability | 14.6 | 14.6 | (0.0) | |
| Other liabilities | 17.4 | 19.6 | 2.3 | |
| TOTAL LIABILITIES | 148.6 | 153.0 | 4.4 | |
| NET ASSETS | 209.7 | 196.6 | 13.1 | |
| Issued Capital | 206.4 | 201.4 | 5.0 | |
| Revaluation Reserve | 0.4 | 0.0 | 0.4 | ← Revaluation of care facility buildings |
| Retained Earnings | 2.9 | (4.8) | 7.7 | |
| TOTAL EQUITY | 209.7 | 196.6 | 13.1 | |



CASH FLOW

| Year ending 31 March Unaudited (NZ\$m) | FY15 | IPO Forecast | \$ Variance |
|--|--------------|-----------------|--------------|
| Receipts from residents with respect to levies, care fees and other income | 18.1 | 17.3 | 0.8 |
| Residents' loans | 7.8 | 11.9 | (4.1) |
| Repayment of residents' loans | (4.7) | (6.4) | 1.7 |
| Payments to suppliers and employees | (14.2) | (22.7) | 8.5 |
| Other Operating Cash Flows | 0.1 | 0.3 | (0.2) |
| Financing costs | (0.3) | (0.5) | 0.2 |
| Taxation | (0.8) | (0.5) | (0.3) |
| Net cash flow from operating activities | 5.9 | (0.6) | 6.5 |
| Bank overdraft acquired from subsidiaries | (4.0) | 0.0 | (4.0) |
| Acquisition of investment property | (0.7) | (2.3) | 1.6 |
| Purchase of property, plant and equipment | (0.7) | (0.8) | (0.1) |
| Other investing cash flow | 0.0 | 5.7 | (5.7) |
| Net cash flow from investing activities | (5.4) | 2.6 | (8.0) |
| Net cash flow from financing activities | 0.4 | 2.0 | (1.6) |
| Net (decrease) / increase in cash | 0.9 | 4.1 | (3.1) |
| Opening cash balance | 0.9 | 0.9 | 0.0 |
| Closing cash balance | 1.8 | 5.0 | (3.1) |

Lower receipts due to lower level of resales over the 3.5 month period than forecast. During this period 33 units resold. However on a pro-forma basis over the full 12 month period, 143 units resold for \$25.8m, 4 units above forecast. Sales of new units were in line with IPO forecast

Net negative cash balances acquired from subsidiaries

All Offer cash costs shown as financing activity

RECONCILIATION TO UNDERLYING PROFIT

Underlying Profit is in line with IPO forecast

| Year ending 31 March Unaudited (NZ\$m) | FY15 | IPO Forecast | \$ Variance |
|---|------------|-----------------|----------------|
| Net profit after tax | 3.1 | (2.3) | 5.4 |
| Less: Change in fair value of investment property | (1.4) | (0.2) | (1.2) |
| Add: Deferred tax | 0.2 | 0.3 | (0.1) |
| Less: Gain on acquisition of subsidiaries | (1.6) | 0.0 | (1.6) |
| Add: IPO and Aggregation costs | 2.8 | 4.6 | (1.8) |
| Underlying Operating Profit | 3.0 | 2.4 | 0.7 |
| Add: Gains on the resale of existing units | 0.8 | 1.6 | (0.8) |
| Add: Development margin on new units | 0.2 | 0.1 | 0.1 |
| Underlying Profit | 4.0 | 4.1 | (0.1) |

Gain on acquisition and IPO costs removed from calculation as one-off items

Underlying Operating Profit in excess of IPO forecast demonstrating strong underlying operating cash flows

Lower level of gains recognised over statutory period



DIVIDEND AND FY16 GUIDANCE

FY15 maiden dividend declared in line with prospectus

FY15 Dividend Declared

- Arvida has declared a final dividend of \$2.3 million (representing 1.03 cps) for the year ending 31 March 2015, in line with IPO forecast
- Record date is 12 June 2015, payment on 22 June 2015
- Partially imputed with 0.24 cps of imputation credits
- Supplementary dividend of 0.11 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

FY16 Guidance

- Based on current expectations, Directors confirm FY16 guidance as set in the IPO prospectus
- Beyond this, Arvida is well positioned to pursue growth opportunities and continues to see a number of suitable acquisition prospects