ArvidaGroup

INTERIM REPORT

30 September 2016

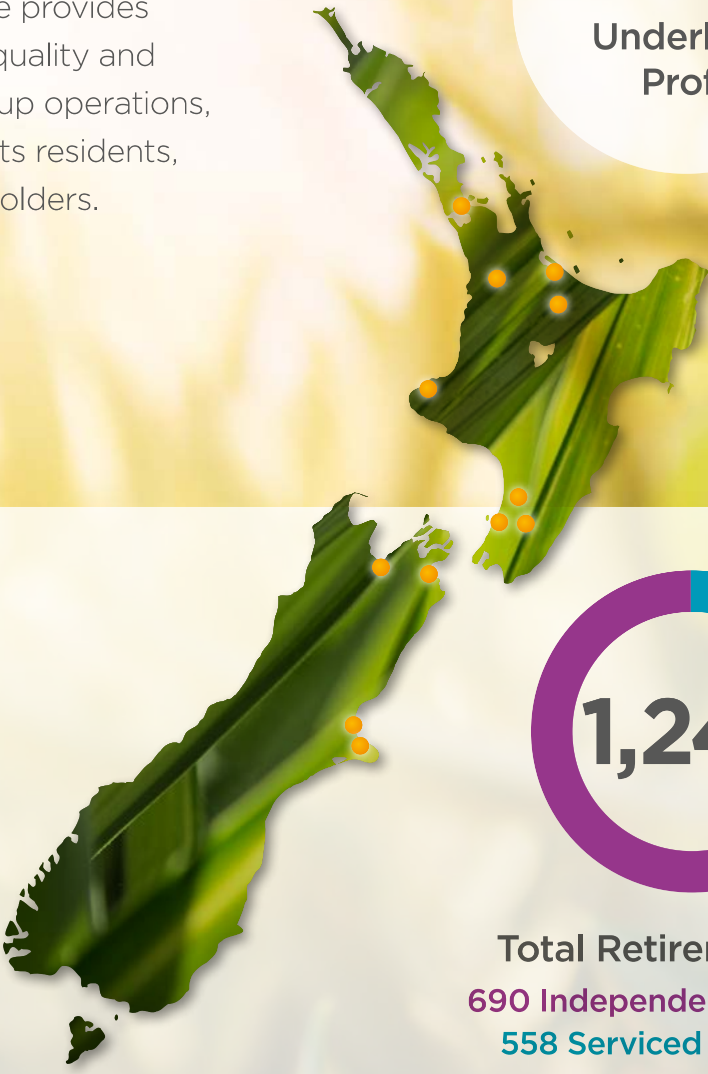
Arvida is one of the larger operators of retirement villages and aged care facilities in New Zealand.

Arvida's villages are located nationally, with over 2,700 residents spread across 25 locations. Every village operates independently and expresses its own character, personality and identity.

The corporate structure provides the support to ensure quality and consistency across group operations, which ultimately benefits residents, village staff and shareholders.

$46.9m
Revenue

$9.6m
Underlying Profit



25

Total Facilities
11 North Island
14 South Island

1,248

Total Retirement Units
690 Independent Living Units
558 Serviced Apartments

HIGHLIGHTS
To 30 September 2016

$537m
Total Assets

95%
Occupancy Aged Care Facilities

Underlying Profit [1]
of $9.6 million for the six month period to 30 September 2016, an increase of 31% on the prior corresponding period.

Development activity
to increase with resource consents obtained for developments at Rhodes on Cashmere and Oakwoods facilities.

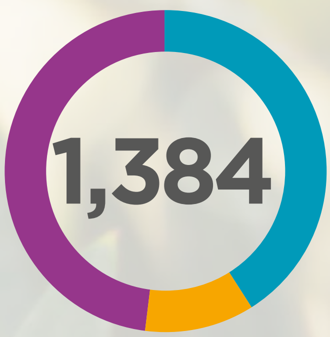
Acquisition
of four high quality care and retirement villages in locations where Arvida was not represented.

Capital raising
of $42 million that generated broad support from our shareholders and 90% take-up.

Occupancy
of care facilities increased to 95%.

Quarterly dividend
of 1.1 cents per share declared.

1. Underlying Profit is a non-GAAP financial 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 costs. A reconciliation to Statutory Profit is provided on page 10.



Total Aged Care Beds
661 Rest Home
572 Hospital 151 Dementia

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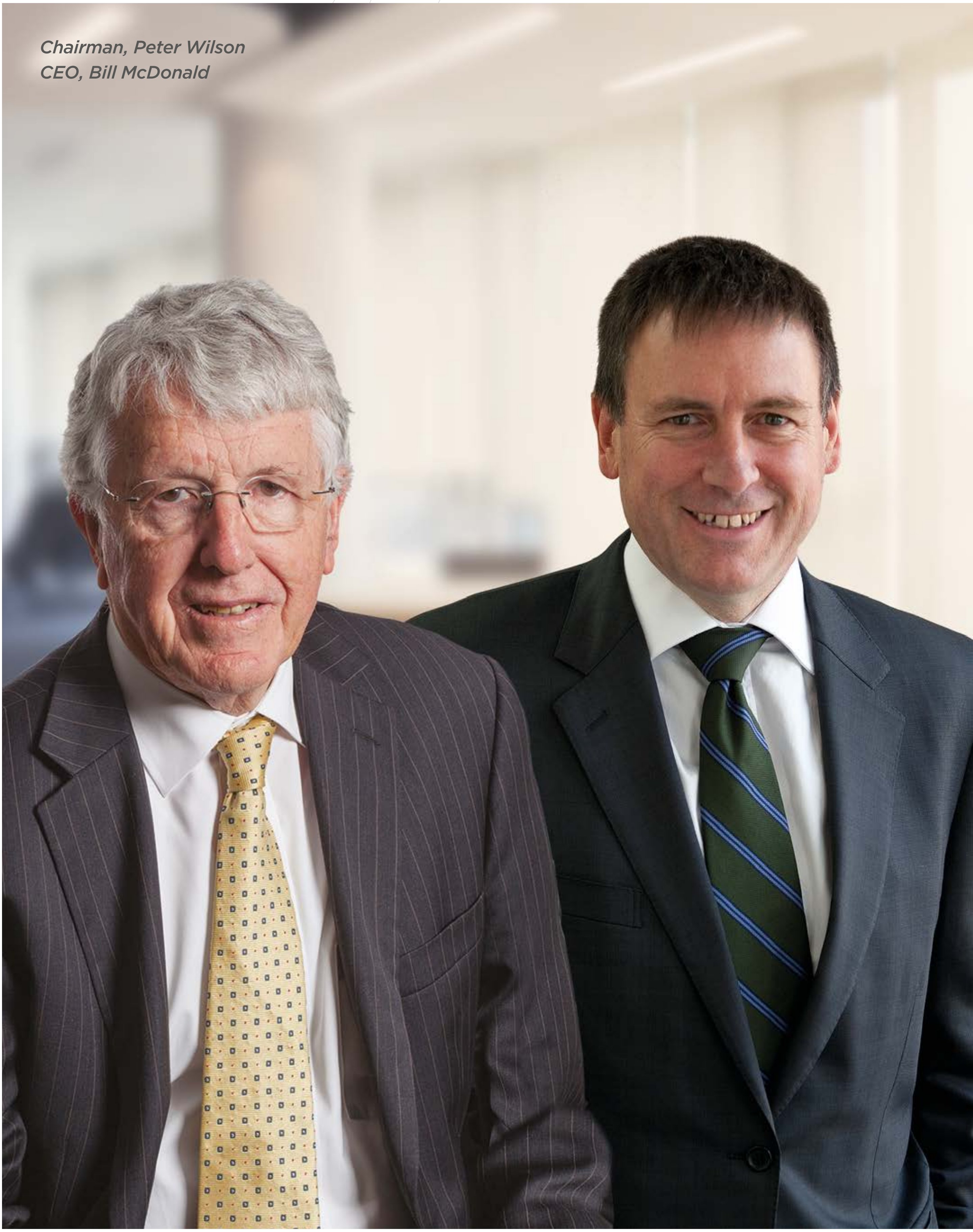
CHAIRMAN & CEO REPORT



Chairman, Peter Wilson
CEO, Bill McDonald

Your Directors are pleased to present the unaudited results for the six months ended 30 September 2016.

Arvida is on track to deliver a strong FY2017 result and our first half result reflects this.

KEY NUMBERS

Arvida delivered:

Revenue
of $46.9 million for the six months to 30 September 2016, up 20% compared to $39.3 million a year ago.

Underlying Profit
was $9.6 million, a 31% improvement on last year's performance for the first six months.

Underlying Profit Per Share
increased from 2.93 cents to 3.46 cents per share.

Increase in value
of investment property to $358 million that includes the acquisition of Lansdowne Park and a $14.3 million uplift in the valuation of properties.

2. NZACA, 30 June 2016 quarter.

Operating Performance

The results for the six months to 30 September 2016 included a full period of operations from the Aria villages and a three-month contribution from Lansdowne Park.

Demand for our village and care facilities across the country continued to strengthen. Total revenue for the period was $46.9 million, representing a $7.7 million increase on the prior corresponding period. Our care facilities' occupancy rate continues a positive trend and was over 95% across the Group. This is significantly higher than the national average of 89%[2] and improved on the occupancy level at IPO of 93%. Care facilities revenue represented over 72% of total revenue.

Total operating expenses were $37.2 million excluding one-off transaction costs of $0.1 million related to the acquisition of Lansdowne Park. Consistent with guidance in our full year 2016 result announcement and as noted in the August Annual Meeting address, we continue to invest in our people and systems with the view that enduring synergies will be delivered from associated efficiency and productivity improvements.

$14.3 million of gains in the fair value of investment properties were derived from a desktop review completed by CBRE. The Arvida Board also undertook a review of the care facility land and buildings and determined that the values should remain at the levels contained within the last CBRE valuation (dated March 2016).

Underlying Profit of $9.6 million compares to $7.3 million for the prior corresponding six month period. Included within Underlying Profit are $3.9 million of gains, comprising $3.2 million from resales of 87 existing units and $0.7 million from sales of 12 new units. Good momentum is evident in unit sales, with new unit pricing delivering strong resale gains across village stock and contributing to the fair value increase.

Balance Sheet

Total assets grew to $537.2 million, up $76.5 million since the start of the financial year.

External bank debt was $32.4 million and resident loans totalled $176.4 million at 30 September 2016. Subsequent to the end of the six month period, Arvida entered into a new $80 million term bank facility with ANZ Bank, split into 3 and 5 year tranches on improved pricing. The facility provides sufficient headroom to fund planned brownfield development and acquisition activity.

Acquisitions and Capital Raising

On 1 July 2016, we settled the acquisition of a high quality retirement village situated in Masterton. Lansdowne Park comprises 93 retirement village units and 50 aged care beds, with over 170 residents. The purchase was funded by drawing $14.6 million of debt and issuing $6.0 million of new shares to the vendors. We have since acquired adjacent bare land to the village with a view to constructing up to 5 villas.

Additionally, on 20 September 2016, we announced that we had entered into agreements to purchase Bethlehem Views and Copper Crest Village Estate in Tauranga and Lauriston Park in Cambridge. Again, all are of a high quality and located in prime growth regions where we previously didn't have a presence. Settlement occurred on 3 October, meaning the end of year result will include a full six month contribution from these villages.

We successfully raised $41.8 million to partly fund the acquisition of these three villages, through the issue of new shares offered on a pro rata basis to all shareholders. An institutional roadshow covering both New Zealand and Australia was completed as part of the capital raising. The feedback received from the roadshow was positive about the transaction and the continuing strategy. It was pleasing to see that this translated into strong investment support for the offer. The capital raising was completed and new shares allotted on 26 October 2016, with a 90% take-up of entitlements from existing shareholders. Many shareholders elected to make their applications through the dedicated Arvida share offer website. Active rights trading and a well-supported shortfall book build also provided those shareholders that did not wish to take up their entitlements, or were ineligible to do so, with the ability to achieve some value for their entitlements.

We issued $18.5 million of shares to vendors as part satisfaction of the purchase and funded the balance from our new banking facility.

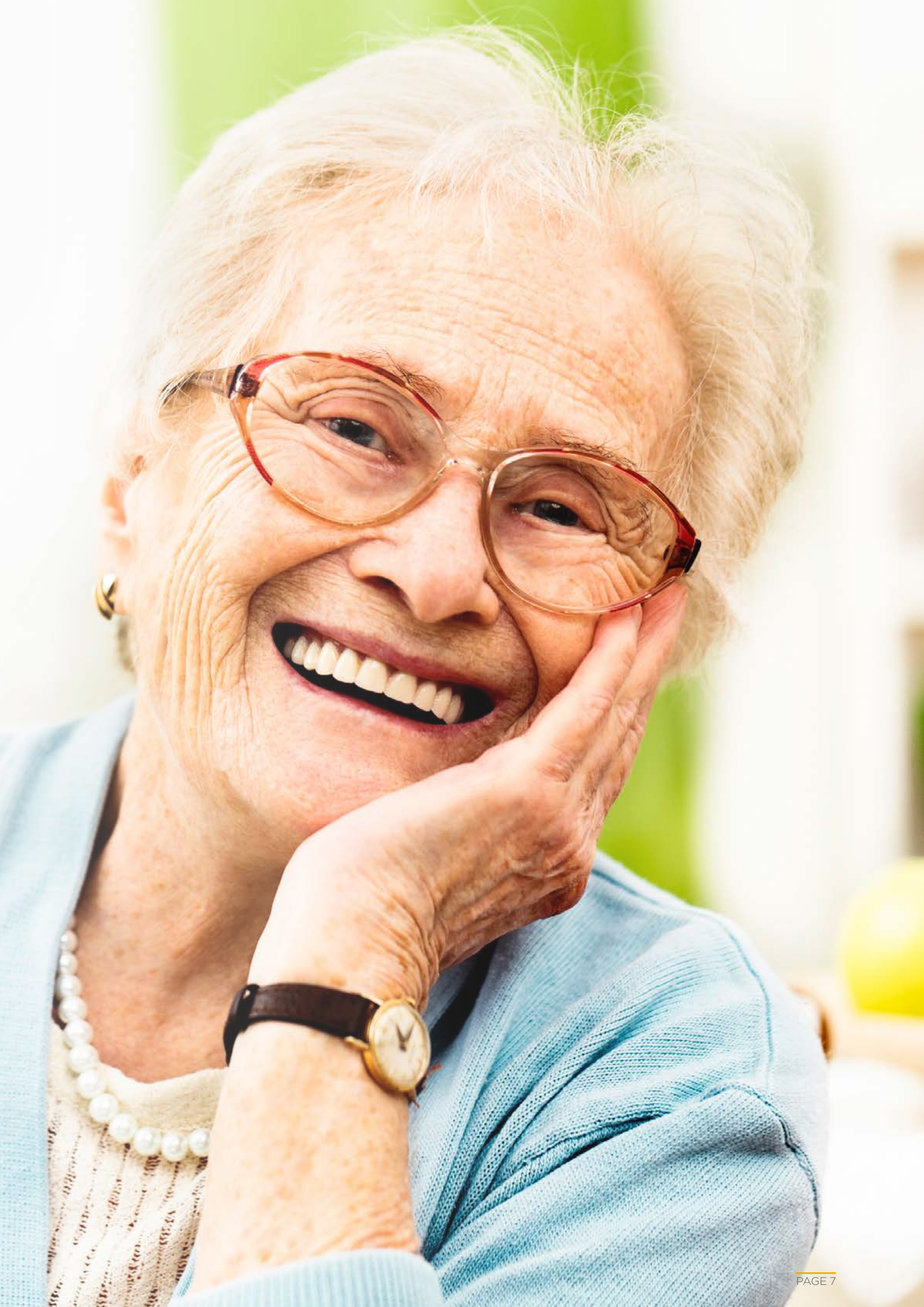
The integration of Lansdowne Park was successfully accomplished in the period and progress with the integration of the three recent acquisitions is proceeding smoothly.

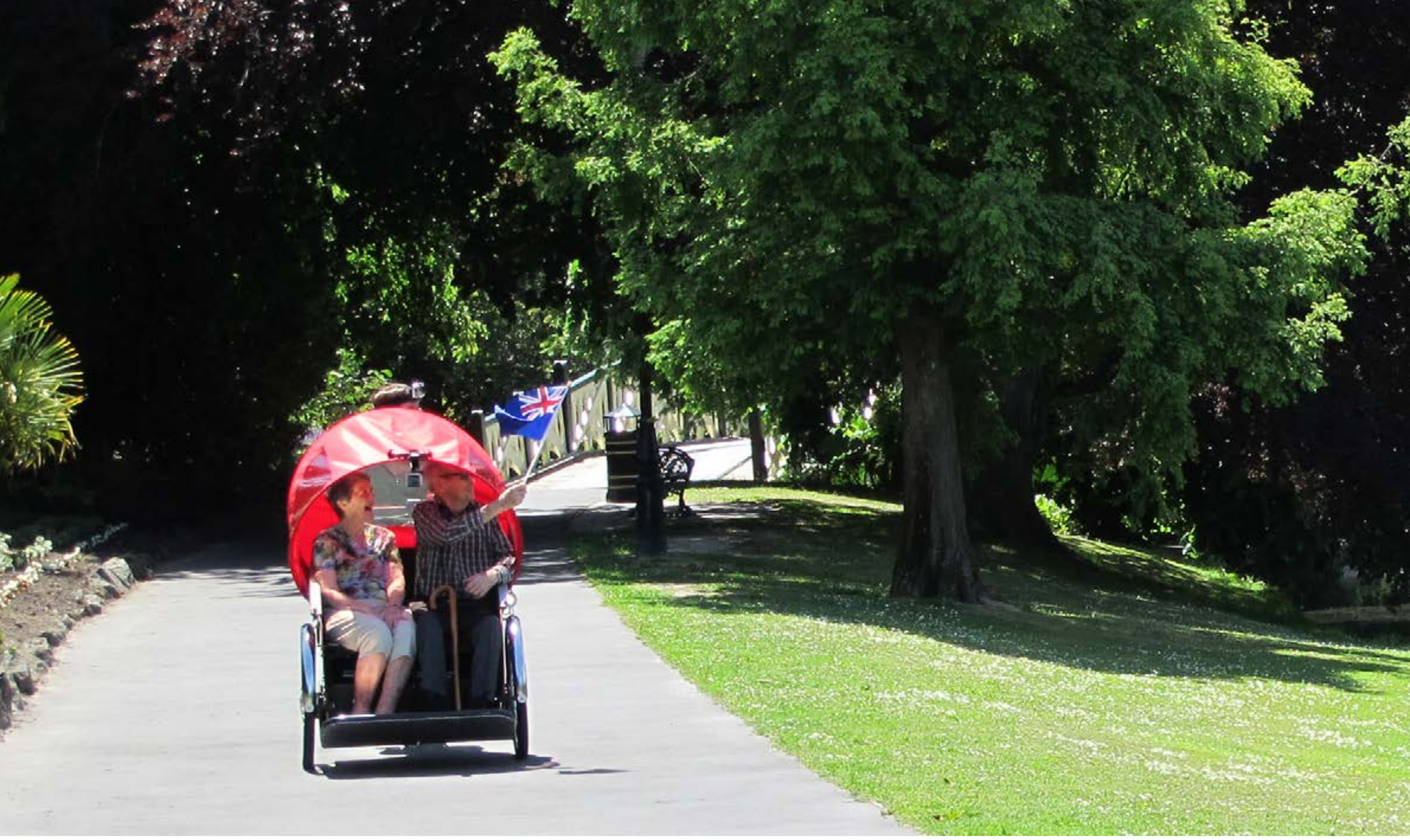
Further Acquisition

On 23 November 2016, Arvida entered into a conditional agreement to acquire Cascades Retirement Resort for $21.2 million. Cascades is located in Hamilton and comprises a recently constructed aged care facility and integrated retirement village. It has 37 retirement units and 74 care beds, as well as bare land for future development of over 40 units. The acquisition will be immediately accretive to earnings and is to be fully funded from existing debt facilities. Settlement is expected to occur on 30 December 2016.

Development Progress

Development activity in our villages is a key area for earnings enhancement going forward. We have an active brownfield





development programme ahead of us with 450 units and care beds to be added from planned development activity. This includes 192 units and 33 care beds that are consented and currently in varying stages of construction. Longer term, further brownfield development opportunities identified within the existing portfolio will add more than 100 units and care beds.

Construction of 24 new apartments at Aria Bay in Auckland is progressing well with the first residents expected to occupy apartments starting in Q3 FY18. Ground improvement works have also been underway at Park Lane in Christchurch in preparation for construction of 78 new apartments due to commence this side of Christmas.

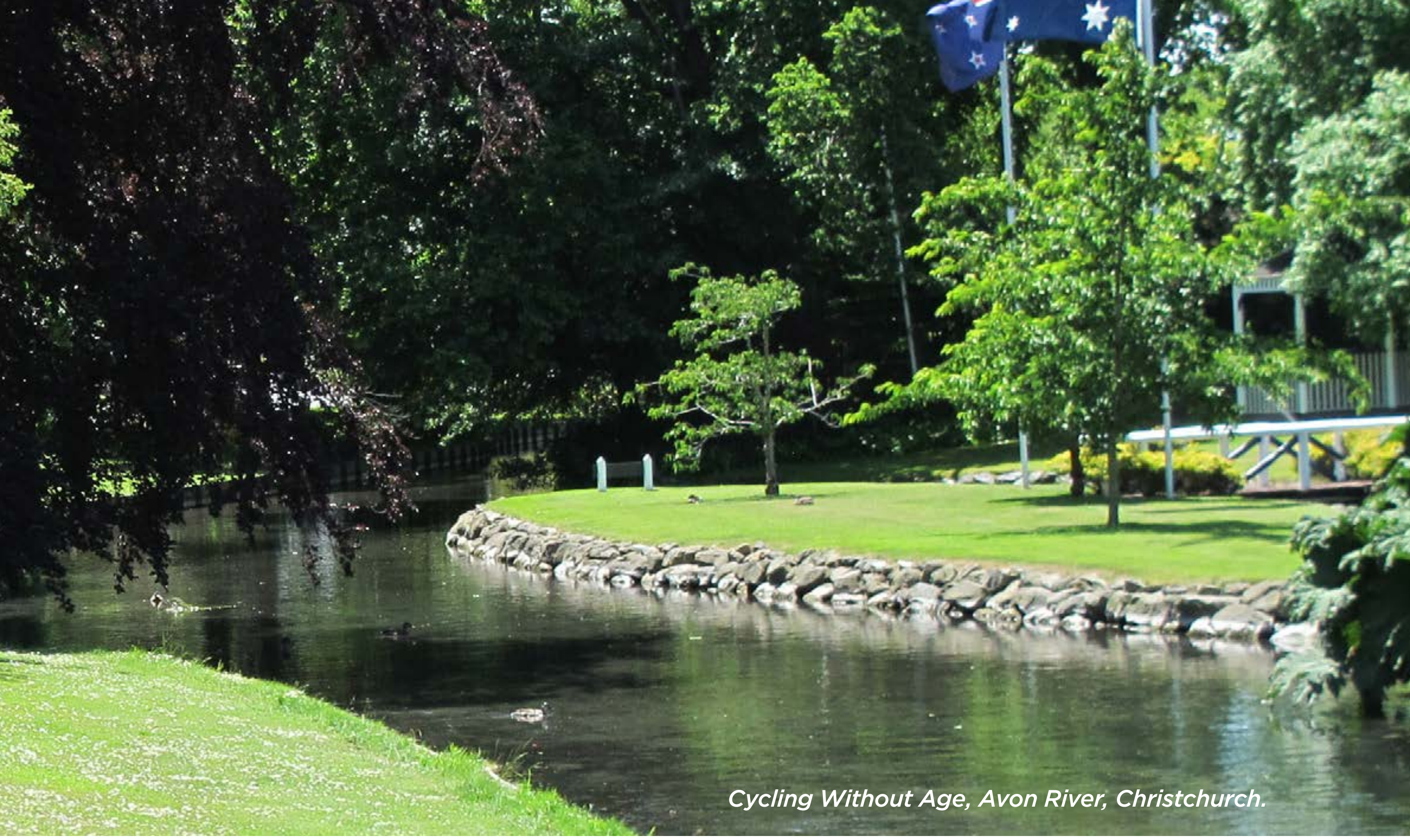
During August we obtained resource consent for the proposed Rhodes on Cashmere development which entails 28 apartments and a combination of 33 care suites and care beds, as well as resource consent for construction of 22 new villas on land acquired directly adjacent to Oakwoods in Nelson. Enabling works started at both Oakwoods and Rhodes on Cashmere in November.

The recently acquired Copper Crest and Lauriston Park villages offer the opportunity to develop over 110 units and 100 beds on bare land within the existing village sites. Included within the Copper Crest acquisition was a small development team that we were pleased to bring on board. Copper Crest and Lauriston Park are well positioned to deliver a care suite offering in facilities which are currently in the planning phase.

We intend to provide premium quality care suites under an Operating Rights Agreement structure in these recently acquired villages and progressively across the portfolio.

Our People and Operations

We are a much larger organisation now employing over 1,600 staff following completion of the recent acquisitions. Several initiatives are underway across the group with benefits for staff through continued skill advancement and support systems. We are committed to building the competencies and behaviours of the leaders in our villages to empower them to achieve higher levels of performance. Engagement by our people in Arvida's values will ultimately reflect in the enhanced delivery of service to residents.



Cycling Without Age, Avon River, Christchurch.

- Over the period we have rolled out a standardised employment agreement across the group. This has had a 99% take up by staff.
- Introduction of our rostering and time attendance system commenced and is progressing well having been phased in across a third of our villages.
- A resident management system is currently being rolled out across villages in tandem with standardised clinical policy and procedure documents. This system has the potential to transform the way we document and organise care on a day-to-day basis, assisting us to focus on the individual needs of each resident and better meet our compliance requirements.
- The upgrade of our IT infrastructure to a stable cloud-based platform and upskilling of our staff's computer skillset is progressing well. Good progress has been made with bringing uniformity across our village IT systems, but this is an ongoing project.
- In recently completed Ministry of Health audits, four of Arvida's care facilities were distinguished in achieving certification for a 4 year period. The average across all our care facilities is 3 years, but pleasingly more of our villages achieved lengthened certification periods in the recently completed audits.

Dividends

The Directors approved a dividend of 1.1 cents per share amounting to $3.7 million for the September quarter. The dividend is partially imputed at 0.4 cents per share.
A supplementary dividend of 0.18 cents per share will be paid to non-resident shareholders. The record date for the dividend is 8 December 2016 and payment will be made on 16 December 2016.

The Outlook

We are pleased to announce a result well ahead of last year's performance. Looking forward to the end of the year, we expect the group to continue to perform well.

With the issue of $60 million of new shares, our market capitalisation has increased to place Arvida well for potential inclusion in the NZ50 Index within the next six months.

We are being presented with acquisition proposals that will be actively considered should they meet our stated criteria.

Financial Highlights

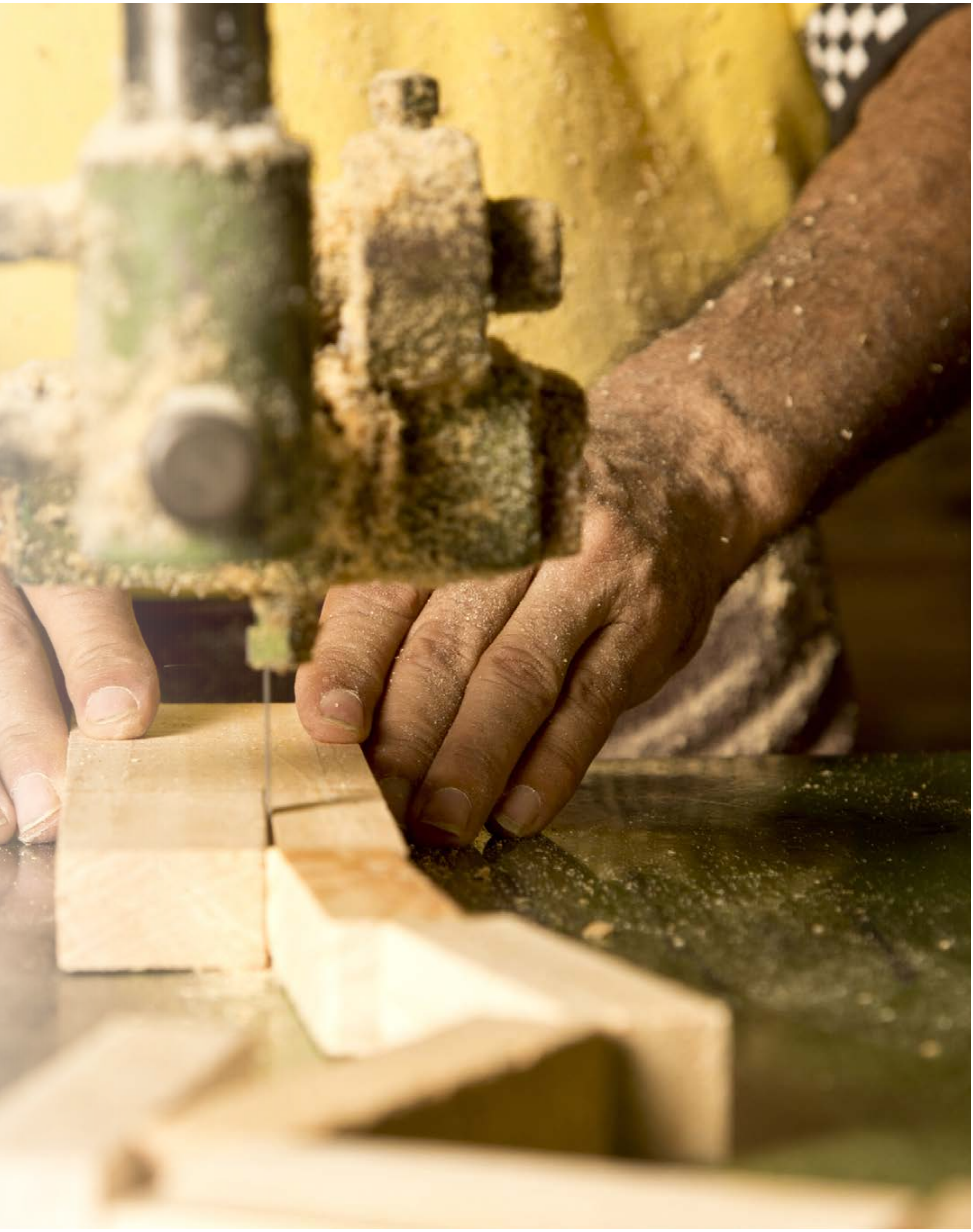
$000	Unaudited 6 months to 30 Sept 2016	Unaudited 6 months to 30 Sept 2015	Audited Year ended 31 March 2016
Total revenue	46,913	39,252	82,509
Net profit before tax (NZIFRS)	21,833	9,254	28,172
Net profit after tax (NZIFRS)	19,437	7,390	24,024
Underlying Profit	9,557	7,283	15,781
Net cash flow from operating activities	15,414	12,269	24,157
Total assets	537,153	435,750	460,701

Underlying Profit [3]

Unaudited $000	6 months to 30 Sept 2016	6 months to 30 Sept 2015	Year ended 31 March 2016
Reported net profit after tax (NZIFRS)	**19,437**	**7,390**	**24,024**
Less: Change in fair values	(14,284)	(3,755)	(16,004)
Add: Deferred tax	405	(418)	(115)
Add: One-off costs	129	1,393	1,421
Underlying Operating Profit	**5,687**	**4,610**	**9,326**
Add: Gain on resale of existing units	3,196	2,014	5,005
Add: Development margin on new units	674	659	1,450
Underlying Profit	**9,557**	**7,283**	**15,781**

3. Underlying Profit is a non-GAAP financial 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 costs.

FINANCIAL STATEMENTS



Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 September 2016 (unaudited)

$000	Note	(Unaudited) 6 months to 30 Sept. 2016	(Unaudited) 6 months to 30 Sept. 2015	(Audited) Year to 31 March 2016
Income				
Care fees and village services	2	40,120	34,621	72,445
Deferred management fees	2	5,025	3,622	7,793
Other income	2	1,768	1,009	2,271
Total revenue		**46,913**	**39,252**	**82,509**
Change in fair value of investment property	5	14,284	3,755	19,093
Change in fair value of property, plant and equipment		-	-	(3,089)
Total income		**61,197**	**43,007**	**98,513**
Expenses				
Employee costs		24,786	19,579	43,719
Property costs		3,721	3,160	5,774
Depreciation		1,543	1,399	2,879
Finance costs		446	558	928
Transaction costs		129	751	776
Insurance remediation		-	642	645
Other expenses		8,739	7,664	15,620
Total expenses		**39,364**	**33,753**	**70,341**
Profit before tax		**21,833**	**9,254**	**28,172**
Income tax expense	3	2,396	1,864	4,148
Profit after tax		**19,437**	**7,390**	**24,024**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Net gain on revaluation of property, plant and equipment		681	606	1,818
Total comprehensive income		**20,118**	**7,996**	**25,842**
Earnings per share:				
Basic and diluted (cents per share)	9	7.04	2.98	9.22

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2016 (unaudited)

$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
Opening Balance at 1 April 2015		**2,947**	**370**	**-**	**206,398**	**209,715**
Profit for the period		7,390	-	-	-	7,390
Other comprehensive income		-	606	-	-	606
Total comprehensive income		**7,390**	**606**	**-**	**-**	**7,996**
Dividends paid		(5,269)	-	-	-	(5,269)
Share capital issued	8	-	-	-	41,000	41,000
Transaction costs	8	-	-	-	(756)	(756)
Balance at 30 September 2015 (unaudited)		**5,068**	**976**	**-**	**246,642**	**252,686**
Opening balance at 1 October 2015		**5,068**	**976**	**-**	**246,642**	**252,686**
Profit for the period		16,634	-	-	-	16,634
Other comprehensive income		-	1,212	-	-	1,212
Total comprehensive income		**16,634**	**1,212**	**-**	**-**	**17,846**
Dividends paid		(5,866)	-	-	-	(5,866)
Share based payments		-	-	95	-	95
Balance at 31 March 2016 (audited)		**15,836**	**2,188**	**95**	**246,642**	**264,761**
Opening balance at 1 April 2016		**15,836**	**2,188**	**95**	**246,642**	**264,761**
Profit for the period		19,437	-	-	-	19,437
Other comprehensive income		-	681	-	-	681
Total comprehensive income		**19,437**	**681**	**-**	**-**	**20,118**
Dividends paid		(6,173)	-	-	-	(6,173)
Share capital issued	8	-	-	-	6,000	6,000
Balance at 30 September 2016 (unaudited)		**29,100**	**2,869**	**95**	**252,642**	**284,706**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Interim Balance Sheet

As at 30 September 2016 (unaudited)

$000	Note	(Unaudited) As at 30 Sept. 2016	(Unaudited) As at 30 Sept. 2015	(Audited) As at 31 March 2016
Assets				
Cash and cash equivalents		1,723	1,077	1,795
Trade receivables and other assets		7,531	5,121	6,934
Property, plant and equipment		123,196	110,555	109,996
Investment properties	5	357,761	272,923	295,839
Resident advances		1,004	474	685
Goodwill		39,495	39,028	39,029
Accrued income		6,443	6,572	6,423
Total assets		**537,153**	**435,750**	**460,701**
Liabilities				
Trade and other payables		8,772	7,659	6,783
Tax payable		148	963	1,518
Employee entitlements		5,052	4,744	4,980
Revenue in advance		12,981	10,096	10,630
Interest bearing loans and borrowings	7	32,363	10,000	13,250
Residents' loans	6	176,423	134,113	142,158
Deferred tax liabilities		16,708	15,489	16,621
Total liabilities		**252,447**	**183,064**	**195,940**
Net assets		**284,706**	**252,686**	**264,761**
Equity				
Share capital		252,642	246,642	246,642
Reserves		2,964	976	2,283
Retained earnings		29,100	5,068	15,836
Total equity		**284,706**	**252,686**	**264,761**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2016 (unaudited)

$000	Note	(Unaudited) 6 months to 30 Sept. 2016	6 months to 30 Sept. 2015	(Audited) Year to 31 March 2016
Cash flows from operating activities				
Receipts from residents for care fees and village services		41,233	35,573	70,847
Receipts of residents' loans		25,147	18,005	41,267
Interest received		58	57	46
Payments to suppliers and employees		(35,801)	(29,341)	(63,682)
Repayments of residents' loans		(11,355)	(9,091)	(20,347)
(Advances) to and repayments from residents		(114)	16	(195)
Interest paid		(393)	(477)	(952)
Income tax paid		(3,361)	(2,473)	(2,827)
Net cash inflow from operating activities		**15,414**	**12,269**	**24,157**
Cash flows from investing activities				
Cash and (bank overdraft) acquired from subsidiaries		(135)	46	46
Purchase of property, plant and equipment		(8,619)	(1,430)	(3,242)
Payments for investments in subsidiaries		(6,298)	(29,218)	(29,227)
Purchase of investment properties		(5,234)	(4,694)	(11,379)
Net insurance claim proceeds		-	17,815	17,812
Capitalised interest paid		(64)	-	(40)
Net cash inflow/(outflow) from investing activities		**(20,350)**	**(17,481)**	**(26,030)**
Cash flows from financing activities				
Proceeds from borrowings		30,763	33,075	46,875
Repayment of borrowings		(19,726)	(56,833)	(67,383)
Net proceeds of share issue		-	35,000	35,000
Transaction costs		-	(1,507)	(1,512)
Dividends paid		(6,173)	(5,269)	(11,135)
Net cash inflow from financing activities		**4,864**	**4,466**	**1,845**
Net increase/(decrease) in cash and cash equivalents		**(72)**	**(746)**	**(28)**
Cash and cash equivalents at the beginning of period		1,795	1,823	1,823
Cash and cash equivalents at the end of the financial period		**1,723**	**1,077**	**1,795**

The financial statements should be read in conjunction with the accompanying notes.

Notes to the Unaudited Consolidated Interim Financial Statements

For the six months ended 30 September 2016

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 39 Market Place, Viaduct Basin, Auckland.

Arvida Group Limited's subsidiary, Arvida Limited, on 17 December 2014 acquired the shares of a number of entities and then completed an initial public offering and listing on the NZX on 18 December 2014.

The Group is in the business of owning, operating and developing retirement villages and rest homes for the elderly in New Zealand.

These consolidated interim financial statements ("interim financial statements") have been approved for issue by the Board of Directors on 23 November 2016.

The directors believe it remains appropriate that the interim financial statements have been prepared under the going concern convention.

Basis of Preparation

These interim financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with NZ IAS 34 Interim Financial Reporting;
- using the same accounting policies and methods of computation as were followed in the Group annual financial statements for the period ended 31 March 2016;
- 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 and land and buildings (included in property, plant and equipment);
- 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.

These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group annual financial statements for the period ended 31 March 2016.

Critical Accounting Estimates and Judgements

The preparation of the interim financial statements 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:

- Revenue recognition
- Income taxes
- Fair value of investment property
- Fair value of care facility
- Impairment of goodwill

Judgements used remain materially unchanged from the financial statements for the period ended 31 March 2016 aside from the assumptions around expected period of tenure used for revenue recognition and the fair value of investment property which has since had a desktop review undertaken. Further detail on revenue recognition assumptions are available in note 2 and on the fair value of investment property in note 5.

Basis of Consolidation

The Group's interim financial statements are prepared by consolidating the interim 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 interim 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.

2. Income

$000	Unaudited 6 months to 30 Sept. 2016	 6 months to 30 Sept. 2015	Audited Year to 31 March 2016
Income			
Care fees and village services	40,120	34,621	72,445
Deferred management fees	5,025	3,622	7,793
Other income	1,768	1,009	2,271
Total revenue	**46,913**	**39,252**	**82,509**

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 Ministry of Health included in care fees and village services amounted to $24.3 million (31 March 2016: $41.3 million; and 30 September 2015: $18.5 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 period of tenure, being based on historical results, experience and industry averages, are estimated at 4.0 to 4.9 years for studios and serviced apartments (31 March 2016: 3.5 to 4.9 years; and 30 September 2015: 3.6 to 4.8 years) and are estimated at 6.3 to 8.5 years (31 March 2016: 6.3 to 8.5 years; and 30 September 2015: 6.0 to 8.4 years) for independent apartments and villas.

3. Income Tax Expense

$000	Unaudited 6 months to 30 Sept. 2016	 6 months to 30 Sept. 2015	Audited Year to 31 March 2016
Reconciliation to profit before tax			
Profit before tax	21,833	9,254	28,172
Tax at 28%	**6,113**	**2,591**	**7,888**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Change in fair values	(4,000)	(1,051)	(4,481)
Non-taxable income and non-deductible expenditure	(26)	95	491
Non-deductible transaction expenses	-	210	-
Other	309	19	250
Income tax expense	**2,396**	**1,864**	**4,148**

4. Acquisition accounting

The provisional fair values of the identifiable assets and liabilities of the companies acquired, namely Lansdowne Park Village Limited and Lansdowne Developments Limited (collectively, "Lansdowne Park"), as at 30 June 2016 are below. The purchase consideration of $20.6 million (inclusive of debt repayment) was settled by way of $14.6 million cash and $6.0 million shares in Arvida Group Limited.

Lansdowne Park is a high-quality retirement village and aged care facility situated in Masterton that provides retirement services to 170 residents.

The Group acquired $0.5 million of goodwill through the Lansdowne Park business combination. Goodwill is an intangible asset with an indefinite life.

The acquisition accounting is provisional and the Group can revise it within twelve months of the acquisition date.

$000	Lansdowne Park
Assets	
Cash and cash equivalents	121
Trade receivables and other assets	238
Deferred tax asset	318
Property, plant and equipment	5,379
Investment properties	42,893
Resident advances	205
Total assets	**49,154**
Liabilities	
Bank overdraft	256
Trade and other payables	424
Employee entitlements	118
Revenue in advance	2,820
Interest bearing loans and borrowings	8,076
Residents' loans	25,498
Related party liabilities	130
Total liabilities	**37,322**
Total identifiable net assets at fair value	**11,832**
Goodwill arising on acquisition	467
Purchase consideration transferred	**12,299**

5. Investment Property

$000	Unaudited As at 30 Sept. 2016	 As at 30 Sept. 2015	Audited As at 31 March 2016
Balance at beginning of period	295,839	212,238	212,238
Purchase on acquisition	42,893	51,983	51,983
Additions	4,745	4,947	11,810
Reclassification from property, plant and equipment	-	-	715
Fair value movement - unrealised	14,284	3,755	19,093
Total investment property	**357,761**	**272,923**	**295,839**
Valuation of managers' net interest inclusive of reduction due to earthquake damage	161,685	125,585	137,500
Development land	13,115	9,700	12,450
Costs to complete	-	-	(467)
Liability for residents' loans	176,423	134,113	142,158
Net revenue in advance / (accrued revenue)	6,538	3,525	4,198
Total investment property	**357,761**	**272,923**	**295,839**

The fair value of investment property is determined on a six monthly basis. The fair value of completed investment properties and development land at 30 September 2016 was determined by Michael Gunn, an independent registered valuer, of the firm CBRE Limited. A valuation method was used based on a discounted cash flow ("DCF") model using expected cash flows for a 20-year period.

The Group's policy is that a full valuation should be unedrtaken at each year end of the investment properties and a desktop review should be undertaken at each interim period.

CBRE completed the desktop review as at 30 September 2016 to determine the current valuation of each property. The CBRE review indicated an overall uplift in the valuation of the properties of $14.3 million which has been recognised as a change in the fair value of investment properties in the consolidated interim statement of comprehensive income. CBRE reviewed key information (resident schedules and sales data) associated with each property, however full property inspections were not undertaken as part of the desktop review.

Key Judgements and Estimates

The valuation of investment property includes within its forecast cash flows, 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 6.3 to 8.5 years (31 March 2016: 6.3 to 8.5 years; and 30 September 2015: 6.0 to 8.4 years) for independent apartments and villas and 4.0 to 4.9 years for studios and serviced apartments (31 March 2016: 3.5 to 4.9 years; and 30 September 2015: 3.6 to 4.8 years)
House price inflation	Between 0.0% and 3.5% (31 March 2016: between 0.0% and 3.5%; and 30 September 2015: between 0.0% and 2.0%)
Discount rate	Between 12.5% and 16.0% (31 March 2016: between 12.5% and 16.0%; and 30 September 2015: between 12.5% and 16.0%)

The occupancy period 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. An increase (decrease) in the stabilised departing occupancy period will have a negative (positive) impact on the valuation. A significant decrease (increase) in the discount rate or increase (decrease) in the inflation rate would result in a significantly higher (lower) fair value measurement.

6. Residents' loans

$000	Unaudited As at 30 Sept. 2016	 As at 30 Sept. 2015	Audited As at 31 March 2016
Opening balance	142,158	106,840	106,840
Amounts repaid on termination of ORAs	(11,892)	(12,520)	(21,465)
Amounts received on issue of new ORAs	25,148	18,459	43,534
Amounts acquired on investment property	25,498	22,191	22,191
Movement in DMF receivable and residents' portion of capital gains	(4,489)	(857)	(8,942)
Total residents' loans	**176,423**	**134,113**	**142,158**

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 occupation right agreement ("ORA") which confers a right of occupancy to a villa, apartment or serviced apartment 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.

Deferred management fees ("DMF") are payable by residents in consideration for the supply of accommodation and the right to share in the use of community facilities. Deferred management fees 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 apartment or villa. The present value of the operator's portion of estimated capital gain has been calculated by CBRE Limited in the valuation of the investment property.

7. Interest Bearing Loans and Borrowings

$000	Unaudited As at 30 Sept. 2016	Unaudited As at 30 Sept. 2015	Audited As at 31 March 2016
Secured bank loans			
Repayable within 12 months	-	-	-
Repayable after 12 months	32,363	10,000	13,250
Total interest-bearing loans	**32,363**	**10,000**	**13,250**

Funding Facilities	Facility Limit	Maturity of Facility	Unaudited As at 30 Sept. 2016 Drawn Facility Amount	Unaudited As at 30 Sept. 2015 Drawn Facility Amount	Audited As at 31 March 2016 Drawn Facility Amount
Revolving Core Facility	$20.0m	29 December 2017	$17.7m	$0.0m	$13.3m
Revolving Acquisition Facility	$20.0m	29 December 2017	$14.7m	$10.0m	$0.0m
Total Facilities	**$40.0m**		**$32.4m**	**$10.0m**	**$13.3m**

Secured bank loans

The bank loan comprises the Revolving Core Facility and the Revolving Acquisition Facility.

The bank loans are secured by various mortgages over certain of the Group's assets, subject to a first priority to the Statutory Supervisor over the retirement village assets. A registered first ranking composite general security agreement is in place, which contains a cross guarantee and indemnity granted by Arvida Group Limited and acceded to by each of its subsidiaries. This is subject to guarantees from retirement village companies limited to 50% of their net tangible assets.

Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin. Interest rates applicable in the six month to 30 September 2016 ranged from 2.9% to 3.3% pa (year to 31 March 2016: 3.1% to 4.5% pa; and six months to 30 September 2015: 3.5% to 4.5% pa).
A separate line fee is charged over the facility limit.

8. Share Capital

Shares 000	Unaudited As at 30 Sept. 2016	 As at 30 Sept. 2015	Audited As at 31 March 2016
Opening balance	273,245	224,851	224,851
Shares issued	5,394	48,394	48,394
Closing balance	**278,639**	**273,245**	**273,245**

On 30 June 2015 Arvida Group Limited issued 35,714,286 ordinary shares at $0.84 to institutional investors under a placement to build cash reserves to part-fund the acquisition of Aria Gardens Limited and Epsom Brown Holdings Limited.

On 3 July 2015 Arvida Group Limited issued 6,727,968 ordinary shares at $0.89 to the vendors of Aria Gardens Limited and Epsom Brown Holdings Limited in part-satisfaction of the purchase price.

On 28 July 2015 Arvida Group Limited issued 5,952,513 ordinary shares at $0.84 to existing investors under the share purchase plan to replenish cash reserves after the acquisition of Aria Gardens Limited and Epsom Brown Holdings Limited.

On 30 June 2016 Arvida Group Limited issued 5,393,724 ordinary shares at $1.11 to the vendors of Lansdowne Park in part-satisfaction of the purchase price.

In the six months to 30 September 2016 the Company incurred transaction costs of $0.1 million (year to 31 March 2016: $1.5 million; and six months to 30 September 2015: $1.5 million) with no costs relating to the issue of new shares and deducted from equity (year to 31 March 2016: $0.8 million; and six months to 30 September 2015: $0.8 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.

9. Earnings Per Share

$000	Unaudited 6 months to 30 Sept. 2016	Unaudited 6 months to 30 Sept. 2015	Audited Year to 31 March 2016
Profit attributable to equity holders	**19,437**	**7,390**	**24,024**
Basic and Diluted			
Weighted average number of ordinary shares on issue (thousands)	275,957	248,159	260,702
Earnings per share(cents)	**7.04**	**2.98**	**9.22**

10. Subsequent Events

On 20 September 2016, the Group entered into a conditional agreement to acquire 100% of the shares in Bethlehem Views Limited and NEIL RV Cambridge Limited and 100% of the assets and liabilities of the Copper Crest Village Estate Limited. On 3 October 2016, the three acquisitions were settled. The aggregate purchase price was $66.4 million and this was funded by a debt drawdown of $47.9 million and the issuance of $18.5 million shares to the vendors.

On 20 September 2016, the Group announced that $41.8 million of new equity was to be raised by way of a 1-for-7 pro-rata renounceable rights issue (the "Offer") at an issue price of $1.05 per share. The Offer was fully underwritten by Forsyth Barr Group Limited. On 26 October 2016, the proceeds of the Offer were received and an additional 39.8 million shares were issued. The proceeds were utilised to repay bank debt.

On 3 October 2016, the Group entered into a new banking facility with ANZ Bank New Zealand Limited. The new facility comprises of a $40.0 million flexible core facility with an expiry of 30 September 2019, a $40.0 million flexible core facility with an expiry of 30 September 2021 and a $10.0 million facility (to assist with the acquisition of the three new villages) with an expiry of 11 November 2016. The key terms of the new facility are similar to the old facility.

On 23 November 2016, the directors approved a dividend of 1.10 cents per share amounting to $3.7million. The dividend is partially imputed at 0.40 cents per share. A supplementary dividend of 0.18 cents per share will be paid to non-resident shareholders. The dividend record date is 8 December 2016 and payment is due to be made on 16 December 2016.

On 23 November 2016, Arvida entered into a conditional agreement, subject to regulatory approvals, to acquire 100% of the shares in Cascades Retirement Resort Limited for $21.2 million. The acquisition is to be fully funded from existing debt facilities, with settlement expected to occur on 30 December 2016.

Company Information

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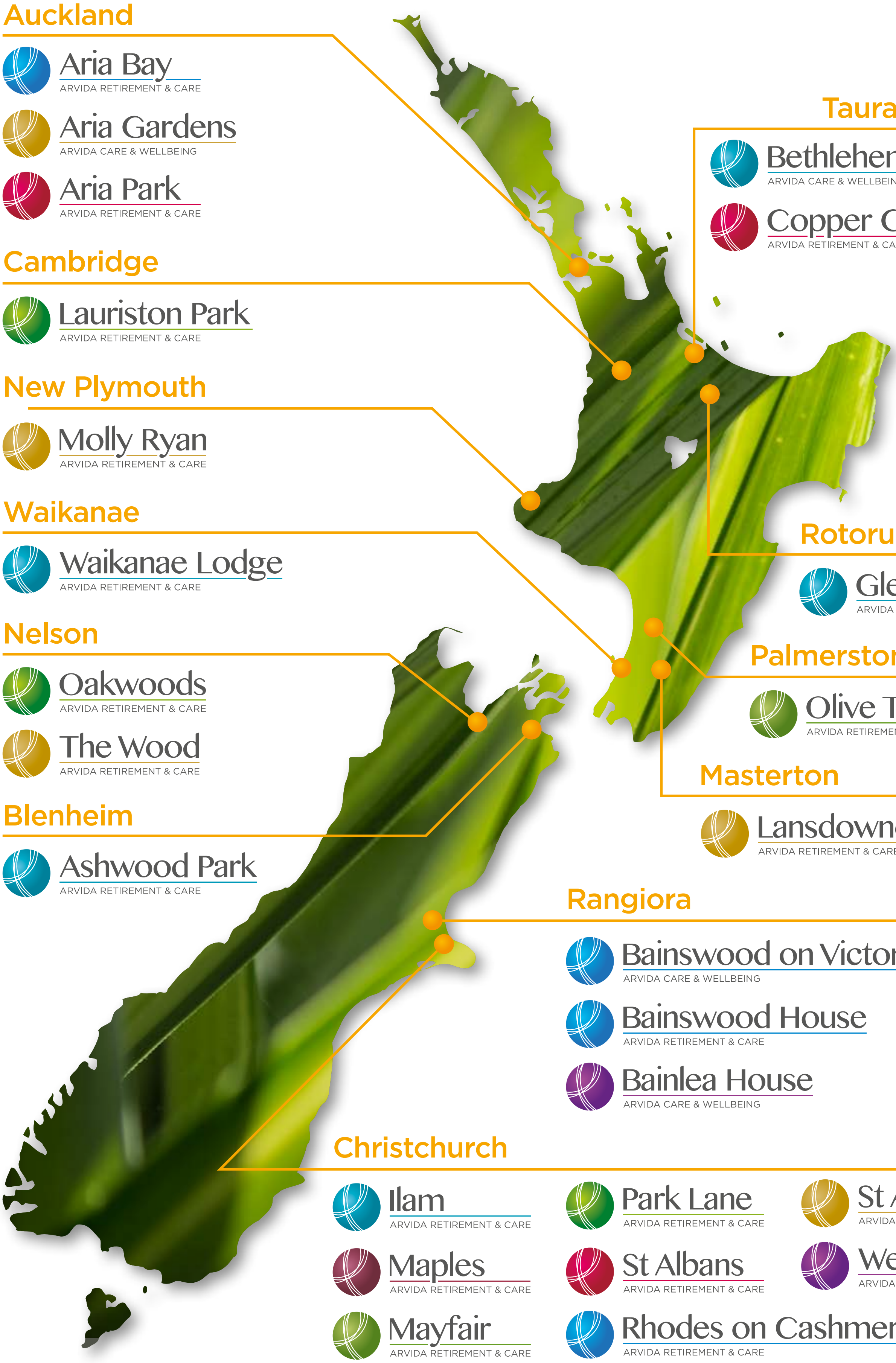
Directors:	Peter Wilson, Independent Director and Chairman Anthony Beverley, Independent Director Michael Ambrose, Non-Executive Director Susan Paterson, Independent Director Paul Ridley-Smith, Independent Director
Group Auditor:	Ernst & Young
Valuer:	CBRE Limited
Legal Advisors:	Chapman Tripp Anthony Harper
Bankers:	ANZ Bank NZ Limited
Statutory Supervisor:	Covenant Trustee Services 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*

ARVIDA GROUP VILLAGE LOCATIONS



Auckland

- Aria Bay – ARVIDA RETIREMENT & CARE
- Aria Gardens – ARVIDA CARE & WELLBEING
- Aria Park – ARVIDA RETIREMENT & CARE

Cambridge

- Lauriston Park – ARVIDA RETIREMENT & CARE

New Plymouth

- Molly Ryan – ARVIDA RETIREMENT & CARE

Waikanae

- Waikanae Lodge – ARVIDA RETIREMENT & CARE

Nelson

- Oakwoods – ARVIDA RETIREMENT & CARE
- The Wood – ARVIDA RETIREMENT & CARE

Blenheim

- Ashwood Park – ARVIDA RETIREMENT & CARE

Tauranga

- Bethlehem Views – ARVIDA CARE & WELLBEING
- Copper Crest – ARVIDA RETIREMENT & CARE

Rotorua

- Glenbrae – ARVIDA RETIREMENT & CARE

Palmerston North

- Olive Tree – ARVIDA RETIREMENT & CARE

Masterton

- Lansdowne Park – ARVIDA RETIREMENT & CARE

Rangiora

- Bainswood on Victoria – ARVIDA CARE & WELLBEING
- Bainswood House – ARVIDA RETIREMENT & CARE
- Bainlea House – ARVIDA CARE & WELLBEING

Christchurch

- Ilam – ARVIDA RETIREMENT & CARE
- Maples – ARVIDA RETIREMENT & CARE
- Mayfair – ARVIDA RETIREMENT & CARE
- Park Lane – ARVIDA RETIREMENT & CARE
- St Albans – ARVIDA RETIREMENT & CARE
- Rhodes on Cashmere – ARVIDA RETIREMENT & CARE
- St Allisa – ARVIDA CARE & WELLBEING
- Wendover – ARVIDA RETIREMENT & CARE