

PRESENTATION OF UNAUDITED FY2017 RESULTS

Arvida Group Limited
Year Ended 31 March 2017

24 May 2017





FY2017 HIGHLIGHTS

\$160_m

Market capitalisation increased 60% or \$160m following a \$42m rights issue, \$25m issue of vendor shares, inclusion in S&P/NZX50 Index and significant share price appreciation

47%

Strong growth in Underlying Profit¹ up 47% on FY2016 to \$23.1m, delivering 27% accretion in Underlying Profit per share

95%

Occupancy at our care facilities remains significantly above the industry average; outstanding result from first resident and care satisfaction survey

\$795_m

Total assets up \$334m to \$795m, having acquired 5 high quality villages that have increased further \$14m in value since acquisition

262_{units/beds}

Brownfield development activity in progress across multiple sites (and a further 645 units/beds in planning stage)

1.15_{cps}

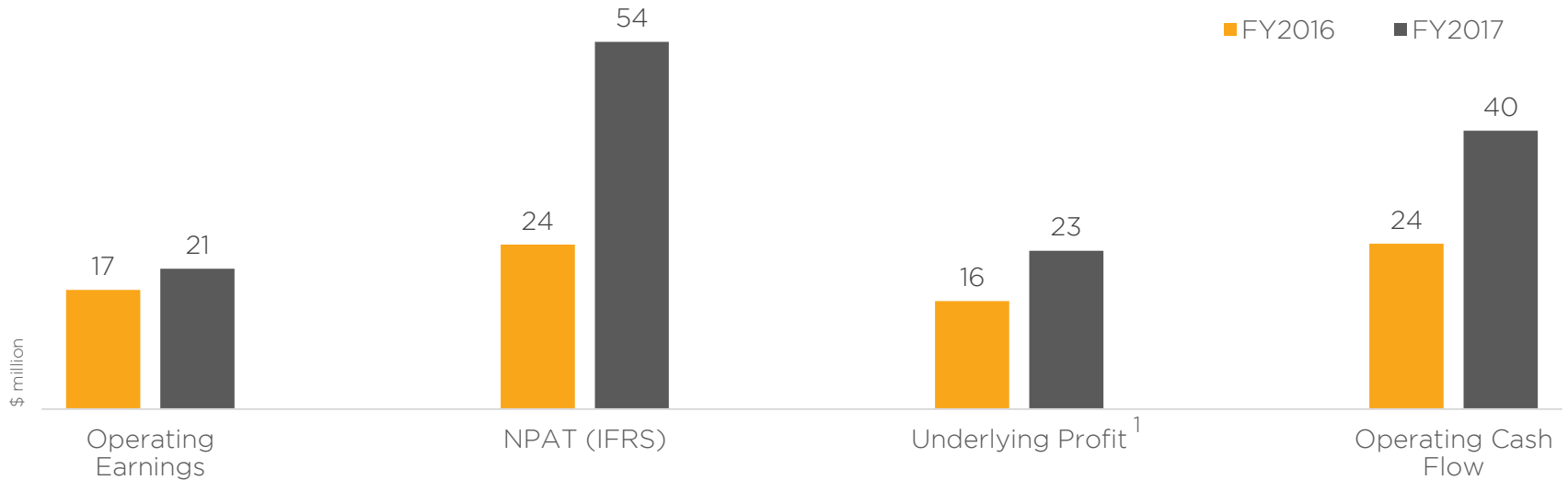
Final dividend lifted to 1.15cps; total net dividends up 5% to 4.45cps for year

Unless otherwise indicated, all numerical data is unaudited and stated as at 31 March 2017.

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

FY2017 FINANCIAL PERFORMANCE

FY2016 vs. FY2017



- Strong FY2017 result recorded that was well above FY2016 on all measures
- Includes part year contributions from Lansdowne Park, Copper Crest, Lauriston Park, Views Lifecare, Cascades that were acquired during the year
- Significant contribution from sales activity experienced across Villages
- Cash tax paid of \$5.8 million in FY2017

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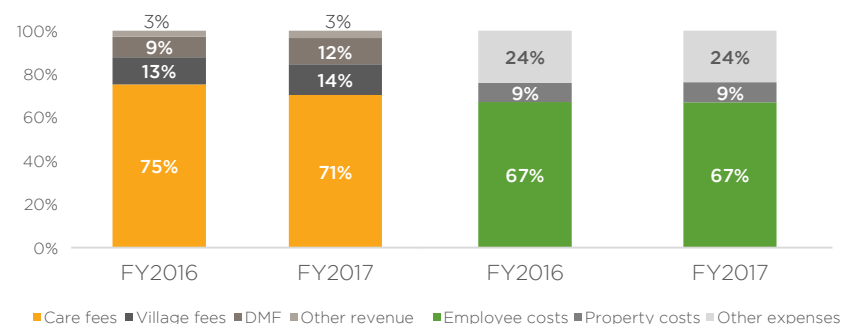
FINANCIAL
OVERVIEW

INCOME STATEMENT

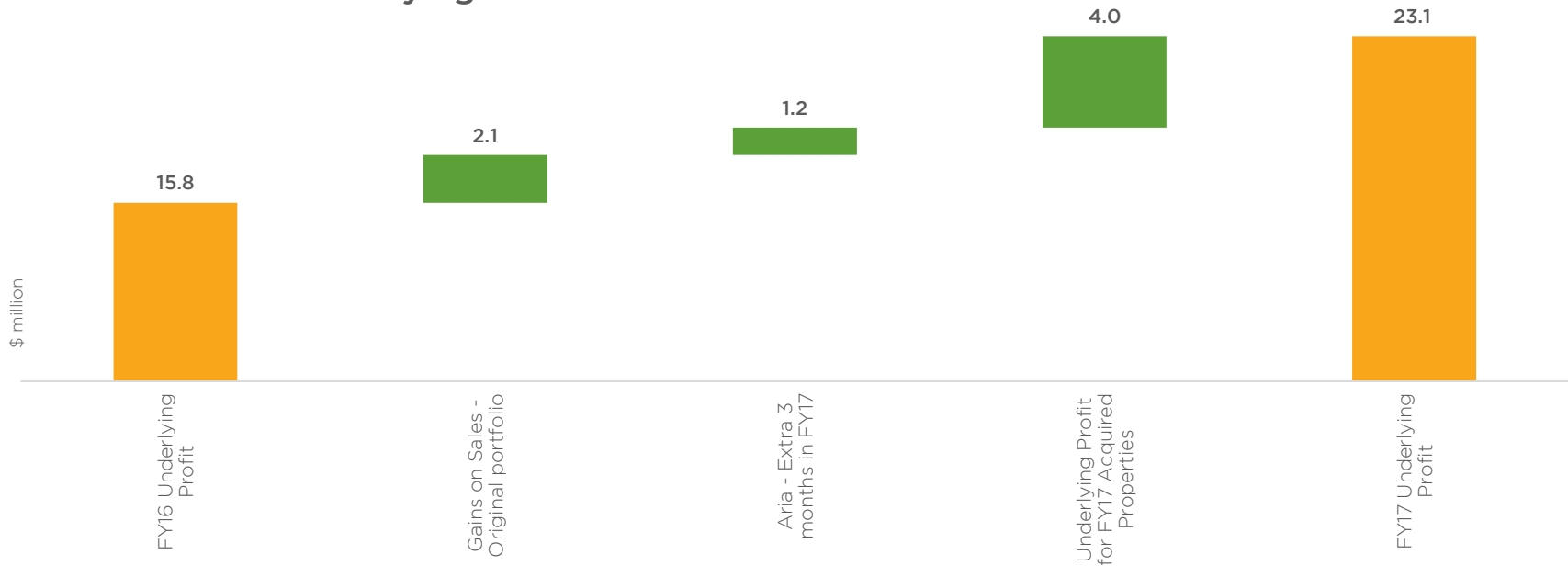
Year ended 31 March Unaudited (NZ\$m)	FY2016	FY2017
Care & village service fees	72.4	85.7
Deferred management fees	7.8	12.3
Other revenue	2.3	3.4
Total revenue	82.5	101.4
Gain on acquisition of subsidiaries	0.0	3.2
Change in fair value of investment property	19.1	39.3
Change in fair value of PPE	(3.1)	0.8
Total income	98.5	144.7
Operating expenses	(65.1)	(80.9)
Depreciation	(2.9)	(3.4)
Total expenses	(68.0)	(84.3)
Operating profit before financing, one-off costs	30.5	60.4
Financing costs	(0.9)	(1.3)
One-off costs	(1.4)	(1.0)
Profit before income tax	28.2	58.1
Income taxation	(4.2)	(4.4)
Net profit after tax	24.0	53.7

- \$71.5m generated from care fees provides strong operating cash flows for the group
- Revenue and operating cost increases mainly related to new villages acquired
- Fair value movement of investment properties at \$39.3m from CBRE revaluation of the retirement village land and buildings
- One off costs relate to transaction associated expenditure

Revenue and Key Expense Composition



Movements in Underlying Profit



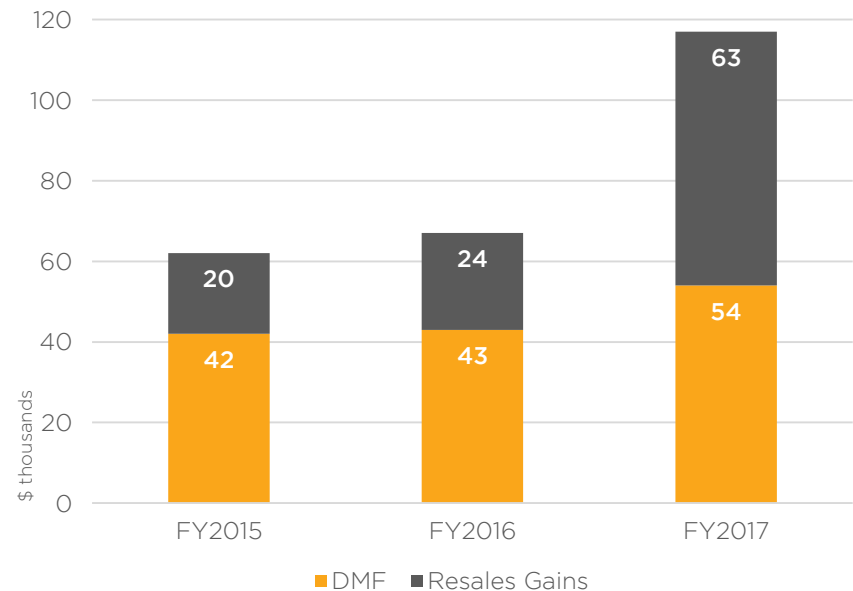
- Underlying Profit benefited from:
 - Higher level of gains on sales being generated
 - Inclusion of the Aria villages for a full 12 months; and
 - Acquisition of 5 villages, contributing \$4.0m in period



EMBEDDED VALUE

- Embedded value measures future cash that can be generated when a unit is resold
- Embedded value per unit increased 74% to \$117,000:
 - Indicator of future realised gains and cash flow generation
- Total embedded value is \$153 million:
 - Strong growth since IPO which has been enhanced by acquisition strategy
- CBRE average price per unit has increased 32% since FY2016 due to acquisition of higher value units and unit repricing strategy
- Average price per unit is \$375k reflecting the portfolio composition of 45% Serviced Apartments and 55% Villas
- \$49m of embedded value acquired during the year:
 - This increased by \$17m at year end due to higher unit prices

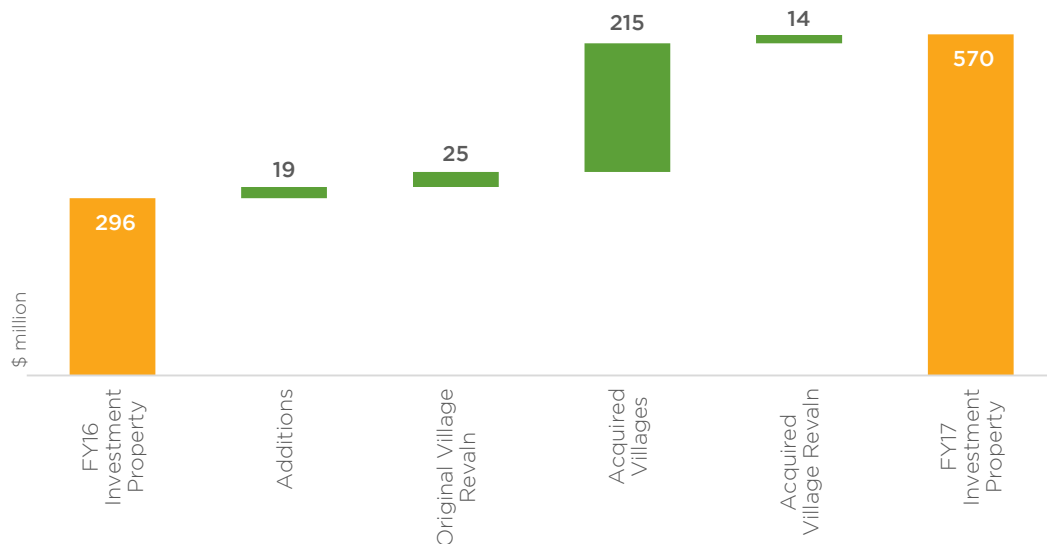
Embedded Value (per unit)





VALUATION RECONCILIATION

Movements in Investment Property



Implied Value per share Reconciliation [^]	(NZ\$m)
Investment Property	570
Less: ORA / DMF	(306)
Retirement Villages ¹	264
Add: Care Facilities ²	178
CBRE Valuation	443
Work in Progress	20
Implied Value	463
Less: Bank Debt	74
Net Implied Value	389
Shares on Issue	334
Implied Value per share	\$1.16

1. CBRE valuation as at 31 March 2017.

2. CBRE valuation at the later of 31 March 2016 or date of acquisition.

- During the year investment property increased 92% or \$274m
- The portfolio of villages at the start of the year increased \$25m in value
- \$215m of investment property purchased as part of villages acquisitions in FY2017. This investment property increased \$14m in value by year end

[^] Implied Value is a non-GAAP (unaudited) measure and differs from NZ IFRS by replacing components of Property, Plant and Equipment with an independent valuation.



BALANCE SHEET

Year ended 31 March Unaudited (NZ\$m)	FY2016	FY2017
Cash and cash equivalents	1.8	1.3
Property, plant and equipment	110.0	156.5
Investment property	295.8	569.9
Goodwill	39.0	50.5
Other assets	14.1	16.7
TOTAL ASSETS	460.7	794.9
External debt	13.3	73.5
Residents' loans	142.2	290.9
Deferred tax liability	16.6	20.2
Other liabilities	23.8	38.8
TOTAL LIABILITIES	195.9	423.4
NET ASSETS	264.8	371.5
Issued capital	246.7	311.7
Reserves	2.3	3.5
Retained earnings	15.8	56.3
TOTAL EQUITY	264.8	371.5

- Term sheet for a new \$150m bank facility agreed in May 2017
- Core operational debt to remain unchanged, however debt will increase with development build rate
- Expected \$75m development spend over next 12 months. Matched total development funding to development programme through to project completion
- PP&E and investment property balances increased mainly due to acquisitions in the period, gains on revaluation and development spend
- Care facility value determined by director review having reference to the valuation completed by CBRE in FY2016



CASH FLOW

Year ended 31 March Unaudited (NZ\$m)	FY2016	FY2017
Receipts from residents for care fees and village services	70.8	90.3
Residents' loans	41.3	62.4
Repayment of residents' loans	(20.4)	(26.0)
Payments to suppliers and employees	(63.7)	(76.8)
Other operating cash flows	(0.2)	(3.3)
Financing costs	(0.9)	(1.1)
Taxation	(2.8)	(5.8)
Net cash flow from operating activities	24.1	39.7
Bank overdraft acquired from subsidiaries	0.1	(0.2)
Purchase of investment property	(11.4)	(19.2)
Purchase of property, plant and equipment	(3.3)	(23.3)
Payments for investments in subsidiaries	(29.3)	(66.5)
Net insurance claim proceeds	17.8	0.9
Capitalised interest paid	0.1	(0.3)
Net cash flow from investing activities	(26.0)	(108.6)
Net cash flow from financing activities	1.8	68.3
Closing cash balance	1.8	1.3

- \$90.3m generated from care fees and village services
- \$62.4m of cash generated from ORA transactions offset by repayments of \$26.0m
- Purchase of investment property includes acquisition of neighbouring residential property and buyback of unit titled ORAs
- Purchase of PPE mainly reflects development spend during the year
- \$66.5m paid in cash for acquisitions
- Included in financing activities are \$41.8m of proceeds from new shares issued in relation to the rights issue, net bank debt drawdowns of \$42.0m and dividends paid of \$13.2m
- Overall cash balance at \$1.3m and drawn debt balance of \$73.5m



RECONCILIATION TO UNDERLYING PROFIT¹

- Underlying Profit¹ up 47% to \$23.1m, equating to underlying EPS of 7.7 cents per share
- Total of 166 resales and 32 sales of new units completed in period
- Mix of units sold in period was 32% Villas and 68% Serviced Apartments

Year ended 31 March (NZ\$m)	FY2016	FY2017
Net profit after tax	24.0	53.7
Less: Change in fair values	(16.0)	(40.1)
Add: Deferred tax	(0.1)	0.5
Less: Gain on acquisition of subsidiaries	-	(3.2)
Add: One-off costs	1.4	1.0
Underlying operating profit	9.3	11.8
Add: Gains on resale of existing units	5.0	8.9
Add: Gain on sale of new units	1.5	2.4
Underlying profit¹	15.8	23.1

Sales Analysis	FY2016	FY2017
<u>New Sales</u>		
New units sold	20	32
Value \$m	9.3	14.0
Av. value per new sale \$000	465.0	438.7
Development margin \$m	1.5	2.4
Margin %	16%	17%
<u>Resales</u>		
Villas	35	47
Serviced Apartments	114	119
Total resales	149	166
Value \$m	36.5	45.5
Av. value per resale \$000	244.9	274.1
Resale margin	5.0	8.9
Margin %	14%	19%

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BUSINESS
OVERVIEW



PORTFOLIO STATISTICS

	FY2016	ACQUIRED	ADJs	FY2017
Rest Home	610	93	+11	714
Dementia	131	20	-1	150
Hospital	505	99	-22	582
Total Aged Care	1,246	212	-12	1,446
Serviced Apartments	529	61	-2	588
Villas	379	329	+5	713
Total Retirement Units	908	390	+3	1,301
Total Units/Beds	2,154	602		2,747
Needs-based Composition	82%	45%		74%
Development Units/Beds¹	182/43²			711/196

- Continued high proportion of total portfolio is needs-based accommodation
- 5 villas delivered at Copper Crest since acquired
- Other adjustments in accommodation mix reflect a combination of swing beds and decommissioning for development

1. Excludes potential care suite conversions from number of beds.

2. Excludes an additional 100+ units/beds in the development pipeline yet to be assessed.



VILLAGE STATISTICS

	FY2016	FY2017
Number of Villages	21	26
Number of Residents	>2,100	>3,000

	FY2016	FY2017
Care Facility Occupancy	94%	95%

Independent Living Units	FY2016	FY2017
Av. Ingoing Age	77 yrs	76 yrs
Av. Current Age	83 yrs	80 yrs
Av. Current Price	\$216,000	\$411,000

Serviced Apartments	FY2016	FY2017
Av. Ingoing Age	84 yrs	84 yrs
Av. Current Age	87 yrs	87 yrs
Av. Current Price	\$188,000	\$245,000

- Average age of all retirement village residents at 82.9 years
- Resident density at 1.3 per occupied unit
- Decrease in Villa average ages due to acquisition of 3 newer villages with high Villa composition
- No change in age profile of Serviced Apartment residents



OPERATIONAL PERFORMANCE

- Continual improvement in village staff leadership and clinical governance:
 - Have restructured clinical teams to improve accountability for reporting and clinical risk management, teamwork and staff satisfaction
 - Ultimate goal of improved quality of care and meaningful engagement with residents
- Six villages hold 4-year Ministry of Health certifications (av. 3.2 years across all sites):
 - Improvements against Ministry of Health criteria have resulted in the duration of certification extending
- Strong result from first independent resident and care satisfaction survey conducted across group:
 - 94% satisfaction for people living independently and 94% satisfaction for residents living in our care
- Resident management system now live and being progressively rolled out across the group:
 - Significant change management project that will transform the way care provision is documented and organised on a day-to-day basis
- ACC tertiary accreditation now across the group
- Investment in payroll and staff management systems to drive improvements and support our staff
- Considerable work in progress on key initiatives in Wellness and Nutrition to promote and strengthen our resident-centred approach to care



DEVELOPMENT PROGRAMME

Village	Location	Status	Units / Beds	FY2018		
				FY17	FY18	FY19
Aria Bay	Auckland	Under construction	25 Apts	Construction		Sell down
Copper Crest	Tauranga	Under construction	15 Villas		Construction Stage 6	Sell down
Copper Crest	Tauranga	Planning	25 Villas [^]			Construction Stage 7
Lauriston Park	Cambridge	Under construction	22 Villas		Construction	Sell down
Lansdowne Park	Masterton	Under construction	5 Villas		Construction	Sell down
Oakwoods	Nelson	Under construction	24 Villas	Construction		Sell down
Park Lane	Christchurch	Under construction	28 Apts		Construction Stage 1	Sell down
Park Lane	Christchurch	Planning	52 Apts [^]			Construction Stage 2
Rhodes on Cashmere	Christchurch	Under construction	18 Apts		Construction Stage 1	Sell down
Rhodes on Cashmere	Christchurch	Planning	12 Apts / 36 Beds(ORA) [^]			Construction Stage 2 & 3
TOTAL			226 / 36			

[^] Subject to final investment decision approval.

FUTURE OPPORTUNITY IN RICHMOND

- Conditional agreement to acquire 8.2 hectares of bare land in Richmond for \$11m:
 - Acquisition subject to completion of re-zoning and subdivision as it forms part of a larger residential subdivision to be developed
- Site provides the opportunity for a \$100 million retirement village and integrated care development
- Richmond is the largest urban settlement in the Tasman District and one of the fastest growing with a healthy economic outlook
- Sound knowledge of local market with Oakwoods, our existing village in Richmond, being in close proximity

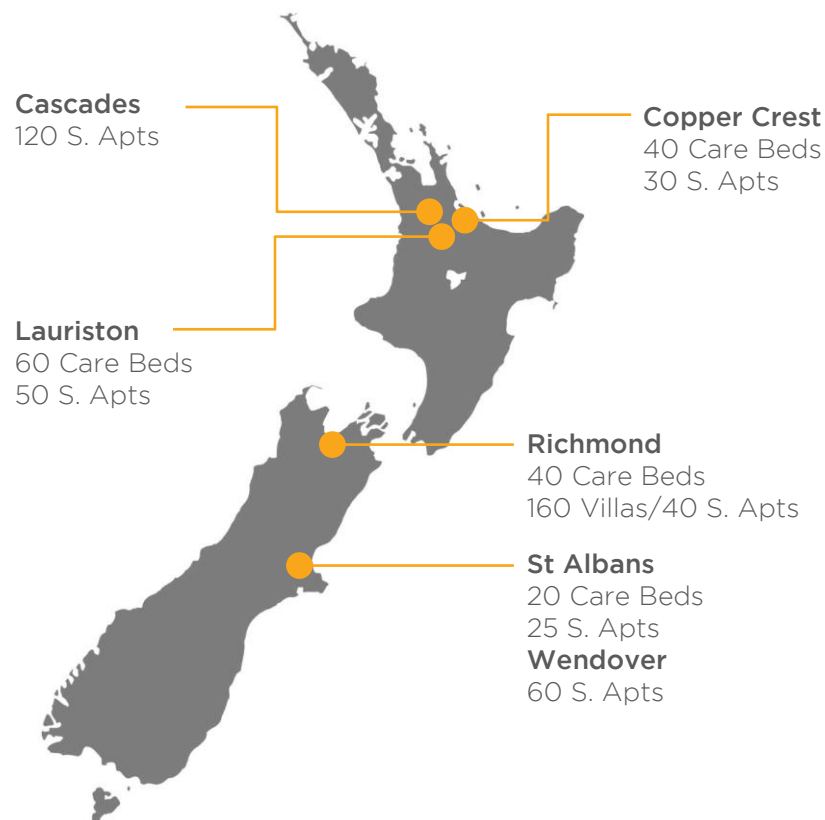




“NEEDS-BASED” DEVELOPMENT PIPELINE

- Development pipeline is at an early stage of feasibility and subject to final investment decision approval:
 - Enhances needs-based offering
- Acquired strategic parcels of adjacent land at Aria Bay, Oakwoods, St Albans, Cascades, Lauriston Park and Lansdowne Park:
 - Enables improved product from planned developments and efficiencies within existing villages
- Planned / unconsented development includes an additional 485 units and 160 beds
- Care ORA concept is being planned:
 - Bed developments likely to comprise a significant component of Care ORA (Care Suites)
 - Care ORA likely to be first introduced at Rhodes on Cashmere

Planned / Unconsented Developments[^]



[^] Net of decommissions. Subject to final investment decision approval.



DEVELOPMENT IN PROGRESS

Aria Bay Apartments, Auckland



Park Lane Apartments, Christchurch



Oakwoods Villas, Richmond



Copper Crest Villas, Tauranga

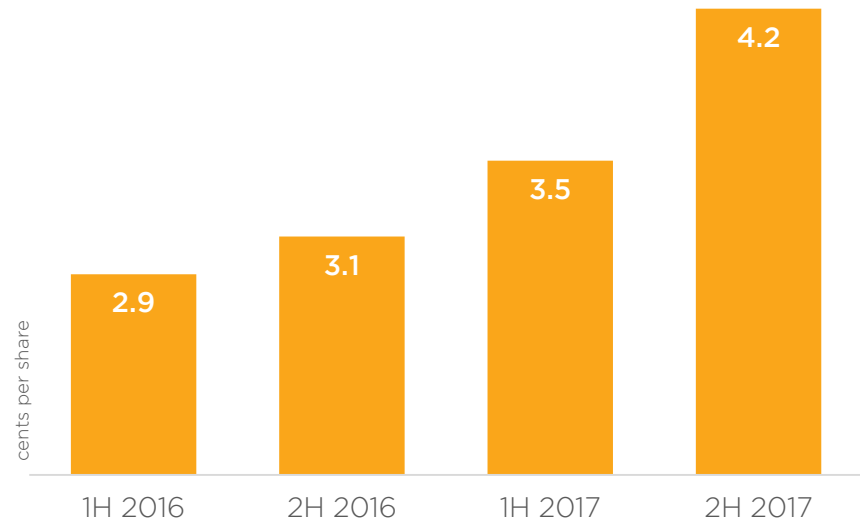




STRATEGY UPDATE

- 27% accretion in Underlying Profit per share since FY2016
- Executed on \$170m of net assets acquired and integrated since IPO:
 - Acquisitions integrated to plan and identified synergies reinvested
 - Sound integration management capability and processes in place
- Development processes established with sizeable pipeline now identified
- Continue to see a range of value accretive opportunities. Apply strict screening criteria to acquisitions:
 - Location, quality of assets and current management, potential for development and earnings accretion

Underlying Profit (cents per share)

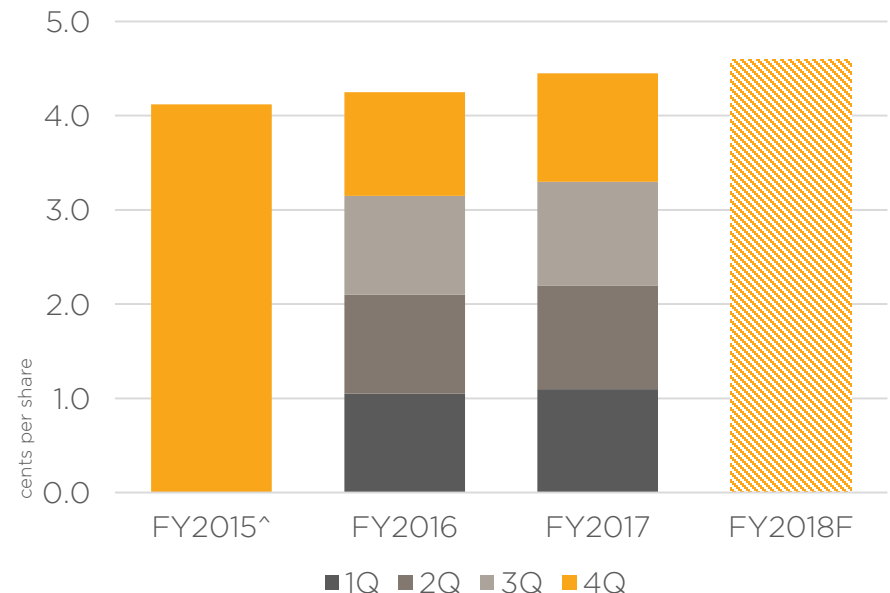




DIVIDEND AND FY2018 OUTLOOK

- 4Q FY2017 dividend of 1.15 cps declared:
 - Record date for payment is 8 June 2017, payment on 16 June 2017
 - Partially imputed with 0.40 cps of imputation credits
 - Supplementary dividend of 0.18 cps from non-resident shareholders
- Total FY2017 to 4.45 cps, in line with guidance
- Full year dividend payout ratio at 62% consistent with Dividend Policy to pay out 60-80% of Underlying Profit
- Lift in 4Q dividend sustainable with momentum in revenue and earnings continuing
- Expect earnings impact of recent pay settlement to be neutral but positively impact recruitment and retention of caregivers

Dividend (cents per share)



- Strong fundamentals continue to underpin sector outlook, however the Group is aware of concern on absolute levels of house prices, the emerging home care trend and rising construction costs

[^] Annualised. Arvida paid a dividend of 1.03 cps in respect of the FY15



APPENDIX



A1: PORTFOLIO VALUATION ASSUMPTIONS

Discount Rates	FY2016	FY2017
High	16.0%	16.0%
Low	12.5%	12.5%

Discount rates decreased at 2 villages by 0.5% where development activity has advanced

Long Term Property Price Growth	FY2016	FY2017
High	3.5%	3.5%
Low	2.0%	2.0%

No material changes in long term property price growth rates

Short Term Property Price Growth	FY2016	FY2017
High	2.5%	2.5%
Low	0.0%	0.0%

No material changes in short term (Yr 1-3) property price growth rates

Tenure - Units (yrs)	FY2016	FY2017
High	8.5	9.0
Low	6.3	6.2

Increase of high tenure to 9.0 yrs at village acquired in FY2017

Tenure - Serviced Apt (yrs)	FY2016	FY2017
High	4.9	4.9
Low	3.5	4.0

Lengthening of average tenure at one village from 3.5 yrs to 4.0 yrs

EBITDA per Bed \$000	FY2016	FY2017
High	18.7	20.8
Low	10.4	10.4

Valued every 2 years by CBRE. Last valued in FY2016. Acquired care facilities valued at time of purchase



A2: PORTFOLIO SUMMARY

	Region	Villas	Apts	SA	RH	Hospital	Dementia	Develop	Planning [^]
Aria Bay Retirement Village	Auckland		9	24	57			25	
Aria Gardens	Auckland				42	91	20		
Aria Park Retirement Village	Auckland			46	40	44			
Cascades Retirement Village	Hamilton		5	32	44	30			120
Lauriston Park Retirement Village	Cambridge	149						22	110
Views Lifecare	Tauranga				34	34	20		
Copper Crest Retirement Village	Tauranga	116						40	70
Glenbrae Village	Bay of Plenty	78		27	23	18			
Olive Tree Village and Olive Tree Apartments	Palmerston North	95		48	27		17		
Molly Ryan Retirement Village	New Plymouth	35		28	21	12			
Waikanae Country Lodge Village	Kapiti Coast	4		20	21	38			
Lansdowne Park Lifestyle Village	Masterton	64		29	30	20		5	
Ashwood Park Retirement Village	Blenheim	18		35	47	48	26		
The Wood Retirement Village	Nelson	5		38	30	47			
Oakwoods Retirement Village	Nelson	92		45	23	25		24	
Bainlea House	Waimakariri						27		
Bainswood on Victoria	Waimakariri				25	31			
Bainswood Retirement Village	Waimakariri	4		14	26				
Wendover Retirement Village	Christchurch			11	43				60
St Albans Retirement Village	Christchurch	4		53	3	18			45
Ilam Lifecare	Christchurch			45	22	34	20		
Mayfair Retirement Village	Christchurch	11		23	29	36			
Maples Retirement Village	Christchurch			25	52				
St Allisa Rest Home	Christchurch				55	34	20		
Park Lane Retirement Village	Christchurch	8		45	20	22		80	
Rhodes on Cashmere	Christchurch		16					66	
TOTAL		683	30	588	714	582	150	262	405
Greenfield Site (8.2 ha)	Richmond								240

[^] Net of decommissions. Subject to final investment decision approval.



IMPORTANT NOTICE

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