



INVESTOR NEWS

ISSUE 9, SEPTEMBER 2019.

UPDATE FROM THE CEO

BILL MCDONALD

As we near the half year, we can reflect on another busy period across the group.

We were very pleased to complete the purchase of Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club at the end of July. These are high quality villages which will provide considerable growth to the group now and into the future. A key aspect of the villages is the brownfield development opportunity of more than 500 homes to be built over the coming years.

This opportunity adds to the already large volume of development work that we have in progress. We now expect to complete the build of 200 homes this financial year across ten sites, rising to over 250 homes next year.

We are also seeing the business continue to track well to our lead demand indicators:

- Sales proceeds and gains on sales at levels above last year
- Occupancy in our care facilities continues to be at consistently high levels
- Additional 4-year Ministry of Health certification received in latest audits
- Our Living Well Model continues to grow adding to the positive culture across all villages.

arvida.co.nz/For-Investors



A WARM WELCOME TO OUR NEW RESIDENTS - AND OUR NEW VILLAGE TEAMS



Queenstown Country Club.

The \$180 million acquisition of the Sanderson villages was our biggest acquisition to date, increasing our total assets to \$1.75 billion.

Completion went to plan and we are now well into the integration phase of bringing these villages into the group. Employees and residents alike have been very receptive to the change in ownership. We were happy to inform residents of our commitment to build care facilities at Bethlehem Shores and Queenstown Country Club. The provision and integration of care is a core component of Arvida's proposition. We consider it provides residents with the confidence that care services will be available while adding value to the overall village.

We are currently working on care development plans at both Bethlehem Shores and Queenstown Country Club, which will reflect the quality of these villages and our approach to future care provision. For villages with a premium retirement village offering, the integrated care facilities need be of a commensurate quality and to a higher specification than traditional care offerings.

The ability to acquire and integrate well is a strategic pillar that provides Arvida access to immediate

The Attitude of Living Well

new cash flows and new brownfield development opportunities. This acquisition is no different with our criteria in terms of quality, location and ability to deliver to strategy being met – and we expect the villages to be immediately accretive to earnings.

As part of the transaction we also welcomed the village and construction teams at Tauranga and Queenstown to Arvida. With a significant development pipeline now established, particularly

in the Bay of Plenty region, we saw the opportunity as the next step in building out our development team capabilities to enable direct construction. The addition of on-the-ground construction teams allows us to continue with development at these villages as planned, while also delivering margin expansion, better development visibility, resource oversight and, importantly, the ability to capture the intellectual property associated with these developments.

DEVELOPMENT OPPORTUNITY	VILLAS	APARTMENTS	CARE
Bethlehem Country Club	22	-	-
Bethlehem Shores	79	48	70
Queenstown Country Club	100	90	95
Total Acquired Villages	201	138	165
Existing pipeline	411	430	516
Total Development	612	568	681



Above, from left to right: Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club.

CAPITAL RAISING COMPLETED

\$152 million of new equity capital was raised to part fund the acquisition of the Sanderson villages.

The capital raising comprised three components – a placement; rights issue and an issue of shares to the vendor. Shareholders could partake in both the placement and rights issue while the vendor received \$10 million of shares on completion of the acquisition as part consideration. These shares were issued at the pre-announcement share price and have been escrowed for 12 months.

We were delighted with the outcomes from this significant and sizeable capital raising.

The placement was well subscribed by both new and existing shareholders resulting in new shares being priced at a narrow discount. ‘Retail’ (or non-institutional) shareholder participation in placements is relatively new for New Zealand. The challenge has been to notify shareholders in a timely manner of the impending placement as they are typically completed within a very condensed timeframe, requiring a quick

response from those interested. Shareholders with a broker or email address on file with the share registrar are best placed to receive these notifications.

Participation in the rights issue was also high at 87%, well above general market experience. The entitlements not taken up were sold in a shortfall bookbuild that cleared at a price that was at a 17% premium to the rights price. For those that didn’t participate, they received \$0.20 for each share not taken up. Expressions for additional shares were received from shareholders in the bookbuild.

A number of new New Zealand and Australian institutional shareholders joined our register as part of the capital raising plus a number of institutions already on our register increased their holdings and have continued to acquire post completion.

Liquidity is up significantly from this time last year, with the average daily volume of shares increasing some 150% since completion. Our ranking in the NZ50 Index is also up, where we are currently ranked 32nd with a market capitalisation of around \$750 million.

SALES & MARKETING

TRISTAN SAUNDERS
GM, SALES AND
MARKETING



SALES UPDATE

Resales activity in the first quarter was lower than last year, mainly reflecting low levels of resale stock on hand at year end. Inventory has since rebalanced and is back to normal levels. A corresponding increase in settlements has resulted with total gains for the second quarter projected to exceed \$11.5 million (based on settled sales to 10 September plus 75% of the contracted sales currently scheduled to settle by 30 September). This will be our best quarter of gains recorded. Total gains for the six months are projected to be some 40% ahead of last year.

\$67.1 million of ORA sales had settled in the FY20 period to 10 September, which is ahead of last year’s half year performance. An additional 38 ORA sales are contracted to settle over the balance of the month.

Nationally, the August REINZ House Price Index indicated housing market values have lifted 1.5% since last year, or 5.9% outside of Auckland. The theme of regional divergence continues, and we continue to see upward pressure on our pricing regionally. The average resale price for the four month period increased to \$351,000, or 3% above unit pricing assumed in March 2019 valuations.

MARKETING UPDATE

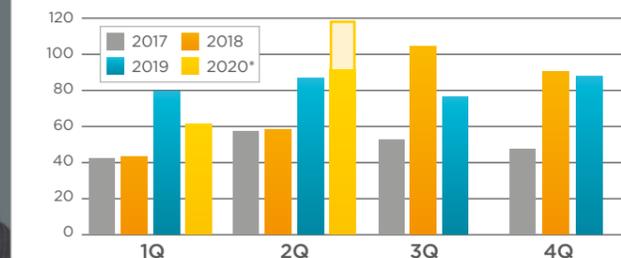
Integrating the three new villages with sales collateral, websites, legal documents, application forms and sales processes occurred over August. Pre-sales campaigns are also underway at our villages with developments nearing completion.

CARE METRICS

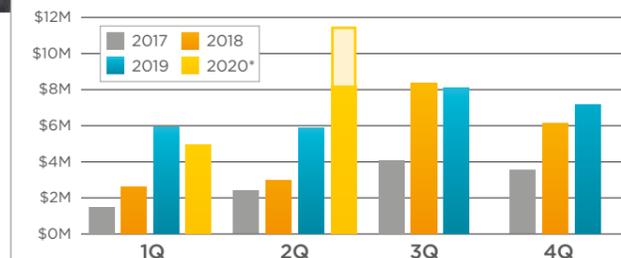
Since balance date, another care facility has achieved four-year certification in Ministry of Health audits. We now have 18 facilities out of 26 holding this gold standard certification. Four certification audits are to occur over the balance of the year.

Occupancy across our care facilities remained consistently high at 95% (96% 1Q19).

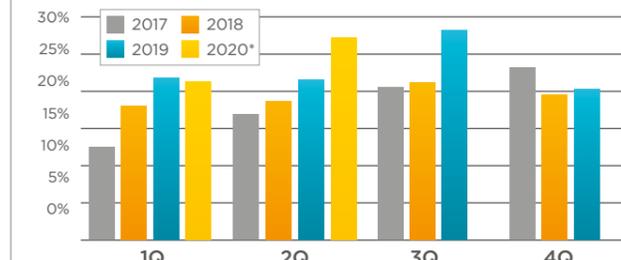
TOTAL NUMBER OF SALES (Units)



TOTAL GAINS ON SALES (\$ millions)



RESALE MARGINS (%)



* 2Q FY2020, based on settled sales and 75% contracted sales settling.

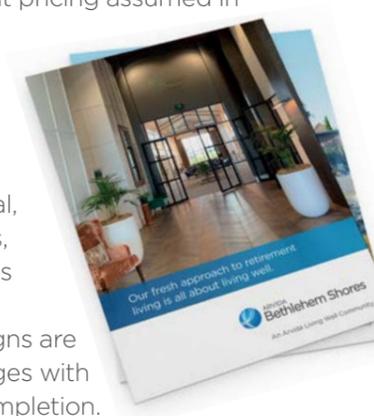
GIVING BACK CHALLENGE

The Giving Back Challenge was designed by our village residents to raise funds for their chosen charity as part of a Living Well initiative. We know that a crucial component of wellbeing is having a purpose and sense of belonging.

Up to July, we had collectively raised \$18,685 for a variety of charities and donated 2,751 hours of time to our respective communities.

The following charities have benefited from this challenge...

- Alzheimers NZ
- Anti-Bullying
- Blind Foundation
- Breast Cancer Foundation
- City Mission
- EIRNAP
- Everybody Eats
- I am Hope
- Jolt Dance & Drama
- NZ Victims of Christchurch Terror Attack
- Pink Ribbon Cancer Society
- Prostate Cancer Awareness
- Rare Disease Foundation
- Ronald McDonald House
- Returned Services Association
- SPCA
- Spectrum Care
- Suicide Awareness
- Victim Support
- Westpac Helicopter Service
- Women’s Refuge

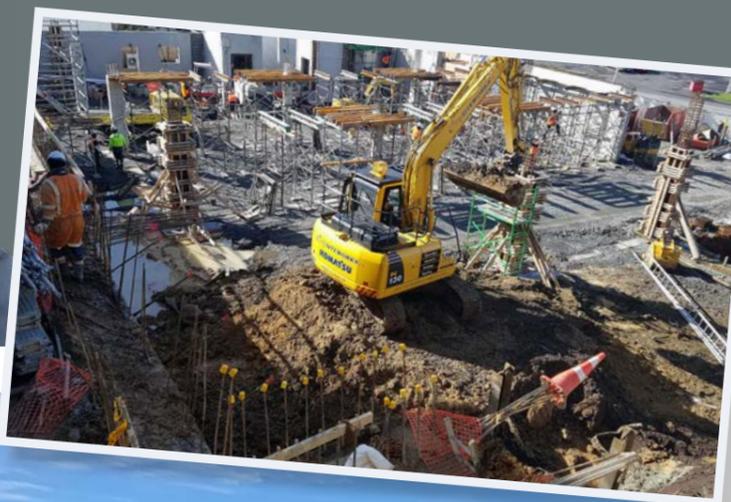




Above: Construction progress at Waimea Plains.

DEVELOPMENT UPDATE

JONATHAN ASH
GM, DEVELOPMENT



Above from top: Aria Bay care redevelopment; New villas at Mary Doyle; (inset left) GM Sales & Marketing, Tristan Saunders, joins Christchurch's Mayor Lianne Dalziel and Councillor Tim Scandret at the Rhodes on Cashmere new apartments opening; New villas at Lauriston Park; and the new Copper Crest care facility.

AN UPDATE ON CONSTRUCTION IN PROGRESS AT KEY DEVELOPMENTS

LOCATION	FY20 DELIVERY	STATUS
Lauriston Park, Cambridge	12 Villas	Ready for occupation with first residents to move in late September.
Bethlehem Country Club, Tauranga	6 Villas	Construction ongoing with the first of three villas under construction nearing completion.
Bethlehem Shores, Tauranga	9 Villas	Construction ongoing with two villas complete and four nearing completion.
Glenbrae, Rotorua	10 Serviced Apartments	Construction is ongoing with the building closed in and fitout advancing.
Mary Doyle, Havelock North	12 Villas	Bulk earthworks complete and villa construction progressing.
Village at the Park, Wellington	24 Apartments	Residents have started moving in with 20 apartments expected to be occupied by the end of the month.
Waimea Plains, Richmond	38 Villas	Bulk earthworks complete. Civil works near complete. Construction of Stage 1 continues with 19 now complete.
St Albans, Christchurch	25 Apartments	Works continue to progress to programme. Apartment building is now enclosed with cladding and fitout progressing.
Park Lane, Christchurch	49 Apartments	Construction progressing ahead of programme. Internal fitout is progressing.
Queenstown Country Club, Queenstown	15 Villas	Construction ongoing with seven villas nearing completion.
TOTAL	200	

OTHER WORK IN PROGRESS

- **Aria Bay** care re-development (Auckland): Above ground works have now commenced on the new building structure for 59 care suites.
- **Copper Crest** (Tauranga): Construction is progressing well on the 29 apartment and 45 care suite buildings. Above ground works are now in progress.



- **Rhodes on Cashmere** (Christchurch): Foundation and slab are complete for the 8 apartments with indicative delivery April 2020.
- **Lauriston Park** (Cambridge): Consent for the new care and apartment building at Lauriston Park has been lodged.
- **Kerikeri** green field development: Development planning is complete with resource applications for enabling works and Stage 1 villas progressing.

PROPERTY COUNCIL NZ AWARDS SUCCESS

Congratulations to the whole **Living Well Park Lane** apartment project team, who scooped a Merit Award at the Property Council NZ Awards.

Team: The Building Intelligence Group, Jasmx, AW, Engco, Cosgroves and BBD.

AGM ROUNDUP

The annual meeting for Arvida shareholders was held in Christchurch this year with over 100 shareholders in attendance.

The level of discussion and engagement was excellent and welcomed by the Board and management alike. Timing overlapped with the announcement of the rights issue and delivery of documents to shareholders, allowing an opportunity to respond to shareholder questions on the transaction.

The next annual shareholder meeting will be held in Auckland in July 2020.

In addition, annual resident meetings for all Arvida villages were held during August. Bill McDonald or Jeremy Nicoll attended these meetings, along with other senior Arvida management.

INVESTOR MEETINGS

As part of the Arvida investor relations programme, Bill McDonald and Jeremy Nicoll presented the 2019 annual result to advisors of Forsyth Barr, Jarden, Craigs Investment Partners and Hobson Wealth in a series of presentations. One-on-one and group meetings were also held with a range of both New Zealand and Australian institutional investors.

Institutional and retail meetings were also undertaken in conjunction with the Sanderson acquisition. A high level of engagement and support was received that assisted with a strong capital raising outcome. A noticeable increase in the liquidity of Arvida shares has been observed since allotment of the new shares.

Post completion of the Sanderson acquisition, our bankers and a range of New Zealand institutional investors were hosted at Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club. The response from the site tours was again positive with all expressing a very favourable view on the quality and future of the villages.

ARVIDA INVESTOR CENTRE

We look to publish an investor update twice yearly. Your feedback and suggestions are greatly welcomed. See contact details below.

INVESTOR CALENDAR*

Financial Year End:

31 March 2020
(half year 30 Sept 2019)

Release of Half Year Result:

19 November 2019

Quarterly Dividend Payments:

18 September 2019 (1Q FY2020)
11 December 2019 (2Q FY2020)

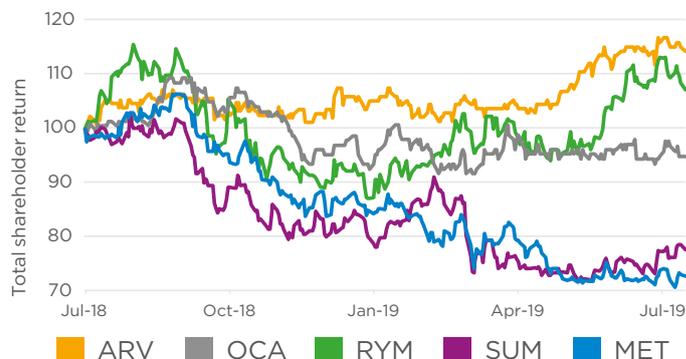
* Expected dates, subject to confirmation.

TOTAL SHAREHOLDER RETURNS RELATIVE TO NZ50 INDEX - SINCE IPO

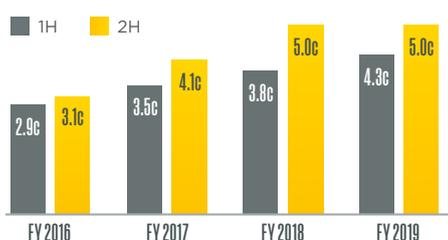


Source: IRESS as at September 2019.

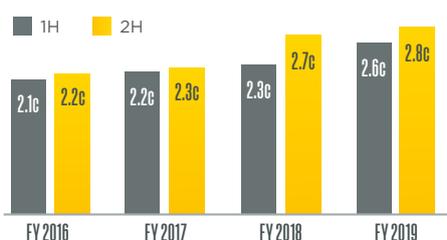
TOTAL SHAREHOLDER RETURNS RELATIVE TO INDUSTRY PEERS



UNDERLYING EARNINGS (CENTS PER SHARE)



CASH DIVIDEND (CENTS PER SHARE)



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