



NZX RELEASE

ARVIDA TO ACQUIRE PORTFOLIO OF PREMIUM VILLAGES IN TAURANGA AND QUEENSTOWN FOR \$180 MILLION

Transaction highlights

- > **Agreement to purchase Bethlehem Country Club and Bethlehem Shores in Tauranga and Queenstown Country Club in Shotover Country, Queenstown for approximately \$180 million**
- > **Premium villages in prime locations with growth potential**
- > **Substantial brownfield development pipeline that materially adds to Arvida's existing development pipeline**
- > **Immediately accretive to underlying earnings per share**
- > **Underwritten Placement of \$50 million and underwritten Rights Issue of \$92 million**

25 June 2019 – Arvida Group Limited (NZX:ARV) today announced it had entered into agreements to purchase Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club for approximately \$180 million¹.

The acquisition adds 326 independent living units to Arvida's existing portfolio of 3,677 units and beds. The acquisition further provides for the future development of 504 units, the addition of which substantially increases Arvida's development pipeline in key growth areas. As a result, Arvida's target annual build rate from FY21 and beyond will increase to 250+ units.

Based on Arvida's estimates of earnings, the acquisitions add \$15.8 million of underlying profit² on a pro forma basis³ in FY20 and \$19.4 million of underlying profit in FY21. Mid single digit accretion is anticipated to underlying earnings per share in both FY20 (on a pro forma basis) and FY21, with further earnings growth beyond FY21 from development activity and the maturing resident profile at each village.

"The villages have been built to a high standard and represent an opportunity to acquire a portfolio of significant scale and quality in prime locations" said Arvida CEO Bill McDonald. "The brownfield development pipeline materially adds to our expansion plans and will deliver significant value to our shareholders over the long term."

The villages are being acquired in an off-market transaction from interests controlled by Mr Fraser Sanderson, a long-term developer of high-quality retirement villages in New Zealand. Mr Sanderson said "these villages represent the pinnacle of my life's work. It was important I found a safe pair of hands to look after them and my residents."

"Queenstown Country Club is my newest and best village. It will arguably be the most prestigious retirement village that New Zealand has seen," he said.

¹ Excludes estimated transaction costs of \$4m and estimated working capital and work in progress adjustments of \$6m.

² 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 other unrealised movements, deferred tax and one-off items.

³ Based on Arvida management expectations for the pro forma 12 month earnings contribution (ie assuming a full 12 months of ownership) from the acquired villages' existing operations plus any development gains made by Arvida post acquisition in FY20. Projections were prepared as part of Arvida's due diligence assuming no material change to the run rate performance or growth of those businesses during the period, and excludes costs related to the transaction and equity raising.

⁴ Calculated as the volume weighted average market price for ordinary shares reported on the NZX Main Board for the ten-day trading period prior to the date of the announcement of the acquisition, being \$1.343.

Arvida Chair Peter Wilson said, “the acquisitions align with our strategy to own quality villages of scale. We now look forward to realising the potential of the development pipeline and introducing a continuum of care.”

The acquisition provides the ability for Arvida to introduce care suites with the future development of premium care at Bethlehem Shores and Queenstown Country Club consistent with provision of care being core to Arvida’s strategy.

“The acquisition structure means all Arvida shareholders will have the opportunity to participate in this exciting new opportunity,” noted Mr Wilson.

Consideration for the acquisition and transaction costs is to be funded through a combination of new equity and debt:

- \$50 million placement (“Placement”) at a price of \$1.25 per share;
- \$92 million 1-for-5.7 pro-rata renounceable rights issue (“Rights Issue”) at an issue price of \$1.15 per share;
- \$10 million of new Arvida shares issued to vendors at market price⁴; and
- \$32 million of bank debt.

Both the Placement and Rights Issue have been fully underwritten by Forsyth Barr Group Limited and Jarden Partners Limited.

The Rights Issue Offer Document will be sent to shareholders on 4 July 2019. Applications will be accepted online at www.shareoffer.co.nz/arvida or through completion of an acceptance form. The Rights Issue will close at 5pm, 15 July 2019.

Completion of the acquisition is expected to occur 31 July 2019, subject to customary closing conditions. Information in relation to the acquisition can be accessed from the Arvida website at www.arvida.co.nz/For-Investors/Reports-and-Presentations.

- ENDS –

Investor Briefing

Bill McDonald, Chief Executive Officer and Jeremy Nicoll, Chief Financial Officer will hold an investor briefing at 10:00am today (NZT). Analysts and investors can attend using the following telephone conference call dial-in and passcode details:

Passcode:	2172669
New Zealand	0800 667 018
Australia	1 800 148 258 (or +61 280 385 271)
Australia, MOBILE	1 300 157 230

Other international codes:

Hong Kong	800 965 808
Singapore	800 616 2170

For more information, please contact:

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About Arvida:

Arvida is one of New Zealand’s largest aged care providers owning and operating 29 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida has over 4,000 residents and provides a range of accommodation across a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

Arvida’s growth strategy includes the acquisition of quality villages that meet strict acquisition criteria as well as the development of additional facilities at existing villages and targeted development of new villages in areas that are supported by a strong demographic and economic profile.

Arvida is listed on the NZX (NZX: ARV). Website: www.arvida.co.nz