Presentation of Interim Results

Arvida Group Limited
Six-months ended 30 September 2016
Unaudited

23 November 2016

ArvidaGroup

1H17 HIGHLIGHTS

On track to deliver a strong FY2017 performance

Lift in 1H17 Result

Underlying Profit[1] of $9.6m, up 31% on the prior corresponding period

Accretive Acquisitions

Four high quality villages acquired in new locations; immediately earnings accretive

Development Activity

Further resource consents obtained; 192/33 units/beds now consented for construction

$42m Rights Issue

Received strong shareholder support (successfully completed October)

Strong Care Demand

Care facility occupancy increased to 95%; 72% of total revenue from care

Wellbeing Model

Staff engagement in wellbeing model and skill advancement delivering results

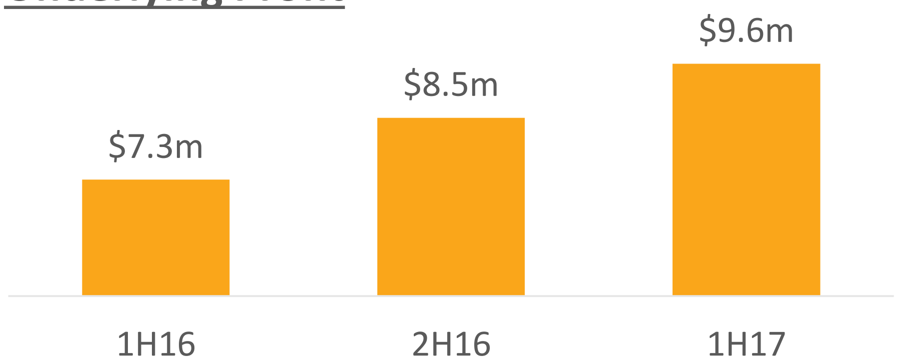
1. Underlying Profit is a non-GAAP financial measure and differs from NZ IFRS net profit after tax by replacing the fair value adjustment in investment property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off costs. A reconciliation to Statutory Profit is provided on page 8.

ArvidaGroup

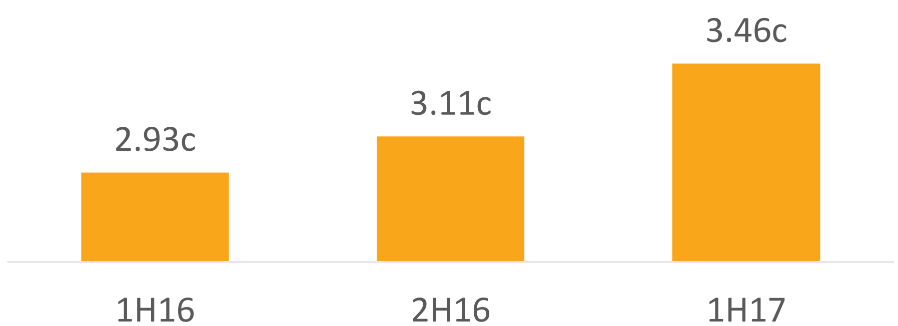

Financial
Results

FINANCIAL HIGHLIGHTS

Underlying Profit



Underlying Profit per Share[2]



- Performance well ahead of last year
- Underlying Profit up 31% on prior corresponding period
- Strategy is delivering strong growth in underlying shareholder value

Underlying EPS Growth

18%

on PCP

2. Calculated with reference to the average number of shares on issue over the period.

INCOME STATEMENT (IFRS)

Six-months ending 30 September Unaudited (NZ$m)	Actual First Half FY2016	Actual First Half FY2017
Care & village service fees	34.6	40.1
Deferred management fees	3.6	5.0
Other revenue	1.0	1.8
Total revenue	**39.2**	**49.9**
Fair value movement of investment property	3.8	14.3
Total income	**43.0**	**61.2**
Operating expenses	(30.4)	(37.2)
Depreciation	(1.4)	(1.5)
Total expenses	**(31.8)**	**(38.8)**
Operating profit before financing, one-off costs	**11.2**	**22.4**
Financing costs	(0.6)	(0.4)
One-off costs	(1.4)	(0.1)
Profit before income tax	**9.3**	**21.8**
Income taxation	(1.9)	(2.4)
Net profit after tax	**7.4**	**19.4**

Commentary:

- 1HY17 includes full six months of the Aria villages and three months of Lansdowne Park
- Increased in fee revenue driven by acquisition strategy
- Increase in DMF driven by acquisition strategy (circa 50%) and the balance through pricing strategy and resales
- Care facilities revenue at $33.5m comprises 72% of total revenue
- Fair value movement of Investment Properties assessed at $14.3m from desktop review completed by CBRE. Strong increases in Auckland and Rotorua villages
- Higher operating costs reflect a full period of Aria villages, Lansdowne Park for three months and continued reinvestment in staff and operations
- One-off transaction costs were $129k in relation to Lansdowne Park acquisition

ArvidaGroup

BALANCE SHEET

Six-months ending 30 September Unaudited (NZ$m)	Actual First Half FY2016	Actual First Half FY2017
Cash and cash equivalents	1.1	1.7
Property, plant and equipment	110.6	123.2
Investment property	272.9	357.8
Goodwill	39.0	39.5
Other assets	12.2	15.0
TOTAL ASSETS	**435.8**	**537.2**
External debt	10.0	32.4
Residents' loans	134.1	176.4
Deferred tax liability	15.5	16.7
Other liabilities	23.5	27.0
TOTAL LIABILITIES	**183.1**	**252.5**
NET ASSETS	**252.7**	**284.7**
Issued capital	246.6	252.6
Reserves	1.0	3.0
Retained earnings	5.1	29.1
TOTAL EQUITY	**252.7**	**284.7**

Commentary:

- PP&E and Investment Property balances increased mainly due to Lansdowne Park acquisition, gains on revaluation and development work in progress
- Evidence of achieving higher prices on unit resales contributed to lift in Investment Property
- Debt increased to fund acquisition of Lansdowne Park and development activity
- Remains conservatively geared at 10% (post capital raise and October acquisition settlements), with headroom to fund planned development activity and the Cascades acquisition under the new $80m multi tranche facility
- $6.0m of new shares issued during the period in relation to the Lansdowne Park transaction

ArvidaGroup

CASH FLOW

Six-months ending 30 September Unaudited (NZ$m)	Actual First Half FY2016	Actual First Half FY2017
Receipts from residents for care fees and village services	35.6	41.2
Residents' loans	18.0	25.1
Repayment of residents' loans	(9.1)	(11.4)
Payments to suppliers and employees	(29.3)	(35.5)
Other operating cash flows	0.1	-
Financing costs	(0.5)	(0.4)
Taxation	(2.5)	(3.7)
Net cash flow from operating activities	**12.3**	**15.4**
Purchase of investment property	(4.7)	(5.2)
Purchase of property, plant and equipment	(1.4)	(8.6)
Payments for investments in subsidiaries	(29.2)	(6.3)
Net insurance claim proceeds	17.8	-
Other investing activities	-	(0.3)
Net cash flow from investing activities	**(17.5)**	**(20.4)**
Net cash flow from financing activities	**4.4**	**4.9**
Net (decrease) / increase in cash	(0.7)	(0.0)
Opening cash balance	1.8	1.8
Closing cash balance	**1.1**	**1.7**

Commentary:

- Increase in cash flow from fees and services driven by acquisition activity
- $21.5m received from new residents over 87 resales and $3.6m received from 12 new sales
- $11.4m paid to exiting residents
- Main drivers of Investment Property addition is the acquisition of unit titles, Glenbrae development and adjoining site acquisitions
- PPE cash flow mainly on development activity at Park Lane, Rhodes on Cashmere and Glenbrae

ArvidaGroup

RECONCILIATION TO UNDERLYING PROFIT[1]

Six-months ending 30 September Unaudited (NZ$m)	First Half FY2016	First Half FY2017
Net profit after tax	**7.4**	**19.4**
Less: Change in fair values	(3.8)	(14.3)
Add: Deferred tax	(0.4)	0.4
Add: One-off costs	1.4	0.1
Underlying operating profit	**4.6**	**5.7**
Add: Gains on resale of existing units	2.0	3.2
Add: Gain on sale of new units	0.7	0.7
Underlying profit	**7.3**	**9.6**

[1] Underlying Profit is a non-GAAP 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.

Commentary:

- Fair value change of $14.3m, deferred tax of $0.4m and transaction expenses of $0.1m removed from the calculation of Underlying Profit
- Gains from 87 resales of existing units totalled $3.2m. The aggregate value of resales was $22.0m. This represents an average resale price of $252k and a resale margin of 15%
- Development margins on 12 sales of new units totalled $0.7m. The aggregate value of new sales was $3.6m. This represents an average sale price of $296k and a sales margin of 19%
- Underlying Profit of $9.6m was well up on last year's performance
- Underlying EPS was 3.46cps on a weighted average basis

Business Review

BUILDING ON NATIONAL PLATFORM

Hamilton
- Cascades (ARVIDA RETIREMENT & CARE)

Tauranga
- Bethlehem Views (ARVIDA CARE & WELLBEING)
- Copper Crest (ARVIDA RETIREMENT & CARE)

Cambridge
- Lauriston Park (ARVIDA RETIREMENT & CARE)

Masterton
- Lansdowne Park (ARVIDA RETIREMENT & CARE)

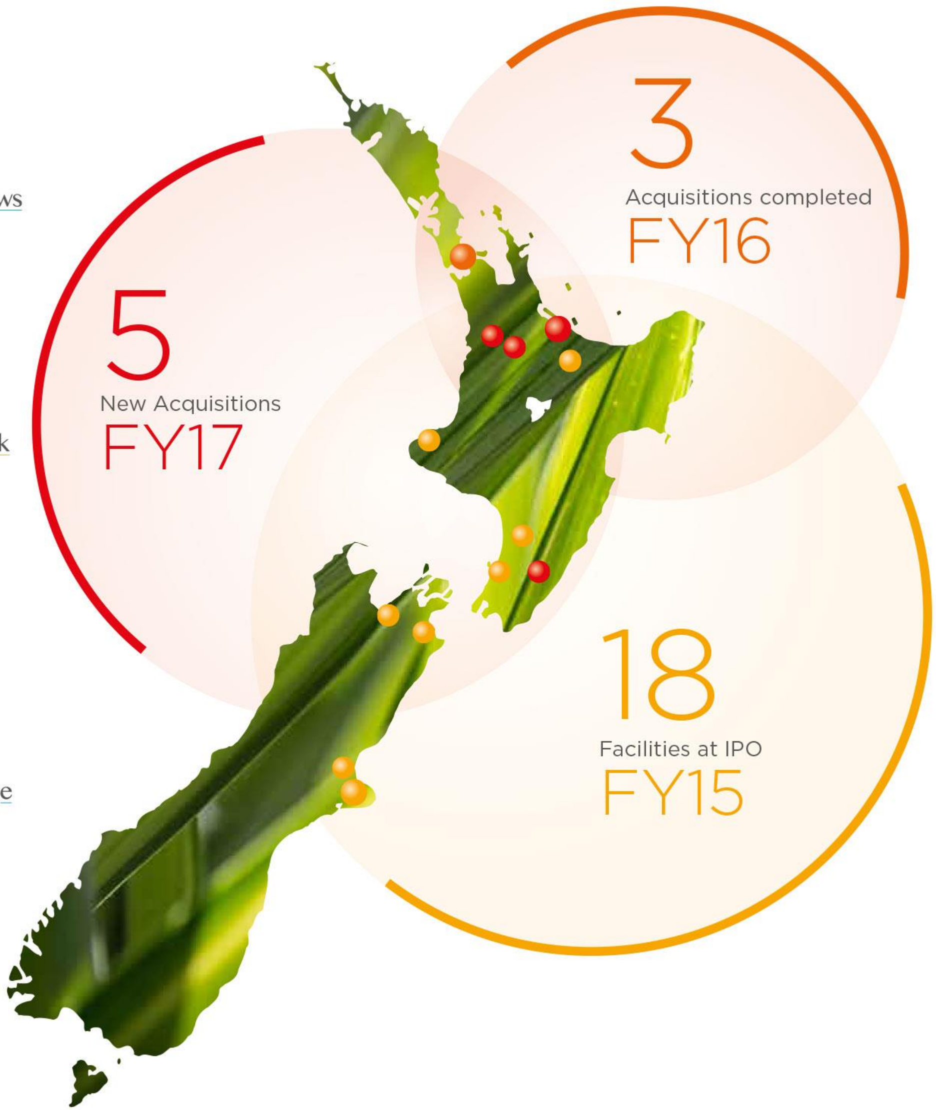
New Plymouth
- Molly Ryan (ARVIDA RETIREMENT & CARE)

Palmerston North
- Olive Tree (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)



Auckland
- Aria Bay (ARVIDA RETIREMENT & CARE)
- Aria Gardens (ARVIDA CARE & WELLBEING)
- Aria Park (ARVIDA RETIREMENT & CARE)

Rotorua
- Glenbrae (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)
- Mayfair (ARVIDA RETIREMENT & CARE)
- Maples (ARVIDA RETIREMENT & CARE)
- Park Lane (ARVIDA RETIREMENT & CARE)
- Rhodes on Cashmere (ARVIDA RETIREMENT & CARE)
- St Albans (ARVIDA RETIREMENT & CARE)
- St Allisa (ARVIDA CARE & WELLBEING)
- Wendover (ARVIDA RETIREMENT & CARE)

ArvidaGroup

1. Conditional agreement to acquire Cascades announced 23 November 2016.

COMPLETED ACQUISITIONS

Lansdowne Park
Masterton

- Integration complete
- Adjacent land acquired to construct up to 5 villas (due FY18)

Bethlehem Views
Tauranga

- Continued strong occupancy of 99%

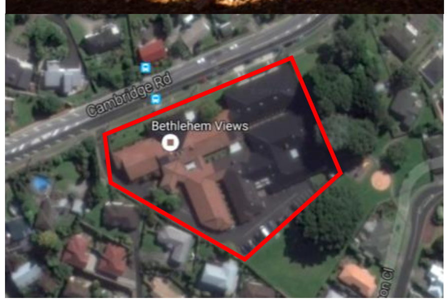
Copper Crest
Tauranga

- 5 villas under construction are now sold
- Next stage of 13 villas committed to new residents

Lauriston Park
Cambridge

- Master planning for care facility and units on vacant land is underway


Acquired 1 July 2016



Acquired 3 October 2016


Acquired 3 October 2016


Acquired 3 October 2016

ArvidaGroup

CASCADES UNDER CONTRACT

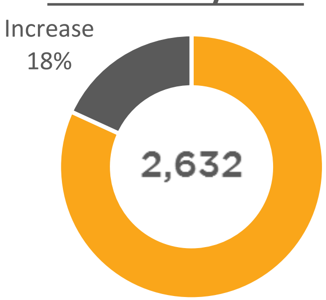
Conditional agreement to acquire 100% of the shares in Cascades

- Located in Hamilton, Cascades is an integrated aged care facility and retirement village that has been progressively developed from 2005-2014
- 37 retirement units and 74 care beds, aged care facility occupancy averaged at ~100% for last 24 months
- 42 residents with an average age of c.84 yrs, majority of ORAs on 30% DMF over 3 years
- Bare land for future development of over 40 units
- Acquired for $21.2 million, funded from existing bank facilities that will increase proforma gearing to 14%
- Acquisition immediately accretive to earnings

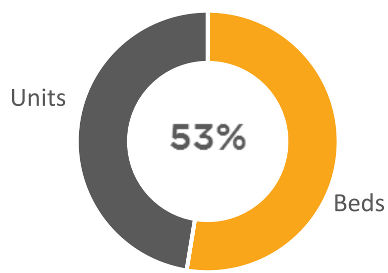
PORTFOLIO METRICS REMAIN NEEDS FOCUSED

	FY16	ACQUIRED[3]	DEVELOPED	POST
Rest Home	610	51	-	661
Dementia	131	20	-	151
Hospital	505	67	-	572
Total Aged Care	**1,246**	**138**	**-**	**1,384**
Serviced Apartments	529	29	-	558
Villas	379	311	-	690
Total Retirement Units	**908**	**340**	**-**	**1,248**
Total Units/Beds	**2,154**	**478**	**-**	**2,632**
Consented/In Construction	**152/33**	**40/0**		**192/33**
Development in Planning[1, 2]	**30/10**	**87/100**	**-**	**117/110**

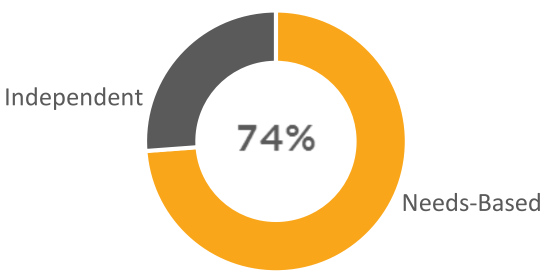
Total Units/Beds



Aged Care Composition



Needs-Based Composition



1. Excludes potential Care suite conversions from the number of Beds.
2. Excludes an additional 100+ units/beds in the development pipeline yet to be assessed.
3. Excludes Cascades.

ArvidaGroup

PLANNED GROWTH WITHIN EXISTING FACILITIES

Status of consented development projects

Development	Units	Beds	Planning complete	Resource consents	Build Commenced	Status	Expected date of first resident
Aria Bay	24		✓	✓	✓	■ Construction of basement super structure underway	Q3 FY18
Oakwoods	22		✓	✓		■ Enabling works commenced in November	Q1 FY18
Park Lane	78		✓	✓	✓	■ Enabling works almost complete ■ Construction underway pre-Xmas	Q3 FY18
Rhodes on Cashmere	28	33	✓	✓		■ Enabling works commenced in November	Q4 FY18
Copper Crest	40		✓	✓	✓	■ Delivery of 5 in FY17 ■ 13 villas planned FY18	Ongoing
TOTALS	**192**	**33**					

- Additional 117 units and 110 care beds to be added from brownfield development activity that is in planning phase
- Estimate an additional 100+ beds/units within existing villages that are yet to be assessed

ArvidaGroup

BROWNFIELD DEVELOPMENT ACTIVITY

Copper Crest (40 units)

Aria Bay (24 units)

Park Lane (78 units)

OPERATIONAL HIGHLIGHTS

Much larger organisation now employing over 1,600 staff with over 2,700 residents

- Continued investment in our people and operations:
  - Building competencies and behaviours in leaders to ensure engagement with Arvida values
  - Embedding village plans to empower our leaders and deliver KPI performance
- Care facility occupancy up at 95% continues to track well above national average of 89%
- Rollout of resident management system and standardised clinical policy commenced:
  - Standardised Arvida clinical policies and procedures now in all Villages
  - Four care facilities distinguished in achieving 4 year Ministry of Health certification
- Introduction of rostering and time attendance system across a third of villages
- Standardised employment contracts with 99% take-up across Group
- Upgrade of IT infrastructure to stabilise cloud-based platform ongoing

DIVIDEND AND UPDATE ON FY17 OUTLOOK

Dividend Declared	■ Declared dividend for September quarter of 1.1 cps, or $3.7 million ■ Record date is 8 December 2016, payment on 16 December 2016 ■ Partially imputed with 0.4 cps of imputation credits ■ Supplementary dividend of 0.18 cps for non-resident shareholders
Dividend Policy	■ Arvida distributes 60% to 80% of Underlying Profit per annum
FY17 Guidance	■ Business continues to perform strongly ■ Board affirms FY17 guidance that current dividend level is sustainable ■ Acquisition proposals will be considered if they meet our stated criteria

IMPORTANT NOTICE

DISCLAIMER

The information in this presentation has been prepared by Arvida Group Limited with due care and attention. However, neither the Company nor any of its directors, employees, shareholders nor any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about Arvida Group Limited.

A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the year ended 31 March 2016 or the unaudited consolidated financial statements for the six-months ending 30 September 2016, which will be made available at www.arvida.co.nz.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.