Presentation of Interim Results

Arvida Group Limited

Six-months ended 30 September 2017

Unaudited

21 November 2017

1H18 RESULT HIGHLIGHTS

Financial Performance

1H18 Reported NPAT at $14.5 million while Underlying Profit[1] at $12.4 million, up 29% on the prior corresponding period

Accretive Acquisitions

Acquisition of three quality villages[2]; immediately earnings accretive

Development Activity

Development programme of 405 units and 101 beds now resource consented out of a 1,036 development pipeline; 94 units to be delivered over 2H18

New Equity Raised

Fully underwritten $77m rights issue received strong shareholder support; issue of $16m of vendor scrip at market price

Strong Care Demand

Care facility occupancy increased to 96% in September, well above the industry average; 70% of total revenue underpinned by care fees

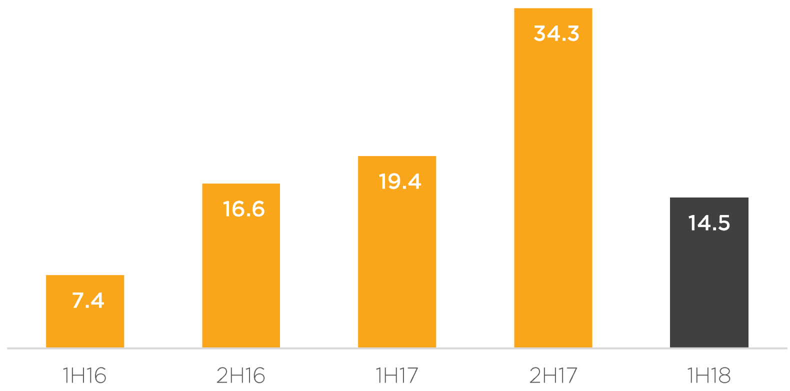
Positive Outlook

Momentum in earnings on track to deliver strong FY2018 result; dividend distributions sustainable

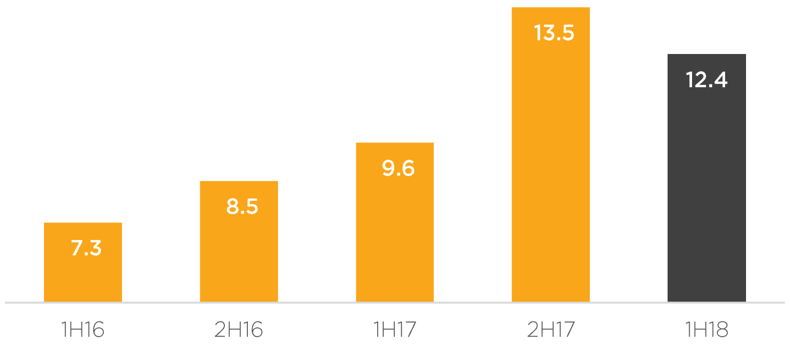
1. Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided on page 14 and definition on page 23.
2. Settlement of acquisitions was completed on 13 October 2017.

1H18 RESULT HIGHLIGHTS

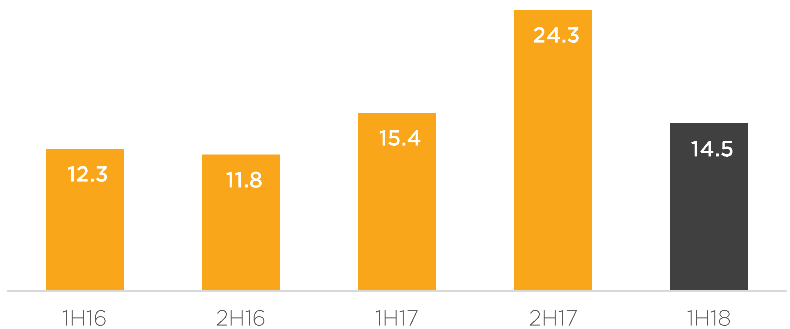
Reported NPAT (IFRS) ($m)



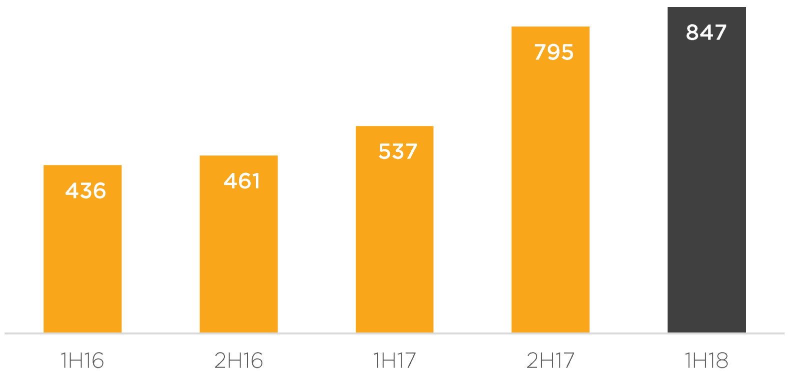
Underlying Profit[1] ($m)



Operating Cash Flow ($m)



Total Assets ($m)



1. Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided on page 14 and definition on page 23.

ArvidaGroup

Business Overview

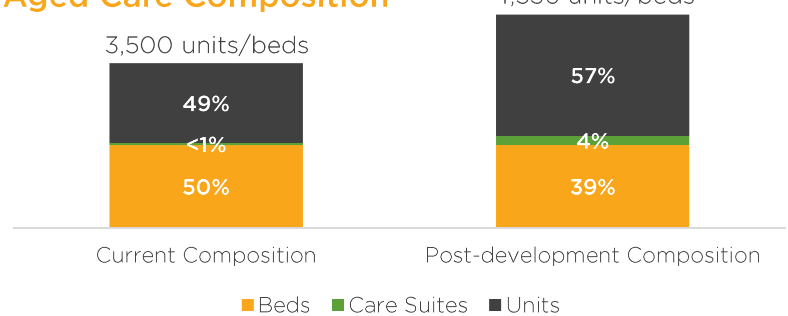
A SNAPSHOT OF ARVIDA

Portfolio Composition

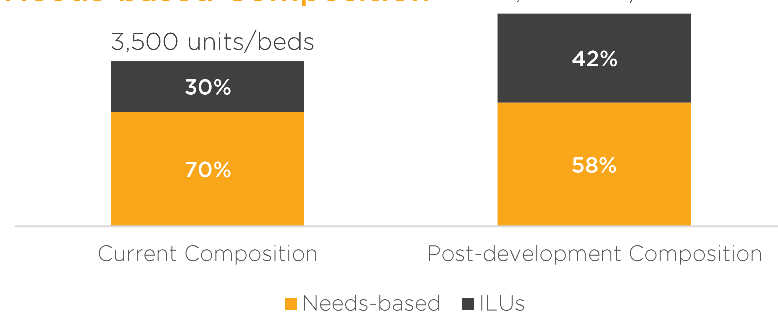
	AS AT 30 SEPT	ACQUIRED 13 OCT	TOTAL
Rest Home	705	49	754
Dementia	150	117	267
Hospital	587	140	727
Total Aged Care	1,442	306	1,748
Serviced Apartments	591	97	688
Villas/Apartments	710	354	1,064
Total Retirement Units	1,301	451	1,752
Total Units/Beds	2,743	757	3,500
Development	924	112	1,036
Total Post	3,667	869	4,536

Village Locations

Aged Care Composition[1]



Needs-based Composition[1]



1. Includes Villages acquired 13 October 2017. Arvida acquired a 50% interest in Village at the Park. Portfolio metrics are presented as if a 100% interest has been acquired.

OUR STATED STRATEGY

Stated Strategy

LIVING WELL

Our vision is to improve the lives and wellbeing of our residents by transforming the ageing experience.

Our commitment is to challenge ourselves to make our residents' lives better with everything we do.

+

DEVELOPMENT

Brownfield development activity within existing villages.

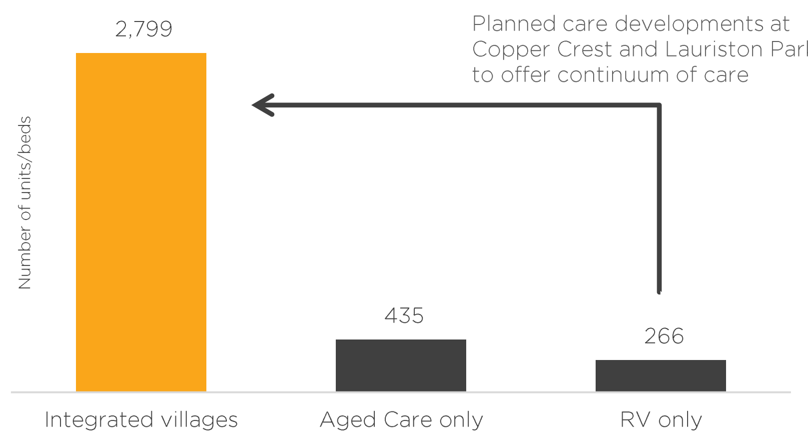
Greenfield development where we see value.

+

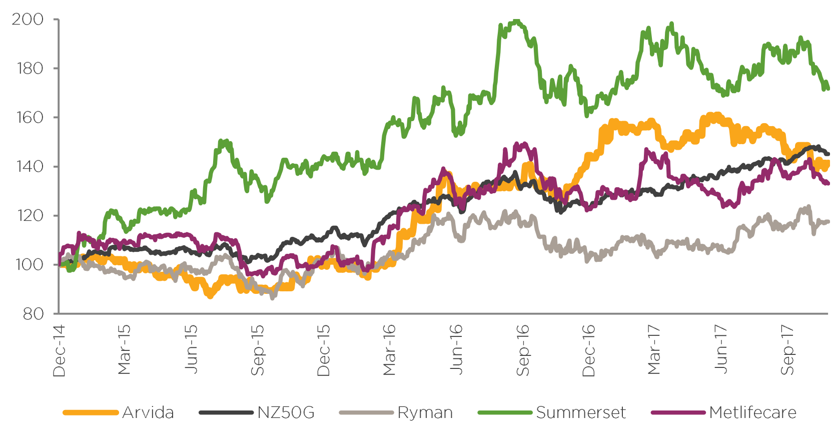
ACQUISITION

Acquisition criteria are location, quality of assets and current management, opportunities for development and immediately earnings accretive.

Continuum of Care

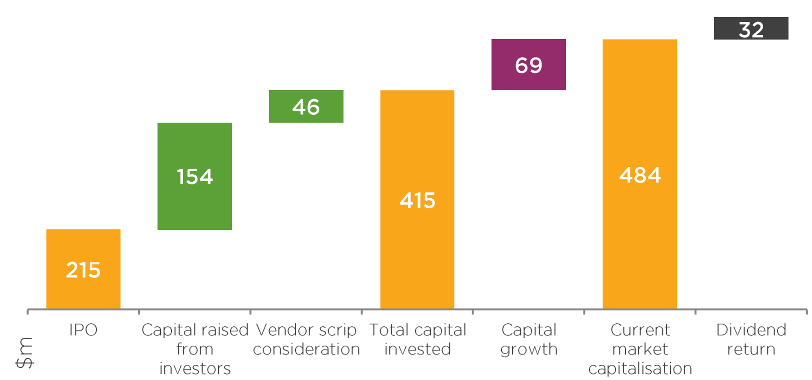


Relative Total Shareholder Returns (since IPO)



Source: IRESS.

Gross Returns (since IPO)



OPERATIONAL HIGHLIGHTS

- Occupancy improved to 96% with several initiatives implemented targeting further improvement and continuity:
  - Further two care facilities achieved 4 year certification periods in recently completed Ministry of Health audits
  - Over a third of villages have now achieved lengthened certification period
- Rollout of resident management system progressing well and remains on track:
  - Benefits in benchmarking and reporting
- Introduced an Aged Care Channel where staff are able to access high quality training materials on demand across a range of devices:
  - Intended to support staff progress to higher levels of NZQA recognised qualifications
  - Increased demand by caregivers for higher education post pay equity
- Progress has also been made with bringing uniformity across our village IT systems and this remains an ongoing project:
  - Upgrade of our IT infrastructure and upskilling of our staff's computer skillset is progressing well
- Developing additional services that reflect The Attitude of Living Well:
  - Supporting care facilities to promote in-home care as part of implementing the household model

COMPLETED VILLAGE ACQUISITIONS

- On 12 September we announced agreements to acquire three quality villages had been entered – Mary Doyle Lifecare, Strathallan Lifecare and 50% of Village at the Park Lifecare:
  - Settlement of the acquisitions was completed on 13 October (subsequent to 1H18 balance date)
- Acquisition price of $106m funded by way of a $77m rights issue, $16m of Arvida shares issued to the vendors and additional bank debt:
  - Rights issue was well supported by shareholders with 87% of entitlements subscribed at $1.15 per new share
  - Shortfall bookbuild completed at 6.5 cent or 5.7% premium with strong interest from NZ and Australian institutions

Mary Doyle Lifecare

- Large scale low density retirement village with co-located care facility
- Set on 14 ha in prime central Havelock North location
- ~21,500m2 of development land consented for 42 villas to be developed over next 2-3 years
- Care suite conversion programme

Strathallan Lifecare

- Mature village with co-located care facility
- Strong reputation in the local Timaru market
- Fully developed village with history of generating solid operating cash flows
- Care occupancy near 100% over last 24 months

Village at the Park Lifecare

- New village and integrated care facility in central Wellington location
- Arvida as manager with Tenths Trust retaining 50% interest
- Development WIP includes 28 apartments completed Nov 2017, with 24 presold
- 24 apartments and 16 villas to be built over next 2-4 years

Developments

DEVELOPMENT PROGRAMME ON TRACK

Development Programme

Village	Location	Status	Units / Beds	FY17	FY18	FY19
Aria Bay	Auckland	Under construction	25 Apts	Construction		Sell down
Copper Crest	Tauranga	Under construction	14 Villas	Construction Stage 6	Sell down	
Copper Crest	Tauranga	Planning	26 Villas^			Construction Stage 7
Lauriston Park	Cambridge	Under construction	22 Villas	Construction	Sell down	
Mary Doyle	Havelock North	Under construction	4 Villas		Construction	Sell down
Lansdowne Park	Masterton	Under construction	5 Villas	Construction	Sell down	
Village at the Park	Wellington	Construction completed	28 Apts	Construction Block D	Sell down	
Village at the Park	Wellington	Under construction	24 Apts		Construction Block E	
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	51 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
St Albans	Christchurch	Under construction	20 S.Apts / 25 Beds		Construction	
TOTAL			**301 / 61**			

FY2018

^ Subject to final investment decision approval.

1H18 Update

- Expected delivery of a total of 94 units over 2H18 (with 1 unit delivered in 1H18)
- Expected new sale settlements of 70 units in 2H18
- Highly successful presale programmes at Village at the Park, Park Lane, Copper Crest, Lauriston Park and Oakwoods
- First new units at Oakwoods, Village at the Park and Lauriston Park were delivered in October
- Aria Bay and Park Lane developments to be delivered around April 2018
- Commenced master planning at first greenfield site in Richmond
- Secured resource consent for Copper Crest care facility that will comprise 40 care beds and 29 service apartments; build likely to commence FY2019

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DEVELOPMENT IN PROGRESS

Aria Bay Apartments, Auckland

Park Lane Apartments, Christchurch

Rhodes on Cashmere Apartments, Christchurch

Copper Crest Villas, Tauranga

Financial Results

INCOME STATEMENT

Six-months ending 30 Sept Unaudited (NZ$m)	1H18	1H17	FY2017
Care & village service fees	49.9	40.1	85.7
Deferred management fees	8.4	5.0	12.3
Other revenue	1.7	1.8	3.4
Total revenue	**60.0**	**46.9**	**101.4**
Gain on acquisition of subsidiaries	0.0	0.0	3.2
Change in fair value of investment property	8.9	14.3	39.3
Change in fair value of interest rate swaps	(0.4)	0.0	0.0
Change in fair value of PPE	0.1	0.0	0.8
Total income	**68.6**	**61.2**	**144.7**
Operating expenses	(48.5)	(37.2)	(80.9)
Depreciation	(1.9)	(1.5)	(3.4)
Total expenses	**(50.4)**	**(38.8)**	**(84.3)**
Operating profit before financing, one-off costs	**18.2**	**22.4**	**60.4**
Financing costs	(0.9)	(0.5)	(1.3)
One-off costs	(0.3)	(0.1)	(1.0)
Profit before income tax	**17.0**	**21.8**	**58.1**
Income taxation	(2.5)	(2.4)	(4.4)
Net profit after tax	**14.5**	**19.4**	**53.7**

Commentary

- $41.9m of care fees and $8.0m of village fees provides strong operating cash flows for the Group
- Increase in DMF reflects acquisitions, pricing strategy and resale activity
- Fair value movement of investment properties at $8.9m from desktop review completed by CBRE, largely driven by gains at villages acquired in FY2017
- Care facility land and buildings not revalued by CBRE and remain at current levels. Care facilities will be independently revalued at year-end
- Operating cost increases relate to new villages acquired, higher employee costs and expenses associated with development launches
- Pay equity having positive and negative flow-on effects:
  - Lower turnover rates and higher demand for training
  - More caregivers at higher pay rates leading to higher than anticipated employee costs
- Operating expenses include $3.3m of support and hub office costs
- Interest rate swaps now in place with $35m cover over 3-5 year periods
- One off costs relate to due diligence associated expenditure

RECONCILIATION TO UNDERLYING PROFIT[1]

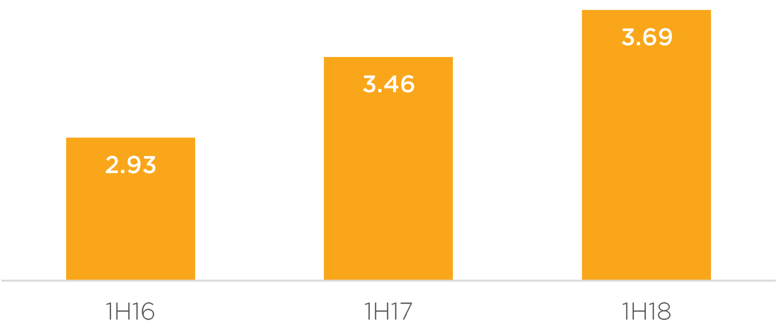
Six-months ending 30 Sept Unaudited (NZ$m)	1H18	1H17	FY2017
Net profit after tax	14.5	19.4	53.7
Less: Change in fair values	(8.6)	(14.3)	(40.1)
Add: Deferred tax	0.5	0.4	0.5
Less: Gain on acquisition of subsidiaries	0.0	0.0	(3.2)
Add: One-off costs	0.3	0.1	1.0
Underlying operating profit	**6.7**	**5.7**	**11.8**
Add: Gains on resale of existing units	5.2	3.2	8.9
Add: Gain on sale of new units	0.5	0.7	2.4
Underlying profit[1]	**12.4**	**9.6**	**23.1**

1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. Refer to page 23 of the Appendices for a definition of Underlying Profit.

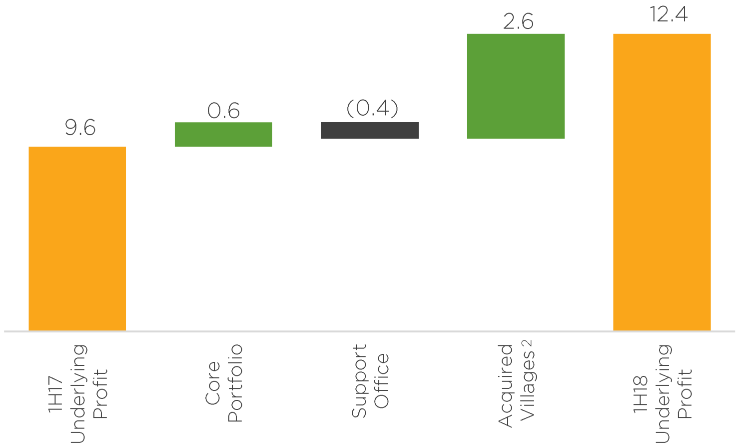
Commentary

- Underlying Profit up 29% to $12.4m, equating to an uplift of 7% in underlying EPS of 3.69 cents per share
- Resale gains seasonality weighted to 2H18, along with scheduled delivery of new units
- Total of 98 resales and 3 sales of new units completed in period
- Mix of units sold in period was 31% Villas and 69% Serviced Apartments

1H Underlying Profit (cents per share)



1H18 Earnings Bridge ($m)

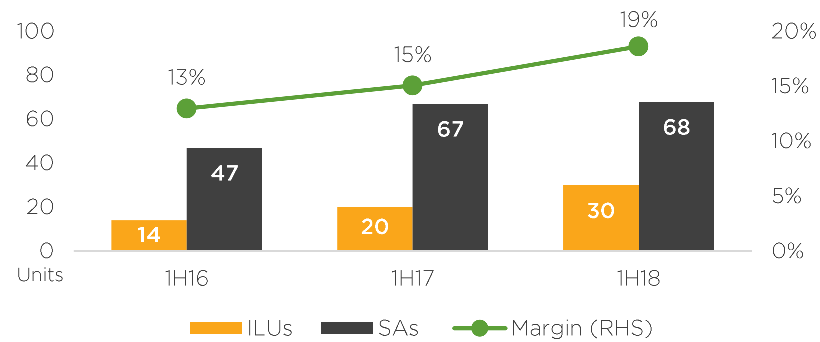


2. Lansdowne Park acquired 1/7/16; Copper Crest, Bethlehem Views and Lauriston Park were acquired 3/10/16; and Cascades acquired 30/12/16.

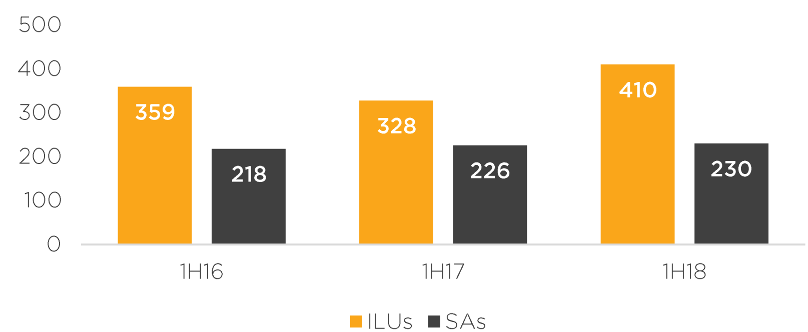
SALES ANALYSIS

Six-months ending 30 Sept Unaudited (NZ$m)	1H18	1H17	FY2017
New Sales			
New units sold	3	12	32
Value $m	1.2	3.6	14.0
Av. value per new sale $000	**392**	**296**	**438**
Development margin $m	0.5	0.7	2.4
Margin %	43%	19%	17%
Resales			
Villas	30	20	47
Serviced Apartments	68	67	119
Total resales	98	87	166
Value $m	27.9	21.2	45.5
Av. value per resale $000	**285**	**250**	**274**
Resale margin	5.2	3.2	8.9
Margin %	19%	15%	19%

Resale Volumes and Margins



Average Resale Prices ($000)



Commentary

- The margin on new sales of 43% is derived from only three sales and is not indicative of the sustainable margin expected from future new sales
- The average resale margin increased to 19% as a result of increasing unit values
- Around 40 units available for resale currently (including resale units in recently acquired villages)

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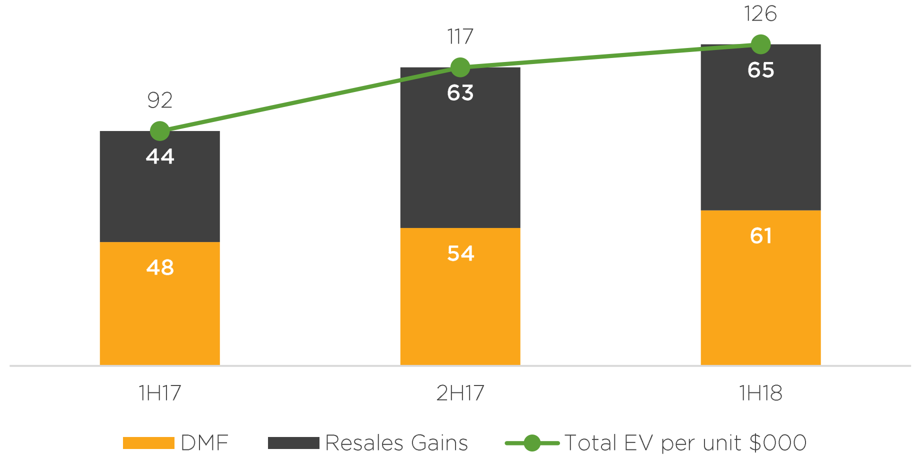
EMBEDDED VALUE

Commentary

- Total embedded value (EV) in the portfolio was up $10.8 million or 7.1% since 31 March 2017 to $163.8 million:
  - 89% lift in portfolio EV since 30 Sept 2016;
- EV per unit increased to $126,000; up from $117,000 per unit at the beginning of FY2018. Includes:
  - $61,000 of DMF cash flows per unit to be realised
  - $65,000 of resale gains per unit
- On a per share basis, EV represents 49.0 cents per share:
  - 56% increase on the comparative period

- EV is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables
- EV is a combination of resale gains and deferred management fees receivable
- Calculation is based on CBRE reports as follows:
  - Resale Gain EV is calculated by the current unit price less the ingoing unit price less any capital gain sharing
  - DMF EV is calculated by the contractual amount owed at valuation date
  - Any unit titled or company-owned units are excluded from the calculation of embedded value

Embedded Value ($000 per unit)



Embedded Value Composition

Average EV per unit $000	Villas	SAs	Total
Resale Gains	87	38	65
DMF	75	44	61
Total EV	162	82	126

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BALANCE SHEET

As at 30 Sept Unaudited (NZ$m)	1H18	1H17	FY2017
Cash and cash equivalents	1.9	1.7	1.3
Property, plant and equipment	189.9	123.2	156.5
Investment property	585.7	357.8	569.9
Goodwill	51.1	39.5	51.1
Other assets	18.1	15.0	16.8
TOTAL ASSETS	**846.7**	**537.2**	**795.6**
External debt	109.8	32.4	73.5
Residents' loans	294.6	176.4	290.9
Deferred tax liability	21.4	16.7	20.8
Other liabilities	42.2	27.0	38.8
TOTAL LIABILITIES	**468.0**	**252.5**	**424.0**
NET ASSETS	**378.7**	**284.7**	**371.6**
Issued capital	311.7	252.6	311.7
Reserves	4.0	3.0	3.6
Retained earnings	63.0	29.1	56.3
TOTAL EQUITY	**378.7**	**284.7**	**371.6**

Commentary

- PP&E increase includes $50m of development WIP included at cost
- No material change in key CBRE inputs from their desktop review
- Increase in debt relates mainly to funding development activity
- Debt to increase with development build rate. $55m development spend expected over next 12 months offset by new sale settlements
- Core operational debt to remain unchanged
- Geared at 22% as at balance date. Gearing reduced post completion of capital raising and settlement of recent acquisitions
- FY2017 comparatives for goodwill and deferred tax liability increased by $0.6m to adjust for acquisition accounting change at Cascades

CAPITAL STRUCTURE

Bank Debt Facilities

Debt Facilities (NZ$m)	Drawn at 30 Sept
General facility	110
Cash	(2)
Total Net Debt	108
Net Debt / (Net Debt + Equity)	22%

Financial Covenants	
Interest Cover	2.25x
Loan to Value	50%

- $150m facility with ANZ; provision for future syndication
- Maturity dates of 30 June 2020 and 30 June 2022 in equal tranches
- $50m of bank debt facilities are associated with development activity in progress
- Swaps in place to cover $35m of debt, split between $20m with a start date of 31/7/17 and $15m with a start date of 31/1/18

Implied Value

Value Reconciliation (NZ$m)	1H18	FY2017
Investment Property	586	570
Less: ORA / DMF	(309)	(306)
Retirement Villages	277	264
Add: Care Facilities	178	178
CBRE Valuation	455	443
Add: Work in Progress	50	20
Implied Value	**505**	**463**
Less: Net Debt	(108)	(72)
Net Implied Value	**397**	**391**
Net Implied Value per Share	**$1.19**	**$1.17**

CASH FLOW

Six-months ending 30 Sept Unaudited (NZ$m)	1H18	1H17	FY2017
Receipts from residents for care fees and village services	49.5	41.2	90.3
Residents' loans	25.6	25.1	62.4
Repayment of residents' loans	(12.1)	(11.4)	(26.0)
Payments to suppliers and employees	(46.9)	(35.8)	(76.8)
Other operating cash flows	1.5	(0.1)	(3.3)
Financing costs	(0.7)	(0.3)	(1.1)
Taxation	(2.4)	(3.4)	(5.8)
Net cash flow from operating activities	14.5	15.4	39.7
Bank overdraft acquired from subsidiaries	0.0	(0.1)	(0.2)
Purchase of investment property	(8.1)	(5.2)	(19.2)
Purchase of property, plant and equipment	(33.3)	(8.6)	(23.3)
Payments for investments in subsidiaries	0.0	(6.3)	(66.5)
Net insurance claim proceeds	0.1	0.0	0.9
Capitalised interest paid	(0.8)	(0.1)	(0.3)
Net cash flow from investing activities	(42.1)	(20.4)	(108.6)
Net cash flow from financing activities	28.2	4.9	68.3
Closing cash balance	1.9	1.7	1.3

Commentary

- Lower net cash flow from operating activities of $0.9m largely driven by $2.4m lower new sale settlements in 1H18 than 1H17
- Increase in cash flow from fees mainly driven by acquisition activity that occurred in prior periods
- Operating activities include cash from new sales of $1.2m, realised DMF on resales of $4.9m and net cash outflows to fund buybacks of $0.7m
- $25.6m of cash generated from ORA transactions offset by repayments of $12.1m
- A combination of higher pay rates and new villages acquired resulted in employee costs rising
- Capitalisation amounts include $0.8m of development interest and $0.5m of development employee costs (included within purchase of PP&E)
- PP&E increase mainly reflects development work in progress

Appendices

A1: PORTFOLIO SUMMARY

	Region	Villas	Apts	SA	CS	RH	Hospital	Dementia	FY18	FY19+	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		45	32				120
Lauriston Park Retirement Village	Cambridge	149							22		110
Views Lifecare	Tauranga					32	36	20			
Copper Crest Retirement Village	Tauranga	117							14	112	
Glenbrae Village	Bay of Plenty	78		27		21	17				
Mary Doyle Lifecare	Havelock North	138	48	41		31	60	64	2	42	
Olive Tree Village and Olive Tree Apartments	Palmerston North	95		51		28		17			
Molly Ryan Retirement Village	New Plymouth	35		28		20	11				
Waikanae Country Lodge Village	Kapiti Coast	4		20		21	38				
Lansdowne Park Lifestyle Village	Masterton	64		29		20	30		5		
Village at the Park Lifecare #	Wellington	38	79		9		42	33	28	40	
Ashwood Park Retirement Village	Blenheim	18		35		47	48	26			
The Wood Retirement Village	Nelson	5		38		30	46				
Oakwoods Retirement Village	Nelson	92		45		27	21		24		
Bainlea House	Waimakariri							27			
Bainswood on Victoria	Waimakariri					26	32				
Bainswood Retirement Village	Waimakariri	4		14		26					
Wendover Retirement Village ^	Christchurch			11		43					60
St Albans Retirement Village ^	Christchurch			53			18			45	
Ilam Lifecare	Christchurch			45		22	34	20			
Mayfair Retirement Village	Christchurch	11		23		29	35				
Maples Retirement Village	Christchurch			25		50	2				
St Allisa Rest Home	Christchurch					55	34	20			
Park Lane Retirement Village	Christchurch	8		45		24	18			79	
Rhodes on Cashmere	Christchurch		16							68	
Strathallan Lifecare	Timaru	51		47		18	38	20			
Greenfield Site (8.2 ha)	Richmond										240
TOTALS		**907**	**157**	**679**	**9**	**754**	**727**	**267**	**95**	**411**	**530**

* Includes villages acquired on 13 October 2017
^ Net of decommissions. Subject to final investment decision approval.
# Portfolio metrics presented as if a 100% interest held. Arvida has a 50% interest in Village at the Park.

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A2: PORTFOLIO VALUATION ASSUMPTIONS

Discount Rates	1H18	FY2017
High	16.0%	16.0%
Low	12.5%	12.5%

Discount rates decreased at one village by 0.5% where development activity has advanced

Long Term Property Price Growth	1H18	FY2017
High	3.5%	3.5%
Low	1.5%	1.5%

No changes in long term property price growth rates (Yr 4 & 5+)

Short Term Property Price Growth	1H18	FY2017
High	2.0%	2.5%
Low	0.0%	0.0%

No material changes in short term (Yr 1-3) property price growth rates; some minor reductions at three villages

Tenure – Units (yrs)	1H18	FY2017
High	9.0	9.0
Low	6.2	6.2

No material changes to tenure

Tenure – Serviced Apt (yrs)	1H18	FY2017
High	5.0	4.9
Low	4.1	4.0

No material changes to tenure

EBITDA per Bed $000	1H18	FY2017
High	20.8	20.8
Low	10.4	10.4

Valued every 2 years. Last valued in FY2016. Next valuation at 31/3/18.

DEFINITIONS

Underlying Profit (or Underlying NPAT)

Underlying Profit is a non-GAAP unaudited financial measure used by Arvida to monitor financial performance and determine dividend distributions.

Arvida calculates Underlying Profit by making the following adjustments to Reported Net Profit after Tax:

- Removing the change in fair value of investment properties, property, plant and equipment and derivatives (from the Statement of Comprehensive Income);
- Removing any impairment of goodwill;
- Removing any loss on disposal of chattels from the decommissioning of development sites;
- Removing any gains on acquisition of subsidiaries;
- Adding back the Directors' estimate of realised gains on occupation right agreement units;
- Adding back the Directors' estimate of realised development margin on the cash settlement of the first sale of new ORA units following the development or conversion to an ORA unit;
- Adding back the deferred taxation component of taxation expense so that only current tax expense is reflected; and
- Adding back transaction costs.

Resale Gain

The Directors' estimate of realised gains on resales of ORA is calculated as the net cash flow received by Arvida on the cash settlement of the resale of pre-existing ORAs (i.e. the difference between the ORA licence payment received from the incoming resident and the ORA licence payment previously received from the outgoing resident).

Development Margin

The Directors' estimate of realised development margin is calculated as the cash received on settlement of the first sale of new ORA units less the development costs associated with developing the ORA units.

Development costs include:

- Construction costs directly attributable to the relevant project, including any required infrastructure (e.g. roading) and amenities related to the units (e.g. landscaping) as well as any demolition and site preparation costs associated with the project. The costs are apportioned between the ORA units, in aggregate, using estimates provided by the project quantity surveyor. The construction costs for the individual ORA units sold are determined on a pro-rated basis using gross floor areas of the ORA units;
- An apportionment of land valued based on the gross floor area of the ORA units and care suites developed. The value for brownfield development land is the acquisition cost or the estimated fair value of land at the time a change of use occurred (from operating as a care facility or retirement village to a development site), as assessed by an external independent valuer. Greenfield development land is valued at historical cost; and
- Capitalised interest costs to the date of project completion apportioned using the gross floor area of ORA units developed.

Development costs do not include:

- Construction, land (apportioned on a gross floor area basis) and interest costs associated with common areas and amenities or any operational or administrative areas.

IMPORTANT NOTICE

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