PRESENTATION OF 1H2020 RESULTS

Arvida Group Limited
Six Months Ended 30 September 2019

19 November 2019

1H2020 RESULT HIGHLIGHTS

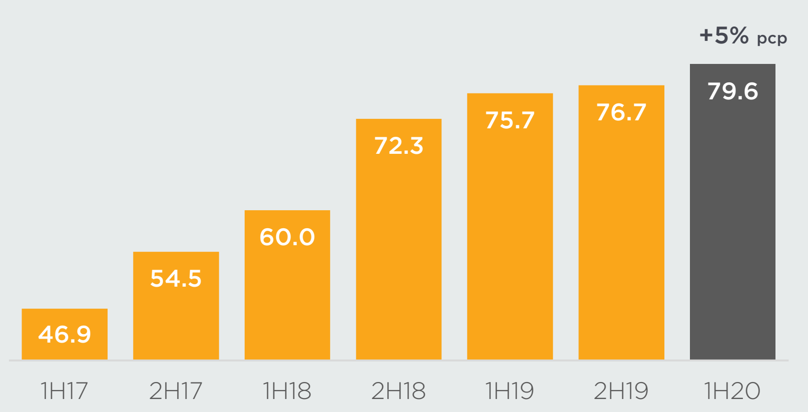
Continued excellent financial and operational performance

- 31% lift in Underlying Profit[1] to $23.4m
- Consistently high care occupancy at 95%; underpins recurring care cash flows
- 148 resales and 44 new sales settled; total number of sales up 16% on pcp
- 53% lift in total gains to $17.9m; reflects increased volume, pricing and margin
- Delivered 94 new units in 1H20, on track to deliver 200 in FY20 in line with guidance
- Annual delivery rate to exceed 250 units in FY21
- Completed acquisition of three quality villages and $152m capital raising
- Conducted second staff engagement survey; recorded 96% staff give their best everyday and broad improvement
- Additional care facility achieved 4 year certification; 18 (72%) care facilities have now attained gold standard 4 year certification

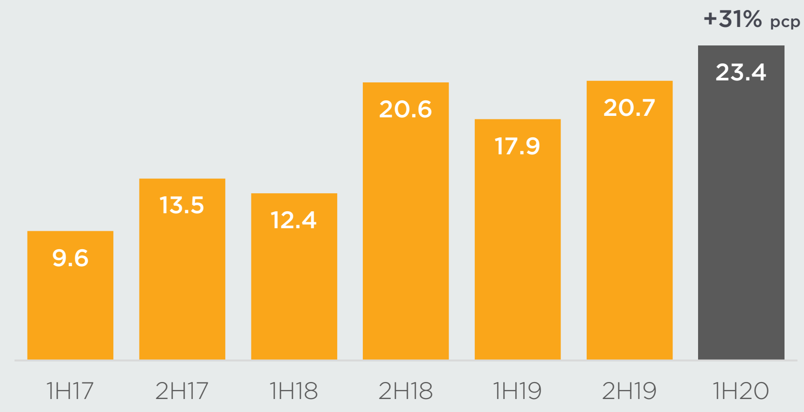
1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided in the financial section of this presentation and definition appended.

UNDERLYING GROWTH TRENDS

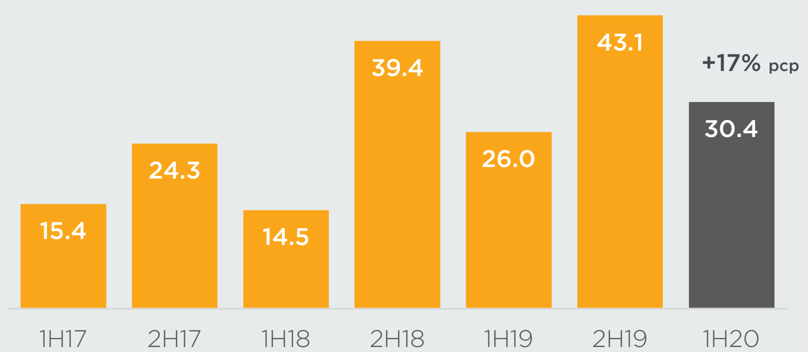
Revenue ($m)



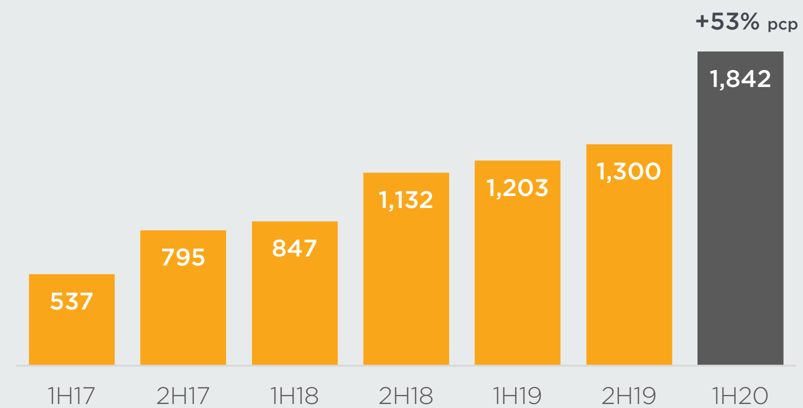
Underlying Profit[1] ($m)



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 in the financial section of this presentation and definition is appended.

BUSINESS OVERVIEW

OUR STATED STRATEGY

LIVING WELL

Create a profitable and sustainable retirement and aged care business that leads the sector through actively improving the lives and wellbeing of our residents.

BUILDING WELL

Develop integrated retirement living communities for the future, either by adding to or improving existing villages or through acquiring bare land and building villages.

BUYING WELL

Acquire quality retirement villages that are complementary to the overall portfolio composition and deliver long term value through operations or by adding opportunities.

ENGAGING WELL

Deliver quality healthcare and wellbeing services to ageing communities by using our expertise and assets to explore new growth opportunities for the future of our business.

OPERATIONAL HIGHLIGHTS

- Consistently high care occupancy of 95% maintained, which remains significantly above average sector experience
- Eighteen of our 25 care facilities have now fully achieved the gold standard of four-year Ministry of Health certification:
  - Track record of improvement to Ministry clinical standards that is both a reflection of the work completed by village and clinical managers on clinical quality as well as implementing The Attitude of Living Well model of care across the Group
- Electronic resident management system embedded in all 25 care facilities enabling individualised and real time care to meet the changing needs of residents. Medimap electronic medication management system also integrated with this system further assisting to improve workplace efficiencies
- Village Manager awarded Legendary Service award at NZ Aged Care Association conference
- Second annual survey of staff engagement and motivation completed:
  - Staff engagement in their everyday work indexed at 86%, up from 78%
  - 96% of staff again confirmed they were determined to give their best effort at work each day
- 13,500 training courses completed by staff through the Altura learning portal; trend of more training
- No health and safety incidents reported to Worksafe in the period albeit minor incidents of a non-serious nature occurred and Worksafe did carry out an assessment visit with issues addressed:
  - A positive culture of reporting accidents and incidents exists and an electronic quality, health, safety & environmental management reporting tool has been implemented
  - In the staff survey 88% of staff considered Arvida to have a safe work environment, a strong improvement on the prior survey
- A recent audit of all of our development and construction sites confirmed a positive health and safety environment

95%
Occupancy

72%
4-year cert

Engagement index at
86%

New Zealand Aged Care Association
2019 Legendary Service to the Aged Residential Care Sector Award

PORTFOLIO

Image of Queenstown Country Club villa

Portfolio changes:

- Three high quality villages acquired for $180m funded through a combination of $142m new equity capital, $10m vendor scrip and a tranche of new bank debt. Completion occurred on 31 July 2019 as scheduled with integration now largely complete. Onboarding of village and construction teams was seamless. Updating of sales collateral, websites, legal documents, application forms and sales processes completed
- Our first greenfield site, Waimea Plains in Richmond, is now open. The first stage of 38 villas is complete and the first residents have moved in
- Wendover in Christchurch was closed in August after consideration of redevelopment options. The property is currently being marketed for sale

Arvida

ARVIDA IS CARE FOCUSED

	CARE	VILLAGE		
	Assisted Living **Beds**	Assisted Living **SAs/Care**	Independent **ILUs**	**Total**
North Island	891	304	1,329	2,524
South Island	791	373	353	1,517
Total existing stock	**1,682**	**677**	**1,682**	**4,041**
Brownfield	29	480	667	1,176
Greenfield	-	155	362	517
Development pipeline	**29**	**635**	**1,029**	**1,693**
Decommissions	(121)	(9)	-	(130)
Total built	**1,590**	**1,303**	**2,711**	**5,604**
	Standard (govt funded) & PAC (premium charge) beds	Subject to ORA with DMF structure; care services delivered	Subject to ORA with DMF structure; villas & apartments	Current portfolio is 58% needs-based accomm.

32 Villages

20 integrated villages
5 care facilities
7 retirement villages

1 Greenfield Site

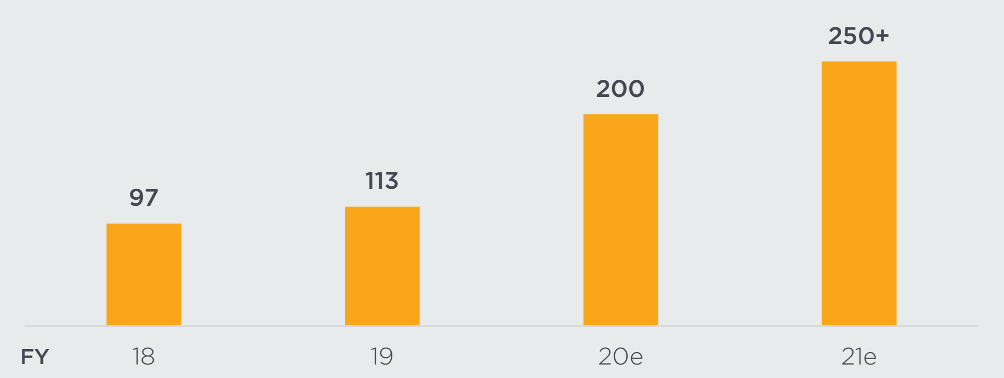
1. Portfolio metrics include Village at the Park in which Arvida has a 50% interest.


DEVELOPMENT
Waimea Plains
8 hectares in Richmond
Boundary line indicative only

DEVELOPMENT IN PROGRESS AND PLANNED

New Unit Delivery	1H20	2H20	FY20	Av. $000
Lauriston Park	12	-	12	718
Bethlehem Country Club	2	4	6	1,045
Bethlehem Shores	4	5	9	1,100
Glenbrae	-	10	10	278
Mary Doyle	3	9	12	835
Village at the Park	24	-	24	729
Waimea Plains	38	-	38	532
St Albans	4	21	25	531
Park Lane	-	49	49	595
Queenstown Country Club	7	8	15	1,219
Total	**94**	**106**	**200**	

New Unit delivery



Commentary

- On track to deliver 106 units in 2H20, in line with meeting target delivery of 200 units for FY20
- Plans in place to deliver 250+ units in FY21
- Internal construction teams working across four villages, with new National Head of Construction appointed
- Construction progressing well on care developments at Aria Bay and Copper Crest, both tracking to a FY21 delivery
- Resource consent received for Lauriston Park care and apartments development, with construction to commence next year
- Application for resource consent at Kerikeri is still progressing, anticipate earthworks to commence on receipt
- Construction commenced on next stage of 25 villas at Waimea Plains
- Well progressed on plans for care facilities at Bethlehem Shores and Queenstown Country Club

LAURISTON PARK, CAMBRIDGE
12 Villas completed; 4 sales settled 1H20, 3 settled 2H20, 3 contracted

BETHLEHEM COUNTRY CLUB, TAURANGA
2 Villas completed; 1 sale settled 1H20, 1 sale settled 2H20

BETHLEHEM SHORES, TAURANGA
4 Villas completed; 3 sales settled 1H20, 1 sale settled 2H20

MARY DOYLE, HAVELOCK NORTH
3 Villas completed; 2 sales settled 1H20, 1 sale settled 2H20

VILLAGE AT THE PARK, WELLINGTON
24 Apartments completed; 21 sales settled 1H20, 3 sales settled 2H20

WAIMEA PLAINS, RICHMOND
38 Villas and townhouses completed; 1 sale settled 1H20, 5 sales settled 2H20, 18 sales contracted

ST ALBANS, CHRISTCHURCH
4 Apartments completed; 1 sale settled 1H20, 1 sale settled 2H20, 2 contracted

QUEENSTOWN COUNTRY CLUB, QUEENSTOWN
7 Villas completed; 7 sales settled 1H20

DEVELOPMENT PIPELINE OF 1,693 UNITS

DEVELOPMENT STAGING

BROWNFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Mary Doyle	18	Villas	→	→	→	→
Bethlehem Country Club	20	Villas	→	→	→	→
Bethlehem Shores	193	Villas, Apartments & Care	→	→	→	→
Queenstown Country Club	278	Villas, Apartments & Care	→	→	→	→
Park Lane	49	Apartments	→	→	→	→
Glenbrae	22	Care & Apartments	→	→	→	→
Copper Crest	86	Villas, Apartments & Care	→	→	→	
St Albans	41	Care & Apartments	→	→	→	
Rhodes on Cashmere	31	Care & Apartments	→	→	→	
Aria Bay	117	Care & Apartments	→	→	→	
Lauriston Park	90	Care & Apartments	→	→		
Cascades	90	Care & Apartments	→	→		
Aria Park	95	Care & Apartments	→	→		
Village at the Park	16	Villas	→	→		
Oakwoods	30	Apartments	→			
TOTAL BROWNFIELD	1,176					

GREENFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Waimea Plains	237	Villas, Apartments & Care	→	→	→	→
Kerikeri	280	Villas, Apartments & Care	→	→		
TOTAL GREENFIELD	517					

1H20 FINANCIALS

REPORTED PROFIT (IFRS)

NZ$m	1H20	1H19	YoY change	FY19
Care & village service fees	64.1	62.7	*2%*	125.6
Deferred management fees	12.9	10.4	*24%*	21.4
Other revenue	2.6	2.6	*(2%)*	5.4
Total revenue	**79.6**	**75.7**	*5%*	**152.4**
Gain on acquisition of villages	3.7	0.0	*nm*	0.0
Changes in fair values	33.3	24.5	*36%*	46.4
Share of profit arising from JV (net of tax)	3.1	0.7	*371%*	3.4
Total income	**119.7**	**100.9**	*19%*	**202.2**
Operating expenses	(68.4)	(63.9)	*7%*	(129.9)
Depreciation	(2.8)	(2.4)	*11%*	(5.0)
Total expenses	**(71.2)**	**(66.3)**	*7%*	**(134.9)**
Operating profit	**48.5**	**34.6**	*40%*	**67.3**
Financing costs	(2.3)	(1.7)	*35%*	(3.6)
Impairment of goodwill	0.0	0.0	*nm*	(1.5)
One-off items	(0.5)	(0.2)	*181%*	(0.3)
Profit before income tax	**45.7**	**32.7**	*40%*	**61.9**
Income taxation	(0.7)	(2.2)	*(66%)*	(2.8)
Net profit after tax	**45.0**	**30.5**	*47%*	**59.1**

Commentary

- Revenue grew 5% to $79.6m on continuing strong core operational performance and recent acquisitions; offset by rest home bed decommissions
- DMF up 24% which included a two month contribution from the recent acquisitions of $1.4m
- Strong fair value increases reflect the recent village acquisitions, delivery of new units and the increase in existing unit pricing during the year
- Operating expenses increased 7% due to the acquired villages, higher nursing costs, inbuilt increases in caregiver rates, higher minimum wages and increasing insurance costs
- Income tax expense is benefiting from a higher tax shield

Head Office Costs	1H20	1H19
Employee costs	3.2	3.1
Other	1.4	1.8
Total expense	**4.6**	**4.9**
Capitalised wages	1.2	0.7

Arvida

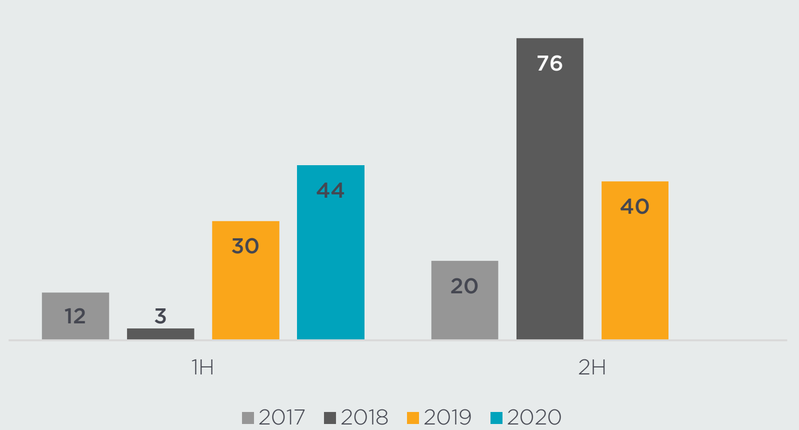
NEW UNIT ORA SALES

Sales Analysis[1]	1H20	1H19	YoY change	FY19
New Sales				
ILUs	43	27	*59%*	64
Serviced apartments	1	1	-	1
Care suites	-	2	*(100%)*	5
Total new units sold	**44**	**30**	*47%*	**70**
Value $m	34.3	17.3	*98%*	44.3
Av. value per new sale $000	**779**	**578**	*35%*	**633**
Development gain $m	5.2	2.6	*100%*	7.5
Adj. development margin %	19%	16%		18%

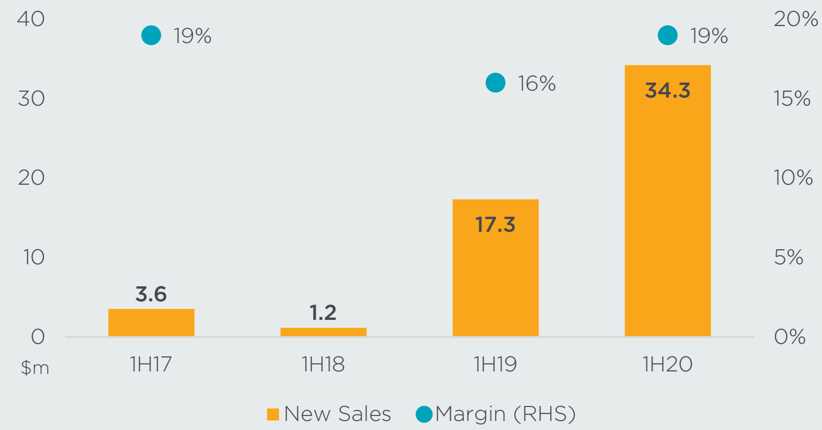
Commentary

- Settled sales of 44 new units in 1H20
- A further 20 sales settled 2H20 to date
- Gross value of sales up 98% from 1H19, reflecting increased volume and sale prices
- Average gross value per new sale settlement at $779k, up from $578k in 1H19
- Available new sale uncontracted stock is 3% of total ORA portfolio
- Continue to receive steady enquiry for new product

New Sale Volumes



New Sales ($m) and Margins[2]



1. The figures above include Village at the Park , which is 50% owned by Arvida. The "Value $m" line includes 100% of the value and the "Development gain $m" line includes 50% of gains. A table is appended that excludes Village at the Park from the above.
2. Margin for 1H18 was 43% on 3 sales

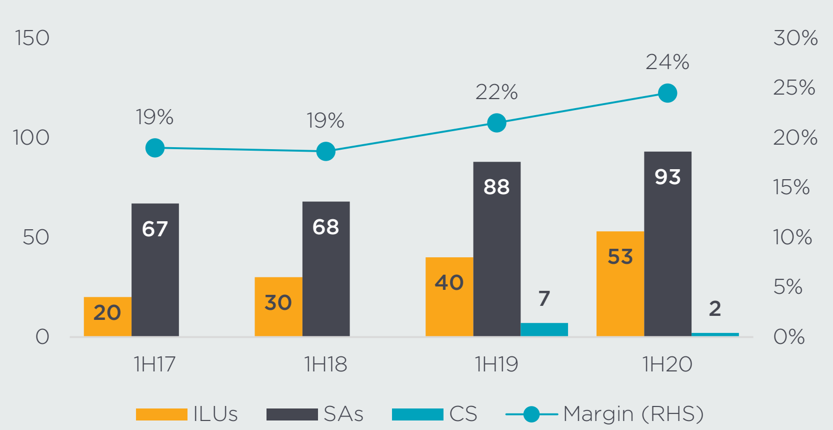
ORA RESALES

Sales Analysis[1]	1H20	1H19	YoY change	FY19
Resales				
Villas / apartments	53	40	*33%*	90
Serviced apartments	93	88	*6%*	159
Care suites	2	7	*(71%)*	9
Total resales	**148**	**135**	*10%*	**258**
Value $m	53.9	42.1	*28%*	87.1
Av. value per resale $000	**364**	**312**	*17%*	**338**
Resale gains $m	12.7	9.1	*40%*	19.5
Resale margin %	24%	22%		23%

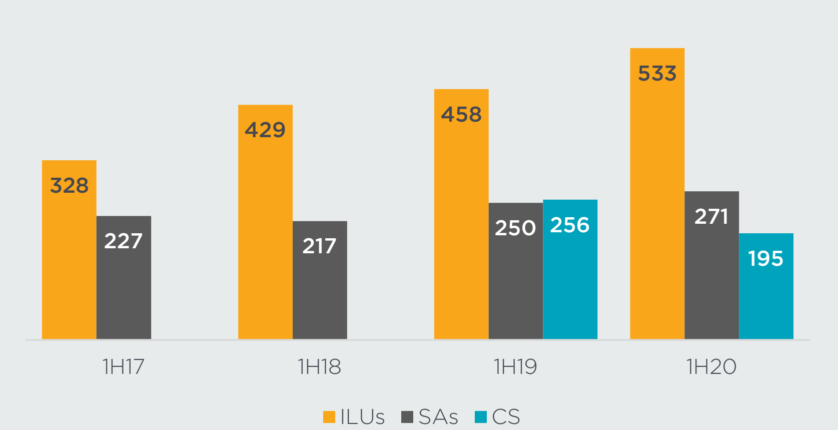
Commentary

- Resale of 148 units, 10% up on 1H19
- Occupancy remains high, with around 50 units available for resale or 2% of total ORA portfolio
- Gross proceeds of $53.9m, with average value per resale up 17% to $364k
- Realised $12.7m of resale gains and an improvement in resale margins to 24%
- Resales price achieved was on average 3% above the unit pricing assumed in 31 March 2019 independent valuations
- DMF realised on resales was $8.7m, excluding Village at the Park

Resale Volumes and Margins



Average Resale Prices ($000)



1. The figures above include Village at the Park , which is 50% owned by Arvida. The "Value $m" line includes 100% of the value and the "Resale gain $m" line includes 50% of gains. A table is appended that excludes Village at the Park from the above.

UNDERLYING PROFIT RECONCILIATION

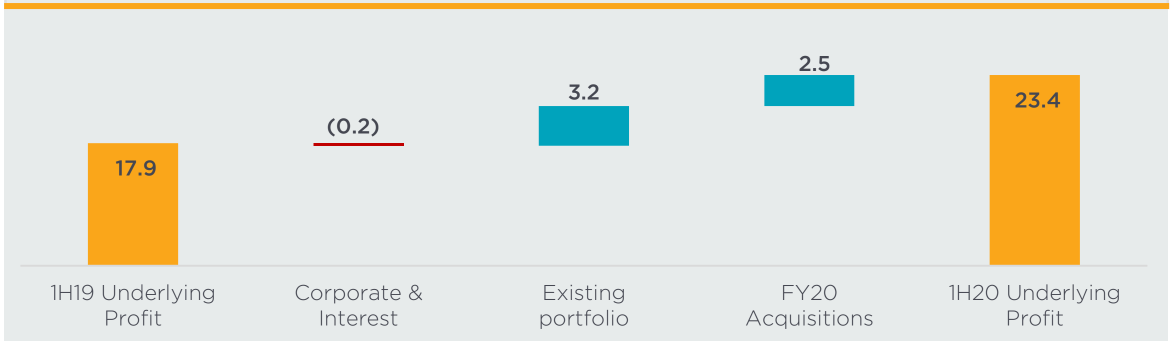
NZ$m (Unaudited)	1H20	1H19	YoY change	FY19
Net profit after tax	45.0	30.5	*47%*	59.1
Change in fair values	(36.1)	(25.0)	*44%*	(49.1)
Deferred tax	(0.2)	0.5	*(151%)*	(0.2)
Impairment of goodwill	0.0	0.0	*nm*	1.5
Gain on acquisition	(3.7)	0.0	*nm*	0.0
One-off costs	0.5	0.2	*181%*	0.3
Underlying operating profit	**5.5**	**6.2**	*(12%)*	**11.6**
Gains on resales	12.7	9.1	*41%*	19.5
Gain on sale of new units	5.2	2.6	*97%*	7.5
Underlying profit[1]	**23.4**	**17.9**	*31%*	**38.6**

1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A definition is appended.

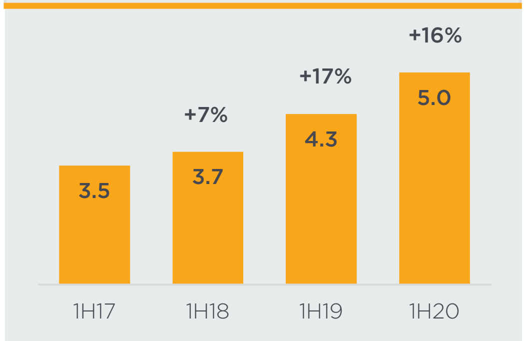
Commentary

- Underlying Profit increased 31% to $23.4m
- On a cents per share basis, the increase in Underlying Profit was 16%, representing a CAGR of 13% over the last 4 years
- The key driver were:
  - The recent acquisition of new villages contributed to the underlying profit; and
  - 192 sales (up 16% on 1H19) with higher volumes and margins driving the increase in total gains

Movements in Underlying Profit NZ$m



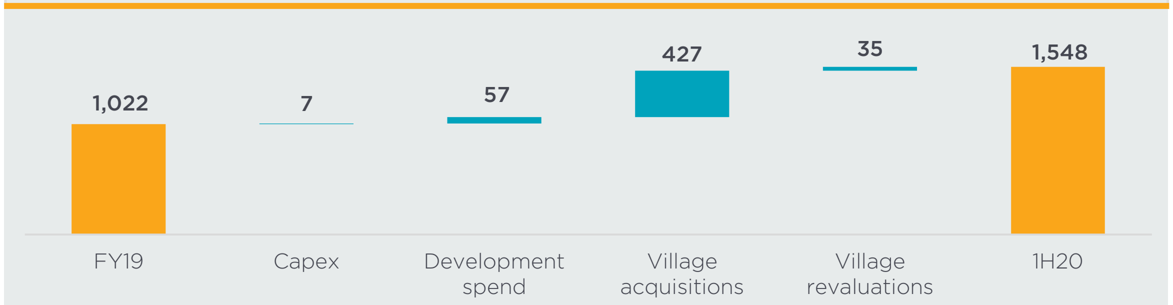
Underlying Profit (cents per share)



BALANCE SHEET

NZ$m	1H20	FY19
Cash and cash equivalents	5.1	4.6
Property, plant and equipment	173.8	168.7
Investment property	1,547.9	1,021.6
Investment in JV	26.8	24.3
Intangibles	53.9	54.0
Other assets	34.2	26.4
Total assets	**1,841.7**	**1,299.6**
External debt	273.4	190.1
Residents' loans	713.0	466.1
Deferred tax liability	24.0	27.7
Other liabilities	101.6	66.0
Total liabilities	**1,112.0**	**749.9**
Net assets	**729.7**	**549.7**

Movements in Investment Property (NZ$m)



Commentary

- Total asset base now over $1.8b, with $1.5b of investment property
- Desktop valuations of retirement villages completed by CBRE and JLL with no material changes to the valuers assumptions
- The value of Investment Property increased $526m (vs FY19) as a result of:
  - $427m of village acquisitions
  - $57m of development activity
  - $35m of fair value increases
- Total portfolio Embedded Value (EV) was up $108m since 31 March 2019 to $371m. The major change was the acquisition of $88m of EV through the recent transaction
- On a per share basis, EV represents 68 cents per share, 8% increase on FY19
- EV is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables

CAPITAL STRUCTURE

NZ$m	1H20	1H19	YoY change	FY19
Investment property	1,548	928	*67%*	1,022
ORA / DMF	(753)	(458)	*64%*	(490)
Retirement villages	795	470	*69%*	532
Care facilities	201	201	*0%*	201
	996	671	*48%*	733
Investment in JV	27	22	*23%*	24
Implied value	**1,023**	**693**	*48%*	**757**
Net debt	(269)	(148)	*82%*	(186)
Net implied value	**754**	**545**	*38%*	**571**
Net implied value per share	$1.39	$1.32	*5%*	$1.38

Commentary

- Total drawn debt of $274m includes development project work in progress of $92m, development land of $104m and the balance covered by stock
- A third tranche was added to the bank debt facility in June 2019. Facility C has a limit of $125m and tenure of 4 years
- The total facility of $375m is split evenly between three tranches with expiry dates of June 2021, June 2022 and June 2023
- Interest rate hedges at balance date equated to 26% of drawn debt. Hedges have a weighted average maturity of 3.5 years and a weighted average fixed rate of 2.8%

Bank Debt Facilities

NZ$m	1H20	1H19	YoY change	FY19
Debt per accounts	273.4	149.6	*83%*	190.1
Plus: Capitalised costs	0.6	0.5	*20%*	0.4
Drawn debt	274.0	150.1	*83%*	190.5
Less: Cash	5.1	2.5	*104%*	4.6
Total Net Debt	**268.9**	**147.6**	*82%*	**185.9**
Gearing (ND / ND + E)	27%	22%		25%

Bank Covenants

	Actual	Covenant
Interest cover	3.6x	2.25x
Loan to value	30.6%	50%

CASH FLOWS

NZ$m	1H20	1H19	YoY change	FY19
Receipts from residents for care fees and village services	66.6	65.4	*2%*	130.9
Residents' loans from resales	48.8	35.7	*37%*	76.3
Residents' loans from new sales	18.4	15.6	*18%*	39.6
Repayment of residents' loans	(32.8)	(20.4)	*61%*	(46.3)
Payments to suppliers and employees	(67.1)	(66.6)	*1%*	(124.3)
Financing costs (net)	(2.0)	(1.6)	*25%*	(3.3)
Taxation	(1.5)	(2.0)	*(25%)*	(3.8)
Net cash flow from operating activities	**30.4**	**26.0**	*17%*	**69.1**
Purchase of investment property	(63.1)	(38.7)	*63%*	(105.5)
Purchase of property, plant and equipment	(2.6)	(2.3)	*11%*	(4.3)
Payments for investments in villages	(169.5)	0.0	*nm*	0.0
Capitalised interest paid	(2.4)	(1.2)	*92%*	(3.2)
Net cash flow from investing activities	**(237.6)**	**(42.3)**	*462%*	**(113.0)**
Net cash flow from financing activities	**207.7**	**15.5**	*1236%*	**45.3**
Closing cash balance	5.1	2.5	*109%*	4.6

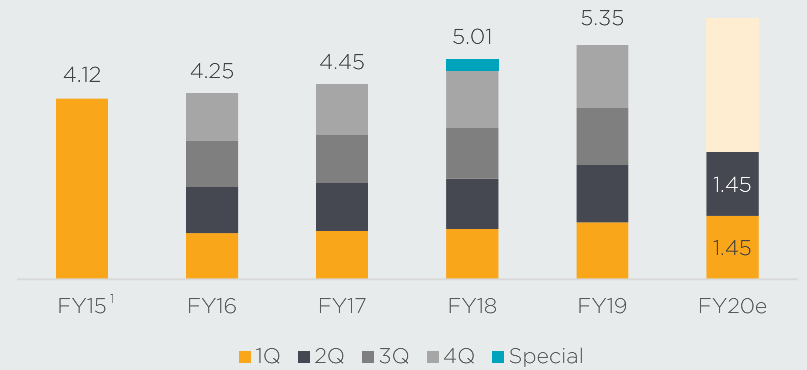
Capital Expenditure	
NZ$m	**1H20**
Purchase of furniture & fittings	1.9
Development capital expenditure	56.8
ILU refurbishment	2.4
SA unit refurbishment	1.2
Care facility refurbishment	0.2
General building works	1.5
Unit title buybacks	4.1
Total capital expenditure	**68.1**
Is represented by:	
Purchase of property, plant & equipment	2.6
Purchase of investment property	63.1
Capitalised interest	2.4
Net cash from investing activities	**68.1**

DIVIDEND AND OUTLOOK

Commentary

- 1.45 cps dividend declared for 2Q of FY20:
  - Brings total dividend for 1H20 to 2.90 cps, 12% up on the corresponding prior period
- Record date for entitlement is 3 December 2019, payment on 11 December 2019:
  - Ordinary dividend partially imputed with 0.10 cps of imputation credits and supplementary dividend of 0.045 cps payable for non-resident shareholders
- Current quarterly dividend sustainable for FY20
- The business is continuing to perform well, with good momentum in earnings and lift in our full year targets following completion of the recent acquisitions

Dividend (cents per share)



Sector Challenges

- Aged Residential Care Funding Model Review recommended further stratification of funding however sufficiency of overall care funding remains a key sector challenge
- Disparity in nurse pay to public sector has not been addressed in public policy creating instability in the skilled workforce of those employers seen as offering unattractive terms
- Construction sector remains tight and continues to place pressure on margins and delivery timeframes

Business Outlook

- The increasing build rate from development activities will deliver future growth in earnings and shareholder value. With a large development pipeline in place, a proven development capability and the creation of an internal construction team, we are confident in our ability to deliver an increasing number of units
- The stabilisation of the housing sector with interest rates likely to be at record lows for the foreseeable future, assists with conversion of embedded value to cash
- Integrating village operations and leveraging care expertise to the wider community provides an opportunity to expand cash flows for those not prepared to live in villages

1. Annualised. Arvida paid a dividend of 1.03 cps in respect of the FY15

APPENDIX

Park Lane Apartments, Christchurch

PORTFOLIO AT 30 SEPTEMBER 2019

	Village	Region	Villas	Apts	SA	CS	RH	H	D	2H20	FY21+^
1	Kerikeri	Kerikeri	-	-	-	-	-	-	-	-	280
2	Aria Bay	Auckland North	-	34	17	-	37	-	-	-	117 (37)
3	Aria Gardens	Auckland North	-	-	-	-	42	91	20	-	-
4	Aria Park	Auckland City	-	-	46	-	40	44	-	-	95 (93)
5	Cascades	Hamilton	-	5	32	-	42	32	-	-	90
6	Lauriston Park	Cambridge	183	-	-	-	-	-	-	-	90
7	Bethlehem Views	Tauranga	-	-	-	-	30	38	20	-	-
8	Copper Crest	Tauranga	156	-	-	-	-	-	-	-	86
9	Bethlehem Country Club	Tauranga	147	3	-	-	-	-	-	4	16
10	Bethlehem Shores	Tauranga	150	-	-	-	-	-	-	5	188
11	Glenbrae	Rotorua	78	-	26	-	20	21	-	10	12
12	Mary Doyle	Havelock North	161	48	38	8	26	60	64	9	9
13	Olive Tree	Palmerston North	95	-	43	-	32	-	17	-	-
14	Molly Ryan	New Plymouth	35	-	28	-	20	13	-	-	-
15	Waikanae	Kapiti	4	-	20	-	21	36	-	-	-
16	Lansdowne	Masterton	69	-	29	-	29	21	-	-	-
17	Village at the Park[1]	Wellington	38	123	-	17	-	42	33	-	16
18	Ashwood	Blenheim	18	-	35	-	47	48	26	-	-
19	The Wood	Nelson	5	-	37	-	30	46	-	-	-
20	Oakwoods	Nelson	116	-	45	-	26	22	-	-	30
21	Waimea Plains	Tasman	38	-	-	-	-	-	-	-	237
22	Bainlea House	Rangiora	-	-	-	-	-	-	27	-	-
23	Bainswood on Victoria	Rangiora	-	-	-	-	25	32	-	-	-
24	Bainswood	Rangiora	4	-	14	-	26	-	-	-	-
25	St Albans	Christchurch	-	-	57	-	-	19	-	21	20
26	Ilam	Christchurch	-	-	45	-	22	34	20	-	-
27	Mayfair	Christchurch	11	-	23	-	27	35	-	-	-
28	Maples	Christchurch	-	-	25	-	49	3	-	-	-
29	St Allisa	Christchurch	-	-	-	-	55	34	20	-	-
30	Park Lane	Christchurch	8	29	45	-	26	16	-	49	-
31	Rhodes	Christchurch	-	34	-	-	-	-	-	-	31
32	Queenstown Country Club	Queenstown	39	-	-	-	-	-	-	8	270
33	Strathallan	Timaru	51	-	47	-	10	46	20	-	-
	TOTALS		**1,406**	**276**	**652**	**25**	**682**	**733**	**267**	**106**	**1,587**

^ Gross units expected to be delivered (expected decommissions shown in brackets). Subject to final investment decision approval.
1. Arvida has a 50% interest in Village at the Park.

ADDITIONAL DISCLOSURES

Care Operations NZ$m	1H20	1H19	FY19
Rest home fees	18.5	18.9	37.6
Dementia fees	7.5	7.6	14.8
Hospital fees	25.0	23.9	48.5
Premium fees	2.5	2.2	4.5
Other revenue	1.1	1.1	2.9
Care revenue	**54.6**	**53.7**	**108.3**
Serviced apartment fees	5.2	5.5	10.7
Total care revenue	**59.8**	**59.2**	**119.0**

Village Operations NZ$m	1H20	1H19	FY19
RV weekly fees	5.3	4.7	9.3
Deferred management fees	12.9	10.4	21.4
Other revenue	1.2	1.2	2.1
Operating revenue	**19.4**	**16.3**	**32.8**
Realised gains on resales	12.7	9.1	19.5
Realised development margin	5.2	2.6	7.5
Total village revenue	**37.3**	**28.0**	**59.8**

Sales Analysis excluding Village At The Park				
1H20	Resales		New Sales	
	Units	$000	Units	$000
Villas / apartments	47	25,068	22	18,462
Serviced apartments	88	23,368	1	355
Care suites	2	390	0	0
Total Sales	**137**	**48,826**	**23**	**18,817**
Value $m	48.8		18.8	
Av. value per sale $000	**356**		**818**	
Gains $m	12.3		3.9	
Margin %	25%		21%	

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 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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