Wendover Retirement Village, Christchurch

Retirement **Wellness + Care**

Annual Report

March 2015

Arvida is one of the larger operators of retirement villages and aged care facilities in New Zealand

17
Total Facilities
(Retirement Village & Aged Care)

5 North Island
12 South Island

944
Total Aged Care Beds

477 Rest Home, 362 Hospital
105 Dementia

817
Total Retirement Units

371 Independent Living Units,
446 Serviced Apartments

94%
Occupancy [1]

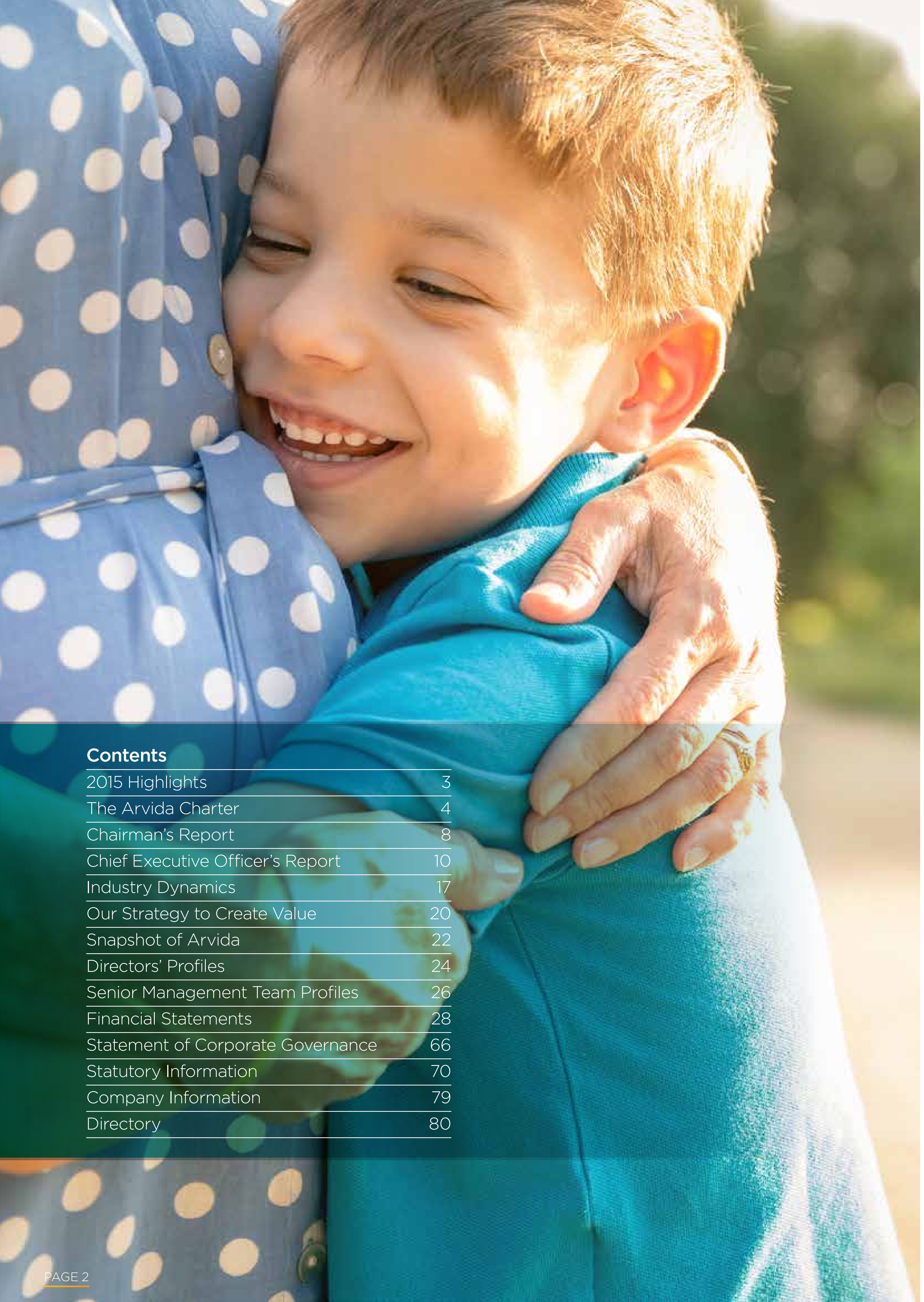
1,700+
Residents

1,100+
Staff across all facilities

$358m
Total Assets

Arvida's villages are located nationally, with over 1,700 residents spread across 17 locations. Supported by the overall vision of Arvida, each village operates independently and expresses its own character, personality and identity. Arvida provides the corporate support structure behind each facility, which ultimately benefits residents, village staff and shareholders alike and provides consistency across group operations.

1. Aged Care Facilities



Contents

2015 Highlights

- Successful IPO on NZX raising $80 million
- National footprint established with the successful acquisition of 17 retirement village and aged care facilities
- Delivered financial performance for the period in line with IPO forecasts
- Declared maiden dividend as anticipated by IPO forecasts
- Completed key integration tasks
- Existence of synergy benefits confirmed and initial benefits locked in
- Establishment of board and effective governance framework
- New support centre team in place with key leaders appointed
- Development of Arvida culture, values and brand across the group

Financial Highlights [2]

$20.0m Total Revenue [3]	+5% Ahead of IPO Forecast
$3.1m Reported Net Profit After Tax (IFRS)	+232% Ahead of IPO Forecast
$4.0m Underlying Profit [4]	-2% Behind IPO Forecast
$358.3m Total Assets	+2% Ahead of IPO Forecast

2. While the financial results are for the 12 months ended 31 March 2015, acquisition of the assets occurred on 17 December 2014 and the FY2015 financial results reflect the village operations since then. Prior to 17 December 2014, the principal assets of Arvida were cash at bank.
3. Net of financial income
4. Underlying Profit is a non-GAAP financial measure. Please refer to page 13 for a reconciliation to Reported Profit under IFRS.

The Arvida Charter

Arvida keeps retirees feeling younger for longer and actively engaged in their lives.

Arvida is embracing a charter that sets out the promises we make to our customers, staff and our stakeholders – and creates a framework for how we will act as an organisation to make those promises a reality.

Our promise creates a compelling reason for retirees to select an Arvida property to reside in as they age.

Arvida will pursue a truly differentiated position in the market that will lead the New Zealand retirement industry into a new standard for aged care. This will translate into strong demand for our services and will fuel future business growth and development opportunities.

Our promise

Arvida looks at retirement living as not just a business. Arvida wants to make a difference in the way aged care is provided in New Zealand by focusing on the wellbeing, health and happiness of our residents.

At Arvida, our promise is to genuinely care for the individual needs of our residents. Our proposition of making people "feel younger for longer" represents an attitude in the way we interact with our residents and how we operate our villages.

How do we deliver on this promise?

We seek to bring this promise to life by actively looking for ways to keep our residents engaged in their local communities, with their friends and families, and with engagement opportunities to keep their spirits high and their bodies active.

Our individual wellness programme will be a key part of this process; as will the culture being developed across the organisation that supports the underlying values that we aspire to.

Arvida embraces a culture that is genuinely focused on the wellbeing of our residents, and is based on a set of core guiding values.

Feeling younger for longer

Our Values:

Individual Wellbeing

We focus on a holistic view of physical and cognitive health and welfare and are investing in the delivery of a personalised wellbeing programme unparalleled in the industry.

Engagement in Life

Maintaining the sense of value of our residents in the community; their sense of worth and their engagement in the community is key to maximising enjoyment of life at every stage.

Fairness

We treat our residents with genuine respect; act with integrity and respond reasonably and fairly in all interactions with residents.

An Authentic, Genuine and Real Experience

We do what we say we will do and speak in plain language. We treat our residents as equals and partners. We provide a genuinely caring experience.

Outcomes:

- *Residents that are actively engaged in life; with a strong sense of value in the community and a positive mental and physical wellbeing, will become Arvida's greatest advocates*
- *Having great advocates leads to greater demand for our services and provides a solid foundation for further development of our services and capacity*

Chairman's Report

On behalf of the Directors of Arvida Group Limited (Arvida), I am pleased to present the Company's inaugural annual report.

Peter Wilson, Chairman

Progress to date

Your Board is pleased to report performance in line with financial forecasts set out at the time of our initial public offering (IPO). The trading period from mid December 2014 to 31 March 2015 required considerable organisational change that saw a number of milestones achieved:

Acquisition of 17 individual businesses located throughout New Zealand

Establishment of a governance framework for the Company

Appointment of a senior management team that provides support capabilities in village development, finance, human resources and business operations

Completion of initial integration tasks and identification of early benefits from the group structure

Our strategy

A key focus since listing on the NZX has been the bringing together of the 17 retirement village and aged care facilities acquired through the IPO into a unified group with an over-arching set of group values. By maintaining the individual character and identity of each property, our integration plan has recognised the inherent values and heritage existing in each village. The long standing history of successfully operating within each local community cannot be readily replicated.

Our strategy is underpinned by four initiatives:

- Creating an effective corporate support structure and executing our integration plan to capture the operational efficiencies accessible as a larger group
- The further establishment/enhancement of Arvida's individual villages/facilities to provide our unique offer to residents
- Progressing development opportunities within our existing properties
- Identifying acquisition opportunities in line with strategy, that are earnings accretive and in locations where we believe the investment case is strong

The fragmented nature of the New Zealand retirement village and aged care sector presents opportunities for consolidation. While the emphasis at this time remains on cementing the group structure, improving our existing facilities and enhancing financial returns, we continue to see numerous potential acquisition prospects.

Maintaining a conservative capital structure, that is underpinned by strong recurring cash flows, will allow Arvida to capture expected growth opportunities within the sector. Arvida has balance sheet capacity to deliver on its strategy of investing in the delivery of brownfield projects and strategic acquisitions that are complementary to the current portfolio and are earnings accretive.

Inaugural dividend

With underlying profit recorded in line with IPO forecasts, the Board paid our maiden dividend of 1.03 cents per share (partially imputed with 0.24 cents per share of imputation credits) on 22 June 2015. The company will pay quarterly dividends in the future.

Outlook

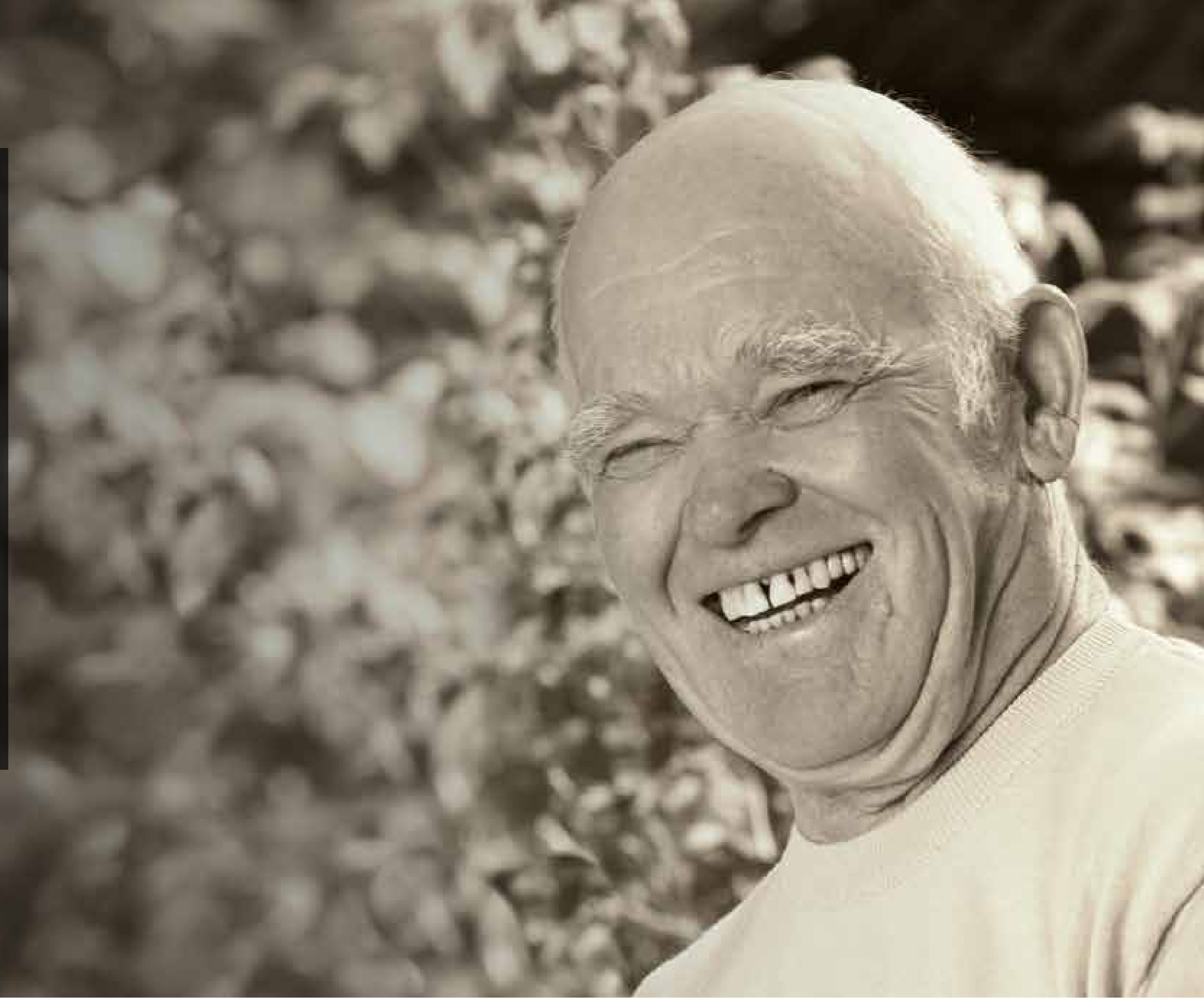
Having made excellent progress in the short period to March 2015, our current expectations are that the forecast earnings for the year to March 2016 as reported in the IPO prospectus remain appropriate.

Our vision is underpinned by a strong emphasis on developing a customer focused engagement model that genuinely strives for our residents to have a higher sense of value in the community. While Arvida is still in the early stages of its development, the progress made to date is encouraging.

We look forward to delivering on our commitment to consolidate Arvida's differentiated position in the market. The Board is confident we have the right people in place to deliver the vision for Arvida and make a difference in the way aged care is provided in New Zealand.

The Directors welcome you as shareholders of Arvida and thank you for your support.

Peter Wilson, Chairman
Arvida Group Limited
June 2015



In December 2014, we raised $80 million and completed the acquisition of 17 well established retirement village and aged care facilities. With the support of our originating shareholders and shareholder/managers, we successfully listed on NZX introducing over 1,100 new shareholders.

Chief Executive Officer's Report

Arvida has emerged as a leading provider of aged care services in New Zealand with a national footprint that we intend to grow over time.

Bill McDonald,
Chief Executive Officer

Investment in platform

Our integration plan as outlined at the time of IPO is on track and it is pleasing to see the benefits of the team's efforts already being realised.

Developing Arvida's support centre structure has been a fundamental part of our initial 100 day action plan. It forms the platform underpinning the future growth of our business. A lean central core will allow us to remain responsive when implementing strategy. We have made considerable progress on our integration plan to date and our operational structure is well advanced.

Progress so far includes:

- Transforming/consolidating the individual villages/managers into a cohesive operational business
- Standardisation of financial reporting and accounting system, review and update of disclosure statements, and centralisation of settlement processes
- Initial internal audit of clinical and risk practices and developing benchmarking of key clinical indicators
- Commenced first accounting and administration hub
- Updated group branding, individual village profiles with marketing collateral and website interface
- New supply agreements with insurance and telecommunications providers and negotiation of terms of trade with key suppliers across the group

Cultural change

The creation of a positive underlying culture across the organisation is a key operational strategy for the business. Empowering our people to innovate and achieve is a critical goal. We are embracing a cross-functional team based approach utilising resources from across the organisation to implement specific projects and change initiatives that reflect the Company's values and aspirations.

Our values (see page 7) define the way we will operate as a business and interact with our residents. I am very pleased with the enthusiasm of the greater team in embracing a positive change.

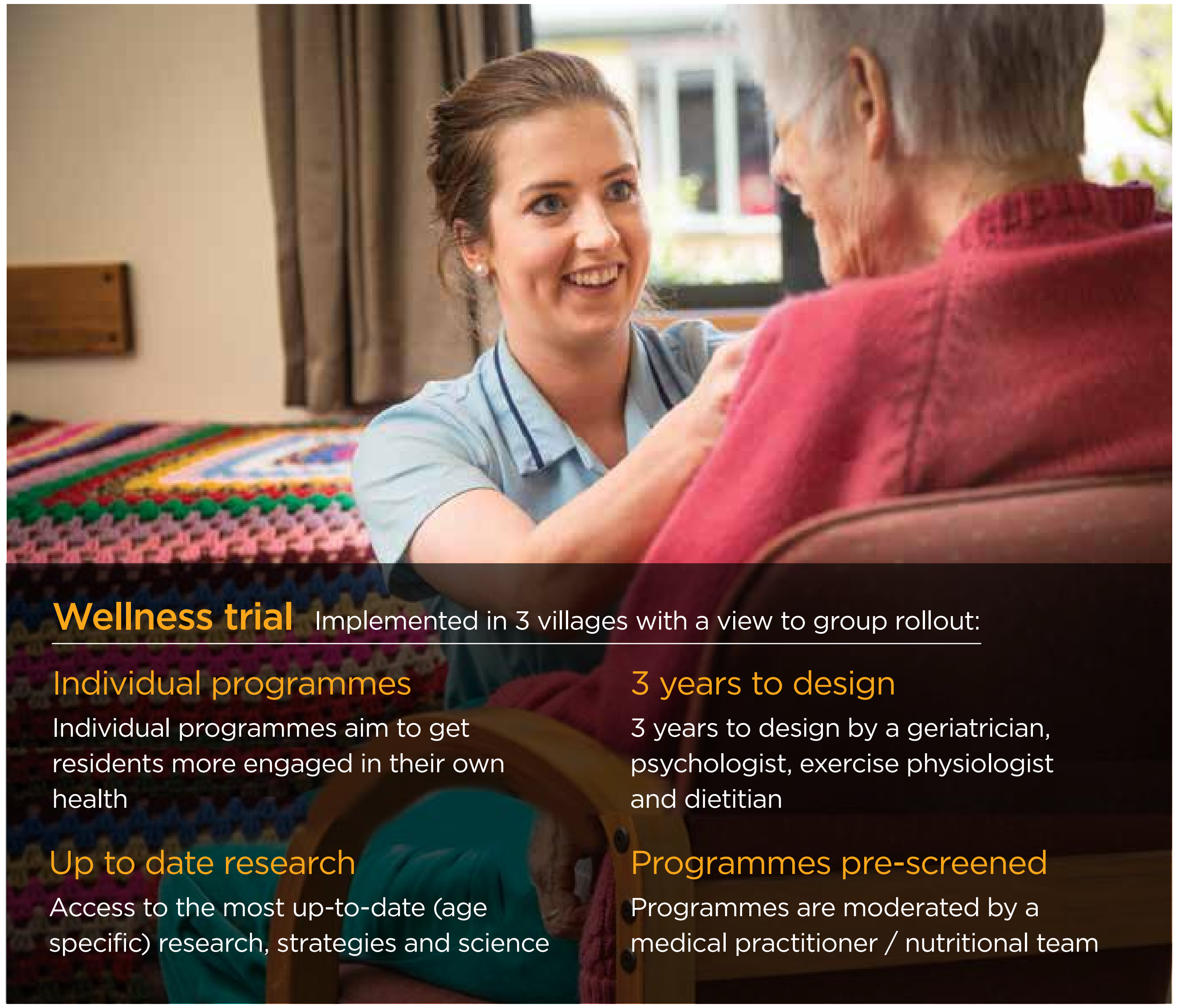
Resident wellbeing

We have a vision to be true leaders and innovators in the New Zealand retirement and aged care industry. By taking a more holistic view of resident wellbeing, we aim to create an environment where our residents are our greatest advocates. This approach is supported by extensive research indicating that initiatives such as developing our residents' sense of value in the community and general wellbeing lead to a healthier and happier community.

We are investing in individualised wellness programmes for our residents as well as many other village-based programs. Additionally we are actively seeking opportunities to engage our residents in their local communities, with their families and with their friends.

We are pursuing this with a genuine intent to improve the lives of our residents.

We have commenced the trial of our wellness programme in three of our properties. The programme offers a one-on-one personal coach that focuses on diet, cognitive and physical exercise strategies as well as general health and wellbeing. The results of the programme have been shown to include measurable health benefits. The programme is based on clinically researched science, best medical practice and a pragmatic understanding of the day-to-day challenges faced by our residents. We hope to refine and roll the programme out to all our properties in the near future offering this unique benefit to all residents.



Financial performance highlights

While the financial results are for the 12 months ended 31 March 2015, it is important to note the acquisition of the retirement village and aged care assets occurred on 17 December 2014 and the FY2015 financial results reflect the village operations since then. Prior to 17 December 2014, the principal assets of Arvida were cash at bank.

FY2015 Financial Highlights

Year ended 31 March $000	FY2015	IPO Forecast	Variance
Total Revenue	**20,038**	19,014	1,024
Net profit before tax (NZIFRS)	**3,820**	(1,427)	5,247
Net profit after tax (NZIFRS)	**3,080**	(2,333)	5,413
Underlying Profit [4]	**4,006**	4,076	(70)
Net cash flow from operating activities [5]	**5,926**	(2,576)	8,502
Total assets	**358,304**	349,572	8,732

I am pleased to report net profit after tax (IFRS) of $3.1 million for the year ended 31 March 2015, which was ahead of a forecast loss of $2.3 million.

Net profit after tax includes a number of non-cash items such as the change in fair value of investment properties. Underlying Profit removes these non-cash items as well as one-off items and deferred taxation. Underlying Profit therefore provides a more meaningful measure of operating performance. Arvida intends to report Underlying Profit consistently across financial periods.

Underlying Profit was in line with forecast at $4.0 million.

Underlying Profit Reconciliation

Year ended 31 March $000	FY2015	IPO Forecast	Variance
Reported profit/(loss) after tax [6]	**3,080**	**(2,333)**	**5,413**
Less: Change in fair value of investment property	(1,410)	(221)	(1,189)
Add: Deferred tax	167	294	(127)
Less: Gain on acquisition of subsidiaries	(1,634)	-	(1,634)
Add: IPO costs	2,803	4,581	(1,778)
Underlying Operating Profit	**3,006**	**2,321**	**685**
Add: Gain on resale of existing units	802	1,623	(821)
Add: Development margin on new units	198	132	66
Underlying Profit [4]	**4,006**	**4,076**	**(70)**

4. Underlying Profit is a non-GAAP measure and differs from NZ IFRS net profit after tax.
5. Net cash flow from operating activities was principally impacted by actual offer costs being included in financing activities.
6. Extracted from financial statements.

Total revenue at $20.0 million was $1.0 million ahead of forecast, primarily as a result of care and village fees being 2.5% ahead of forecast. Operating expenses were slightly higher than forecast at $15.4 million. We have made good progress over the period with renegotiation of terms with a number of key suppliers (such as the provision of insurance to the group and telecommunications) and discussions with our other suppliers continue to progress well. The benefit of procurement savings will be evident in FY2016 and future periods.

Operating profit before financing and offer costs at $6.9 million compared to the forecast of $3.6 million. Unrealised gains in the fair value of investment properties of $1.4 million, up $1.2 million on forecast, and a $1.6 million gain on acquisition of subsidiaries are included in operating profit.

During the period, we achieved resales of 33 existing units and, on a pro-forma basis over the full 12 month period, 143 existing units. Sales of new units were in line with forecast.

Bank debt at year end was $7.3 million and was well within our ANZ bank facility of $40 million. Total assets are $358.3 million, up $8.7 million on forecast. An $11.0 million increase in goodwill arose principally from shares in the IPO being issued at 95 cents as opposed to a model assumption of 90 cents. Valuations of all retirement village land and buildings were completed by CBRE as at 31 March 2015. The Directors completed a Directors' valuation of the aged care facilities and determined that the values had remained constant from 31 March 2014. It is the intention that aged care facilities will have an independent valuation completed on a two yearly basis and on completion of significant development activity.

Development

Creating an internal development delivery capability is central to our growth strategy. We consider capturing and preserving knowledge gained from our development activity in-house to be tremendously value accretive to the business over time. We were therefore pleased to announce the appointment of Jonathan Ash to the team earlier in the year. Jonathan brings proven property development and management capabilities including a background in retirement village and aged care development.

Currently we have a number of developments underway and under review within the existing villages.

As at 31 March 2015 we had completed the development of 5 villas at Park Lane Retirement Village in Christchurch with an additional 3 villas being completed since year end. The master plan for Park Lane has been revisited and it is intended that an additional 78 independent living apartments be constructed along with common and community facilities on land adjacent to the existing village. Preliminary concept work is being performed on the development in conjunction with architect Jasmax.

We have recently refurbished three existing apartments for re-sale at Rhodes on Cashmere and these are currently being marketed for sale. In addition, the resource consent application for an additional 31 independent living apartments and 47 care beds at Rhodes on Cashmere is advancing.

Investment decision approval of the Park Lane and Rhodes on Cashmere developments is pending final planning, feasibility and analysis. Current assumptions anticipate further development activity commencing in the 4th quarter FY2016.

Also in Christchurch, we are about to commence refurbishment work at the St Allisa rest home. This is progressing in conjunction with minor earthquake remediation work. Planning for insurance remediation work at St Albans and Wendover is continuing.

Resource consent has been obtained to build an additional 11 independent living apartments at Glenbrae in the Bay of Plenty. Subject to receipt of final investment decision approval, development activity at Glenbrae would commence in July 2015 with delivery targeted for FY2016. Contemporaneously a refurbishment of the care facilities is to be undertaken by the care facility landlord with the addition of ensuites to all care rooms.

Looking forward

On 24 June 2015, we announced the conditional acquisition of Aria Bay, Aria Park and Aria Gardens (collectively, "Aria Villages") for approximately $62 million.

The Aria Villages were identified as an important strategic acquisition for Arvida with high recognition in their local communities of Browns Bay, Epsom, and Albany. The Aria Villages provide a portfolio of 3 high quality facilities with a high needs-based offering across 295 care beds, 70 serviced apartments and 9 new independent apartments.

In particular, the acquisition of the Aria Villages broadens Arvida's North Island presence into the Auckland market and is on strategy.

By embracing a "yes we can" attitude and pursuing a genuine desire to create better outcomes for both our residents and our business, we will uncover new opportunities and improved ways of operating. We intend leading the market in the provision of a truly customer focused model delivering genuinely positive outcomes to our residents and closer alignment of our products and

One of 5 new villas at Park Lane in Christchurch.

Southern Alps views from Rhodes on Cashmere.

services to the oncoming baby boomer demographic. This will translate to great business outcomes through improved market reputation and higher demand for our products and services.

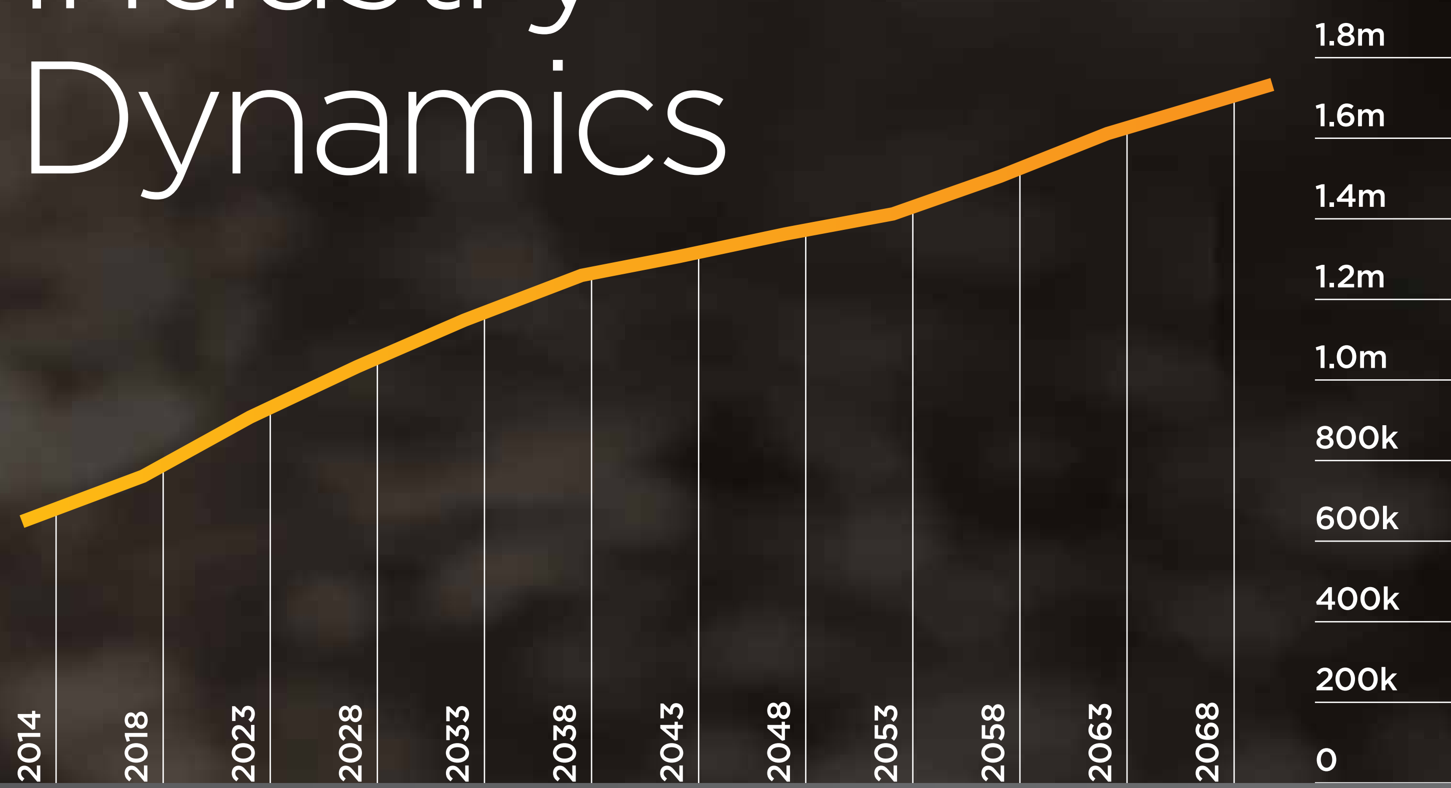
I would like to thank our staff and suppliers for their ongoing contribution to the success of the business and support of the Arvida vision.

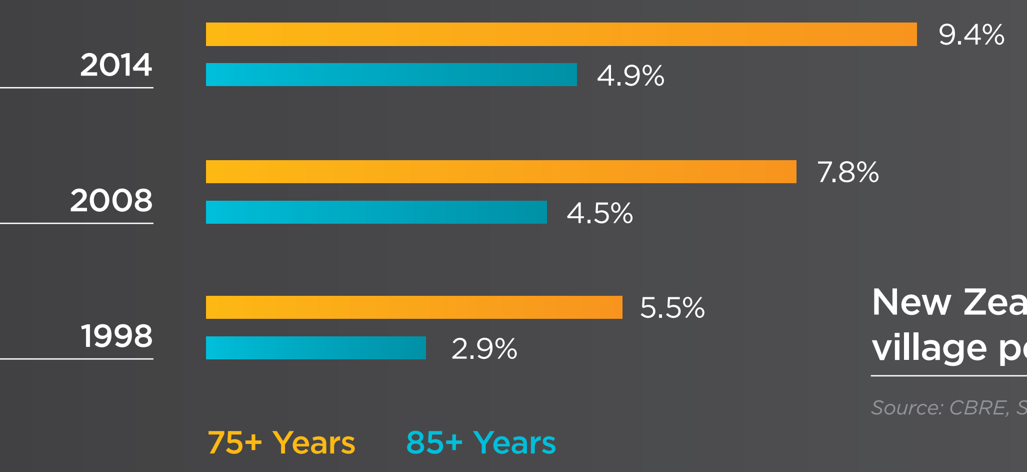
Bill McDonald, Chief Executive Officer
Arvida Group Limited
June 2015

Industry Dynamics

Projected Growth of New Zealand Aged Population – 65 years and over

Source: Statistics New Zealand, 50th percentile (median)



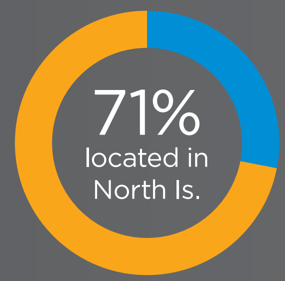


New Zealand retirement village penetration rates

Source: CBRE, Statistics NZ

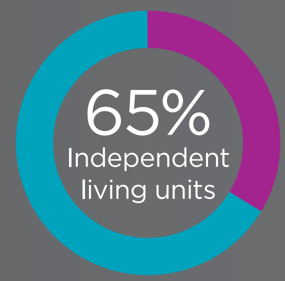
Auckland 22.2%
Canterbury 17.5%
Bay of Plenty 14.6%

Construction of new retirement units in 2014



North Island 71%
South Island 29%

Location of new retirement units in 2014



Of all retirement units nationally, independent units made up 65%

Nationwide ratio of independent units 2014

Population Trends

Attractive sector fundamentals underpinned by favourable underlying demographic trends position Arvida well to benefit and grow:

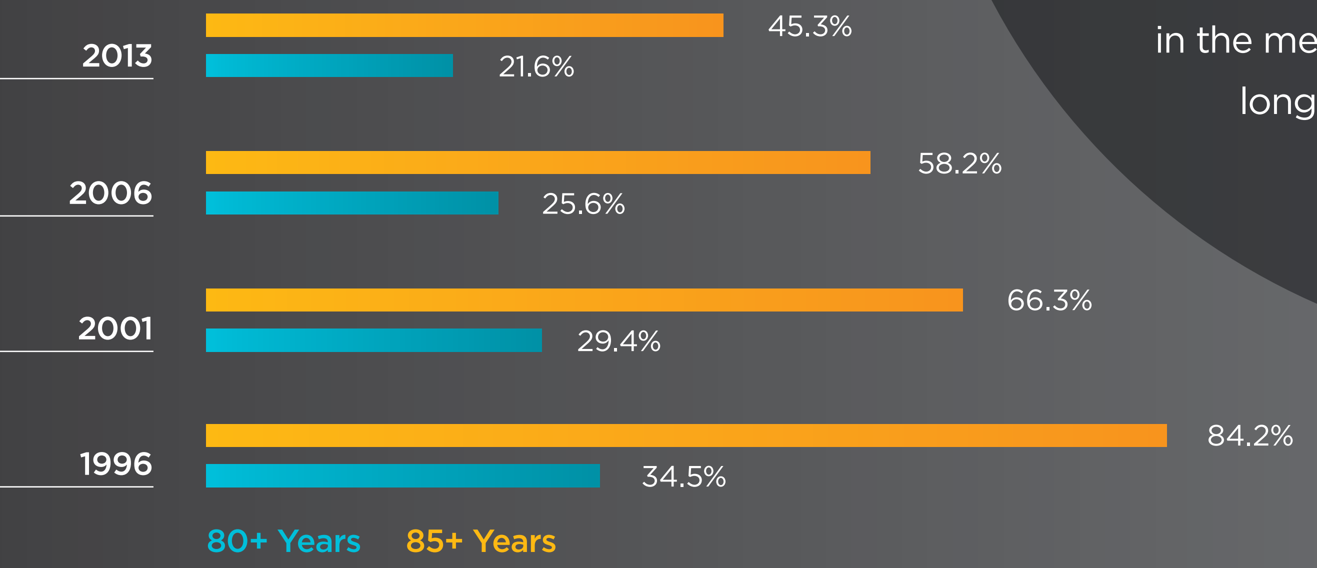
- The retirement village and aged care sector in New Zealand is benefiting from a demographic shift to a larger population of older New Zealanders and growing popularity of retirement village living.
- Statistics New Zealand estimates the number of New Zealanders aged over 65 years is set to grow sharply in the next two decades, almost doubling to over 1.1 million. Similarly the percentage of New Zealand's population aged over 85 years is projected to increase from 1.7% to 3.2% by 2033.
- The average age of the oldest 10% of the population is projected to rise significantly. In 2014, 10% of the population was over 69.5 years and is projected to increase to 75.8 years in 2032.

Retirement Village Trends

- The percentage of population living in a retirement village or aged care facility continues to trend upwards, with the penetration rate estimated to be 9.4% at the end of 2014 for those aged over 75 years living in a retirement village, an increase of approximately 2% since 2008.
- Retirement villages generally attract 80% of prospective residents from within 5 – 10km of a village. The majority (54%) of construction activity for new retirement units in 2014 was confined to three regions Auckland (22.2%), Canterbury (17.5%) and the Bay of Plenty (14.6%). 71% of all new units constructed in 2014 were located in the North Island.
- Independent living units accounted for 65% of all retirement units nationally. In regional New Zealand the ratio of independent living units to apartments is significantly higher.

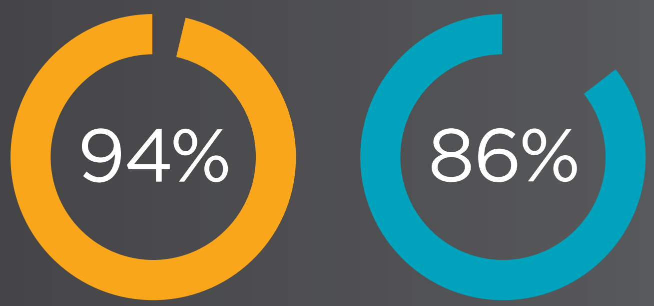
Aged care beds per population segment

Source: NZACA, Statistics NZ



Industry trends indicate increased demand for aged residential care in the medium to longer term.

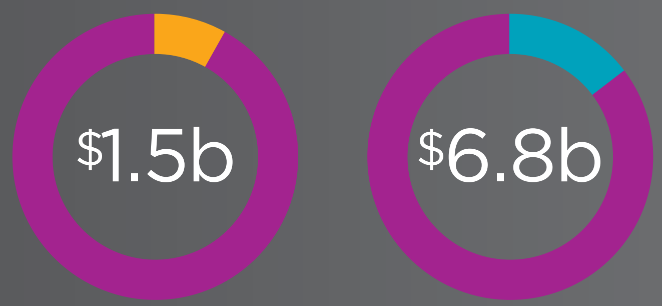
Arvida occupancy rates are significantly above the national average



Occupancy at Arvida facilities

New Zealand average occupancy

Cost of government funded long term care for New Zealanders over 65 as a percentage of total health spend



11% of total health costs

2014

14% of total health costs

2036

Aged Care Trends

- The growth and ageing of the New Zealand population is set to have a significant effect on demand for aged residential care in the medium to longer term. The demand for aged residential care increases rapidly with age. The biggest users of aged residential care services are those aged over 85 years.

  Over the past decade, growth in care bed numbers has not kept pace with the growth and ageing of New Zealand's population. As a result, the number of care beds on a per capita basis has steadily declined.

- There is a continued supply demand imbalance evident with aged care facilities historically achieving high occupancy rates. The occupancy of Arvida's aged care facilities as at 31 March 2015 was 94%, significantly above the national average of 86% recorded by DHB data in its recent survey.

- Government funded long-term care for New Zealanders aged over 65 years is projected to rise from $1.5 billion (11% of total Government funded health costs) to $6.8 billion (14% of total Government funded health costs) by 2036. Government funding allocated to regional DHBs for aged care (excluding home based support services) grew at a CAGR of 4.7% over the last 7 years.

Our Strategy to Create Value

1. Integration

Put in place a 'Support Centre' structure for existing operations:

- Invest in scalable and flexible business processes supported by IT systems, and in-house resources to facilitate growth via development and targeted acquisition
- Establish robust systems and processes to manage the business' operational risks, including those that relate to aged care compliance and health and safety

Execute the integration plan driving improvements in operating efficiencies:

First 100 Days | 1H FY2016 | 2H FY2016

- Integration of centralised support functions including finance, IT, human resources and marketing across the retirement village network to improve the current operating efficiency and improve existing operating margins
- Group compliance that allows sharing of actions and programmes
- Procurement synergies with selected supply categories accounting for the majority of non-staff related cost

First 100 Days | **1H FY2016** | 2H FY2016

- A single group strategy and brand to establish Arvida as a recognised integrated retirement and aged care provider
- Next stage of procurement synergies and integration of centralised support functions (including standardised certification and policy documentation, payroll)
- More effective utilisation of employee resource enabling gains through rostering efficiencies and greater staff pooling activities

First 100 Days | 1H FY2016 | **2H FY2016**

- Standardisation of ORA contracts & terms
- Strategies that will target reduced earnings volatility and increased income diversification
- Staff development and retention strategies

2. Growth

Extend and expand the group taking advantage of low risk growth opportunities that are earnings accretive and aligned with the care focused nature of Arvida:

- Establish a group development team to oversee and manage facility developments utilising existing skills and expertise within the group
- Undertake brownfield development opportunities through expanding and reconfiguring existing facilities to better utilise available land, improve efficiencies and enhance earnings from existing facilities
- Make single facility or small group "bolt on" acquisitions as attractive opportunities meeting strict acquisition criteria are identified
- Source greenfield sites for new village development and enhance ongoing operations
- Deepen capabilities to support existing operations and enhance delivery of wellbeing promise throughout continuum of care

Snapshot of Arvida

Continuum of Care

The Arvida Group was created to operate aged care facilities and retirement villages with a focus on the provision of care.

Arvida provides residents with a continuum of care that extends to full rest home, hospital and dementia level care.

Flexible plans are provided to residents depending on their needs with a range of accommodation options available including villas, apartments, serviced apartments and studios.

The Arvida portfolio comprises mainly mature villages that offer residents a continuum of care through the integration of care facilities within villages. Approximately 80% of the portfolio is care focused (care beds and serviced apartments) with more than 50% of care beds offering high care services (hospital and dementia level care).

Independent Living

Typically house younger retirement village residents who wish to continue living independently but want to enjoy a retirement village lifestyle and facilities knowing that care is available if and when they should need it.

354 Villas

17 Apartments

All accommodation numbers shown are as at 31 May 2015.

Assisted Living

Assisted living options are designed to provide residents with the support and care they require.

Arvida offers a range of care packages in conjunction with an ORA.

446 Serviced Apartments

Care

Aged care is an integral part of Arvida's continuum of care offering with 14 co-located and 3 standalone care facilities.

With most of Arvida's care facilities located within retirement villages, residents are able to move through the village and receive support as their care needs change.

477 Rest Home

362 Hospital

105 Dementia Care

Directors' Profiles

Peter Wilson
Independent Chairman

Peter is a highly experienced director with wide ranging governance experience in the public and private sectors and with Crown-owned entities. He has extensive experience in banking, business establishment, problem resolution, asset sales and management of change functions.

Peter is currently Chairman of Augusta Capital Limited and PF Olsen Limited, Deputy Chairman of Meridian Energy Limited and a Director of Farmlands Co-operative Society Limited. Peter was formerly a partner of Ernst & Young and, until recently, Chairman of Westpac New Zealand Limited having served in that capacity since 2008.

Peter is a qualified Chartered Accountant.

Michael Ambrose
Non-Executive Director

Michael is a Director of Rodgers & Co, a chartered accountancy firm based in Christchurch, and heads the firm's aged care division. Michael has 16 years' experience in the aged care sector, advising on the operation, expansion and development of his clients' retirement villages.

Michael actively manages several client companies and is a board member of a diverse number of private companies and organisations.

Michael is a member of the NZ Institute of Chartered Accountants, the NZ Institute of Management and the Institute of Directors.

Anthony Beverley
Independent Director

Anthony is a professional director and business consultant with more than 28 years' experience in the property, investment and capital market arenas. He has a specialist property valuation and investment background having worked with AMP Capital Investors for 20 years, NZ's largest investment fund manager, eight of these as Head of Property.

Anthony has broad governance and directorship experience in both the public and private markets with involvement in a wide range of property, infrastructure and investment entities. His current directorships include Property for Industry Limited, Marlborough Lines Limited, Harbour Quays A1 Limited, Harbour Quays D4 Limited, and Harbour Quays F1F2 Limited. Past directorships include Summerset Holdings Limited, Precinct Properties Limited, and AMP Capital Investors (NZ) Limited.

Anthony is a Chartered Fellow of the New Zealand Institute of Directors, a Fellow of the New Zealand Institute of Valuers, a Fellow of the Property Institute of New Zealand, and a Fellow of the Financial Services Institute of Australasia.

Susan Paterson
Independent Director

Susan has 18 years' of experience as a professional director having served on a number of private and public boards. She was recently appointed as an Officer of the New Zealand Order of Merit for her services to corporate governance. She has a Bachelor of Pharmacy and practiced as a pharmacist before moving into management roles in New Zealand and the United Kingdom. Susan has a deep understanding of the health sector with many years spent as a clinician as well as a practice owner.

Susan chairs Airways Corporation of NZ and Theta System Limited with other directorships including the Electricity Authority, NZ Eco Labelling Trust, Goodman NZ Limited, Housing New Zealand, Les Mills Holdings Limited, Abano Healthcare Group Limited and Avantidrome – National Cycling Centre of Excellence. Past directorships include Transpower NZ Limited, St Cuthbert's College and Ports of Auckland Limited.

Susan completed an MBA at London Business School.

Paul Ridley-Smith
Independent Director

Paul was most recently General Counsel at Contact Energy where he led the legal, regulatory and government relations functions. Prior to that he was a senior executive at Morrison & Co and Infratil responsible for the group's legal affairs and was involved in the acquisition and disposal of numerous substantial assets.

Paul is currently a trustee of the New Zealand Festival and the Wallace Arts Trust. His previous directorships include Wellington International Airport Limited, Liquigas Limited, iSite Media Limited and Wallace Corporation Limited. Paul was also a member of the NZ Markets Disciplinary Tribunal.

Paul holds an LLB from Victoria University and an MBA from Columbia University.

Senior Management Team Profiles

Bill McDonald, Chief Executive Officer

(BBus, MAgriBus)

Bill has held a number of senior executive roles in the New Zealand and Australian retirement sector including General Manager of ING's retirement assets division in New Zealand and Regional Operations Manager for Stockland Limited in Victoria, Australia.

Bill entered the industry as acting CEO for a community owned organisation in county Victoria, Australia where he successfully guided the organisation through the accreditation process. Bill subsequently joined the Buxton Group to assist in the development and operation of the acclaimed Rylands facilities in Melbourne. The development projects won multiple awards from the Urban Development Institute of Australia and Australian Institute of Building. They are recognised as benchmark retirement operations in Australia and internationally.

Bill is focused on building a retirement and aged care business that aligns with the demands of today as well as those of the future, through the principles of resident well-being and positive community interaction.

Jeremy Nicoll, Chief Financial Officer

(BCom, CA)

Jeremy has substantial experience in the financial services and property sector which includes a number of senior executive positions within the ING and ANZ businesses in New Zealand over the last 14 years. These roles have included CFO and company secretary for ING Property Trust and ING Medical Properties Trust (renamed Argosy Property Limited and Vital Healthcare Property Trust respectively), Managing Director of ING Real Estate and Managing Director of ING Insurance.

Jeremy is a past President of the Property Council New Zealand.

Jonathan Ash, General Manager Development

(BEng, MIPENZ, MPINZ)

Jonathan brings more than 25 years' experience in the property and construction industry, both in New Zealand and internationally, including previous experience in the retirement village and health sectors. Jonathan has also developed a number of multi-unit residential subdivisions. He has extensive experience in the set-up, direction and management of development projects and has proven general management, business development and commercial skills.

Mark Wells, General Manager Finance

(BCom, ACMA)

Mark has over 15 years' experience as a financial analyst, project accountant and most recently CFO of a property development company. Mark has held these positions within the property and investment sectors in New Zealand and the UK, at both privately owned companies and large financial institutions.

Judith Johnson, General Manager Clinical

(RGON)

Judith has been involved in the aged care sector for 28 years. Over this time she has been both a developer/owner and has also held various positions within aged care associations and corporations. This has included operating a clinical advisory helpline for New Zealand Aged Care Association.

Judith has been extensively involved with quality systems in the aged care sector including auditing, documenting quality management guidelines and delivering numerous educational seminars for all levels of management and staff within the sector.

Teresa Seux, General Manager Human Resources

(BA, PGDipBus, MHRINZ)

Teresa has over 20 years' senior human resource management experience in a range of industries including hospitality, law, accounting and engineering. She has experience in the establishment of new human resources functions at both the operational and strategic level.

Directors' Statement

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2015.

The Financial Markets Conduct Act 2013 requires the Directors to prepare financial statements for each financial year which present fairly the financial position of the Group and financial performance and cash flows for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with generally accepted accounting practice in New Zealand, as defined in the Financial Reporting Act 2013. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements presented are signed for and on behalf of the Board and were authorised for issue on 26 June 2015.

Peter Wilson	Anthony Beverley
Chairman	Director
26 June 2015	26 June 2015

Consolidated Statement of Comprehensive Income

For the period ended 31 March 2015

$000	Note	Group for the period ended 31 March 2015	Group for the period ended 31 March 2014
Income			
Care fees and village services		17,458	0
Deferred management fees		1,992	0
Financial income		33	2
Other Income		588	0
Total Revenue		**20,071**	**2**
Gain on acquisition of subsidiaries		1,634	0
Change in fair value of investment property		1,410	0
Total Income		**23,115**	**2**
Expenses			
Employee costs		9,934	0
Property costs	5	1,490	0
Depreciation	9	781	0
Finance costs	7	306	0
Offer costs		2,803	0
Other expenses	5	3,981	135
Total expenses		**19,295**	**135**
Profit/(loss) before tax for the period		**3,820**	**(133)**
Income tax expense	8	740	0
Profit/(loss) after tax for the period		**3,080**	**(133)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of care facilities		370	0
Total comprehensive income		**3,450**	**(133)**
Earnings per share:			
Basic and diluted (cents per share)	17	4.72	(44.33)

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the period ended 31 March 2015

$000	Note	Retained earnings	Asset revaluation reserves	Share capital	Total
Opening Balance at 17 January 2014		**0**	**0**	**0**	**0**
(Loss) for the period		(133)	0	0	(133)
Other comprehensive income		0	0	0	0
Total comprehensive income		(133)	0	0	(133)
Share capital issued		0	0	150	150
Balance at 31 March 2014		**(133)**	**0**	**150**	**17**
Balances at 1 April 2014		**(133)**	**0**	**150**	**17**
Profit for the period		3,080	0	0	3,080
Other comprehensive income (net of tax)		0	370	0	370
Total comprehensive income		3,080	370	0	3,450
Share capital issued	16	0	0	211,406	211,406
IPO costs		0	0	(5,158)	(5,158)
Balance at 31 March 2015		**2,947**	**370**	**206,398**	**209,715**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 March 2015

$000	Note	Group as at 31 March 2015	Group as at 31 March 2014
Assets			
Cash and cash equivalents		1,836	888
Trade receivables and other assets		3,111	20
Property, plant and equipment	9	82,242	0
Investment properties	11	219,903	0
Resident advances		400	0
Goodwill	12	42,237	0
Accrued income		8,575	0
Total Assets		**358,304**	**908**
Liabilities			
Bank overdraft		13	0
Trade and other payables	14	6,478	61
Tax payable		332	0
Employee entitlements	14	3,260	0
Revenue in advance	14	6,905	0
Interest bearing loans and borrowings	15	7,300	0
Residents' loans	13	109,319	0
Deferred tax liabilities	8	14,621	0
Retirement village advances	25	0	830
Other liabilities		361	0
Total Liabilities		**148,589**	**891**
Net Assets		**209,715**	**17**
Equity			
Share capital		206,398	150
Revaluation reserve		370	0
Retained earnings/(deficit)		2,947	(133)
Total Equity		**209,715**	**17**

The financial statements should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the period ended 31 March 2015

$000	Note	Group for the period ended 31 March 2015	Group for the period ended 31 March 2014
Cash flows from operating activities			
Receipts from residents for care fees and village services		18,102	0
Receipts of residents' loans		7,786	0
Interest received		20	1
Payments to suppliers and employees		(14,208)	(93)
Repayments of residents' loans		(4,693)	0
(Advances) to and repayments from residents		(166)	0
Interest paid		(306)	0
Income tax (paid)/refunded		(842)	0
Other operating cash flows		233	0
Net cash inflow/(outflow) from operating activities	6	**5,926**	**(92)**
Cash flows from investing activities			
Bank overdraft acquired from subsidiaries		(3,974)	0
Purchase of property, plant and equipment		(739)	0
Payments for investments in subsidiaries		0	830
Purchase of investment properties		(653)	0
Other investing cash flows		(60)	0
Net cash inflow/(outflow) from investing activities		**(5,426)**	**830**
Cash flows from financing activities			
Proceeds from borrowings		7,000	0
Repayment of borrowings		(78,190)	0
Net proceeds of share issue		76,807	150
Offer costs		(7,912)	0
Other financing cash flows		2,730	0
Net cash inflow/(outflow) from financing activities		**435**	**150**
Net increase/(decrease) in cash and cash equivalents		**935**	**888**
Cash and cash equivalents at the beginning of period		888	0
Cash and cash equivalents at the end of the financial period		**1,823**	**888**
Represented by:			
Cash and cash equivalents		1,836	888
Bank overdraft		(13)	0
Cash and cash equivalents at the end of the financial period		**1,823**	**888**

The financial statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the period ended 31 March 2015

1. General Information

Arvida Group Limited (the "Group" or the "Company"), formerly Hercules Limited, is a for-profit, limited liability company incorporated and domiciled in New Zealand. Arvida Group Limited is registered under the Companies Act 1993 and its registered office is 39 Market Place, Viaduct Basin, Auckland.

Arvida Group Limited's subsidiary, Arvida Limited, on 17 December 2014 acquired the shares of a number of entities, as detailed in notes 10 and 24 to the financial statements (together the "Portfolio Entities"). Arvida Group Limited then completed an initial public offering and listing on the NZX Main Board (the "NZX") on 18 December 2014.

The Group is in the business of owning, operating and developing retirement villages and rest homes for the elderly in New Zealand.

These financial statements have been approved for issue by the Board of Directors on 26 June 2015. The financial statements presented here are for:

- 31 March 2015: Arvida Group Limited and subsidiaries; and
- 31 March 2014: Arvida Group Limited from the date of its incorporation, 17 January 2014, through to the reporting date.

Accordingly, the periods are not directly comparable.

The Group's directors do not have the power to amend these financial statements once issued. In approving these financial statements for issue the directors have considered and concluded that in the absence of any unanticipated deterioration of the Group's operating performance the Group will continue to meet all obligations under the funding facilities, including compliance with financial covenants and maintaining sufficient levels of liquidity.

The directors, in concluding, considered the following:

- the Group's cash flow forecast for a period of 12 months from the date of signing the financial statements;
- recent past performance in light of the underlying economic environment;
- forecast covenant compliance; and
- available undrawn limits under the banking facilities.

Having regard to all the matters noted above, the directors believe it remains appropriate that the financial statements have been prepared under the going concern convention.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Entities reporting

The Group financial statements comprise the Company and its subsidiaries. In accordance with the Financial Reporting Act 2013, separate financial statements for the Company are not required to be prepared.

Statutory base

Arvida Group Limited is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013 ("the Act"). The Company is listed on the NZX. The Company is a FMC Reporting Entity as defined by the Act.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The External Reporting Board's pronouncement standard XRB A1: Accounting Standards Framework establishes a for-profit tier structure and outlines which suite of standards entities in different tiers must follow. The Group is a tier 1 reporting entity. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable New Zealand Financial Reporting Standards as appropriate for profit oriented entities. They comply with International Financial Reporting Standards ("IFRS").

The balance sheet for the Group is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

The financial statements are presented in New Zealand dollar terms, rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and land and buildings.

Critical accounting estimates and judgements

The preparation of the financial statements, in line with NZ IFRS, requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Basis of Consolidation

The Group's financial statements are prepared by consolidating the financial statements of all entities that comprise the Group, being Arvida Group Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the Group's financial statements. All intercompany transactions and balances, and unrealised profits arising within the Group are eliminated in full.

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account.

The financial results of subsidiaries included in the financial statements are from the date on which control commences until the date control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary or joint venture entity acquired, the difference is recognised as income.

(c) Segment reporting

An operating segment is a component of an entity that engages in business activities which earn revenue and incur expenses and where the chief operating decision maker reviews the operating results on a regular basis and makes decisions on resource allocation.

(d) Revenue recognition

Revenue comprises the fair value of services provided net of goods and services tax. Revenue is recognised as follows;

Deferred management fees

Deferred management fees, which entitle residents to accommodation and the use of the community facilities within the village, are recognised over the period of service, being the greater of the expected period of tenure or the contractual right to the revenue. The expected periods of tenure, being based on historical results and experience and industry averages, are estimated at 3.6 to 4.9 years (2014: n/a) for studios, apartments and serviced apartments, and are estimated at 6.1 to 8.3 years (2014: n/a) for villas.

The deferred management fee is payable by the resident at the time of repayment (by the Group to the resident) of the refundable occupation right agreement amount due. The Group has the right of set-off of the refundable occupation right agreement amount and the management fee receivable.

At year end, the deferred management fee receivable and accrued income on unit titled properties (including termination fees, if any) that has yet to be recognised in the Statement of Comprehensive Income as deferred management fee revenue is held on the balance sheet as a liability (revenue in advance) and accrued income as an asset.

Care fees and village fees

Care fees and residents' levies are recognised over the period in which the service is rendered.

(e) Expenses

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease liability.

Interest expense

Interest expense comprises interest payable on borrowings and is calculated using the effective interest rate method.

Offer costs

Certain costs have been incurred in relation to listing of the Group. These costs are directly attributable to the Group issuing equity securities and include amounts paid to legal, accounting and other professional advisers. Costs relating to the issuing of new equity have been accounted for as a deduction from equity.

(f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to its recoverable amount, to the extent that the increased recoverable amount does not exceed the carrying amount that would have been determined prior to any impairment loss.

A reversal of an impairment loss is recognised as income, unless the asset is carried at fair value in which case the impairment loss is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (CGU) or group of CGU's to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flow statements

The following are definitions of the terms used in the cash flow statements:

- cash comprises cash at bank, bank overdraft, cash on hand and call deposit facilities;
- operating activities include all transactions and other events that are not investing or financing activities;
- investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investment properties and other investments. Investments can include securities not falling within the definition of cash; and
- financing activities are those activities which result in changes in the size and composition of the capital and funding structure of the Group.

(h) Property, plant and equipment

Land and buildings (which are not classified as investment property) are recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material and direct labour, and any other costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent to initial recognition, land and buildings for care facilities are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence. Independent revaluations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Any revaluation surplus is recognised as other comprehensive income unless it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation deficit (impairment) is recognised in the profit or loss unless it directly offsets a previous surplus in the same asset in the asset revaluation reserve.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the income statement on a diminishing value ("DV") or straight line ("SL") basis over the estimated useful lives of each item of property, plant and equipment, with the exception of land, which is not depreciated. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Major depreciation rates are as follows:

- Furniture and fittings and equipment - 3% to 80% - SL and DV
- Motor vehicle - 25% to 36% - DV
- Land improvements - 0% to 4% - DV
- Building leasehold improvements - 6% to 67% - DV
- Buildings – 2% - SL

(i) Investment properties

Investment properties are held to earn rental income and for capital appreciation. They comprise land and buildings and associated equipment and furnishings related to independent living units, serviced apartments and common facilities in the retirement village. Investment properties include buildings under development. Initial recognition of investment property is at cost and subsequently measured at fair value with any change in fair value recognised in the Statement of Comprehensive Income.

The fair values of completed investment properties and development land are determined by a qualified independent external valuer. As required by NZ IAS 40 "Investment Property", the fair value as determined by the independent valuer is adjusted for assets and liabilities already recognised in the balance sheet which are also reflected in the discounted cash flow model ("DCF"). These adjustments to derive the carrying value of investment properties are disclosed in note 11.

Land acquired with the intention of constructing a retirement village or care facility on it is classified as investment property from the date of purchase.

Rental income from investment property, being deferred management fees, is accounted for as described in the accounting policy above.

Depreciation is not charged on investment property.

(j) Accrued Income

Accrued income represents the portion of the expected termination fees receivable under unit titled properties which has been earned at period end. Termination fees under unit titled properties are payable on termination of the agreement and accrued on a straight line basis over the expected tenure of the resident.

(k) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is made for benefits accruing to employees in respect of wages, salaries, annual leave, bonuses and profit-sharing plans when it is probable that settlement will be required and the amount can be estimated reliably.

(l) Revenue in advance

Revenue in advance comprises those amounts by which the amortisation of deferred management fees over the contractual period exceeds the amortisation of the deferred management fee based on estimated tenure.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(n) Residents' loans and deferred management fee receivable

An occupation right agreement confers a right of occupancy to a villa, apartment or serviced apartment until such time as the right is effectively terminated. The consideration received is allocated to the resident loan payment in full.

Residents' loans are amounts payable under occupation right agreements. These loans are non-interest-bearing and are payable when both an occupation right agreement is terminated and there has been settlement of a new occupation right agreement for the same unit and the proceeds from the new settlement have been received by the Group. Residents' loans are initially recognised at fair value and subsequently measured at amortised cost.

The Group holds a contractual right to set-off the deferred management fee receivable on termination of an agreement against the resident's loan to be repaid. Residents' loans are therefore recognised net of the deferred management fee receivable on the balance sheet.

Deferred management fees are payable by residents in consideration for the supply of accommodation and the right to share in the use of community facilities. Deferred management fees are paid in arrears with the amount payable calculated as a percentage of the resident loan amount as per the resident's occupation right agreement. Deferred management fee receivable is calculated and recorded based on the current tenure of the resident and the contractual right to deferred management fee earned at balance date. Under certain of the occupation right agreements issued, residents are entitled to receive some or all of the capital gain which has occurred from the increase in value of the apartment or villa. The present value of the operator's portion of estimated capital gain has been calculated by CB Richard Ellis Limited in the valuation of the investment property.

(o) Income Tax

Income tax comprises current and deferred tax and is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is provided using the comprehensive balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, unless they arise on a business combination, are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Leased Assets (Group as lessee)

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are expensed on a straight line basis. Other leases are treated as operating leases and the leased assets are not recognised on the Group's balance sheet.

(q) Financial instruments

(i) Financial risk management objectives and policies

The Group's principal financial instruments comprise loans and borrowings, residents' loans, unamortised deferred management fee liability and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also holds other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(ii) Non-derivative financial instruments

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of three months or less. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Trade and other receivables

Trade and other receivables are not significant on an individual basis and are initially recognised at fair value and subsequently measured at amortised cost, less impairment losses. Impairment is assessed on an individual basis.

Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recorded at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

Residents' loans and deferred management fee receivable

Residents' loans are initially recognised at fair value and subsequently measured at amortised cost. The Group holds a contractual right to set-off the deferred management fee receivable on termination of an agreement against the resident's loan to be repaid. Residents' loans are therefore recognised net of the deferred management fee receivable on the balance sheet. Deferred management fee receivable is calculated and recorded based on the current tenure of the resident and the contractual right to deferred management fee earned at balance date.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(r) GST

All amounts are shown exclusive of goods and services tax ("GST"), other than trade debtors and trade creditors, except where the amount of GST incurred is not recoverable from the taxation authority. When this occurs the GST is recognised as part of the cost of the asset or as an expense, as applicable.

(s) New standards and interpretations not yet adopted

At the balance date certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at that date. These include:

- NZ IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2017). NZ IFRS 9 replaces the multiple classification and measurement models for financial assets in NZ IAS 39 with a model that has only two classification categories: amortised cost and fair value. The recognition and measurement guidance relating to financial liabilities is unchanged from NZ IAS 39. An additional presentational requirement has been added for liabilities designated at fair value through profit or loss. The Group has yet to assess NZ IFRS 9's full impact. The Group will apply this standard from 1 April 2017.
- IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). The International Accounting Standards Board issued IFRS 9 in July 2014 as a complete version of the standard. This standard adds to the requirements of NZ IFRS 9 by incorporating the expected credit loss model for calculating the impairment of financial assets. The Group is yet to assess IFRS 9's full impact. The Group does not expect to adopt it before its effective date.
- NZ IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017). NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a five-step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 April 2017.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Fair value of investment properties and care facilities

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. In addition, it measures care facility land and buildings at revalued amounts, with changes in fair value being recognised in Other Comprehensive Income.

The fair value of completed investment properties and development land has been determined by an independent qualified valuer. For the fair value of investment properties a valuation method based on a discounted cash flow model was used.

The fair value of the care facilities land and buildings has been determined by a Directors' valuation. Land and buildings were valued by the Directors using market based evidence, adjusted for specific market factors such as nature, location and condition of the property.

The fair value of investment properties and care facilities is subjective and changes to the assumptions have a significant impact on profit and the fair value. The key assumptions used to determine the fair value of the properties are provided in notes 9 and 11.

Revenue recognition

Deferred management fees are recognised as revenue on a straight-line basis. This requires management to estimate the period of occupancy for units and serviced apartments. Management estimates are based on experience of occupancy periods and are detailed in note 2(d).

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF ") model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGU's, including a sensitivity analysis, are disclosed and further explained in note 12.

(b) Critical judgements in applying the entity's accounting policies

Income taxes

Deferred tax assets and liabilities have been offset in accordance with NZ IAS 12 Income Tax. The deferred tax has been calculated on the assumption that there will be no change in tax law or circumstances.

The Group recognises tax losses in the balance sheet to the extent that tax losses offset deferred income tax liabilities arising from temporary differences and the requirements of income tax legislation can be satisfied. Significant judgement is required in determining whether shareholder continuity and other income tax legislation requirements will continue to be met in the future in order for tax losses to be recognised.

NZ IAS 12 requires deferred tax to be recognised in respect of taxable temporary differences. The carrying value of the Group's investment properties is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. In determining the taxable temporary difference, the directors have used the contractual cash flows on the basis that the contractual arrangements for an occupation right agreement comprise two gross cash flows (being an occupation right agreement deposit upon entering the unit and the refund of this deposit upon exit) that are non-taxable and need to be excluded to determine the taxable temporary differences arising on investment properties. Contractually, deferred management fees are received upon refund of the resident loan, i.e. they are set off on exit of a unit by a resident. The directors, in determining the appropriate treatment, have carefully evaluated all the available information and consider the adopted policy to be appropriate.

4. Segment Information

The Group operates in one operating segment. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole. The nature of the products and services provided and the type and class of customers have similar characteristics within the operating segment.

Information about major customers

Included in total revenue are revenues derived from the Group's largest customers. The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home or hospital level care. Government aged care subsidies received from the Ministry of Health included in rest home, hospital and service fees, and villages fees amounted to $11.8m (2014: $0).

All revenue is earned in New Zealand.

5. Expenses

$000	2015	2014
Profit/(loss) before income tax includes the following specific expenses:		
Operating Expenses		
Employment expenses	9,934	0
Property expenses	1,490	0
Other expenses	3,981	135
Total operating expenses	**15,405**	**135**
Other expenses		
Directors' fees	70	0
Rental and operating lease expenses	112	0
Fees paid to Group Auditor – Ernst & Young		
Audit	145	4
Other assurance		
IPO Statutory assurance services	54	0
Other non-assurance		
Tax compliance and advisory	28	0
IPO Due Diligence and Investigating accountants' report	644	0
Total fees paid to Group Auditor	**871**	**4**
Fees paid to Subsidiary Auditor – PKF Goldsmith		
Audit	130	0
Total fees paid to Subsidiary Auditor	**130**	**0**

Included in the table of Fees paid to Group Auditor are only the components of fees that have been recognised in the Statement of Comprehensive Income. In total the fees paid to the Group Auditor were $1,281,472 made up of: $145,000 for audit fees; $89,250 for other assurance fees; $42,222 for tax compliance fees; and $1,005,000 for other non-assurance fees. The fees not recognised through the Statement of Comprehensive Income have been capitalised against share capital.

6. Reconciliation of Profit/(Loss) after Tax with Cash Inflow/(Outflow) from Operating Activities

$000	2015	2014
Profit/(loss) after tax	**3,080**	**(133)**
Adjustments for:		
Change in fair value of investment property	(1,410)	0
Gain on acquisition of subsidiaries	(1,634)	0
Depreciation	781	0
Movement in Deferred Tax	(428)	0
Offer Costs included in financing activities	2,803	0
Changes in working capital relating to operating activities:		
Trade receivables and other assets	322	(21)
Trade and other payables	1,433	62
Refundable occupation right agreements	1,045	0
Other	(66)	0
Net cash inflow/(outflow) from operating activities	**5,926**	**(92)**

7. Finance Costs

$000	2015	2014
Interest expense	178	0
Facility costs	128	0
Less: interest expense and facility costs capitalised	0	0
Total finance costs	**306**	**0**

8. Income Tax Expense/(Benefit)

$000	2015	2014
(a) Income tax expense/(benefit)		
Current tax	1,168	0
Deferred tax	(428)	0
Income tax expense / (benefit)	**740**	**0**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) before income tax expense	3,820	(133)
Tax at 28%	1,070	(37)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non taxable impact of investment property revaluation	(395)	0
Non taxable gain on acquisitions (net of costs)	(458)	0
Non taxable income and non deductible expenditure	27	0
Non Deductible IPO Expenses	421	0
Other	75	37
Income tax expense / (benefit)	**740**	**0**

The applicable tax rate was 28% (2014: 28%).

(c) Recognised deferred tax liability

The deferred tax balance comprises:		
Property, plant and equipment	11,436	0
Investment property	4,719	0
Deferred management fees	(921)	0
Other items	(613)	0
Net deferred tax liability	**14,621**	**0**

Movement in the deferred tax balance comprises:	Balance 1-Apr-14	Recognised in income	Recognised in OCI	Acquired on Acquisition	Balance 31-Mar-15
Property, plant and equipment	0	0	0	11,436	11,436
Investment property	0	216	0	4,503	4,719
Deferred management fees	0	(409)	0	(512)	(921)
Recognised tax losses	0	(184)	0	0	(184)
Other items	0	(51)	0	(378)	(429)
Net deferred tax liability	**0**	**(428)**	**0**	**15,049**	**14,621**

	Balance 17-Jan-14	Recognised in income	Recognised in OCI	Acquired on Acquisition	Balance 31-Mar-14
Property, plant and equipment	0	0	0	0	0
Investment property	0	0	0	0	0
Deferred management fees	0	0	0	0	0
Recognised tax losses	0	0	0	0	0
Other items	0	0	0	0	0
Net deferred tax liability	**0**	**0**	**0**	**0**	**0**

(d) Imputation credits

The imputation credit balance for the Group and Parent at 31 March 2015 is $1,250,203 (2014: $0).

9. Property, Plant and Equipment

$000	Freehold Land at valuation	Freehold Building at valuation	Plant, Furniture & Equipment and Motor Vehicles at cost	Total
Year ended 31 March 2014				
Opening net book amount	0	0	0	0
Additions	0	0	0	0
Closing net book amount	**0**	**0**	**0**	**0**
At 31 March 2014				
Cost or valuation	0	0	0	0
Accumulated depreciation	0	0	0	0
Net book value	**0**	**0**	**0**	**0**
Year ended 31 March 2015				
Opening net book amount	0	0	0	0
Assets acquired on acquisition	15,191	61,414	5,403	82,008
Additions	0	0	645	645
Depreciation	0	(370)	(411)	(781)
Revaluation of care facilities	0	370	0	370
Disposals	0	0	0	0
Closing net book amount	**15,191**	**61,414**	**5,637**	**82,242**
At 31 March 2015				
Cost or valuation	15,191	61,784	6,048	83,023
Accumulated depreciation	0	(370)	(411)	(781)
Net book value	**15,191**	**61,414**	**5,637**	**82,242**

The accounting policy for care facility land and buildings requires that subsequent to initial recognition, land and buildings for care facilities are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses. Fair value is determined by reference to market-based evidence. Independent revaluations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The directors of the Group have determined the valuation for the care facility land and buildings as at 31 March 2015. The directors' valuation was based on an independent macro view of the valuation of care facilities in NZ and specific physical factors and operating metrics of each of the care facilities being valued.

The directors, in determining the valuations, considered the following:

- the independent advice from CBRE that confirmed that there was no material macro changes in the valuation of care facilities in NZ during the financial year;
- that no material construction of care beds or care building related assets had occurred within the period under review;
- the key metrics of the care facilities were in-line with expectations; and
- that the directors were not aware of any material physical, operational or macro issues that would materially impact care facility values, apart from the earthquake related issues identified prior to the acquisitions.

During the due diligence process prior to acquisition, earthquake damage was identified at four villages. The consideration paid for these villages was reduced by an amount determined by the due diligence committee. The value of the assets were also reduced by a commensurate amount in the acquisition accounts.

The identified earthquake damage includes:

- Wendover Retirement Village 2006 Limited - $1.9m reduction in valuation, comprising $1.2m of insurance receivable and $0.7m reduction in assets acquired;
- St Albans Retirement Village Limited - $1.0m reduction in assets acquired;
- St Allisa Rest Home (2010) Limited - $0.7m reduction in assets acquired; and
- The Maples Retirement Village (2005) Limited - $0.1m reduction in assets acquired.

The insurance receivable represents the directors' best estimate of the impact on the care facility building after allowing for the reduction in value of the assets acquired. The reduction in the value of the assets acquired represents the directors' best estimates of contingencies during the remediation process. Contingencies may include occurrences such as build costs being greater than insurance proceeds or potential loss of resident income.

The directors agreed that the valuations of the care facilities land and buildings would remain unchanged from the valuations completed by CBRE as at 31 March 2014, adjusted for the identified earthquake related issues and any additions and disposals.

As the fair value of freehold land and buildings is determined using inputs that are unobservable, the Group has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 'Fair Value Measurement'.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of land and buildings are the capitalisation rates applied to individual unit earnings. A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement.

If freehold land and buildings were stated at cost on a historical cost basis, the amounts would be as follows:

$000	Freehold land	Freehold buildings
At 31 March 2015		
Cost	16,877	44,969
Accumulated depreciation	0	(2,915)
Net book value	**16,877**	**42,054**

10. Subsidiary Companies

The following entities are wholly owned subsidiaries of the ultimate parent company, Arvida Group Limited, as at 31 March 2015:

Arvida Limited
Ashwood Park Retirement Village (2012) Limited
Ashwood Park Lifecare (2012) Limited
Bainlea Holdings (2006) Limited
Bainlea House (2013) Limited
Bainswood Retirement Village Limited
Bainswood House Rest Home Limited
Glenbrae Village Limited
Glenbrae Rest Home & Hospital Limited
Ilam Lifecare Limited
Ilam Lifecare Holdings Limited
Ilam Senior Living Limited
The Maples Retirement Village (2005) Limited
The Maples Lifecare (2005) Limited
Mayfair Retirement Village (2008) Limited
Mayfair Lifecare (2008) Limited
Molly Ryan Retirement Village (2007) Limited
Molly Ryan Lifecare (2007) Limited
Oakwoods Retirement Village (2012) Limited
Oakwoods Lifecare (2012) Limited
Olive Tree Village (2008) Limited
Olive Tree Apartments Limited
Olive Tree Holdings Limited
Olive Tree Dementia Care Limited
Park Lane Retirement Village Limited
Park Lane Lifecare Limited
Rhodes on Cashmere Healthcare Limited
Rhodes on Cashmere Lifecare Limited
St Albans Retirement Village Limited
St Albans Retirement Home Limited
St Allisa Rest Home (2010) Limited
Waikanae Country Lodge Village Limited
Waikanae Country Lodge Limited
The Wood Retirement Village (2007) Limited
The Wood Lifecare (2007) Limited
Wendover Retirement Village 2006 Limited
Wendover Rest Home 2006 Limited
Willowlea Senior Care Centre (2006) Limited

All subsidiary companies are incorporated in New Zealand with a balance date of 31 March.

All subsidiary companies are in the business of owning, operating and developing retirement villages and rest homes for the elderly in New Zealand.

11. Investment Property

$000	2015	2014
Balance at beginning of period	0	0
Purchase on acquisition	217,959	0
Additions	534	0
Fair value movement - unrealised	1,410	0
Total investment property	**219,903**	**0**
Valuation of managers' net interest	102,950	0
Development land	8,100	0
Liability for residents' loans	109,319	0
Revenue in advance / (Accrued revenue)	(466)	0
Total investment property	**219,903**	**0**

The fair value of investment property for the year ended 31 March 2015 was determined by Michael Gunn, an independent registered valuer of the firm CB Richard Ellis. The fair value of investment property is determined on an annual basis, based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

Significant assumptions used by the valuer include a discount rate between 12.5% and 16.0% (2014: n/a) and a long term nominal house price inflation rate of between 0.0% and 2.0% (2014: n/a). Other assumptions used by the valuer include the average age of entry of residents and occupancy periods of units.

The occupancy period is a significant component of the CBRE valuation and is driven from a Monte Carlo simulation. The simulations are dependent upon the demographic profile of the village (age and gender of residents) and a death and non-death probability as the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents. An increase in the stabilised departing occupancy period will have a negative impact on the valuation and a decrease in the stabilised departing occupancy would have a positive impact on the valuation.

Additional variables which will influence the stabilised occupancy period outputs (and recycle profile) by village will include:

- Resident densities where a high proportion of couples will logically extend/prolong the recycle profile
- Occupancy periods for existing residents and current absolute age levels
- Care or lifestyle orientated village

Level 3 & Sensitivity

As the fair value of investment property is determined using inputs that are unobservable the Group has categorised investment property as level 3 under the fair value hierarchy in accordance with NZ IFRS 13 'Fair Value Measurement".

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of land and buildings are the discount rate, the long term nominal house price inflation rate, the average age of residents and the occupancy period of units. A significant decrease (increase) in these unobservable inputs would result in a significantly higher (lower) fair value measurement.

The valuation calculates the expected cash flows for a 20 year period , with stabilised departing occupancy of 6.1 to 8.3 years (2014: n/a) for Independent Living / Apartments and 3.6 to 4.9 years for serviced apartments (2014: n/a).

The valuation of investment property also includes within its forecast cash flows, the Group's expected costs relating to any known or anticipated remediation works.

12. Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

Goodwill of $42.4m (2014: nil) has been recognised as a result of the business combination outlined in note 24.

Goodwill acquired through business combinations with indefinite lives have been allocated, for impairment testing, to the seventeen cash generating units ("CGU's"). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

The recoverable amount at balance date was determined based on a value in use calculation using:

- cash flow projections from the Group's prospective financial information dated 17 November 2014 and five year financial forecasts approved by the Board;
- pre-tax discount rates for each CGU, ranging from 12.5% to 16.0%. The discount rate applied is the same discount rate as applied by CBRE in its most recent valuation of the CGU; and
- 2% growth rate after the initial five year financial forecast period.

In 15 CGU's the recoverable amount was in excess of the carrying value. As such directors did not identify any impairment for these CGU's.

For the remaining 2 CGU's, directors determined that after reviewing a fair market value less costs to sell calculation, that no impairment of goodwill was required for these CGU's.

Key assumptions

The calculation of value in use for the CGU's is most sensitive to the following assumptions:

- operating earnings;
- discount rates; and
- growth rates used to extrapolate cash flows beyond the forecast period.

Operating earnings is a function of revenue received from government agencies and private paying residents for care and village service fees and the net cash flows from the receipt and repayment of resident loans. The key driver of these revenue items are occupancy levels, subsidy levels and property growth rates. It is assumed that the government will continue to support the aged care sector and that subsidies will increase over time. If the government decides to reduce its funding it may lead to residents and their families being required to make up the difference. Expenses are forecast to increase in line with inflation projections.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have to been incorporated into the cash flow estimates. The discount rates have been taken from the most recent CBRE valuation of each CGU.

Growth rate estimates beyond the five year forecast period have been estimated at 2%.

13. Refundable Occupation Right Agreements

$000	2015	2014
Balance at beginning of period	0	0
Amounts repaid on termination of ORAs	(4,693)	0
Amounts received on issue of new ORAs	7,786	0
Amounts acquired on acquisition of investment property	108,274	0
Movement in deferred management fees receivable and residents' portion of capital gains	(2,048)	0
Total residents' loans	**109,319**	**0**

A new resident is charged a refundable security deposit, on being issued the right to occupy one of the Group's units or serviced apartments, which is refunded to the resident subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident, net of any amount owing to the Group. The Group has a legal right to set off any amounts owing to the Group by a resident against that resident's security deposit. Such amounts include management fees, rest home/hospital fees, loans receivable, service fees and village fees. As the refundable occupation right is repayable to the resident upon vacation (subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident), the fair value is equal to the face value, being the amount that can be demanded.

The security deposit is refundable to the resident on vacation of the unit, apartment or serviced apartment or on termination of the occupation right agreement (subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident). In determining the fair value of the Group's investment properties CBRE estimate the established length of stay to be 6.1 to 8.3 years for independent living units and apartments (2014: n/a) and 3.6 to 4.9 years for serviced apartments (2014: n/a). Therefore, it is not expected that the full obligation to residents will fall due within one year. Based on historical turnover calculations the expected maturity of the total refundable obligation to refund residents is as follows:

$000	2015	2014
Within 12 months	18,237	0
Beyond 12 months	91,082	0
Total refundable occupation right agreements	**109,319**	**0**

14. Trade and Other Payables

$000	2015	2014
Trade creditors	2,762	0
Sundry creditors and accruals	3,716	61
Revenue in advance	6,905	0
Employee entitlements	3,260	0
Total trade and other payables	**16,643**	**61**

15. Interest Bearing Loans and Borrowings

$000	2015	2014
Secured bank loans:		
Repayable within 12 months	0	0
Repayable after 12 months	7,300	0
Total interest-bearing loans	**7,300**	**0**

The bank loans are secured by various mortgages over certain of the Group's assets, subject to a first priority to the Statutory Supervisor over the retirement village assets. A registered first ranking composite general security agreement containing a cross guarantee and indemnity granted by Arvida Group Limited and acceded to by each of its subsidiaries, subject to guarantees from retirement village companies limited to 50% of their net tangible assets.

Bank loan

The bank loan comprises the Revolving Core Facility and the Revolving Acquisition Facility, effective 17 December 2014 as amended from time to time, are as follows:

Revolving Core Facility - a term loan facility of $20.0m, expiring 29 December 2017 (2014: n/a)

Revolving Acquisition Facility - a term loan facility of $20.0m, expiring 29 December 2017 (2014: n/a)

At 31 March 2015, the Group had $40.0m (2014: n/a) of committed bank facilities of which $32.7m was undrawn (2014: n/a). The amount drawn under the facility at 31 March 2015 comprised $7.3m (2014: n/a) under the Revolving Core Facility and $0.0m (2014: n/a) under the Revolving Acquisition Facility.

Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin and line fees. Interest rates applicable in the year to 31 March 2015 ranged from 3.5% to 4.5% pa (2014: n/a).

Financial covenants

The financial covenants that the Group must comply with include Interest Cover Ratio and Loan to Valuation Ratio. During the year ended 31 March 2015, the Company was in compliance with its financial covenants (2014: n/a).

16. Contributed Equity

Shares 000	2015	2014
Balance at beginning of the year	300	0
Shares issued	224,551	300
Balance at end of the year	**224,851**	**300**

$000	2015	2014
Balance at beginning of the year	150	0
Shares issued	211,406	150
Balance at end of the year	**211,556**	**150**
Net tangible assets - cents per share (basic)	**0.74**	**5.83**

On 17 December 2014 Arvida Group Limited issued 139,521,507 ordinary shares at $0.95 to settle the acquisition of the Portfolio Entities.

On 17 December 2014 Arvida Group Limited issued 84,210,527 ordinary shares at $0.95 each by way of Initial Public Offering.

On 17 December 2014 Arvida Group Limited issued 2,288,597 ordinary shares at $0.95 to the promoters, directors and management involved with the transaction. The costs of these shares have been off-set against equity as they are directly attributable to the issue of new shares.

On 16 March 2015 Arvida Group Limited cancelled 1,469,998 ordinary shares.

The Company incurred transaction costs of $7.9m issuing shares during the year (2014: $0), with $5.2m related to the issue of new shares and deducted from equity.

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value.

17. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares on issue during the year.

Diluted

Diluted earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares on issue during the year adjusted to assume conversion of dilutive potential of ordinary shares.

$000	2015	2014
Profit attributable to equity holders	3,080	(133)
Basic and Diluted		
Weighted average number of ordinary shares on issue (thousands)	65,259	300
Earnings per share (cents)	**4.72**	**(44.33)**

18. Commitments

$000	2015	2014
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	294	0
Later than one year but not later than five years	1,044	0
Later than five years	1,240	0
Total	**2,578**	**0**

The Group leases support office premises and various property, plant and equipment under non-cancellable operating lease agreements. This includes the Care Facility at Glenbrae Village. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

19. Related Party Transactions

Key management personnel compensation

Key management personnel compensation for the year ended 31 March 2015 and the year ended 31 March 2014 is set out below. The key management personnel are all executives with the greatest authority for the strategic direction and management of the Company. The directors are remunerated through directors' fees and expenses.

$000	2015	2014
Salaries and other short term employee benefits	348	0
Termination benefits	0	0
Total	**348**	**0**

Identity of Related Parties;

The Board of Directors at 31 March 2015, comprising Peter Wilson, Anthony Beverley and Michael Ambrose.

Former Director of Arvida Group Limited, Geoff McPhail resigned on 17 November 2014.

Executives of the Group, including William McDonald and Jeremy Nicoll.

GA Village Management that is owned by Trusts associated with Michael Ambrose and other Directors of Rodgers & Co. (accounting firm providing services to subsidiary entities of the Group) and Geoff McPhail.

Glazebrook Capital Limited, an entity associated with Anthony Beverley.

Norwood Services Limited, an entity associated with Jeremy Nicoll.

The following transactions with persons or entities related to the Group arose as part of the Company's initial public offering and acquisition of the initial portfolio:

Remuneration paid to Directors and Executives during the year ended 31 March 2015 was as follows:

- Peter Wilson (appointed 14/11/2014) $29,469
- Anthony Beverley (appointed 14/11/2014) $21,562
- Michael Ambrose $18,686
- Geoff McPhail (resigned 13/11/2014) - $Nil
- Arvida issued to each of Peter Wilson and Anthony Beverley $133,333 of shares on completion of the IPO.
- Michael Ambrose and Geoff McPhail contributed a total of $150,000 of seed capital to Arvida and received 300,000 shares (150,000 each) in FY2014.
- Arvida issued 1,850,000 shares to GA Village Management (an entity in which Michael Ambrose has an association) on completion of the IPO under an establishment agreement.
- Peter Wilson and Anthony Beverley (Glazebrook Capital Limited) received $8,000 per month as consultancy fees (plus expenses recovered) prior to completion of the IPO and their appointment as a Director.
- William McDonald and Jeremy Nicoll (Norwood Services Limited) received $50,769 and $28,442 respectively as consultancy fees (plus expenses recovered) prior to completion of the IPO and being employees of Arvida Group.
- Rodgers & Co were paid $226,328 for accounting services for the Group.

20. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's management programme considers financial markets volatility and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates to determine market risk and ageing analysis for credit risk.

Risk management is carried out centrally by the support office under policies approved by the Board of Directors. The Board and Group has approved policies covering overall risk management, as well as policies covering treasury and financial markets risks.

The Group and the Parent entity hold the following financial instrument categories:

$000	2015	2014
Financial Assets		
Cash and cash equivalents	1,836	888
Trade receivables and other assets	3,111	20
Amounts due from related parties	0	0
Total	**4,947**	**908**
Financial Liabilities		
Bank overdraft	13	0
Trade and other payables	6,478	61
Amounts due to related parties	0	0
Bank loans and finance leases	7,300	0
Refundable occupation right agreements	109,319	0
Total	**123,110**	**61**

Trade receivables and other assets above excludes prepayments and employee entitlements.

(a) Market risk

(i) Foreign exchange risk

The Group does not have a material exposure to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group does not currently hold any interest rate swaps.

At 31 March 2015, it is estimated that a general increase of 1% in interest rates would reduce the Group's annual profits after tax by approximately $0.08m (2014: n/a) and would decrease profit by $0.08m (2014: n/a).

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure from trade receivables with outstanding receivables.

The Group has no significant concentrations of credit risk. The Group policy is to require a security deposit from new residents before they are granted the right to occupy a unit. Therefore, the Group does not face significant credit risk. The values attached to each financial asset in the balance sheet represent the maximum credit risk. No collateral is held with respect to any financial assets. The Group enters into financial instruments with various counter parties in accordance with established limits as to credit rating and dollar limits, and does not require collateral or other security to support the financial instruments.

Cash and cash equivalents of the Company and Group are deposited with one of the major trading banks. Non performance of obligations by the bank is not expected due to the Standard & Poor's AA- credit rating of the counterparty considered.

The Group receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents. The only large receivables relate to the residential care subsidies which are received in aggregate via the various District Health Boards and Work and Income New Zealand. None of these entities are considered a credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Cash flow forecasting is regularly performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. Surplus cash held by the operating entities is used to repay debt.

The following table analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the tables below are the contractual undiscounted cash flows inclusive of interest payments.

$000	Less than 3 Months	Less than 1 Year	Between 1 and 5 Years
2015			
Bank overdraft	13	0	0
Trade and other payables	6,478	0	0
Bank loans and finance leases	0	0	7,300
Amounts due to related parties	0	0	0
Refundable occupation right agreements	4,560	13,677	91,082
2014			
Bank overdraft	0	0	0
Trade and other payables	61	0	0
Bank loans and finance leases	0	0	0
Amounts due to related parties	0	0	0
Refundable occupation right agreements	0	0	0

The bank loans are drawn down from the committed bank facilities for fixed periods (typically 1 to 3 months). At the conclusion of the draw down period the loans are rolled over for a further fixed period. The maturity of the committed bank facilities are shown in note 15.

The refundable occupation right agreement is repayable to the resident on vacation of the unit or serviced apartment or on termination of the occupation right agreement (subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident). The expected maturity of the refundable occupation right agreement liability is shown in note 13.

(d) Capital risk management

The Group manages its capital risk (which management considers to be total capital) with regard to its gearing ratios (net debt to total capital), as a guide to capital adequacy, borrowing ratios such as interest cover and loan to value ratios, exposure to liquidity and credit risk and exposures to financial markets volatility.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The bank loans are subject to bank covenants. The covenants require the Group to maintain agreed interest cover and loan to valuation ratios, as detailed in note 15. There have been no financial covenant breaches during the year (2014: n/a).

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or disclosure purposes. The carrying value of financial assets and financial liabilities are assumed to approximate their fair values unless otherwise disclosed.

21. Subsequent Events

On 28 May 2015 the directors approved a dividend of 1.03 cents per share amounting to $2.3m. The dividend is partially imputed at 0.24 cents per share. A supplementary dividend of 0.11 cents per share was paid to non-resident shareholders. The dividend record date was 12 June 2015 and payment was made on 22 June 2015.

On 24 June 2015 Arvida announced its intention to acquire Aria Bay, Aria Park and Aria Gardens (collectively, "Aria Villages") for approximately $62 million. The Aria Villages comprise three retirement villages and aged care facilities situated in Auckland that provide retirement services to around 350 residents.

Completion of the acquisition is anticipated in July 2015 and is conditional upon statutory supervisor consents and obtaining District Health Board and Ministry of Health approvals.

To fund the acquisition, Arvida is raising up to $41m of new equity through:

- the issue of $6m of Arvida shares to vendor shareholders of the Aria Villages;
- a $30m underwritten placement to eligible investors; and
- a share purchase plan to eligible existing shareholders to participate in the capital raising under the same terms as placement participants, up to a maximum of $5m.

The acquisition is for 100% of the shares in the Aria Villages. The Aria Villages comprise the following legal entities, all of which have a 31 March year-end and operate to provide retirement village and aged care living to the elderly in New Zealand:

- Aria Bay Senior Living Limited;
- Aria Bay Retirement Village Limited;
- Aria Gardens Limited;
- Aria Park Senior Living Limited;
- Aria Park Retirement Village Limited; and
- Epsom Brown Holdings Limited

There are no further subsequent events between 31 March 2015 and the date that the financial statements were authorised for use.

22. Contingent Liabilities

At balance date there are no known contingent liabilities (2014: nil).

23. Comparison to Prospective Financial Information (PFI)

Consolidated Statement of Comprehensive Income

$000	Group for the period ended 31 March 2015	Prospectus Forecast 31 March 2015
Income		
Care fees and village services	17,458	17,030
Deferred management fees	1,992	1,697
Financial income	33	125
Other Income	588	288
Total Revenue	**20,071**	**19,140**
Gain on acquisition of subsidiaries	1,634	0
Change in fair value of investment property	1,410	221
Total Income	**23,115**	**19,361**
Expenses		
Operating Expenses	18,208	19,842
Depreciation	781	391
Finance costs	306	554
Total expenses	**19,295**	**20,787**
Profit/(loss) before tax for the period	**3,820**	**(1,426)**
Income tax expense	740	907
Profit/(loss) after tax for the period	**3,080**	**(2,333)**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net gain on revaluation of care facilities	370	0
Total comprehensive income	**3,450**	**(2,333)**

On a statutory basis, revenue at $20.0m was up $1.0 million on the forecast of $19.0 million. Care and village fees were 2.5% higher than forecast. Arvida recorded $1.4 million of unrealised valuation gains in the fair value of investment properties, up $1.2 million on forecast. These gains were driven by increasing land values. Arvida also recorded a $1.6 million gain on acquisition of subsidiaries where the consideration was less than the value of the net assets acquired. The forecast assumed that no gains on acquisition were generated.

Total expenses were $19.3 million, $1.5 million less than forecast. Operating expenses were generally in-line with forecasts. Lower IPO costs and a higher allocation of IPO costs to equity, in combination, delivered a $1.8 million one-off benefit through the Income Statement compared to forecast. The forecast assumed that the depreciation on care facility buildings would be off-set by an equivalent gain on revaluation within the Income Statement. The accounting treatment adopted for the financial statements includes the depreciation in the Income Statement and the revaluation gain in Comprehensive Income. This resulted in an additional $0.4 million of depreciation recognised in the Income Statement.

Statutory net profit after tax attributable to equity holders was $3.1 million for the year ended 31 March 2015, this was $5.4 million higher than forecast.

Consolidated Statement of Changes in Equity

$000	Retained earnings	Asset revaluation reserves	Share capital	Total
Balances at 1 April 2014	**(133)**	**0**	**150**	**17**
Profit for the period	3,080	0	0	3,080
Other comprehensive income (net of tax)	0	370	0	370
Total comprehensive income	3,080	370	0	3,450
Share capital issued	0	0	211,406	211,406
IPO costs	0	0	(5,158)	(5,158)
Balance at 31 March 2015	**2,947**	**370**	**206,398**	**209,715**

Prospectus Forecast

$000	Retained earnings	Asset revaluation reserves	Share capital	Total
Balances at 1 April 2014	**(133)**	**0**	**150**	**17**
Loss for the period	(2,334)	0	0	(2,334)
Other comprehensive income (net of tax)	0	0	0	0
Total comprehensive income	(2,334)	0	0	(2,334)
Share capital issued	0	0	201,234	201,234
Distributions to Shareholders	(2,310)	0	0	(2,310)
Balance at 31 March 2015	**(4,777)**	**0**	**201,384**	**196,607**

The difference in the Equity balance at 31 March 2015 is due to the increase in statutory net profit above forecast by $5.4m and there being no statutory accrual for the distributions to shareholders.

The share capital forecast was offset with the higher forecast IPO costs. A further difference in the share capital was due to the shares being issued at $0.95, rather than the forecast $0.90.

Consolidated Balance Sheet

As at 31 March 2015

$000	Group as at 31 March 2015	Prospectus Forecast 31 March 2015
Assets		
Cash and cash equivalents	1,836	4,964
Trade receivables and other assets	3,111	3,330
Property, plant and equipment	82,242	83,499
Investment properties	219,903	216,460
Resident advances	400	204
Goodwill	42,237	31,258
Intangible assets - operating rights	0	9,820
Accrued Income	8,575	37
Total Assets	**358,304**	**349,572**
Liabilities		
Bank overdraft	13	0
Trade and other payables	6,478	12,292
Tax payable	332	0
Employee entitlements	3,260	257
Revenue in advance	6,905	6,541
Interest bearing loans and borrowings	7,300	5,942
Residents loans	109,319	112,788
Deferred tax liabilities	14,621	14,616
Other liabilities	361	530
Total Liabilities	**148,589**	**152,966**
Net Assets	**209,715**	**196,607**
Equity		
Share capital	206,398	201,384
Revaluation reserve	370	0
Retained earnings/(deficit)	2,947	(4,777)
Total Equity	**209,715**	**196,607**

Total assets grew to $358.3 million, up $8.7 million on forecast and includes an $11.0 million increase in goodwill resulting from shares in the IPO being issued at 95 cents as opposed to a model assumption of 90 cents and from the gains made on acquisition. In comparison to the forecast, $9.8 million of intangible assets relating to operating rights have been transferred into a combination of investment property and accrued income.

Consolidated Cash Flow Statement

$000	Group for the period ended 31 March 2015	Prospectus Forecast 31 March 2015
Cash flows from operating activities		
Receipts from residents for care fees and village services	18,102	17,342
Receipts of residents' loans	7,786	11,887
Interest received	20	125
Payments to suppliers and employees	(14,208)	(22,672)
Repayments of residents' loans	(4,693)	(6,382)
(Advances) to and repayments from residents	(166)	(2,000)
Interest paid	(306)	(627)
Income tax (paid)/refunded	(842)	(549)
Other operating cash flows	233	300
Net cash inflow/(outflow) from operating activities	**5,926**	**(2,576)**
Cash flows from investing activities		
Bank overdraft acquired from subsidiaries	(3,974)	0
Purchase of property, plant and equipment	(739)	(823)
Purchase of investment properties	(653)	(2,301)
Other investing cash flows	(60)	5,746
Net cash inflow/(outflow) from investing activities	**(5,426)**	**2,622**
Cash flows from financing activities		
Net repayment of borrowings	(71,190)	(75,044)
Net proceeds of share issue	76,807	76,875
Offer costs	(7,912)	0
Other financing cash flows	2,730	2,200
Net cash inflow/(outflow) from financing activities	**435**	**4,031**
Net increase/(decrease) in cash and cash equivalents	**935**	**4,077**
Cash and cash equivalents at the beginning of period	888	888
Cash and cash equivalents at the end of the financial period	**1,823**	**4,965**
Represented by:		
Cash and cash equivalents	1,836	4,965
Bank overdraft	(13)	0
Cash and cash equivalents at the end of the financial period	**1,823**	**4,965**

There was a reclassification of resident loans in the forecast Cash Flow Statement from investing activities to operating activities to align with statutory presentation.

The Net Operating Cash Flows were $8.5m higher than forecast due to a combination of $7.9m of offer costs being classified as financing activities and lower levels of resales of existing units. The lower level of resales resulted in $4.1m less receipts from resident loans and in $1.7m less loan repayments to residents. As part of the acquisition, $4.0 million of bank overdrafts were acquired, and the forecast assumed that no bank overdrafts were acquired. The net cash from investing activities was down on forecast due to less cash acquired from subsidiaries on acquisition.

24. Acquisition Accounting

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the companies acquired as at 17 December 2014 are below. The purchase consideration was settled by way of shares in Arvida Group Limited.

$000	
Assets	
Trade receivables	6,374
Property, plant and equipment	82,008
Investment property	217,959
Other assets	7,495
Total Assets	**313,836**
Liabilities	
Bank overdraft	3,974
Trade payables	4,765
Employee entitlements	3,314
Revenue in advance	6,678
Resident loans	108,274
Interest bearing loans	78,490
Deferred tax liability	15,049
Other liabilities	1,005
Total Liabilities	**221,549**
Total identifiable net assets at fair value	**92,287**
Goodwill arising on acquisition	42,237
(Gain) on acquisition of subsidiaries	(1,634)
Purchase consideration transferred	**132,890**

The Group acquired $42.2m of goodwill through the business combination and a gain on acquisition of $1.6m. The gain on acquisition has been recognised in the Statement of Comprehensive Income. Goodwill is an intangible asset with an indefinite life. Intangible assets with an indefinite useful life are tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired (refer to note 12).

Impairment is determined for intangible assets with an indefinite useful life by assessing the carrying value against the recoverable amount of each Cash Generating Unit ("CGU") or group of CGU's to which the asset relates. Each village site is assessed as an individual CGU. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The acquisition accounting calculations are provisional. The Group can revise the acquisition accounting within 12 months of the acquisition date.

There were 17 Villages acquired. The fair values of the identifiable assets and liabilities for the material Villages acquired as at the date of acquisition were:

$000	Oakwoods	Park Lane	Ashwood
Assets			
Cash and cash equivalents	14	841	354
Trade receivables	326	1,266	659
Property, plant and equipment	5,564	7,027	9,802
Investment property	54,395	19,981	15,554
Other assets	142	0	68
Total Assets	**60,441**	**29,115**	**26,437**
Liabilities			
Bank overdraft	1,276	442	41
Trade payables	1,872	667	421
Employee entitlements	257	195	494
Revenue in advance	0	5	0
Resident loans	30,283	4,569	8,308
Interest bearing loans	12,361	10,213	9,142
Deferred tax liability	0	0	0
Other liabilities	0	0	0
Total Liabilities	**46,049**	**16,091**	**18,406**
Total identifiable net assets at fair value	**14,392**	**13,024**	**8,031**
Goodwill arising on acquisition	1,134	0	4,232
(Gain) on acquisition of subsidiaries	0	(584)	0
Purchase consideration transferred	**15,526**	**12,440**	**12,263**

On the basis that the villages were acquired at 1 April 2014, the Group's total revenue for the 2015 financial year would have been $66.5m and the Group's operating profit before financing, transaction and IPO costs would have been $15.4m. This compares to the pro forma financial information issued on 17 November 2014, that showed that the Groups expected total revenue for the 2015 financial year was $65.4m and its operating profit before financing, transaction and IPO costs was $15.0m.

Contingent consideration

As part of the initial public offering, contingent consideration was provided to the promoters and two directors:

- An establishment fee of 1,850,000 shares was issued to GA Village Management on the allotment date. A further 1,000,000 shares will be issued to the GA Village Management if the 10 trading day volume weighted average market price of shares ending 31 May 2016 is 25% higher than the offer price of $0.95.
- Each of Peter Wilson and Anthony Beverley were issued 140,351 shares on the allotment date. A further 70,176 will be issued to each of Peter Wilson and Anthony Beverley if the 10 trading day volume weighted average market price of shares ending 31 May 2016 is 25% higher than the offer price of $0.95.

All of the contingent shares will be allotted on the basis that the volume weighted average market price of Arvida ordinary shares, as reported on the NZX Main Board for the 10 trading days ending on (and including) 31 May 2016, is equal to, or greater than, 1.25 times the final offer price of ordinary shares in Arvida under the IPO. These arrangements are accounted for as a share based payment and are valued at the inception of the agreements. Nil value has been attributed to these arrangements. Should the share price hurdle be exceeded, this will have a dilutionary effect on existing shareholders.

25. Retirement Village Advances

At 31 March 2014 Retirement Village Advances were recorded as on-demand financial liabilities due to the uncertainty relating to repayment date which was outside the direct control of the company. Advances attract no interest.

At 31 March 2014 the advances were held in call deposits with Westpac Banking Corporation through the company's solicitors trust account.

At 31 March 2015 there were no Retirement Village Advances.

Chartered Accountants

Independent Auditor's Report

To the Shareholders of Arvida Group Limited

Report on the Financial Statements

We have audited the group financial statements of Arvida Group Limited and its subsidiaries ("the Group") on pages 30 to 63 which comprise the balance sheet of the Group as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 461G(1) of the Financial Markets Conduct Act 2013. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

We were engaged as investigating accountants in connection with the public offer of shares in the company and provide taxation advice to the Group. We have no other relationships with, or interest in, the Group.

Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Opinion

In our opinion, the financial statements on pages 30 to 63:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- present fairly, in all material respects, the financial position of the Group as at 31 March 2015 and the financial performance and cash flows of the Group for the year then ended.

Ernst + Young

26 June 2015
Auckland

Statement of Corporate Governance

Our Approach to Corporate Governance

Arvida Group Limited ('Arvida') and its board of Directors ('the Board') are committed to ensuring that Arvida maintains best practice governance structures and the highest ethical standards and integrity. The Board has therefore developed a Corporate Governance Manual intended to guide the Directors and Arvida's executives to ensure business conduct is consistent with the highest business standards. It incorporates (to the extent relevant) the NZX Listing Rules relating to corporate governance, the NZX Corporate Governance Best Practice Code Recommendations and the FMA Corporate Governance Principles and Guidelines. The Manual is intended to be read in conjunction with Arvida's Constitution.

The full content of Arvida's corporate governance policies, practices and procedures can be found in the Company's Corporate Governance Manual, which is available in the "Corporate Governance" section of the Company's website, www.arvida.co.nz. The Corporate Governance Manual was adopted on 17 December 2014 and is reviewed annually.

The Role of the Board

The Board establishes Arvida's objectives, the major strategies for achieving these objectives, the overall policy framework within which the business of Arvida is conducted and monitors the executive's performance with respect to these matters.

The Board is responsible for supervising and monitoring the activities and performance of the executives, with the responsibility to work to protect and enhance the value of the assets of Arvida in the interests of its Shareholders.

The Board has processes and systems in place to ensure that significant issues, risks and major strategic decisions are monitored and considered at Board level. This allows Arvida to operate on a day to day basis in a manner which maximises shareholder value and manages risk while seeking to ensure that the interests of Shareholders are protected.

The Board's focus is on the creation of long term shareholder wealth and ensuring Arvida is run in accordance with best international management and corporate governance practices. The legitimate interests of all stakeholders are taken into account in the decision making of the Board.

The Board considers that, during the reporting period, the corporate governance principles adopted and followed by it did not materially differ from NZX's Corporate Governance Best Practice Code.

Responsibilities of the Board

The Board also:

- Approves the policies and budgets of Arvida and ensures that these are followed;
- Approves major investments and divestments and monitors the performance of those investments;
- Monitors financial performance including approving of the quarterly, interim and annual financial statements and reports;
- Reviews and approves the Code of Ethics;
- Reviews and approves the Board's Charter;
- Reviews and approves the framework for Arvida's relationship with its Auditor;
- Reviews and approves the Audit and Risk Committee Charter and the performance of the Audit and Risk Committee;
- Reviews and approves the Remuneration Committee Charter and the performance of the Remuneration Committee;
- Ensures that Arvida provides continuous disclosure of the requisite information to the NZX and the investment community, and that shareholders have available all information they reasonably require to make informed assessments of Arvida's prospects;
- Facilitates fulfilment of Arvida's statutory functions;
- Meets all relevant responsibilities imposed at law, by the rules of NZX, or otherwise;
- Monitors actual results against the annual business plan, budget and strategic objectives;
- Takes responsibility for the appointment, performance and removal of the chairman;
- Recommends the remuneration of the Directors;
- Approves and sends quarterly, half yearly accounts, full year accounts and annual report and related reports to the NZX and other regulatory authorities;
- Maintains corporate and Board values to ensure that Arvida acts with the highest ethical standards and integrity, in accordance with all legal and regulatory requirements and otherwise in accordance with management and governance best practices.

Board of Directors

The Board is structured to add value. A profile of each of the Directors is included on page 24 of this report. The profiles include information on the skills, experience and background of each Director.

Peter Wilson (Chairman), Anthony Beverley, Susan Paterson and Paul Ridley-Smith are Independent Directors of Arvida. Michael Ambrose is a non-executive Director due to his involvement as a promoter of the IPO.

Geoff McPhail resigned from the Board on 13 November 2014. Peter Wilson and Anthony Beverley were appointed to the Board on 14 November 2014 by Michael Ambrose. Susan Paterson and Paul Ridley-Smith were appointed to the Board on 7 May 2015 (by director resolution as permitted under Arvida's constitution) and will retire as Directors at the Company's next annual meeting but be eligible for re-election at that meeting.

The NZX Listing Rules require that a minimum one third of the Directors are Independent Directors. The Directors are required to keep the Board advised of any interests they have that could affect their "independence", including any interests that could potentially conflict with the interests of Arvida.

The Board determines the independence of each Director in terms of any matter arising at any time and on a formal basis at the time of appointment and annually thereafter. The Board will review any determination it makes as to a director's independence on becoming aware of any information that indicates that the director may have a material relationship that could potentially conflict with the interests of Arvida.

The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing Arvida.

The Board met 5 times year ended 31 March 2015, with all Directors being in attendance.

Board Committees

The Board has two formally constituted committees – the Audit and Risk Committee and the Remuneration Committee. Each committee has a charter that sets out its mandate. These charters can be found as two separate appendices within the Company's Corporate Governance Manual.

Audit and Risk Committee

The primary functions of the Audit and Risk Committee are:

- To oversee the financial reporting process to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control.
- To provide the Board with an assessment of the Company's financial position and accounting affairs.
- To keep under review the effectiveness of the Company's procedures for the identification, assessment and reporting of material risks.

The committee met once in the year ended 31 March 2015, with all eligible members being in attendance.

Members of the committee are appointed by the Board. The committee must have a minimum of three Directors comprising a majority of Independent Directors. The current members of the committee are Anthony Beverley (Chairman), Paul Ridley-Smith and Michael Ambrose.

Remuneration Committee

The primary functions of the Remuneration Committee are:

- To set and review the remuneration policies and practices of Arvida.
- Formulating and suggesting the director's fees to be paid to each Director.
- Determining additional allowances to be paid to Directors where additional work is being undertaken to that expected of other Directors.

The committee met once in the year ended 31 March 2015, with all eligible members being in attendance.

Members of the committee are appointed by the Board. The committee must have a minimum of three Directors comprising a majority of Independent Directors. The current members of the committee are Paul Ridley-Smith (Chairman), Anthony Beverley and Susan Paterson.

Attendance at Meetings

	Board		Audit and Risk Committee		Remuneration Committee	
	Eligible to Attend	Attendance	Eligible to Attend	Attendance	Eligible to Attend	Attendance
Peter Wilson	5	5	1	1	1	1
Anthony Beverley	5	5	1	1	1	1
Michael Ambrose	5	5	1	1	1	1

During the year ended 31 March 2015, the table above sets out attendance at board and committee meetings for all respective Directors.

Code of Ethics

Arvida's Board sets a framework of ethical standards for the Company via its Code of Ethics, which is contained in the Company's Corporate Governance Manual. These standards are expected of Directors and employees of Arvida and its subsidiaries. The Code of Ethics covers a wide range of areas including the following: standards of behaviour; conflicts of interest; proper use of company information and assets; gifts; delegated authorities; compliance with laws and policies; reporting concerns; and corporate opportunities.

The code is subject to annual review by the Board.

Auditor Independence

Oversight of Arvida's external audit arrangements is the responsibility of the Audit and Risk Committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal policy on audit independence has been adopted by the committee to meet this requirement.

This policy covers the following areas:

- Provision of related assurance services by Arvida's external auditors;
- Auditor rotation;
- Relationships between the auditor and Arvida;
- Approval of Auditor.

The Audit and Risk Committee shall only approve a firm to be auditor if that firm would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement.

The role of the external auditor is to audit the financial statements of the Company in accordance with generally accepted auditing standards in New Zealand and to report on its findings to the Board and shareholders of the Company.

Arvida does not have an internal audit function currently, however the Board is confident that the key risks of the business are being adequately managed and the internal control framework is operating effectively.

Board Performance Evaluation

The Chairman intends to meet regularly with the Directors to discuss individual performance of Directors. The Board reviews its performance as a whole on an annual basis and will from time-to-time externally resource the review.

Directors' Remuneration

Directors' remuneration levels are set as to be fair and reasonable in a competitive market for the skills, knowledge and experience required by Arvida. External advice was sought and adopted as to the appropriate level of director remuneration.

The Board determines the level of remuneration paid to individual Directors from the shareholder approved pool of fees. Remuneration is reviewed annually by the Board.

Fees paid to Directors are disclosed at page 72.

Market Disclosure and Shareholder Communications

Arvida is committed to making timely and balanced disclosures. It achieves these commitments, and the promotion of investor confidence, by ensuring that trading in its shares takes place in an efficient, competitive and informed market.

The Company has in place procedures designed to ensure disclosure is made in a timely and balanced manner and in compliance with the NZX Listing Rules such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way.

Accountability for compliance with disclosure obligations is with the Chief Executive Officer and Chief Financial Officer. Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the Board.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

A programme of clear, meaningful, timely and effective communications with shareholders is centred around a comprehensive set of information regarding Arvida's operations and results being available on the Company's website together with the content of shareholder reports.

Shareholder meetings will be held at a time and location to encourage participation by shareholders.

Trading by Directors and Officers

Directors are encouraged to own securities in Arvida in their own name (or through associated interests). In the case of Independent Directors, the Board has resolved that Independent Directors are expected to hold a discretionary but meaningful level of Arvida stock. Directors are subject to limitations on their ability to buy and sell Arvida securities by Arvida's Share Trading Policy contained in the Corporate Governance Manual, the NZX Listing Rules and the Financial Markets Conduct Act 2013. All changes in the shareholdings of Directors are reported to the Board and the NZX.

The Directors' shareholdings and changes to those shareholdings are stated on page 71.

Interests Register

The Board maintains an Interests Register. Any Director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest. A Director who is interested in a transaction may attend and participate at a Board meeting at which the transaction is discussed, but may not vote in respect of the transaction.

Particulars of entries made in the Interests Register for the year ended 31 March 2015 are included in the Statutory Information section on page 70.

Risk Management

The Board is responsible for ensuring that key business and financial risks are identified and that appropriate controls and procedures are in place to effectively manage those risks.

In managing the Company's business risks, the Board approves and monitors policy and procedures in areas such as treasury management, financial performance, taxation and delegated authorities.

Arvida has insurance policies in place covering areas of risk to its assets and business.

Statutory Information

Interests Register

General Disclosures

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity.
The following are particulars included in the Company's Interests Register for the year ended 31 March 2015:

Director	Entity	Nature of Interest
Peter Wilson	Augusta Capital Limited	Director / Shareholder
	Augusta Funds Management Limited	Director
	Farmlands Co-operative Society Limited	Director / Shareholder
	Meridian Energy Limited	Director / Shareholder
	PF Olsen Group Limited	Director
	PF Olsen Limited	Director
	Summerset Group Holdings Limited	Shareholder
Anthony Beverley	Carbon Systems (NZ) Limited	Director / Shareholder
	Dryland Carbon Limited	Director / Shareholder
	Glazebrook Capital Limited	Director / Shareholder
	Harbour Quays A1 Limited	Director
	Harbour Quays D4 Limited	Director
	Harbour Quays F1F2 Limited	Director
	Marlborough Lines Limited & subsidiaries	Director
	Property For Industry Limited & subsidiaries	Director
	Schools Amalgamated Forest Trust	Trustee
Michael Ambrose	Almonte Holdings Limited	Director
	Arco Services Limited	Director
	Ashville Consultancy Limited	Director
	Ballochruin Holdings Limited	Director
	Chateau Marlborough Holdings 2014 Limited	Director
	Chateau Marlborough Hotel 2014 Limited	Director
	G.A. Village Management Services Limited	Director
	Garra International Limited	Director
	Manchester Unity Friendly Society	Director
	Melrose Equities Limited	Director
	Rodgers & Co. Limited	Director
	Sirocco Trustees 2008 Limited	Director
	Sirocco Trustees Aws Limited	Director
	Sirocco Trustees Donaldson Limited	Director
	Sirocco Trustees Dufner Limited	Director
	Sirocco Trustees Goleman Limited	Director
	Sirocco Trustees Huntley Limited	Director
	Sirocco Trustees Lindoc Limited	Director
	Sirocco Trustees Mayl Limited	Director
	Sirocco Trustees Nicol Limited	Director
	Sirocco Trustees No 1 Limited	Director
	Sirocco Trustees No 10 Limited	Director
	Sirocco Trustees Sbft Limited	Director
	Ward Services Limited	Director
	WJH Investments Limited	Director

Specific Disclosures

Michael Ambrose is a Director of Rodgers & Co. Rodgers & Co. provided accountancy services to 14 of Arvida's villages in the ordinary course of business and on usual commercial terms.

Indemnification and Insurance of Directors

Arvida has arranged, as provided for under its Constitution and in accordance with Section 162 of the Companies Act 1993, to indemnify all the Directors and Executive Officers for all liabilities that arise out of the performance of their duties as Directors and Officers of the Company for which they may be held personally liable. Certain actions are specifically excluded, for example, the incurring of penalties and fines that may be imposed in respect of breaches of the law.

During the financial year, the Company paid premiums in relation to policies of directors' and officers' liability insurance.

Use of Company Information

No notices were received from Directors requesting use of Company information in their capacity as Directors that would not otherwise have been available to them in the year ended 31 March 2015.

Share Dealings by Directors

Dealings by Directors in relevant interests in Arvida's ordinary shares during the period ending 31 March 2015 as entered in the Interests' Register:

Director	No. of Shares	Nature of Relevant Interest	Acquisition /Disposal	Consideration	Date of Acquisition /Disposal
Peter Wilson	9,000	Related party and non-beneficial owner	Acquisition	$0.95 per share	31/12/2014
Peter Wilson	41,000	Registered holder and beneficial owner	Acquisition	$0.95 per share	31/12/2014
Peter Wilson	140,351	Registered holder and beneficial owner	Acquisition	$0.95 per share	18/12/2014
Anthony Beverley	215,351	Joint registered holder of shares as trustee	Acquisition	$0.95 per share	18/12/2014
Michael Ambrose	150,000	Registered holder and beneficial owner	Acquisition	$0.50 per share	17/1/2014
Michael Ambrose	135,939	Joint registered holder of shares as trustee	Acquisition	$0.95 per share	18/12/2014
Michael Ambrose	1,850,000	Deemed relevant interest due to being a shareholder (jointly as a trustee of the Wingnut Family Trust which has a 14% interest) and director	Acquisition	$0.95 per share	18/12/2014
Michael Ambrose	855,063	Joint trustee of the Wingnut Family Trust with the power to control the acquisition or disposal of, and the exercise of the right to vote attached to, shares held on behalf of the trustees of the Wingnut Family Trust pursuant to deeds of nomination	Acquisition	$0.95 per share	18/12/2014
Michael Ambrose	116,211	Joint trustee of JM Family Trust with the power to control the acquisition or disposal or, and the exercise of the right to vote attached to, shares held on behalf of the JM Family Trust	Acquisition	$0.95 per share	18/12/2014

Relevant Interests

The table below sets out the ordinary shares in which each Director had a relevant interest as at 31 March 2015:

Director	Beneficial / Non-Beneficial Interest	Number of Shares
Peter Wilson	Beneficial	181,351
	Non-beneficial	9,000
Anthony Beverley	Non-beneficial	215,351
Michael Ambrose	Beneficial	150,000
	Non-beneficial	2,957,213

Notes:

- Arvida has agreed to issue to each of Peter Wilson and Anthony Beverley, 70,176 shares on 31 May 2016, provided that the volume weighted average market price of the shares reported on the NZX Main Board for the 10 trading days ending on (and including) 31 May 2016 is equal to, or greater than, 1.25 times the final IPO price of $0.95 per share.
- Arvida has agreed to issue to GA Village Management Services Limited (an entity in which Michael Ambrose has a relevant interest), 1,000,000 shares on 31 May 2016, provided that the volume weighted average market price of the Shares reported on the NZX Main Board for the 10 trading days ending on (and including) 31 May 2016 is equal to, or greater than, 1.25 times the final IPO price of $0.95 per share.

Shares issued to Directors under the Prospectus dated 17 November 2014 are subject to transfer restrictions. These provisions restrict a disposal of any affected shares for the period to 30 May 2016. Please refer to page 75 for a description.

Directors' Remuneration

The Directors' remuneration is paid in the form of fees. Additional fees are payable in respect of work carried out on board committees. The total pool of fees payable to Directors is subject to shareholder approval. The current pool for non-executive directors' fees has been fixed at $360,000 per annum, plus an additional $40,000 for board committee responsibilities. These amounts are based on the board comprising five non-executive directors. Each Director is entitled, without limit, to be paid for all reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director.

As at 31 March 2015, the standard annual Director fees are $100,000 per annum for the Chairman and $65,000 per annum for non-executive Directors.

Remuneration paid to Directors during the year ended 31 March 2015 was as follows:

Director	Directors' Remuneration $
Peter Wilson (appointed 14/11/2014)	$29,469
Anthony Beverley (appointed 14/11/2014)	$21,562
Michael Ambrose	$18,686
Geoff McPhail (resigned 13/11/2014)	-

Notes:

- Arvida issued to each of Peter Wilson and Anthony Beverley $133,333 of shares on completion of the IPO.
- Michael Ambrose and Geoff McPhail contributed a total of $150,000 of seed capital to Arvida and received 300,000 shares (150,000 each).
- Arvida issued 1,850,000 shares to GA Village Management (an entity in which Michael Ambrose has an association) on completion of the IPO under an establishment agreement.
- Peter Wilson and Anthony Beverley received $8,000 per month as consultancy fees (plus expenses recovered) prior to completion of the IPO and their appointment as a Director.

Other Director Information

The Directors as at 31 May 2015 are set out in the directory on page 79. Director appointments to and resignations from the Board during the year to 31 March 2015 are provided on page 67.

The persons listed below held the office of director of Arvida's wholly owned subsidiaries during the year ended 31 March 2015:

Company Name	Current Directors	Resigned Directors
Arvida Limited	William McDonald, Jeremy Nicoll	
Ashwood Park Lifecare (2012) Limited Ashwood Park Retirement Village (2012) Limited	William McDonald, Jeremy Nicoll	Ross Bisset (17/12/2014) Toni Bisset (17/12/2014) Michael Ambrose (17/12/2014) Murray Isaacs (17/12/2014)
Bainlea Holdings (2006) Limited Bainlea House (2013) Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Jeffrey Evans (17/12/2014) Colin Matheson (17/12/2014) Helen Webster (17/12/2014)
Bainswood House Rest Home Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Jeffrey Evans (17/12/2014) Colin Matheson (17/12/2014) Kerry Sullivan (17/12/2014) Helen Webster (17/12/2014)
Bainswood Retirement Village Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Jeffrey Evans (17/12/2014) Sharon Evans (17/12/2014) Colin Matheson (17/12/2014) Kerry Sullivan (17/12/2014) Helen Webster (17/12/2014)
Glenbrae Rest Home & Hospital Limited Glenbrae Village Limited Waikanae Country Lodge Limited Waikanae Country Lodge Village Limited	William McDonald, Jeremy Nicoll	David Hitchins (17/12/2014)
Ilam Lifecare Holdings Limited Ilam Lifecare Limited Ilam Senior Living Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Stephen Darling (17/12/2014) Andrena Williams (17/12/2014)
Mayfair Lifecare (2008) Limited Mayfair Retirement Village (2008) Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Edward Aubrey (17/12/2014) Murray Isaacs (17/12/2014) Louise Nash (17/12/2014)
Molly Ryan Lifecare (2007) Limited Molly Ryan Retirement Village (2007) Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Kevin Congdon (17/12/2014) Karen Scott (17/12/2014) Lance Scott (17/12/2014)
Oakwoods Lifecare (2012) Limited Oakwoods Retirement Village (2012) Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Edward Aubrey (17/12/2014) Stephen Davis (17/12/2014) Luke Dixon (17/12/2014)
Olive Tree Apartments Limited Olive Tree Dementia Care Limited Olive Tree Holdings Limited Olive Tree Village (2008) Limited	William McDonald, Jeremy Nicoll	Kim Poynter (17/12/2014) Scott Williams (17/12/2014)

Park Lane Lifecare Limited Park Lane Retirement Village Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Stephen Darling (17/12/2014) Alan Dempsey (17/12/2014) Jennifer Dempsey (17/12/2014) William Horncastle (17/12//2014)
Rhodes on Cashmere Healthcare Limited Rhodes on Cashmere Lifecare Limited	William McDonald, Jeremy Nicoll	Douglas Hurst (17/12/2014) Ian Hurst (17/12/2014) Geoff McPhail (17/12/2014) Terence Pratley (17/12/2014)
St Albans Retirement Home Limited St Albans Retirement Village Limited	William McDonald, Jeremy Nicoll	Gordon Hartley (17/12/2014) Karen Hartley (17/12/2014)
St Allisa Rest Home (2010) Limited	William McDonald, Jeremy Nicoll	Alison Davis (01/05/2014) Michael Ambrose (17/12/2014) Jeffrey Gibson (17/12/2014) Patricia Jermyn (17/12/2014)
The Maples Lifecare (2005) Limited The Maples Retirement Village (2005) Limited	William McDonald, Jeremy Nicoll	Michael Ambrose (17/12/2014) Nigel Clark (17/12/2014) Murray Isaacs (17/12/2014) Alastair McDonald (17/12/2014) Neville Youngman (17/12/2014)
The Wood Lifecare (2007) Limited The Wood Retirement Village (2007) Limited	William McDonald, Jeremy Nicoll	Suzanne Marshall (17/12/2014) Trevor Marshall (17/12/2014) John McLeod (17/12/2014) Andrena Williams (17/12/2014)
Wendover Rest Home 2006 Limited Wendover Retirement Village 2006 Limited	William McDonald, Jeremy Nicoll	Carol Hand (17/12/2014) Charles Hand (17/12/2014)
Willowlea Senior Care Centre (2006) Limited	Jeff Evans, Colin Matheson, Helen Webster	Michael Ambrose (18/12/2014)

The remuneration of employees acting as directors of subsidiaries is disclosed in the relevant banding of remuneration set out under the heading Employee Remuneration. Neither Bill McDonald nor Jeremy Nicoll received additional remuneration or benefits for acting as directors of subsidiaries during the year.

No extra remuneration was paid to any Director of Arvida for any directorship of a subsidiary.

Gender Disclosures

The breakdown of the gender composition of the Directors and Company's executive management team is as follows:

	Board		Officers	
Financial Year	**Male**	**Female**	**Male**	**Female**
Year ended 31 March 2015	3	-	5	1
Year ended 31 March 2014	2	-	n/a	n/a

Post balance date, the following appointments were made:

- Susan Paterson and Paul Ridley-Smith were appointed as Directors.
- Teresa Seux was appointed General Manager Human Resources.

Other Statutory Information

Employees' Remuneration

The number of employees of Arvida, not being a Director, which received remuneration and other benefits in excess of $100,000 for the financial year ended 31 March 2015 is set out in the remuneration bands detailed below.

The remuneration figures shown in the "Remuneration" column includes all monetary payments actually paid during the course of the year ended 31 March 2015. The table also includes the value of any shares issued to individuals during the course of the same period. The table does not include amounts paid post 31 March 2015 that relate to the year ended 31 March 2015.

Remuneration	Number of Employees
$130,001-140,000	1
$210,001-220,000	1
$370,001-380,000	1

Note:

- As part of Duncan Abernethy's remuneration package, Arvida issued $150,000 of Shares upon completion of the IPO.

Donations

No donations were made by Arvida in the year ended 31 March 2015.

Waivers

Waivers from NZX Listing Rule 7.9 and 10.4.2 were granted by NZX in favour of Arvida in the year ended 31 March 2015.

In respect of NZX Listing Rule 7.9, the waiver provides that:

- Arvida is not required to enter into Security Agreements with Existing Shareholders in relation to Transfer Restrictions provided:
  - i. the Transfer Restrictions are included in Arvida's constitution; and
  - ii. Arvida advises NZX immediately if it becomes aware of a breach or likely breach of the Transfer Restrictions, and in consultation with NZX, takes such steps as NZX may require to enforce the Transfer or prevent or remedy a breach of the Transfer Restrictions.

The Transfer Restrictions apply to all Shares issued:

- in respect of Directors and senior management under the Prospectus dated 17 November 2014; and
- to Facility Investors (including Arvida shares acquired upon reinvesting the proceeds of shareholder advances).

These provisions restrict shareholders from disposing any affected shares for the period to 30 May 2016.

There are exceptions for transfers:

- to certain specified "affiliates", provided the affiliate enters into a similar agreement with Arvida and assumes the transferor's liability for any warranties or indemnities granted by the transferor in favour of Arvida; or
- made to Arvida, either in satisfaction of any liability to Arvida for breach of warranty or indemnity or to give effect to any reduction in the consideration payable by Arvida to the transferor in respect of the proposed Aggregation; or
- with the prior written consent of the non-interested Directors (as that term is defined in the Companies Act), Arvida and NZX; or
- in connection with a takeover offer under the Takeovers Code.

In respect of NZX Listing Rule 10.4.2, the waiver provides that Arvida is to report specified information and not deliver a half-year report for the six month period ending 30 September 2014.

Auditors' Fees

Ernst & Young was appointed auditor of Arvida Group Limited. The amount payable to Ernst & Young as audit fees during the financial year ended 31 March 2015 was $145,000. The amount of fees payable to Ernst Young for non-audit work during the financial year ended 31 March 2015 was $1,136,472.

PKF Goldsmith was appointed auditor of the 16 retirement village companies with the Arvida Group. The amount payable to PKF Goldsmith as audit fees during the financial year ended 31 March 2015 was $130,000.

A breakdown of fees payable to the auditors is provided on page 42.

Shareholder Information

20 Largest Shareholders

The 20 largest shareholders of Arvida as at 31 May 2015 are provided in the table below:

	Shareholder	Number of Shares	% of Shares
1	Waikanae Trustees Limited <Winara No 1 A/C>	10,033,025	4.46
2	Stephen Lawrence Darling + Gail Lillian Darling + Canterbury Trustees Limited <SL & GL Darling Family A/C>	8,660,211	3.85
3	Kim Poynter	8,554,447	3.80
4	Gordon Alfred Hartley + Karen Diane Hartley + Simon Ross Marks <GA & KD Hartley Family A/C>	8,268,865	3.68
5	Forsyth Barr Custodians Limited <1-33>	7,085,871	3.15
6	MFL Mutual Fund Limited - NZCSD	6,892,974	3.07
7	National Nominees New Zealand Limited - NZCSD <NNLZ90>	6,444,507	2.87
8	Ronald Patrick Williams + Andrena Margaret Williams + Arthur James Keegan <RP & AM Williams A/C Partnership>	5,294,283	2.35
9	JP Morgan Chase Bank NA NZ Branch - Segregated Clients Acct - NZCSD <CHAM24>	4,675,185	2.08
10	BNP Paribas Nominees (NZ) Limited - NZCSD	4,356,256	1.94
11	BNP Paribas Nominees (NZ) Limited - NZCSD	4,210,526	1.87
12	Ian Archibald Hurst + Gloria Faye Hurst + Geoffrey Ewen McPhail + Banco Trustees Limited <Willowpark A/C>	4,038,048	1.80
13	Alison Mary Davis + Purnell Creighton Trustees Ltd <Lyn and Alison Davis Family A/C>	3,791,782	1.69
14	Charles Midgley Hand + Carol Margaret Hand + Sirocco Trustees No 10 Limited <Hand Family A/C>	3,763,167	1.67
15	Forsyth Barr Custodians Limited <1-33>	3,554,775	1.58
16	Donna Maree Hurst + Douglas Culmer Hurst + Geoffrey Ewen McPhail + Banco Trustees Limited <Doug Hurst Family A/C>	3,467,242	1.54
17	Forsyth Barr Custodians Limited <1-17.5>	3,415,971	1.52
18	HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	3,411,316	1.52
19	BNP Paribas Nominees (NZ) Limited - NZCSD <COGN40>	2,500,407	1.11
20	Westpac NZ Shares 2002 Wholesale Trust - A/C NZCSD	2,455,800	1.09
Total: Top 20 Shareholders		**104,874,658**	**46.64**

Spread of Holdings (as at 31 May 2015)

The total number of listed ordinary shares as at 31 May 2015 was 224,850,633 (31 March 2015, 224,850,633 shares). The Company has only ordinary shares on issue. Details of the distribution of ordinary shares amongst shareholders as at 31 May 2015 is set out below.

Size of holdings	Number of Shareholders	% Shareholders	Number of Shares Held	% Shares Held
Under 1,999	77	5.73	75,024	0.03
2,000 to 4,999	262	19.49	716,733	0.32
5,000 to 9,999	269	20.01	1,589,338	0.71
10,000 to 99,999	511	38.02	12,085,391	5.37
100,000 to 499,999	141	10.49	33,276,953	14.80
Over 500,000	84	6.25	177,107,194	78.77
Total	**1,344**	**100.00**	**224,850,633**	**100.00**

Substantial Product Holders

According to the file kept by Arvida pursuant to Section 35C of the Financial Markets Conduct Act 2013, the following shareholders held greater than a 5% interest in Arvida as at 31 May 2015.

Name of substantial shareholder	Nature of relevant interest	Number of Shares/ Percentage holding
Arvida Group Limited	Power to control the sale of shares pursuant to an escrow arrangement in place until 30 May 2016	140,640,106 / 62.55%
Total shares on issue		**224,850,633 / 100%**

Glossary

"Arvida" or "Company"	means Arvida Group Limited (previously named Hercules Limited).
"Board"	means the board of directors of the Company.
"Brownfield Development"	means the development of a site within an existing village.
"Care Beds"	means rest home beds, dementia beds and hospital beds that provide resident accommodation and various levels of care and other services.
"Director"	means a director of the Company.
"GAAP"	means generally accepted accounting practice.
"Greenfield Development"	means the development of a site on which no facilities or structures currently exist.
"Group" or "Arvida Group"	means the Company and all of its subsidiaries.
"IPO"	means the initial public offering of Arvida Group Limited.
"NZX"	means NZX Limited.
"Retirement Units"	means villas, apartments and serviced apartments which provide resident accommodation and various levels of care and other services.
"Underlying Profit"	means the Directors' adjustment to net profit after tax to replace the fair value adjustment in investment property values, with the Directors' estimate of realised components of movements in investment property value, and to eliminate one-off items and deferred tax charges or credits.

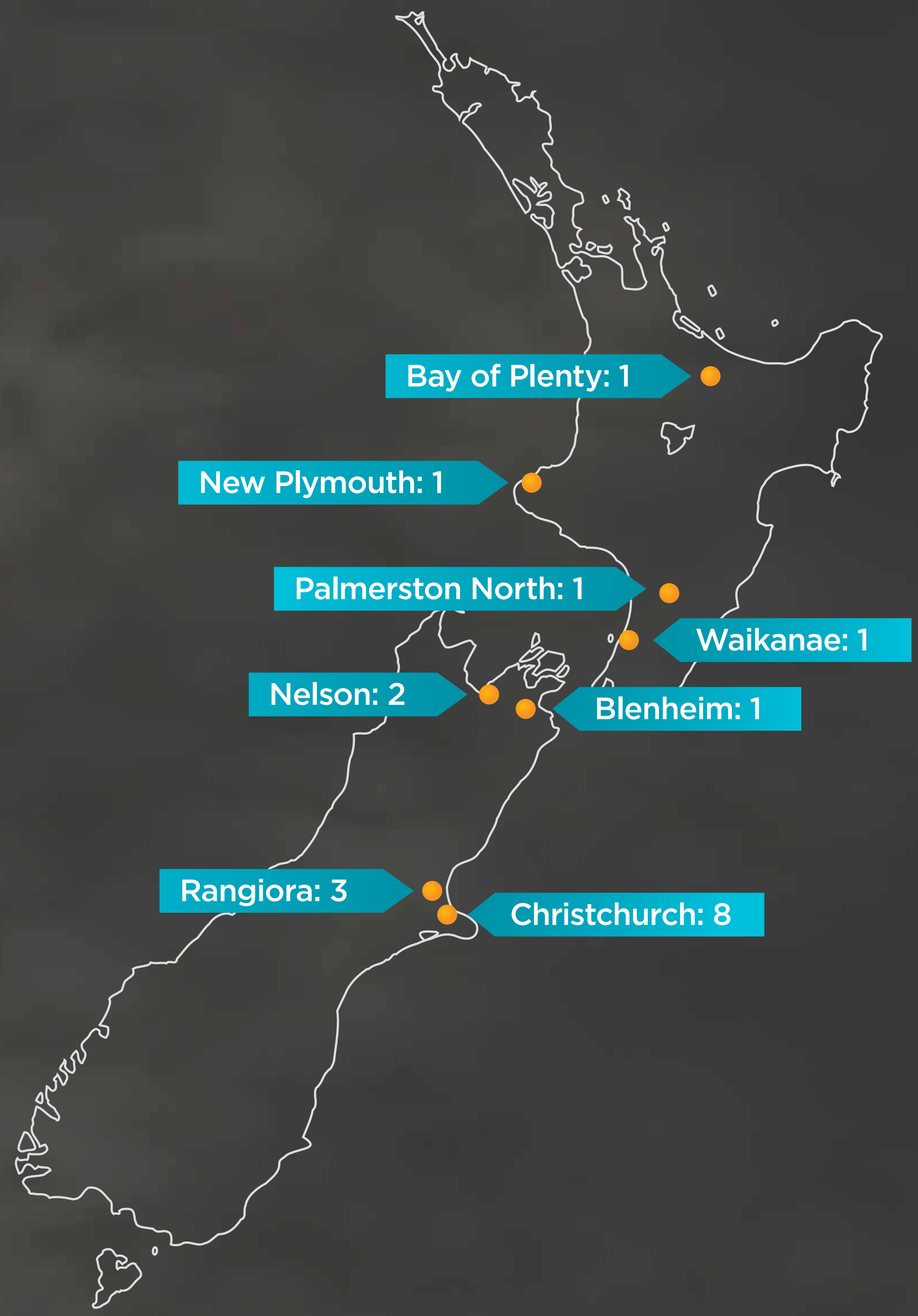
Company Information

Registered Office of Arvida:	Arvida Group Limited Lvl 1, 39 Market Place Auckland 1010. Phone: +64 9 972 1180 Email: info@arvida.co.nz Website: www.arvida.co.nz
Directors:	Peter Wilson, Independent Director and Chairman Anthony Beverley, Independent Director Michael Ambrose, Non-Executive Director Susan Paterson, Independent Director Paul Ridley-Smith, Independent Director
Group Auditor:	Ernst & Young
Retirement Village Company Auditor:	PKF Goldsmith
Valuer:	CBRE Limited
Legal Advisors:	Chapman Tripp Anthony Harper
Bankers:	ANZ Bank NZ Limited
Statutory Supervisor:	Covenant Trustee Services Limited Anchorage Trustee Services Limited
Share Registrar:	Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Phone: +64 9 488 8777 Email: enquiry@computershare.co.nz

Directory

Ashwood Park	118-130 Middle Renwick Road, Springlands, Blenheim 7241.	03 577 9990
Bainlea House	29 Wiltshire Court, Rangiora, Christchurch 7400.	03 313 6055
Bainswood House	191 King Street, Rangiora, Christchurch 7400.	03 313 5905
Bainswood on Victoria	28 Victoria Street, Rangiora, Christchurch 7400.	03 313 2805
Glenbrae	22 Hilda Street, Fenton Park, Rotorua 3010.	07 349 0014
Ilam	28 Ilam Road, Upper Riccarton, Christchurch 8441.	03 341 1913
Maples	71 Middleton Road, Upper Riccarton, Christchurch 8041.	03 348 4362
Mayfair	104 Wharenui Road, Upper Riccarton, Christchurch 8041.	03 348 2445
Molly Ryan	269 Mangorei Road, Merrilands, New Plymouth 4312.	06 757 8773
Oakwoods	357 Lower Queen Street, Richmond, Nelson 7020.	03 543 9700
Olive Tree	11-13 Dalwood Grove, Highbury, Palmerston North 4412.	06 350 3000
Park Lane	35 Whiteleigh Avenue, Addington, Christchurch 8024.	03 338 4495
Rhodes on Cashmere	5 Overdale Drive, Cashmere, Christchurch 8022.	03 332 3240
St Albans	41 Caledonian Road, St Albans, Christchurch 8014.	03 366 1824
St Allisa	46 Main South Road, Upper Riccarton, Christchurch 8042.	03 343 3388
The Wood	156 Milton Street, The Wood, Nelson 7010.	03 545 6059
Waikanae	394 Te Moana Road, Waikanae, Kapiti Coast 5036.	04 902 6800
Wendover	33 Erica Street, Papanui, Christchurch 8053.	03 352 6089

Village Locations



ArvidaGroup

ArvidaGroup